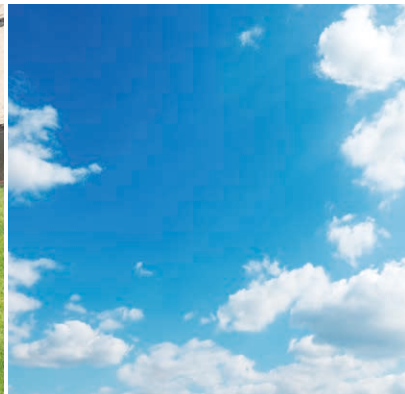




Live Green & Grow Strong



Makita Report 2021

Year Ended March 31, 2021



About This Report

Editorial Policy

The "Makita Report" is published with the objective of presenting the Company's initiatives for creating value over the medium- to long-term in a way that integrates both financial and non-financial information. In preparing the report, information that is particularly important for the Company's value creation was compiled concisely, referencing international frameworks such as those of the International Integrated Reporting Council (IIRC). Please see the Company website (<https://www.makita.biz/>) for more information. In addition, financial information, environmental information, and governance information is presented in detail in the Additional Information on the Company website, Environmental Report, and the Corporate Governance Report respectively.

This report covers 54 companies, including Makita Corporation and its 53 consolidated subsidiaries (as of March 31, 2021), but some of the information reported only covers Makita Corporation.

Reporting Period FYE 2021 (April 1, 2020 to March 31, 2021)

However, information from outside of this period is reported when it is appropriate to present past circumstances and data, and recent examples.

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Long-term Target

Strong Company

Makita has set itself the goal of contributing to the creation of sustainable society and consolidating a strong position in the industry worldwide as a global supplier of a comprehensive range of tools for creating comfortable homes and living environments, including cordless power tools, battery-operated outdoor power equipment and pneumatic tools.

Management Policy/Quality Policy

1. **Makita strives to exist in harmony with society**
(a company that observes laws and regulations, acts ethically and never allows intervention of the anti-social organizations).
2. **Makita values its customers**
(a market-driven company).
3. **Makita is managed in a consistent and proactive manner**
(a company that strives to exist in perpetuity by adhering to a sound profit structure).
4. **Valuing a stalwart corporate culture, Makita encourages each individual to perform to his or her highest level**
(a happy company).

Chairman's Message



Striving to be a **“Strong**
without being satisfied with

Chairman, Representative Director
Masahiko Goto

Continuing to challenge ourselves without being satisfied with the status quo

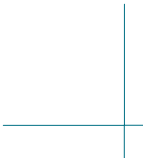
Makita was founded in Nagoya in 1915 as a lighting equipment, electric motor, and transformer sales and repair company. Since then, we have charted a course over 106 years while continuing to grow and overcome repeated adversity. This accomplishment has been largely due to the understanding and cooperation from stakeholders, for which we are extremely grateful.

In 1958, we became the first company in Japan to manufacture and sell portable electric planers. The following year, we left the electric motor business and transformed into a dedicated manufacturer of power tools. Not only doing business in Japan, we established our first overseas subsidiary in the U.S. in 1970 and proceeded to build a global business. As of April 2021, we operate 123 sales and service bases in Japan, augmented by overseas bases in approximately 50 countries, while selling products in some 170 countries around the world. Furthermore, we are committed to promoting cordless products utilizing lithium-

ion batteries and, beyond power tools alone, continue to expand globally as “a Supplier of a Comprehensive Range of Cordless Products” for outdoor power equipment and other fields. I believe that this is the result of continually pursuing business with the mindset of not being satisfied with the status quo.

We have been able to continually grow thanks to our employees who match Makita's unaffected and sincere corporate culture fostered over a long history, in addition to a strong team spirit, who do their utmost to achieve the Company's goals and targets. I think one major reason why we have been graced with such employees is that they realize that Makita, as we refuse to be satisfied with the status quo, wants its growth to be shared growth. I believe that employees will not follow a company that just tries to maintain the status quo and that it is essential for a company to continue challenging itself in order to remain a going interest.

Company” that continues to challenge itself the status quo



Seizing new demand to become a “Strong Company”

Makita has stated our long-term goal of being a “Strong Company” and we will strive to contribute to realizing a sustainable society and secure a solid position in our industry. The reason why we chose this “Strong Company” long-term goal is because we believe that it is of utmost importance, alongside growing revenue and increasing market share. In order to achieve this goal, we are building a dense network of bases in regions around the world, enhancing our lineup of cordless products, and driving efficiency and productivity gains for customers, which has won us market share by meeting needs and being useful to society.

As the world changes at breathtaking speed and last

year’s COVID-19 infections proliferated, Makita was fortunate to benefit from stay-at-home demand. As DIY projects in the U.S. and Europe being particularly popular, we have no expectation that this demand will diminish once COVID-19 is in the past. It is likely that we will see increases in post-COVID-19 “new normal” demand, as well as environment-related demand, and especially climate change-related demand. As we seize new demand accompanying market environment changes, we plan to continue being useful to society. There are also overseas markets, such as Africa and elsewhere, with room for growth, so Makita will continue adapting and evolving.

Contributing to a decarbonized society

Since Makita brought to market the world’s first professional-use power tools using lithium-ion batteries in 2005, we have aggressively expanded our lineup of cordless products. Such products have myriad benefits and play a role in solving many social issues. Among these, our present efforts include a focus on cordless outdoor power equipment that emits zero exhaust gas during use. As awareness toward environmental issues—particularly climate change—grows, our emphasis is on contributing to a decarbonized society. Resolutely

tackling the issue of a sustainable global environment is our duty as a company and a challenge that we must solve as we grow over the long term. Going forward, we will continue to overcome increasingly intense business environment changes, and, as a global supplier of a comprehensive range of tools for creating comfortable homes and living environments, Makita will support the creation of an affluent society on a global scale. As we do so, we will aim for long-lasting growth as a company by solving social issues.

Interview with the President



Leveraging Makita's strength, contribution to decarbonization

President, Representative Director
Munetoshi Goto

Q1

The Company achieved strong results despite the significant impact of COVID-19 infections. What contributed to this success?

Business strategies and product lineups well matched to the circumstances

Makita's businesses were recognized as essential businesses (indispensable for supporting daily needs) in many countries. Even if a virus is proliferating, there are construction projects building infrastructure for electricity, waterworks, and other utilities. Aside from infrastructure, construction of temporary hospitals was necessitated by the COVID-19 crisis. So one of the reasons for our performance this year was the necessity of our products to customers who are forced to continue their business activities amidst these circumstances.

In addition, having a dense network of sales and service bases in regions around the world allowed us to steadfastly deliver services in each country, even if borders were closed due to lockdown and stay-at-home

orders were in place. Makita has tended to keep fairly large inventories in each country, which may be costly, but is indispensable for being able to quickly deliver products and services and, during crises such as this one, allows us to assuredly respond to customer needs. In the turmoil surrounding COVID-19, we saw obvious benefits from our long-standing efforts to enhance and expand our sales and service network in order to improve convenience for customers. Moreover, demand from stay-at-home responses can be cited as another factor contributing to our solid performance. When it comes to stay-at-home behavior, Makita's products are well suited to home refurbishing, garden and yard maintenance, and home cleaning projects. In some countries, residents were not even able to go to gas stations during lockdown. Makita's cordless outdoor

we pursue solutions to social issues such as as we continue to be an indispensable company



power equipment (OPE) has the advantage of not needing gasoline and can be immediately used at home. I believe that this led people to revise their views of cordless OPE and we think that Makita's lineup is extremely well suited to times like these. Going forward,

as we enter a post-COVID-19 period, demand during the "new normal" is expected to increase, as is demand related to environmental concerns. We are planning to launch many new products, and we hope to capture this new demand.

Q2 What is your analysis of the reasons for Makita's strength around the globe?

Incorporating local input from each of our bases and tailoring our services accordingly

We have local employees carry out sales activities at each of our global bases. We place bases close to each market and thoroughly serve customers through our local staff who share the same way of thinking, culture, and customs as the people in each region. I think that this approach, while also building a sales framework closely aligned with customers and regions, helps customers feel at ease. I believe that it is important to have excellent repair and logistics services in order to

increase market share, so having bases close to customers is helpful in this regard.

A key point in making management decisions is whether or not the decision will increase convenience for customers. Constantly investing in services is important for winning the trust of customers and leads to growth as a result. Being able to continually invest in services even when going through difficult periods comes from our commitment to avoiding waste and building up capital over many years.

Q3 What do you recognize as the risks and business opportunities affecting growth when viewed from medium- and long-term timelines?

Responding to environmental and social changes—simultaneously a risk and opportunity

In terms of medium- and long-term risks, it is vital to keep the environment in mind. How manufacturing should address environmental preservation is a challenge that not only Makita, but society as a whole must tackle.

In particular, reducing CO₂ emissions is an environmental issue that should be addressed by society as a whole. Even if it costs the company, we believe that it is the responsibility and duty of a company that operates globally to bear this cost. Simultaneously, environmental issues are opportunities. As environmental awareness

risers around the world and the number of companies tackling decarbonization increases, customers are choosing cordless products that contribute to a carbon-free society. Furthermore, people have become more concerned about engine noise and gasoline fumes entering homes as ventilation needs to increase in order to stop COVID-19 infections. More companies and professionals maintaining green spaces have come to demand cordless products. I think that ramping up our

technological development efforts to meet the needs of professionals will lead us to higher revenue overall.

Additionally, since Makita's products and services help improve work efficiency and productivity, we believe that they can contribute to solving challenges as labor shortages continue to be an issue in workplaces. In this way, we see all of the currents pushing us in the direction of a new normal as business opportunities and we will seize them accordingly.

Q4 What are your thoughts on acquiring and training the employees needed for future growth?

Boosting productivity and addressing internal labor shortages by investing in digital transformation

Going forward, Makita foresees stronger performance and a larger scale for our organization. As we increase our number of bases, and expand and reinforce plants, we constantly face the issue of labor shortages. While hiring and training are essential, we are also aggressively investing in digital transformation in order to boost productivity. Through digital transformation, we would like to expand our capacities by promoting greater work efficiency internally. Our approach to digital transformation is not only inside Makita, but also from the perspective of

product supply to customers. In order for us to address labor shortages at Makita and also to improve convenience for customers, it is vital to encourage digital transformation for our customers, as it became more apparent during this COVID-19 crisis.

In terms of training human resources, we are proactively sending young Japanese employees to our overseas subsidiaries. Being placed in an environment outside Japan, in which one must go about work with the mindset of a manager, instills quite a bit of growth. We would like to continue our pursuit of digital transformation and help foster the employees that will carry the future of this company.

Q5 What is your approach to ESG/CSV management in order to support future value creation? Also, how would you like to contribute to society by evolving into “a Supplier of a Comprehensive Range of Cordless Products”?

Solving diverse social issues through cordless products and enhanced sales and service bases

Making any and all products cordless, and enhancing our sales and service bases, are vital strategies. By achieving these, we believe that we can solve diverse social issues.

The first of which is decarbonization. With regard to OPE, aggressively pursuing the conversion from exhaust-emitting engines to clean running cordless electric motors considerably increases our contribution to achieving a carbon-free society. We will strive to cut CO₂ emissions not only from a product standpoint, but also in our company operations. One link to this is our plan for the gradual installation of photovoltaic panels and the usage of renewable energy at our sales bases we own in

Japan. Initiatives to achieve a decarbonized society contribute to meeting the SDG of “climate action,” while also being one of Makita's priority themes going forward. Furthermore, with regard to the social issue of plastic waste, we will continue efforts to remove plastics from our product packaging. We will also continue environmentally focused efforts that impact a wide range of stakeholders, including customers, suppliers, employees, local communities, and residents, as we steadily increase corporate value.

And, with Makita's dense network of sales and service bases in regions around the world, we will contribute to solving social issues now and in the future. Makita supplies products that are indispensable for infrastructure projects. Maintaining robust product

inventories at our bases in regions around the world, and quickly delivering those products, contributes to making cities and places of residence safe, resilient, and sustainable, which is essential for achieving the SDG of “sustainable cities and communities.” Furthermore, if we can improve efficiency and productivity by quickly supplying products and services, in addition to convenient cordless products, it will support efforts to alleviate labor shortages and have a major impact on quick recovery from prevalent natural disasters. Makita has traditionally maintained a deep commitment to “always being on the support side in times of disaster,” which includes quickly addressing the needs of customers when a disaster occurs. We believe that

assisting with recovery by supporting customers, leveraging our network of bases, and quickly supplying products and services that contribute to greater work efficiency and productivity precisely when customers are suffering after a disaster is a service to society and helps lead to corporate growth. Going forward, we are committed to leveraging lithium-ion cordless products, as well as our dense network of sales and services, to solve social issues while also continuing to be a company that is indispensable to society and that constantly plays to its strengths. By doing so, we seek to achieve our long-term goal of being a “Strong Company” that attains long-term growth.

Q6 Lastly, please let us know about your enthusiasm for the future.

Vigorously promoting environmentally focused initiatives

At present, the greatest business challenge for Makita is addressing environmental issues. We are a company with the role of being useful to society by, for example, providing products and services that assist with disaster recovery. I believe that we have a profound duty to

contribute to society and diligently mitigate the tragedy of natural disasters. In order to achieve that objective, we will vigorously promote environmentally focused initiatives, centering on climate change.

We sincerely look forward to the devoted support and ongoing encouragement of stakeholders.



Makita's Value History

1915

Founded

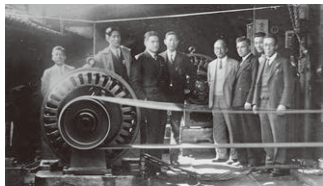
Foundation of Makita Electric Works

Demand for electric power rose sharply due to the wartime economy during World War I. Makita's origins lie in a sales and repair company for lightning equipment, electric motors, and transformers, started with just four people, with the "age of electricity" serving as a tailwind.



First exports

Makita's first exports were electric generators and motors for the Soviet Union. Strict testing of exports were conducted in the presence of Soviet inspectors, but all of our products passed with flying colors. The international achievement boosted trust in our company and our reputation.

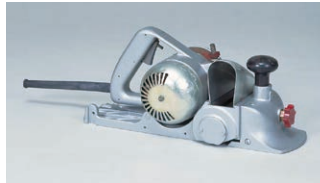


1958

First steps as a power tool manufacturer

Second stage of foundation

Development of original products became a key issue. We launched Japan's first portable electric planer with the catchphrase "20 times better than manpower," and it was well received by building carpenters nationwide. Together with the electric groove cutter we launched next, it helped in the restoration of houses damaged by the Ise Bay Typhoon. The year following the launch of our portable electric planer, we decided to withdraw from the motor business and began our journey as a power tool manufacturer.



Construction of domestic sales network

We established a succession of business bases in leading cities nationwide, including Osaka, Tokyo, Fukuoka, Sapporo, and Sendai, building a finely-tuned nationwide sales network. We worked to expand sales and improve after-sales services.



1970

Becoming global Makita

First local subsidiary in the U.S.

We established Makita U.S.A. Inc., our first overseas subsidiary with the objective of increasing our export ratio. Although we initially struggled in a fiercely competitive area where a large number of manufacturers, including major power tool manufacturers, were competing with each other, our cost performance and high quality after-sales service were rated highly, and our products penetrated the North American market.



Development of global strategy

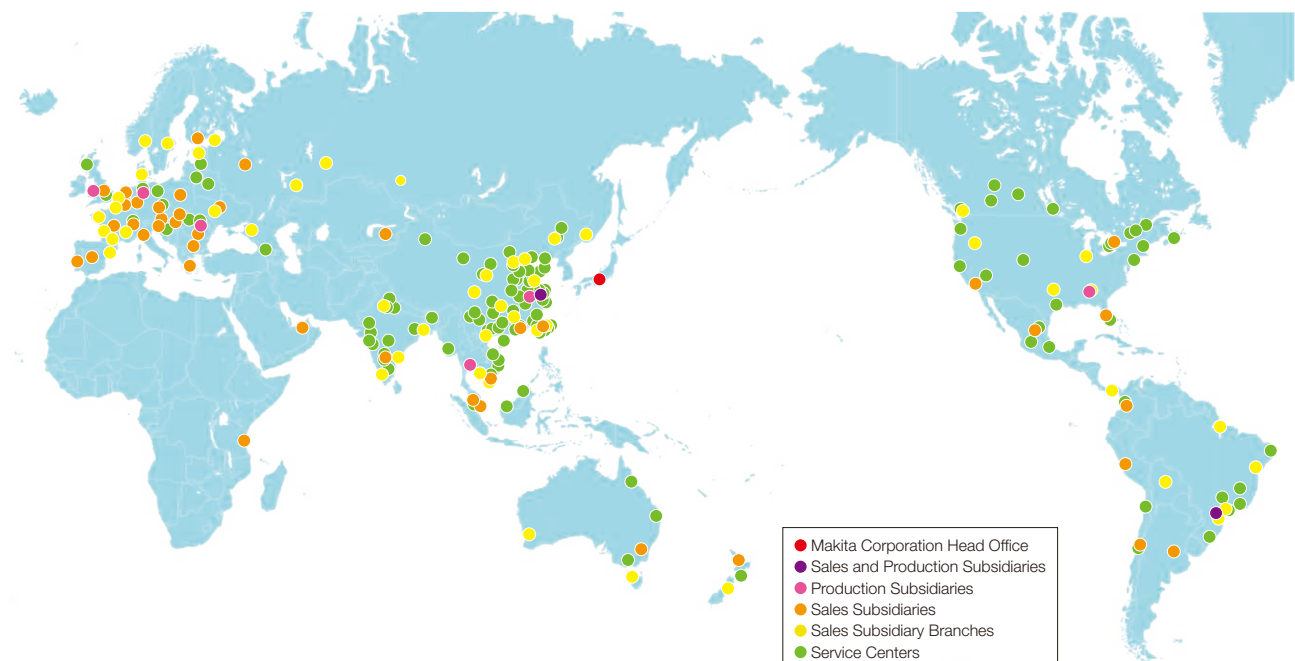
After the U.S., we established a series of subsidiaries in France, the U.K., Australia, and other countries. Our finely-tuned sales strategy closely aligned to the market in each country steadily produced results.

Commencement of overseas production

In 1980, we commenced our first overseas production in Canada. The following year, we commenced production in Brazil as well. In 1984, we moved forward with our globalization, establishing a fully-fledged overseas production subsidiary in the U.S. and commencing production the following year.



Global Network



1991

Changed the company name to Makita Corporation

Becoming a new Makita with change of company name

We updated our corporate image with the aim of moving forward as a comprehensive supplier handling a full range of home-related tools including outdoor power equipment (OPE) and woodworking machinery with power tools as our mainstay category. We also renewed our logo marks and the logotype for our company name to demonstrate our resolve to move forward toward creating the new Makita.



Growth as a global company

We commenced production of power tools in the U.K. in 1991 and in China in 1995. We further increased our overseas production capacity and shifted production to overseas plants in a transformation from an exporter into a truly global company.



2005

Launch of sales of lithium-ion battery products

Becoming a sensation at exhibitions

We launched a cordless impact driver that used lithium-ion batteries. With a longer battery life and a lighter weight, more compact tool, our cordless impact driver was rated as light and compact but sufficiently powerful and gained support from professional users.



Strengthening development system for OPE

We established the OPE R&D Center in the Nisshin Office in Aichi Prefecture to serve as the core base for OPE development and to promote collaboration with other bases.



2015

Moving forward with celebration of the 100th anniversary

Celebration of the 100th anniversary

We celebrated our 100th anniversary in 2015. To become a company that lasts for the next 100 years, we will continue to be a company needed by society by identifying the needs of the times and operating a business that is closely aligned with customers.



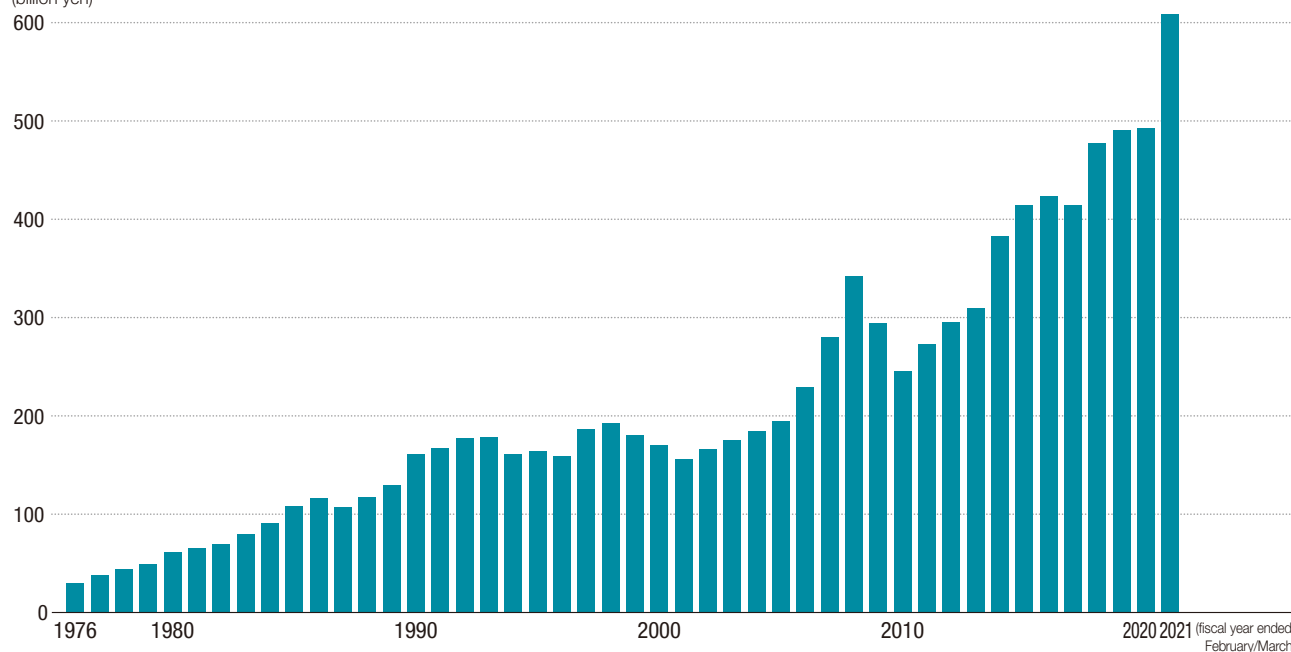
Becoming "a Supplier of a Comprehensive Range of Cordless Products"

We are actively striving to expand our lineup of products using lithium-ion batteries and will move forward to become "a Supplier of a Comprehensive Range of Cordless Products", including OPE and other categories in addition to power tools. With our focus on cordless OPE, we will proactively launch products that contribute to realizing a decarbonized society.



Changes in Revenue (Consolidated)

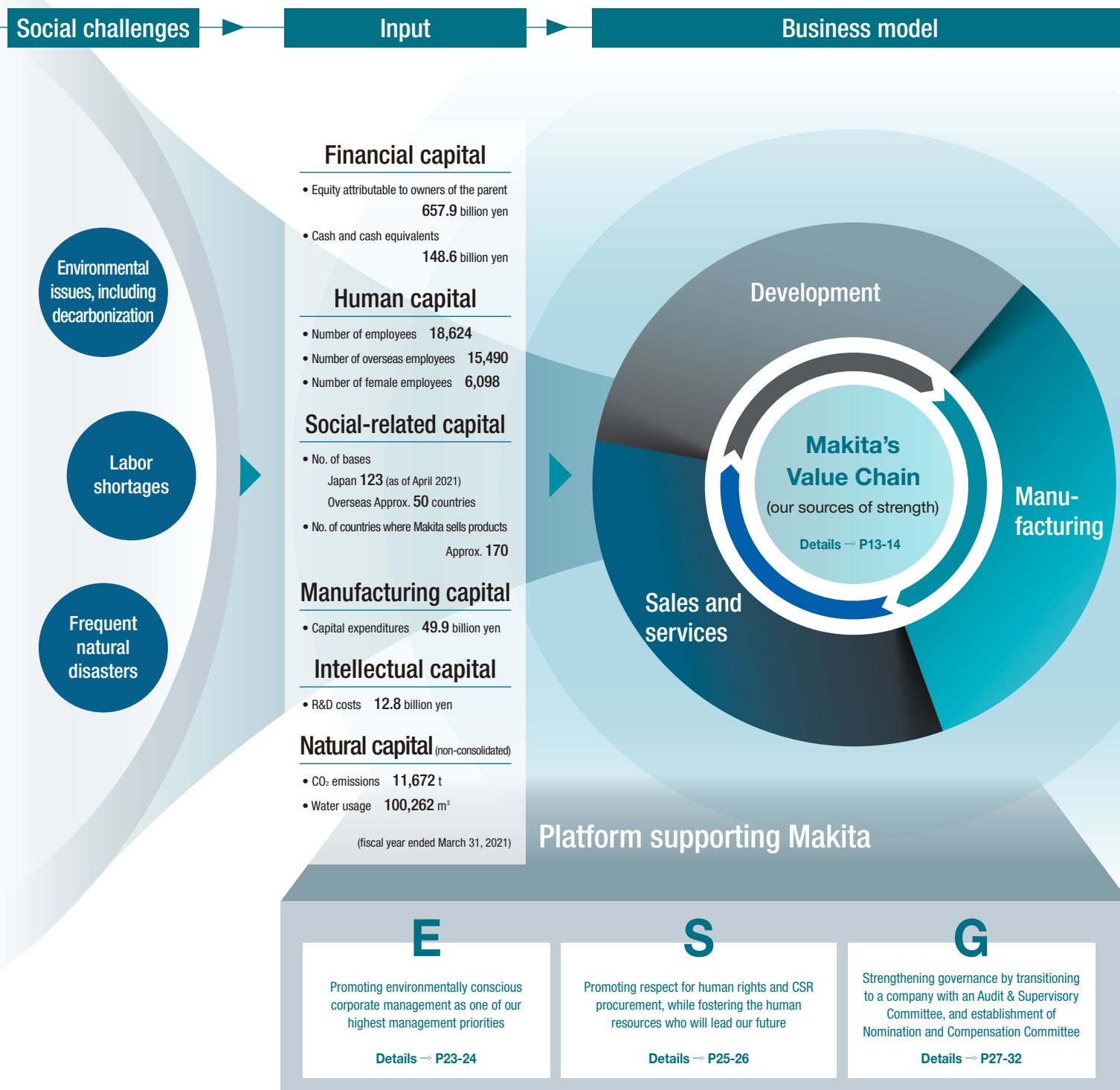
(billion yen)



Note: Changed to fiscal year ending March 31 from 1990.

Makita's Value Creation

As a global supplier of a comprehensive range of tools for creating comfortable homes and living environments, Makita provides power tools, outdoor power equipment, and a wide range of similar products to support the creation of an affluent society on a global scale. Through our business, we contribute to achieving sustainability by helping resolve environmental and social issues.



Supporting SDGs



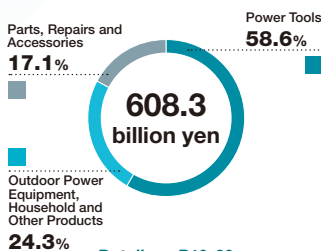
Output

Outcomes



Sales mix by product category

(fiscal year ended March 31, 2021)



Details — P19-20

Social value

Boosting work efficiency and productivity

- Improving safety, convenience, and comfort through cordless products
- Rapid repair and logistics services

Reducing environmental impacts

- Contributing to a decarbonized society through zero exhaust
- Lower environmental burden through zero emissions of atmospheric pollutants and lower noise

Early recovery from disasters

- Products indispensable for building infrastructure
- Support for early recovery from disasters through a robust network of bases

Peace of mind during times of disaster

- Providing reassurance when disasters occur by offering batteries as a power source available during emergencies

Details ⇒ P14

Economic value

(fiscal year ended March 31, 2021)

Dividend payout ratio
30.2%

Operating profit ratio
14.5%

EPS
228.41 yen

Free cash flow
21.6 billion yen

Details ⇒ P33-34

Long-term Target

Strong Company

Makita has set itself the goal of contributing to the creation of sustainable society and consolidating a strong position in the industry worldwide as a global supplier of a comprehensive range of tools for creating comfortable homes and living environments, including cordless power tools, battery-operated outdoor power equipment and pneumatic tools.

Details ⇒ P2

Sources of Strength (Business Model)

Makita has striven to deliver high-quality, appealing products and services that please our customers. Through our core strength of an integrated framework covering development, manufacturing, sales, and services across a network closely aligned with markets and customers around the world, we will continue to evolve and aim to create social value.

Development

Utilizing battery charging/discharging technologies and motor technologies

In 2005, Makita was a pioneer in utilizing lithium-ion batteries to sell electric power tools for professionals. Following that, we utilized our industry-leading battery charging/discharging technologies and motor technologies to launch many new cordless products. Makita is meeting customers' diverse needs with the industry's preeminent lineup of products that is the result of proactively developing a broad range of product categories, including promoting cordless and engine-free products by switching to cordless products from corded AC products and engine-powered products. Although the products that can be used differ depending on the type of battery, one battery can be used for many of our products making high compatibility and a rich product lineup as our major product strength.

Making all manner of products cordless

Makita aims to make any and all products cordless. We are proceeding to expand and enhance our cordless products that, in recent years, extend above and beyond power tools to include outdoor power equipment (OPE), cleaning equipment such as cordless cleaners used for building maintenance, and cordless cooler and warmer boxes, radios, lighting equipment, and so on that are useful on worksites as well as during outdoor activities and times of disaster when power sources are difficult to come by. We are accelerating efforts to achieve a sustainable society by promoting cordless solutions that leverage the merits particular to cordless products—namely, work efficiency and productivity improvements, and lower environmental impacts, including decarbonization.

Manufacturing

Production bases in regions around the world

On a product unit basis, approximately 90% of Makita products are manufactured at overseas factories. We have production bases and factories in eight countries, including in Japan, China, Romania, Thailand, the U.K., Brazil, the U.S., and Germany. This is one of Makita's strengths. By having production bases in major regions around the world, we are not only able to address currency, disaster, geopolitical, and other risks, but also quickly manufacture and supply products that meet demand in each region. In recent years, with our sights set on sales growth for cordless OPE and the like, we are striving to strengthen and expand our production capacity. In FYE 2020, we expanded our factory in Romania by adding a new building and, in FYE 2022, we plan to complete a new factory in China. Furthermore, plans are also in place to strengthen and expand other factories as well.

Improving quality and productivity

In addition to relentless ingenuity by employees in our factories, we are adopting and utilizing cutting-edge technology, such as the IoT and robots, thereby allowing us to build a framework that can manufacture consistently high-quality products anywhere in the world, regardless of the individual experience or intuition of each worker. As production expands, pursuing efficiency in factories and ensuring stable quality are unavoidable challenges. By pursuing cutting-edge production technologies, developing proprietary Makita robots tailored to our production floors, and deploying and sharing mass production techniques and know-how at each factory, we are continuing our efforts to tackle an even more advanced level of craftsmanship.

The value Makita delivers

Sales and services

A sales and service network spanning the globe

Makita operates 123 sales and service bases in Japan (as of April 2021), in addition to directly managed sales bases in some 50 countries overseas, allowing us to carry out fine-tuned sales and services. Our industry-leading sales and service network is a core strength due to directly managed bases both in Japan and around the world. By providing services in the form of rapid repairs and logistics closely aligned with markets and customers, we are able to contribute to efficiency and productivity gains for customers, which helps us build trusting relationships. In addition, by using this network to gather feedback on our products and services from customers throughout the world, we can understand their needs and incorporate them into plans for new products and services.

Further improving service capabilities

One of Makita's major strengths is maintaining, and being able to quickly ship, robust inventories of products and spare parts and components at each of our bases. However, as we increase worldwide unit sales of cordless OPE, which is larger in size than power tools, we expect that it will become difficult to quickly deliver products with our existing logistics capabilities. Consequently, we are aggressively expanding and adding to our current logistics bases, while also building bases that are close to regional markets for cordless OPE, as we strive to provide more finely tuned services and logistics. Furthermore, in order to accurately and quickly handle customer inquiries, we aim to increase convenience and further improve services by promoting a digital transformation in how we serve customers, including running an inquiry response system that uses AI.

Boosting work efficiency and productivity

In addition to the unique merits of cordless products—which include improving safety, convenience, and comfort for customers—Makita contributes to efficiency and productivity gains for customers by providing quick repairs and logistics services leveraging our robust network of bases.

Reducing environmental impacts

Cordless OPE emits zero exhaust during use and contributes to achieving a decarbonized society. Furthermore, while avoiding emissions of exhaust gas and other atmospheric pollutants, they are quieter than engine-powered equipment and significantly contribute to lower environmental impacts.

Early recovery from disasters

Makita products are indispensable for building infrastructure and are also vital during times of disaster recovery. By using our robust network of bases to quickly deliver cordless products and services that contribute to efficiency and productivity gains, we support early recovery from disasters.

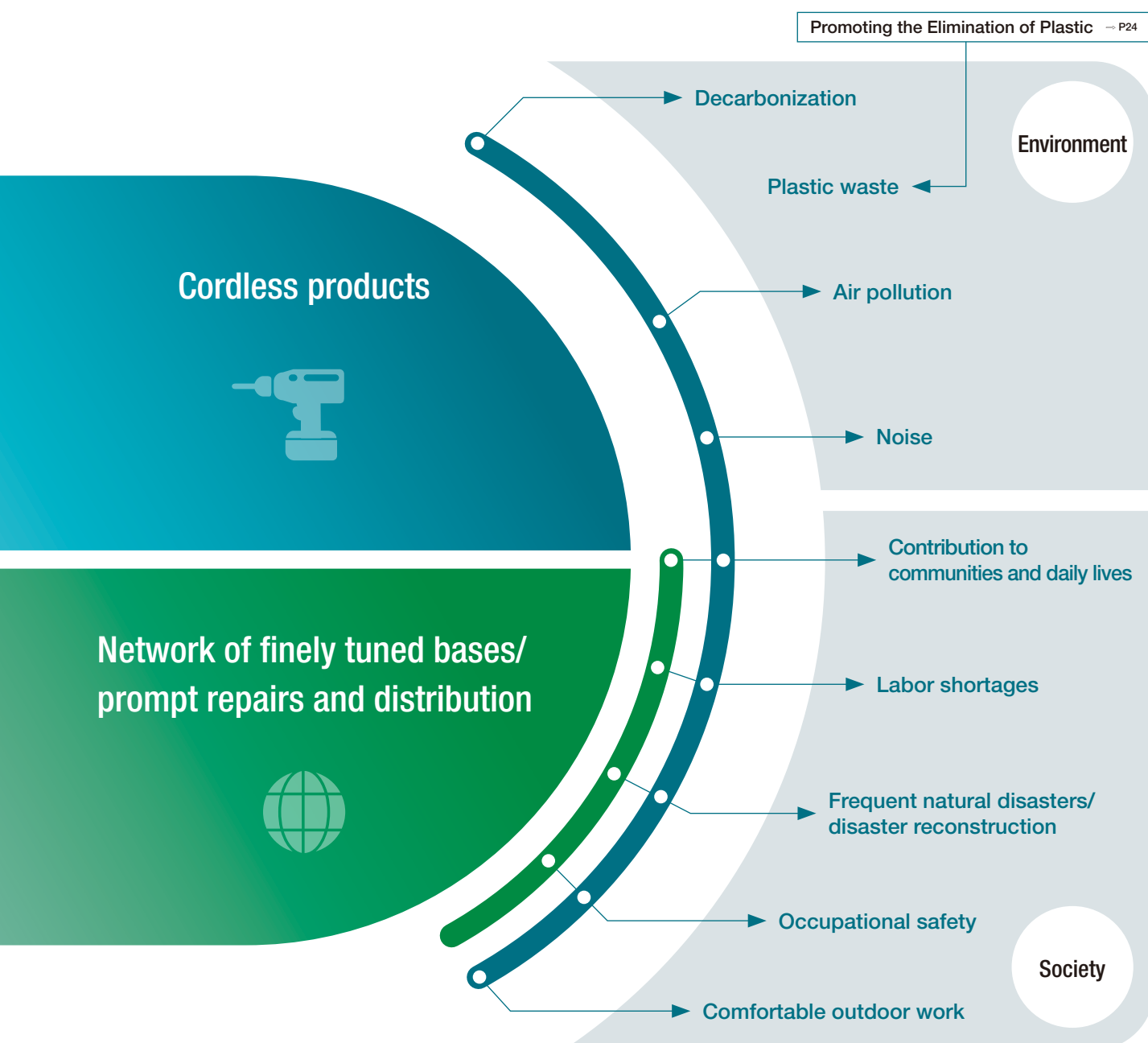
Peace of mind during times of disaster

During times of emergency, batteries used for cordless products can function as a backup power source. The batteries used in cordless cleaners and the like can also be used in products such as radios and lighting equipment. Also, with a special USB adapter, these batteries can charge smartphones and add an extra degree of peace of mind if a disaster occurs.

Contribution to Solving Social Challenges

Contribute to realizing a sustainable society by working to solve social challenges such as environmental issues

We will continue contributing to the realization of a sustainable society by solving social challenges such as environmental issues through our products and services. We will work to evolve into “a Supplier of a Comprehensive Range of Cordless Products” by continuing to expand our range of environmentally-friendly, convenient cordless products. At the same time, we will strengthen systems for promptly providing services such as repair and distribution by building a network of sales and service bases that is finely tuned to each location around the world and we will as well work to realize a decarbonized society and reduce workloads in worksites worldwide.





Cordless products

Makita, which has grown as a manufacturer of power tools, is now working to evolve into “a Supplier of a Comprehensive Range of Cordless Products”. Evolving into “a Supplier of a Comprehensive Range of Cordless Products” means that we will leverage the battery charging/discharging as well as motor technologies we developed through our power tools to promote the use of rechargeable batteries in a wide array of products, including outdoor power equipment in addition to power tools. Cordless products feature improved safety, convenience, and comfort for customers as well as zero emissions during use, low noise, and low vibrations. They also help to solve social issues, such as labor shortages in the workplace. Among these products, cordless outdoor power equipment, which we are promoting as a replacement for engine-powered equipment, is a product which is very useful for realizing a **decarbonized society** amid mounting awareness of climate change. It also contributes to “Climate Action,” which is one of the goals set by the SDGs. Going forward, we will continue contributing to the transition to cordless products and elimination of engine-powered equipment by expanding our range of cordless products.

Advantages of cordless products

- Work efficiency and ease of use due to absence of power cords
- Contribution to preventing onsite accidents, such as tripping over power cords
- Contribution to increasing work efficiency in locations where it is difficult to secure a power source
- Zero emissions*, low noise, and low vibrations due to switch from engine-powered equipment

* During use



Network of finely tuned bases/prompt repairs and distribution

Makita has continued to expand its network of sales and service bases in locations around the world and is working to reinforce the sales and service system. With bases in each country and region, our large inventories of products and parts for repairs facilitate provision of services that include prompt repairs and distribution in addition to sales. The development of a service system that includes prompt repairs and distribution is essential for improving workplace productivity as the inability to use tools due to malfunction and the inability to supply products promptly leads to work delays and reductions in efficiency for customers. In particular, faced with restrictions on cross-border movement during the COVID-19 pandemic, Makita, which has bases in each country and region, has been able to help local communities by delivering products and services promptly. As we were permitted to continue our business activities in many regions as an essential business even under lockdown, our products and services, which are essential for affluent urban development and lifestyle development are also contributing to “sustainable cities and communities”, one of the goals of the SDGs. The expansion of our network of bases that support activities embedded in local communities will lead to the realization of a sustainable society right around the world.

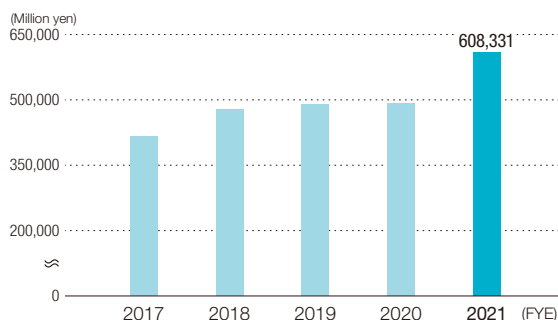
Going forward, we will strive to further strengthen our service system, including the enhancement of distribution functions in anticipation of the handling of large products and an increase in the volume of goods to be distributed.

Financial & Non-financial Highlights

Financial

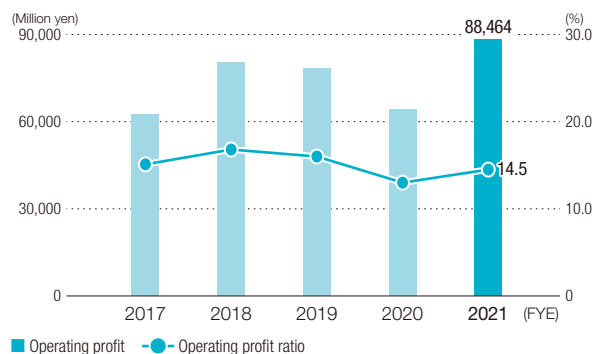
* Figures through the fiscal year ended March 31, 2017 are based on U.S. GAAP and figures from the fiscal year ended March 31, 2018 are based on IFRS.

Revenue



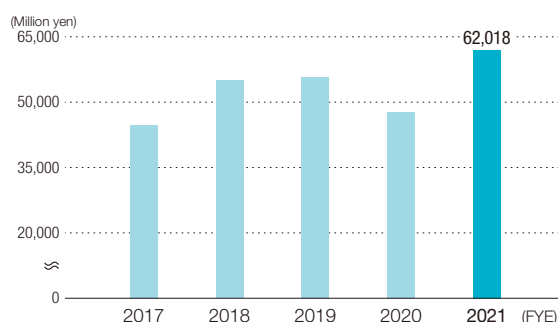
Although overseas revenue converted into yen was eroded by currency exchange rates, sales of products and tools were robust due to demand for tools on construction sites and strong stay-at-home demand. As a result, we recorded our fourth consecutive year of record-breaking revenue, up 23.5% year on year to ¥608,331 million.

Operating profit & operating profit ratio



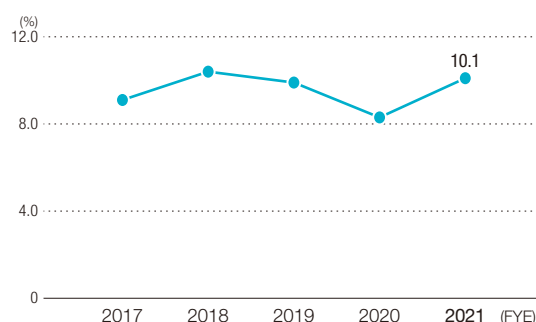
Although the cost-of-sales ratio increased, operating profit rose 38.1% year on year to ¥88,464 million due to revenue growth. The operating profit ratio increased 1.5 percentage points year on year to 14.5%.

Profit attributable to owners of the parent



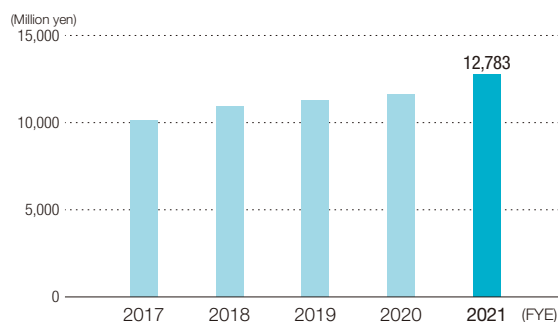
Income tax expenses came to ¥24,515 million (an effective tax rate of 28.1%), and we achieved record-breaking profit attributable to owners of the parent which increased 29.9% year on year to ¥62,018 million.

ROE



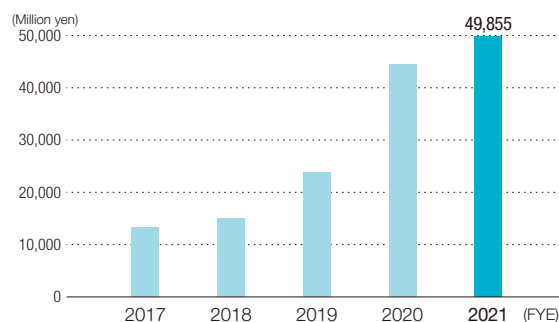
ROE increased 1.8 percentage points year on year to 10.1% due to the increase in profit attributable to owners of the parent and other factors.

R&D costs



Makita focused on expanding our lineup of cordless products, including the 40Vmax series, in order to promote the transition to cordless products that use lithium-ion batteries. As a result, R&D costs increased 10.2% year on year to ¥12,783 million.

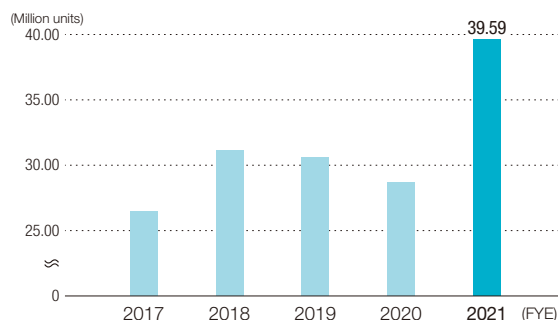
Capital expenditures



We expanded production capacity and newly established and expanded distribution facilities inside and outside Japan with the aim of becoming "a Supplier of a Comprehensive Range of Cordless products". This included the construction of a new plant in China, a distribution building at our Okazaki Plant, and a distribution center in Saitama Prefecture. As a result, capital expenditures rose 12.3% year on year to ¥49,855 million.

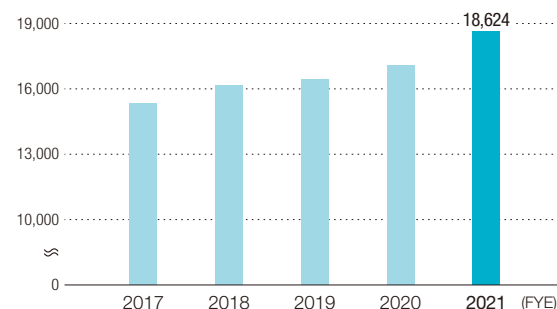
Non-financial

Production output



As a result of efforts to increase production to meet demand in various regions amid strong sales conditions, production volume increased 37.9% year on year to a record breaking 39.59 million units.

Number of employees



Our number of employees rose 1,534 versus the previous fiscal year-end to 18,624 employees, reflecting our strong sales. Going forward, we will actively hire and train diverse human resources as we expand our sales channels in Japan and overseas.

Increasing presence of female employees

Female employees

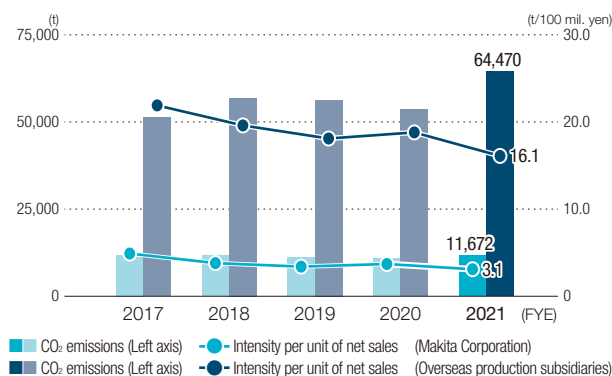
6,098

Female managers

199

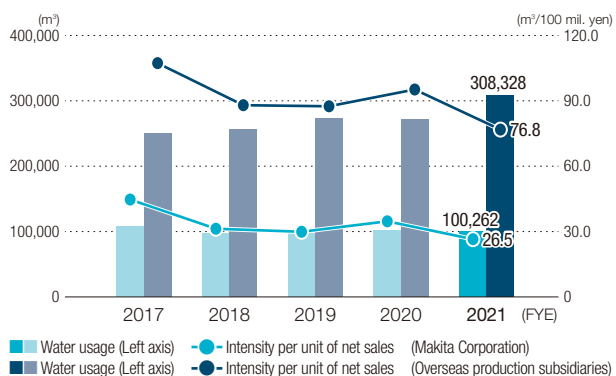
Domestically, female employees have an average of approximately 17 years of service and have been active in a variety of departments over long periods of time. Overseas, Makita has numerous female employees in management positions who are demonstrating a wide range of abilities in their respective fields.

CO₂ emissions (Scope1, Scope2)



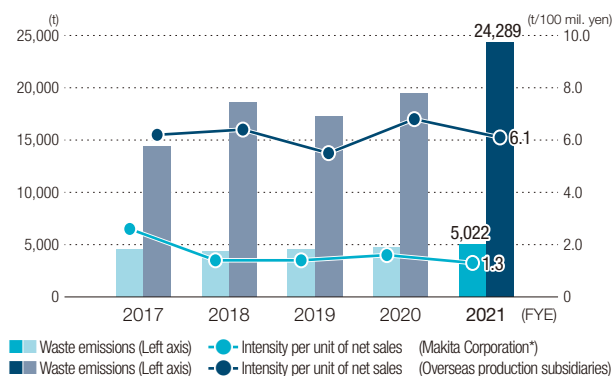
We are striving to reduce CO₂ emissions through energy-saving activities such as adopting LED lighting and high-efficiency equipment. Although CO₂ emissions rose on FYE 2021 given our strong sales, intensity per unit of net sales for Makita Corporation fell 16.2% year on year to 3.1 tons/100 million yen and for overseas production subsidiaries fell 14.4% to 16.1 tons/100 million yen.

Water usage



We carry out monthly monitoring of water usage at business bases and strive to reduce water usage. Although water usage at overseas production subsidiaries on FYE 2021 increased given our strong sales, intensity per unit of net sales for Makita Corporation fell 23.6% year on year to 26.5m³/100 million yen and for overseas production subsidiaries fell 19.3% to 76.8m³/100 million yen.

Waste emissions



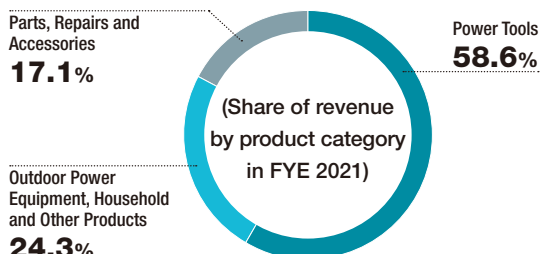
We are striving to reduce our final disposal volume of waste by thoroughly sorting waste in order to promote recycling. Although final disposal volume of waste on FYE 2021 increased given our strong sales, intensity per unit of net sales for Makita Corporation* fell 18.8% year on year to 1.3 tons/100 million yen and for overseas production subsidiaries fell 10.3% to 6.1 tons/100 million.

* Applicable only to the Head Office, Okazaki Plant, and Nisshin Office.

Business Summary

As a global supplier of a comprehensive range of tools for creating comfortable homes and living environments, Makita supports the creation of an affluent society. We will continue contributing to the solution of social issues such as environmental problems and labor shortages and the realization of a sustainable society by making all kinds of products cordless using lithium-ion batteries.

Breakdown of Revenue by Product Category



Strengths of our Products

Our strengths lie in the development of new products which provide high levels of satisfaction to professional users and our extensive product lineup based on our industry leading battery charging/discharging as well as motor technologies. By leveraging our network of bases in Japan and overseas, and carefully listening to customer needs, we have developed diverse product categories to achieve the best lineup of products in the industry.

Power Tools

Makita power tools are used in many settings, such as residential and large-building construction sites and factories. Since becoming the first company in Japan to manufacture and sell portable electric planers in 1958, we have dedicated ourselves to daily technological development to enable better approaches to work that includes drilling, clamping, cutting, grinding, and more. We are responding to the diverse needs of customers with a robust lineup of products embodying our advanced technological expertise.

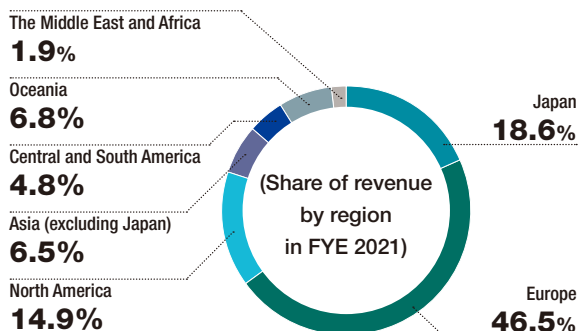
Outdoor Power Equipment, Household and Other Products

In the outdoor power equipment category, which includes lawn mowers, grass trimmers, chainsaws, and blowers, we are focusing on developing cordless products that are lightweight, low noise, and easy-to-handle even for women and the elderly, as well as emitting zero exhaust, thereby also contributing to the realization of a decarbonized society. Makita's household product line includes Cordless Cooler and Warmer Box and other items that fulfill key roles during outdoor activities or even at times of disaster.

Parts, Repairs and Accessories

Accessories (including consumable parts such as saw blades and whetstones) have a significant impact on work quality and efficiency. Makita provides a lineup of long-life accessories optimized for work tasks. Additionally, we have a network of businesses in each part of the world to allow for rapid repairs and parts supply, which enables Makita to support our customers.

Breakdown of Revenue by Region



International Business Strategy

Makita operates direct sales bases in approximately 50 countries. We sell products in some 170 countries, and the overseas sales ratio is around 80%. Makita's manufacturing extends beyond the borders of Japan. On a product unit basis, approximately 90% of our goods are currently manufactured at overseas factories, including in China, Romania, Thailand, the U.K., Brazil, the U.S., and Germany. Going forward, we will further enhance our global manufacturing system to strengthen and streamline production, procurement, and distribution functions. We will also aim to maintain and gain market share by further promoting the establishment of a finely-tuned sales and service system.

Revenue During COVID-19 Pandemic

In 2020, the COVID-19 pandemic led to the imposition of restrictions on leaving the house and international travel in many countries, and global economic activity stagnated. Makita was affected by suspensions of factory operations from the end of the fiscal year ended March 31, 2020 through the beginning of the fiscal year ended March 31, 2021. However, we were able to increase sales significantly in many countries by firmly capturing stay-at-home demand stemming from voluntary restraint on going out and solid demand for professional products on construction sites. We have established sales and service bases in various countries and regions, and were able to provide products and services promptly even during the COVID-19 pandemic travel restrictions by taking advantage of the ample inventories held at these bases. This prompt provision of products and services was a major factor in our sales growth.

Sales Trends by Region (FYE 2021)

Country/Region	Change (%)
Japan	+12.3%
Europe	+30.8%(+30.8%)
North America	+25.8%(+28.8%)
Asia	+0.9%(+2.4%)
Central and South America	+13.1%(+38.9%)
Oceania	+45.3%(+41.7%)
The Middle East and Africa	+16.1%(+18.3%)

* Figures in parentheses show percentage change in local currencies.

Focus Category: Cordless Outdoor Power Equipment (OPE)

In the past, most OPE, which includes lawn mowers, grass trimmers, chainsaws, and blowers, were powered by conventional engines. However, in light of rising global awareness of the environment and the increasing need for highly convenient cordless products, Makita has been focusing on cordless OPE in recent years. Although the power and running time of cordless products were issues in the past, Makita has introduced a series of products in which rechargeable batteries replace engines, such as the launch of cordless OPE offering usability comparable to engine-powered equipment. In FYE 2021, in order to further promote the shift away from engine-powered equipment, we launched products that use 40Vmax batteries to realize high-power tools, and products that use a large-capacity, Portable Power Pack (PDC1200) to increase working time.



Large-capacity, Portable Power Pack (PDC1200)

In FYE 2021, we succeeded in significantly increasing sales of cordless OPE, which was due in part to rising environmental awareness and stay-at-home demand during the COVID-19 pandemic in addition to the effect of our efforts to expand our lineup of products. In particular, the advantages of gasoline-free cordless products, which do not use gasoline, were further reevaluated in countries and regions where people were not even able to visit gas stations due to strict restrictions on leaving the house.

Going forward, Makita will continue to promote the shift away from engine-powered equipment to contribute to the realization of a decarbonized society.

Investment in Expanding Capacity

We need to expand capacity as it is anticipated that our current system will be unable to keep up as we move forward as “a Supplier of a Comprehensive Range of Cordless Products” and our sales increase. One of our efforts in this area is strengthening our distribution functions. As sales of cordless OPE, which is larger than power tools, increase around the world, it is expected that we will be unable to hold adequate inventory with our existing distribution functions. Makita is newly establishing and expanding its distribution centers to enable prompt delivery of products and parts for repairs to customers in order to contribute improving customer work efficiency and productivity. In FYE 2021, we newly established the Western office equipped with a large-scale distribution warehouse in Reno, which is located in north-west Nevada, U.S., in addition to completing a new logistics building at our Okazaki Plant in Japan. We have also been working to increase capacity at our plants in China and others in anticipation of handling large-scale products in production as well. Going forward, we plan to continue to increase our production capacity and to build and expand our warehouse and distribution facilities inside and outside Japan to refine the prompt and precise services closely aligned with markets and customers which are our strength and to maintain and increase our global competitive advantage.



Exterior view of Western office, Makita U.S.A. Inc.



New distribution building, Okazaki Plant

Risks & Opportunities

Risk Management

Makita strives to identify and manage risks with a material impact on business activities, while also pursuing our commitment to being a company that is resilient to crises.

Makita's Disclosure Committee, which identifies and investigates risks in the Group's business activities, holds annual meetings. These meetings are attended by representative Directors, Directors in charge, Standing Audit & Supervisory Committee Members, and General Managers of the Internal Audit Division and respective departments of the Company.

Each Director exercises authority and takes responsibility for implementing the Group-wide risk management framework in his or her own division, and also reports to the Board of Directors when a situation occurs that is material to business management. Also in each division, regulations and guidelines are

stipulated and followed in order to carry out risk management necessary for quality control, disaster prevention, capital utilization, and the like.

Amidst concern in recent years over the occurrence of major earthquakes and other natural disasters, Makita recognizes that being able to respond to disasters is a critical issue. Makita has formed a Fire & Disaster Management Committee comprised of directors and the heads of relevant divisions and has formulated disaster prevention regulations with this committee at the center. These disaster prevention regulations and other measures, which are reviewed regularly, define steps for disaster prevention, emergency response measures, and disaster recovery efforts. Similarly, these regulations and measures outline a business continuity plan (BCP) for times of disaster. The target organizations and scope of this plan are also reviewed as necessary.

Risks & opportunities relevant to Makita

Relevant risks & opportunities	Details
Changes to the social climate/market environment	Risk - Deterioration of the market environment due to worsening economic conditions, social disorder, enactment or changes to laws and regulations, and the like Opportunity - New demand accompanying environmental changes such as labor shortages and the post-COVID-19 "new normal"
Global competition	Risk - Loss of competitive strength Opportunity - Improved profitability from consolidating competitive superiority
Natural disasters	Risk - Performance deteriorates due to large-scale natural disasters, such as earthquakes, floods, fires, and so on - Performance drastically deteriorates due to natural disasters in Japan and/or China, where our core business operations are concentrated Opportunity - Increased demand for products and services that contribute to early recovery from natural disasters and peace of mind in times of disaster
Technology & products	Risk - Decline in new product development able to meet changing market needs - Delays in product development attuned to market prices - Large-scale recall(s) due to unforeseen product defects; damage liability lawsuit(s); major decline in brand trustworthiness Opportunity - Improved brand strength due to delivering customer satisfaction - Demand creation and acquisition of growth opportunities through new products
Procurement	Risk - Production shortages and rises in production material costs - Delayed launch of new product sales due to component suppliers not meeting Makita's requirements, or due to taking too long to meet those requirements Opportunity - Improved competitive strength and profits due to stronger relationships with suppliers and/or discovering new suppliers
Relationships with major customers	Risk - Loss of major customer(s) and a corresponding loss of opportunities to unlock sales channels - Deterioration of the financial position of customer(s) Opportunity - Increased sales due to stronger relationships with major customer(s)
Environment (incl. climate change)	Risk - Strengthening/adoption of regulations related to global warming, climate change, and so on Opportunity - Increased demand for environmentally friendly products that contribute to decarbonization

Sustainability Management

The constantly changing global society is confronting myriad challenges accompanying climate change and other phenomena. By striving to solve social issues through our business, Makita delivers new value and contributes to the sustainable development of society.

Promoting Sustainability

Makita has set itself the long-term goal of being a “Strong Company,” which is to contribute to the creation of sustainable society and consolidating a strong position in the industry world wide as a global supplier of a comprehensive range of tools for creating comfortable homes and living environments, including cordless power tools, battery-operated outdoor power equipment, and pneumatic tools.

Our greatest initiative toward achieving a sustainable society is evolving into “a Supplier of a Comprehensive Range of Cordless Products”, and promoting cordless products that utilize lithium-ion batteries. This promotion of all types of cordless products extends above and beyond power tools to include outdoor power equipment (OPE) and other products that utilize our battery charging/discharging technologies, as well as motor technologies, amassed in our power tools business. At the same time, by building a robust sales and service network closely aligned with regions around the world, we are devoted to lowering global environmental impacts and raising efficiency and productivity on work-sites worldwide.

Furthermore, among the many social issues that exist, Makita has had a long-lasting dedication to addressing environmental issues. At the United Nations Conference on Environment and Development (also known as the “Earth Summit”) held in Brazil in June 1992, representatives from countries around the world reached an agreement on global environmental protection. As the world began moving forward on initiatives to address environmental issues, we established the Makita Environmental Committee in July of 1993. Ever since, we have devoted effort to environmental protection activities. Currently, we have the Environmental Management Committee as a body for deliberating and deciding on environmental protection activities. The committee addresses Company-wide environmental targets and handles tasks ranging from policy and action discussions to recognition of activity outcomes. We have also established other committees under the umbrella of this committee, including the Environmental Education Committee and Global Warming Prevention Subcommittee, which promote specific environmental activities. In recent years, since climate change and plastic waste have become acute concerns among various environmental problems, we are addressing these as priority issues. In response to climate change, we are directing effort toward cordless OPE that does not emit exhaust gas during use, while also working to improve the energy efficiency of equipment in our offices, which includes installing LED lighting and high-

efficiency equipment. In addition to this, we will continue to contribute to decarbonization by measures such as using renewable energy in our offices. With regard to plastic waste, we are energetically pursuing environmental protection activities that include reducing the single-use plastic used in our product packaging.

Environmental Management Promotion Framework



Makita's Corporate Philosophy and Initiatives Toward SDGs

As a company, Makita seeks to meet the expectations of society and achieve sustainable growth while being useful to society. We have expressed our commitment to “striving to exist in harmony with society” as our Management Policy / Quality Policy. In order to achieve these objectives, we see the Sustainable Development Goals (SDGs) as high-priority targets and believe in the importance of pursuing ESG initiatives from diverse perspectives. Through these initiatives, we aim to unlock sustainable growth and boost medium- and long-term corporate value.



Environment

Recognizing environmental protection activities as a high-priority management challenge, Makita established an Environmental Policy in 1998. Based on the principles and aims stated in the Environmental Policy, we have built an environmental management promotion framework and are pursuing corporate activities that take the environment into consideration. In recent years, our environmental protection activities are striving to address climate change and the reduction of single-use plastics as priority concerns among environmental problems.

Environmental Vision



The “Go Green” slogan symbolizes Makita’s commitment to continually providing new value as a comprehensive international supplier of tools. We hope to always remain as a company that maintains a steady eye on society, challenging ourselves to create a “sustainable recycling-oriented society” that harmonizes the environment with the economy.

Environmental Policy

Basic Principles

As a global supplier of power tools used in building homes and in everyday life, Makita is aiming to conduct a wide range of environmental protection activities, in order to contribute to having sustainable society and conservation of biodiversity.

Policies

1. Enforcement of environmental administrative structure
2. Continuous improvement and pollution prevention
3. Compliance with applicable laws and regulations
4. Establishment and review of objectives and aims
5. Reduction of environmental burden
6. Disclosure

Please see the Company website for the full text of our policies.

Environmental Management

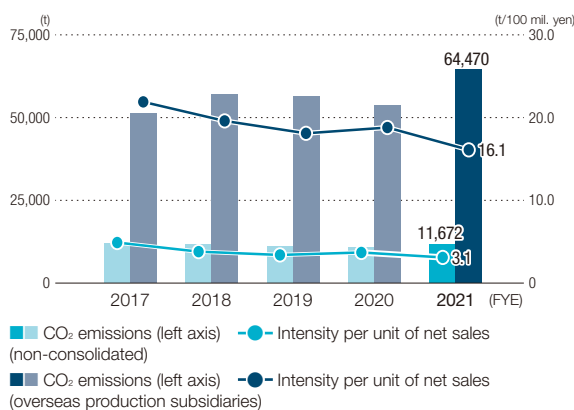
Makita has established and run its own environmental management system since 1998. For the purpose of leveraging that system as a tool for mitigating environmental burdens, our Head Office and Okazaki Plant first received ISO 14001 certification in 2007. In later years, our Nisshin Office and all of our overseas production bases received the certification and are now operating environmental management systems. We promote the protection of the environment at all of our business bases mentioned above and carry out activities, such as Internal Environmental Audits and environmental education, based on the requirements of the certification.

Responding to Climate Change

Initiatives in our Business Activities

Our efforts toward reducing CO₂ emissions include pursuing efficiency gains for energy-consuming equipment in our offices by, for example, installing LED lighting and high-efficiency equipment (AC units, compressors, manufacturing machinery, etc.). In FYE 2021, our Head Office and Okazaki Plant collectively saved 47,719 kwh of electricity by switching to LED tubes. Additionally, photovoltaic panels will be installed gradually at our sales bases we own in Japan. We are also promoting the use of renewable energy overseas, where some subsidiaries have adopted a heating and cooling system using geothermal heat. In order to raise employees’ awareness of the environment, we also carry out awareness activities. These include distributing energy-saving promotional material to employees and making regular inspections checking energy-saving responses in offices and plants.

Changes in CO₂ Emissions (Scope1, Scope2)



Initiatives With our Products

Outdoor power equipment has conventionally been engine powered, which had a major impact in environmental terms due to exhaust gas. In October 2020, the Japanese government made a proclamation to “achieve net-zero CO₂ emissions by 2050,” which is basically a commitment to achieve a decarbonized society. This, coupled with the U.S.’ decision to rejoin the Paris Agreement, comes amidst raising awareness on environmental issues. Within this context, Makita is contributing to achieving a decarbonized society by putting effort into our cordless outdoor power equipment with zero exhaust gas emissions during use. Also, in light of these circumstances, Makita has decided to stop manufacturing engine-

powered products on March 31, 2022.

Going forward, Makita will further focus operating resources on developing, manufacturing, and selling cordless products that effectively feel as if they are engine-powered. In this way, we will accelerate the shift from exhaust-emitting engines to clean-running cordless electric motors and will contribute to achieving a zero-emission society in the future.

Promoting the Elimination of Plastic

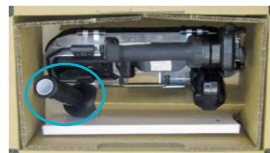
Due to concern over global environmental pollution from plastic waste entering oceans, the EU passed a law in June 2019 prohibiting the use of certain single-use plastic products.

In Japan as well, social initiatives are making progress to reduce single-use plastic, including the July 2020 regulation to charge for plastic shopping bags. In order to achieve a sustainable society and contribute to preserving biodiversity, Makita is also striving to reduce single-use plastic used in our product packaging. In addition to efforts to simplify our standard packaging, we have, since FYE 2021, tried to reduce plastic bags and the like used in product packaging, and have been proceeding to replace them with paper and other environmentally friendly materials. In March, 2021 (the last month of the first fiscal year of this new initiative), we achieved the equivalent of a nearly 40-ton yearly reduction in plastic usage. Going forward, we will continue efforts to eliminate the use of plastic.

Example of avoiding plastics



Conventional approach: plastic bag (polyethylene) packaging



Current approach: packaging without plastic bags

Zero Emission of Waste Products

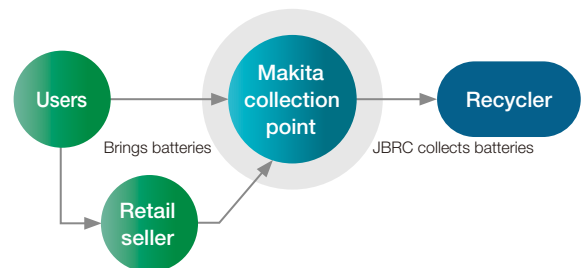
In light of the pressing social issues of depleted energy resources and availability of waste disposal sites in the future, Makita has been making progress in reducing our final disposal volume of waste products. On a non-consolidated basis (applicable to the Head Office, Okazaki Plant, and Nisshin Office), we have been able to hold our final disposal volume of waste products to 1% or lower since FYE 2007. From FYE 2015, we have continuously achieved what we define as “zero emission of waste products” (a final disposal volume of 0.5% or lower).

Battery Recycling

As “a Supplier of a Comprehensive Range of Cordless Products”, and as a company that supplies a large volume

of batteries, we believe that, for the sake of environmental protection and the effective utilization of resources, collecting used batteries is a crucial task. Inside Japan, we are a member of the Japan Portable Rechargeable Battery Recycling Center (JBRC). Based on the Act on the Promotion of Effective Utilization of Resources, we are striving to voluntarily collect used batteries and reuse them as resources. In line with government laws and regulatory frameworks in countries outside Japan, Makita is cooperating with retail stores and dedicated organizations to collect used batteries. By building and implementing collection systems in a host of countries and regions, we are working to promote resource recycling.

Example Inside Japan



Reduced Use of Chemical Substances

With regard to the EU’s REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances) regulations, since FYE 2010 we have promoted investigating, managing, and supplying information regarding carcinogenic and other substances of very high concern (SVHC) contained in our products. SVHC are added regularly, so Makita continuously surveys business partners about the content of their products.

As we pursue the reduction and control of chemical substances, we also continually engage in component procurement in compliance with the RoHS Directive (directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment) adopted by EU member states.

Environmentally Conscious Design

Makita’s concepts for environmentally conscious products began with a product assessment in 1992 and was followed by the codification of Makita’s Global Environment Charter in 1993, the year that we kicked off our full-fledged development of products that take the environment into consideration.

At the design stage, we have endeavored to improve the energy efficiency, weight, and longevity of new products, while also using materials that are considerate to the environment, as we continue developing tools that can be recycled.

Human Rights/Human Resources/Supply Chain

Makita's aim is to pursue growth alongside society. While proactively fostering the human resources who will lead our future, we are committed to fulfilling our duty as a responsible global corporation, including ensuring respect for human rights and CSR procurement.

Respect for Human Rights

Guidelines to the Code of Ethics for Makita, which outline the conduct expected of all Group Directors and employees, clearly recognize "respect for human rights" and stipulate the importance of respecting all fundamental human rights and prohibiting discrimination and conduct that harms individual dignity. All employees, including part-time employees, are provided with information and training about the Guidelines to the Code of Ethics once a year without fail. This also covers overseas subsidiaries and we thoroughly emphasize respect for human rights across the entire Group.

Furthermore, since we believe that it is important to fulfill our social responsibility for recognizing human rights not just ourselves but alongside all of the businesses in our supply chain, the Guidelines to the Code of Ethics for Makita also stipulate that fulfillment of social responsibility and respect for human rights (including working to eliminate child labor and forced labor) are selection criteria for business partners.

Policy on Fostering Human Resources & Training Programs

What supports our growth is nothing other than the talents of the people working at Makita. "Don't be angry, arrogant, panic, mope, or give up." These are the words of Jujiro Goto, who along with founder Mosaburo Makita built this company and transformed it into "a power tools corporation." Grounded in this personal philosophy of Mr. Goto, we strive to provide each and every Makita employee with the opportunity to exercise his or her talents.

Inside Japan, we carry out stratified training (tailored to match each employee's career stage) for new employees all the way through mid-career management candidates. Similarly, we have programs for carrying out other forms of training, including on-site factory training, as well as correspondence training. Furthermore, since having human resources capable of being active on a global stage is key for Makita as a company doing business around the world, we have overseas job training actively offered to young employees to help them experience local workplaces through on-the-job training in order to allow our workers to build up professional skills outside Japan. In addition, employees regularly set targets at the beginning of each fiscal year and meet with their supervisors at least twice a year to discuss the targets and results. Appropriate feedback given by supervisors in interviews helps with the development of our human resources.

We are also striving to cultivate human resources overseas, which includes carrying out problem-solving

training and manager training to boost leadership skills at the China plant, which is our core production base.

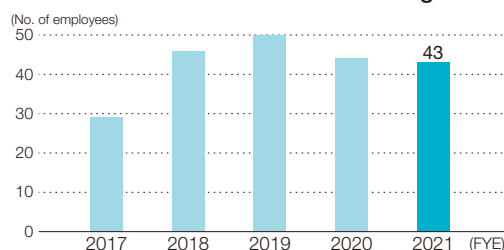
Education System Diagram

Job type	Exam for grading/promotion	Education by level	Education by job category	Common
Manage		Coaching training Training for newly appointed supervisors		Correspondence education (self-development courses related to languages, business skills, specialized fields, etc.)
General	Exam for promotion	Cross-industrial exchange training		Career plan training
Basic				
Support				
All				
1st year of employment	Grading exam	Training for new employees	Overseas operation training Sales training	Environmental and safety & health education Education concerning the Code of Ethics and compliance
2nd year of employment			Factory training	

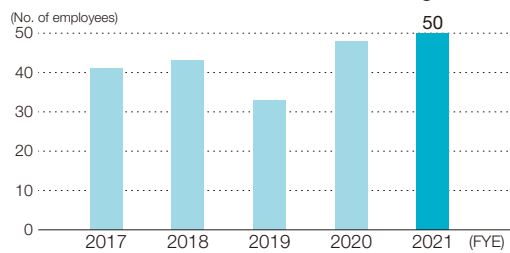
Ensuring Employee-friendly Workplaces

In order to allow diverse employees to pursue their work with a sense of purpose, we offer a work environment that includes a childcare leave program, a childcare reduced-working-hours system, as well as other programs as part of our active efforts to create work-life balance. There has been steady utilization of the childcare leave program which we introduced in 1990, even including a good number of employees utilizing the program twice or more. In FYE 2021, 43 employees (4 male employees) took part in the program and the return-to-work rate after childcare leave was 100% (21 of 21 employees). In 1992, we introduced a childcare reduced-working-hours system, which has now become well established among employees. 50 employees (2 male employees) utilized the system in FYE 2021.

Utilization of the Childcare Leave Program



Utilization of the Childcare Reduced Working Hours System



Securing the Safety and Health of Employees

Makita's Safety and Health Committee members carry out regular patrols at each of our business bases in Japan. The Safety and Health Committee reports the results of those patrols and supports improvement measures for safer and healthier worksites. Additionally, following plans from the Safety and Health Committee, each worksite engages in activities to preemptively prevent occupational accidents. Furthermore, in terms of employee health, we provide influenza shots in house, while the Okazaki Plant has distributed Makita cordless fan jackets and also set up water coolers to help deal with hot weather. Through these and other efforts, we are striving to improve the work environment and ensure the health of employees Company-wide.

As preventative countermeasures against COVID-19, we are encouraging all employees to check their temperature every morning and wash their hands, while also wearing a mask from the time they leave home in the morning to when they return in the evening, and avoiding unessential business trips and meetings. If an employee develops a fever, cough, or other signs of feeling unwell, we ask that they refrain from coming to work and we increase ventilation and sanitize shared spaces. We will continue trying to ensure the safety and health of customers, employees, and their families as we maintain our business activities and take ample measures to prevent the spread of infections.

Diversity Promotion

Increasing Presence of Female Employees

At Makita, we believe that it is essential to be a company that allows all employees to actively work and exercise their talents to the maximum degree, regardless of gender. As such, in our hiring, placement, promotions and other personnel practices, we do not discriminate based on gender and we strive for equitable treatment of employees. Additionally, we are dedicated to establishing a work environment in which female employees can actively participate with peace of mind, which includes creating a childcare leave program and childcare reduced-working-hours system. As a result, Makita female employees in Japan now have an average employment longevity that is roughly the same as male employees. In FYE 2021, average employment

longevity for female employees was 16.8 years, while that number was 17.2 years for male employees.

At present, the Makita Group has more than 190 women in management positions actively supporting our global business in many divisions. We will continue creating workplaces and environments conducive to the peace of mind of our female employees.



Hiring of Foreign Employees

Approximately 80% of Makita Group employees are hired overseas and international students are also hired in Japan. Additionally, as a company that emphasizes a local, on-site business philosophy, we have, for many years, placed weight on diverse employees who can localize our business practices. Evidence of this is in the active contributions of employees with foreign nationality, including employees of overseas subsidiaries having been promoted to corporate officer positions at Makita Corporation.



CSR Procurement

Makita is striving Company-wide to deliver safe, high-quality products to our customers to ensure that they can enjoy peace-of-mind when using our tools.

In working to achieve this objective, we consider it important not just to comply with relevant laws and regulations but to conduct transactions with business partners fairly, equitably, transparently, and honestly, and strive to build relationships with them as partners, as well as promote procurement activities focusing on social aspects, including environmental concerns, respect for human rights, prevention of corruption, and respect for proper hiring practices, etc. We stipulate this in our Master Transaction Agreement and Basic Policy on Procurement.

One pillar of this effort is our pursuit of responsible procurement activities, including annual surveys of the environmental protection activities of our business partners.

Policies

1. Compliance with laws and regulations and social codes
2. Consideration to reducing environmental impacts
3. Provision of fair and equitable transaction opportunities
4. Coexistence and co-prosperity based on mutual trust

Please see the Company website for details.

Systems to Support Enhancement of Corporate Value

– Corporate Governance

Makita strives to strengthen and enhance corporate governance in order to increase corporate value and earn the trust of shareholders and other stakeholders.

Basic Philosophy on Corporate Governance

Makita believes that the most important issue is to achieve unending development together with its various stakeholders. In order to achieve this, we have established a Management Policy / Quality Policy and are working to strengthen and enhance our corporate governance. From this perspective, we will work to maintain and improve the fairness and transparency of our management by striving to enhance management transparency and management checking functions, as well as proactively and promptly disclosing information.

Overview of the Corporate Governance Structure

Board of Directors

A regular meeting of the Board of Directors shall be held once a month and extraordinary meetings shall be held whenever necessary. The Board of Directors, as the decision-making body for management, decides on important management matters, including decisions on management policies and business plans, the conclusion of important agreements, and the establishment of subsidiaries in accordance with the Regulations of the Board of Directors, in addition to matters stipulated by laws and regulations and the Articles of Incorporation, and supervises the execution of operations. As of July 2021, the Board of Directors is composed of 15 Directors, five of whom are Outside Directors with a high degree of independence. Outside Directors are appointed from among those who have a wealth of experience and broad insight in corporate management and those who have a wealth of experience and insight in various fields, including finance, accounting and legal affairs, and are responsible for strengthening corporate governance by providing opinions as appropriate from an independent perspective with no risk of conflict of interest with general shareholders. Additionally, Makita has hired several Directors with abundant business experience at overseas bases, which adds diversity to the Company.

Nomination and Compensation Committee

Makita established the Nomination and Compensation Committee on December 18, 2020 to ensure objectivity, transparency, and fairness in procedures related to the nomination and compensation of Directors, etc. (excluding Directors who are Audit & Supervisory Committee Members). See page 28 for details.

Audit & Supervisory Committee

The Audit & Supervisory Committee meets once a month and also holds extraordinary meetings as necessary. The Audit & Supervisory Committee audits and supervises the

execution of duties by the Directors, and investigates the status of business and assets by attending important meetings and hearing reports in accordance with its stipulated audit policies and division of duties. The Audit & Supervisory Committee also appropriately exercises its right to express opinions on the nomination and compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members). As of July 2021, the Audit & Supervisory Committee is composed of four Directors who are Audit & Supervisory Committee Members, who include three Independent Outside Directors, making it independent from the Board of Directors. In order to strengthen the effectiveness of audit and supervisory functions, two standing Audit & Supervisory Committee Members have been appointed. The Outside Director who is a standing Audit & Supervisory Committee Member has many years of experience in financial institutions and expert knowledge of finance. The two Outside Directors who are non-standing Audit & Supervisory Committee Members have many years of experience and expert knowledge as an attorney-at-law and a certified public accountant respectively. Makita considers they are capable of performing highly specialized audits from an independent perspective. The Audit & Supervisory Committee also works together with the Accounting Auditor and the Internal Audit Division by receiving, as needed, audit reports and other reports from them. With the objective of helping audits by the Audit & Supervisory Committee to proceed smoothly, Makita established the Audit & Supervisory Committee Staff Office, where dedicated personnel support the work of the Audit & Supervisory Committee.

Corporate Officers

Makita has introduced a Corporate Officer system to facilitate proper implementation of the Group's strategy and strengthen our business execution structure, and we are striving to engage in flexible and efficient business operations. As of July 2021, Makita has 19 Corporate Officers, and four of these Corporate Officers are non-Japanese.

Accounting Audits

Accounting audits are carried out by KPMG AZSA LLC. KPMG AZSA LLC and engagement partners have no interest in the Company which must be disclosed pursuant to the provisions of the Japanese Certified Public Accountants Act.

Policy and Decision-making Process for the Appointment of Directors

We believe that it is necessary to appoint as Internal Directors* those who have the ability to formulate and execute management strategies based on their own experience and insight, including a wealth of experience in the Company's operations, and as Outside Directors*

Transition to a Company with an Audit & Supervisory Committee

Previously, Makita has worked to strengthen the supervisory function of the Board of Directors through the appointment of multiple Independent Outside Directors. However, on June 25, 2021, we transitioned to a Company with an Audit & Supervisory Committee with the objective of further enhancing the corporate governance structure. The transition to a Company with an Audit & Supervisory Committee is expected to have the effect of further strengthening the supervisory function of the Board of Directors by allowing Audit & Supervisory Committee Members, who are responsible for auditing the execution of duties by the Directors, to exercise their voting rights at meetings of the Board of Directors, and giving the Audit & Supervisory Committee the right to express opinions on the nomination and compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members).

Establishment of the Nomination and Compensation Committee

Objective

Makita established the Nomination and Compensation Committee on December 18, 2020 with the objective of ensuring objectivity, transparency, and fairness in procedures related to the nomination and compensation of Directors* by obtaining the appropriate involvement and advice of Independent Outside Directors.

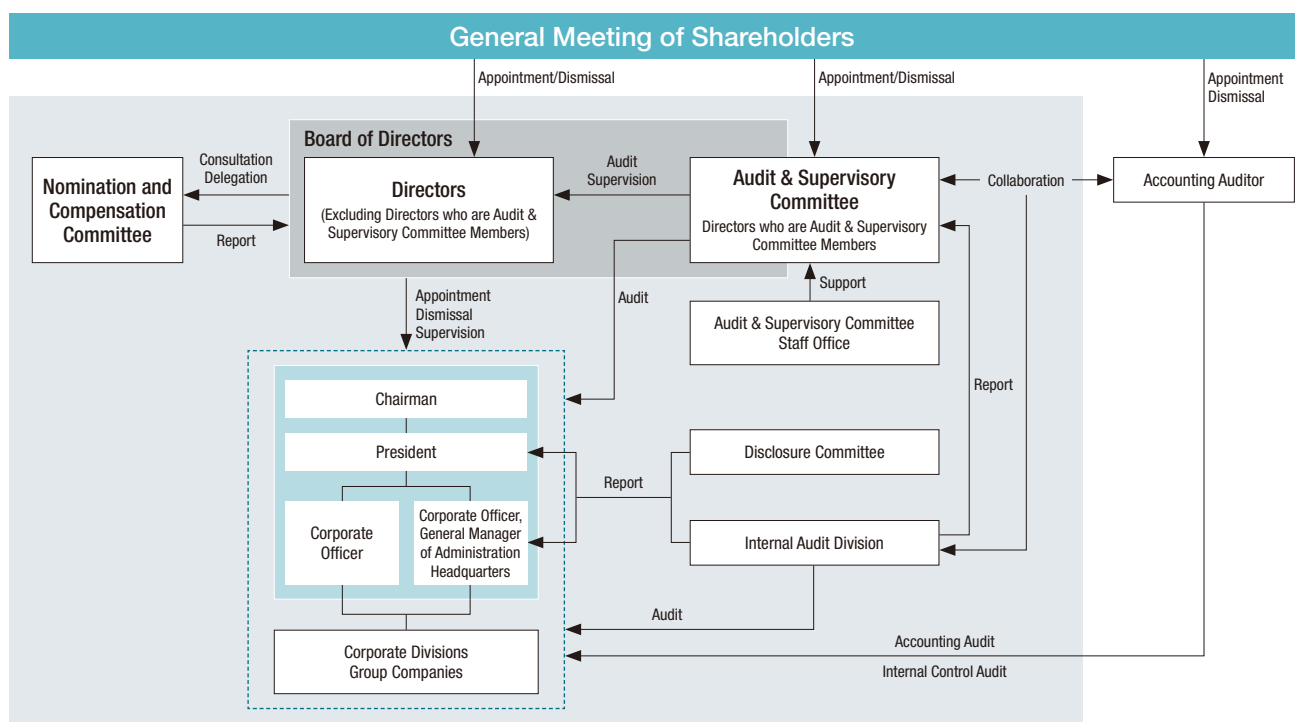
Role and Composition

In consultation with the Board of Directors, the Nomination and Compensation Committee deliberates and reports on policies concerning the nomination of Representative Directors and Directors*, matters concerning the appointment of Representative Directors and Directors*, matters concerning the succession plan for the President, policies concerning decisions on the details of individual compensation for the Directors*, and, based on delegation from the Board of Directors, makes decisions on the details of individual compensation for the Directors*.

The Nomination and Compensation Committee is composed of at least three Directors, with the majority of the members being Independent Outside Directors. The members are selected from among the Directors through a resolution of the Board of Directors, and the chairperson of the committee is selected from among the Independent Outside Directors through a resolution of the Nomination and Compensation Committee.

* Excluding Directors who are Audit & Supervisory Committee Members

Schematic Diagram of Makita's Corporate Governance Structure (as of June 25, 2021)



those who have a wealth of experience and broad insight in corporate management. We also believe that it is necessary for Directors who are Audit & Supervisory Committee Members to be appointed from among those who have internal and external work experience and a wealth of experience and insight in various fields, including finance, accounting and legal affairs, and that at least one of them is required to have a wealth of experience and insight in finance, accounting and other fields.

Makita established the Nomination and Compensation Committee with the objectives of ensuring objectivity, transparency, and fairness in procedures related to the nomination and compensation of Directors* and further improving the corporate governance structure. The Board of Directors consults with the Nomination and Compensation Committee regarding the policy for nomination of Directors* and matters concerning the appointment of Directors* and determines candidates based on the reports of the Nomination and Compensation Committees. The candidates for Directors who are Audit & Supervisory Committee Members are also determined through a resolution of the Board of Directors after obtaining the consent of the Audit & Supervisory Committee.

* Excluding Directors who are Audit & Supervisory Committee Members

Evaluation of Effectiveness of the Board of Directors

Makita conducts an annual self-evaluation questionnaire for each Director on the effectiveness of the Board of Directors. The results of analyzing the FYE 2021 effectiveness evaluation indicated that the Board of Directors generally functions appropriately from the perspective of its composition, operation, supervisory function, and response to shareholders and stakeholders, and that the effectiveness of Makita's Board of Directors is ensured.

Compensation for Directors

The Board of Directors determines the policy for decisions on the details of individual compensation, etc. for Directors* following consultation with and reporting from the Nomination and Compensation Committee. Compensation for Directors* consists of monthly compensation, bonus, and restricted shares compensation with the ratio of monthly compensation, bonuses, and restricted shares compensation determined appropriately to provide a sound incentive to improve corporate value over the medium- to long-term. The specific method of calculation for each type of compensation is as follows.

1. Monthly Compensation

The Nomination and Compensation Committee is delegated through a resolution of the Board of Directors to determine the amount of monthly compensation for each Director* within the limit on compensation resolved by the General Meeting of Shareholders based on business results, position, employee salary increases and other factors.

2. Bonuses

Bonuses are paid to Directors other than Directors who

are Audit & Supervisory Committee Members and Outside Directors, and are linked to consolidated business results with the aim of enhancing their motivation for improvement of business results of Makita. As is the case for dividend from surplus, the yardstick is profit attributable to owners of the parent per share (basic) adjusted for special factors in order to conduct management with an awareness of shareholders. The Board of Directors determines the total amount of bonuses based on a certain formula following consultation with and reporting from the Nomination and Compensation Committee and submits the amount for resolution at the General Meeting of Shareholders. The Nomination and Compensation Committee is delegated through a resolution of the Board of Directors to determine the allocation of bonus for each Director based on business results, position, and other factors. Bonuses are paid annually at a certain time.

3. Restricted Shares Compensation

Makita introduced restricted shares compensation for Directors other than Directors who are Audit & Supervisory Committee Members and Outside Directors with the aim of sharing the risks and benefits of stock price fluctuations with shareholders to a greater extent and further enhancing their motivation to contribute to improving the stock price and the corporate value of the Company. The allocation of restricted shares to each Director is determined by the Board of Directors based on position and other factors following consultation and reporting from the Nomination and Compensation Committee. Restricted shares are granted annually at a certain time.

* Excluding Directors who are Audit & Supervisory Committee Members

Compensation for Directors who are Audit & Supervisory Committee Members

The full amount of compensation for Directors who are Audit & Supervisory Committee Members is fixed compensation so that their independence from management can be ensured. The specific amount for each Director who is an Audit & Supervisory Committee Member is decided through discussion among the Directors who are Audit & Supervisory Committee Members.

Details of Officer Compensation (fiscal year ended March 31, 2021)

(Unit: Million yen)

Category of officer	Total amounts of compensation	Total amounts of each type of compensation			Number of eligible Directors (persons)
		Base compensation	Bonuses	Restricted shares compensation	
Director (excluding Outside Directors)	407	114	250	43	11
Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Members)	15	15	—	—	1
Outside Officers	36	36	—	—	5

Compliance

Makita holds a philosophy of “striving to exist in harmony with society,” which is a uniform approach affecting our Management Policy / Quality Policy. As such we thoroughly ensure that Directors and employees comply with legal, regulatory, and ethical principles. Makita's Code

of Ethics and Guidelines to the Code of Ethics for Makita, which outline the conduct expected of Group Directors and employees, stipulate the importance of ethical conduct, avoiding conflicts of interest, complying with relevant laws and social standards, properly disclosing information, respecting human rights, restricting gifts and incentives, prohibiting bribes, and prohibiting unfair business transactions. Employees are provided with regular information and on-going training about Makita's Code of Ethics and Guidelines to the Code of Ethics for Makita. In order to instill an awareness of the importance of compliance, employees are given an Ethical Compliance Survey, while new hires and newly appointed managers are provided with compliance training.

In order to minimize, pre-empt, quickly discover and resolve conduct in violation of the Code of Ethics, Makita has established regulations regarding a Corporate Ethics Helpline (Internal Reporting), and we have established an internal hotline as well as an external contact for employees making reports. We have also established a

point of contact on the Company website for receiving external feedback and suggestions related to accounting, internal control, and audits. Thorough measures are taken in the regulations to protect whistleblowers so that they do not incur any disadvantage for reporting to the Corporate Ethics Helpline. If necessary, the content of the reports is also shared within the Company, and steps are taken in order to remedy and prevent recurrence of the matter in question.

Status of Internal Audits

As an independent organization in charge of the Group's internal audits, the Internal Audit Division is staffed by more than 10 personnel and conducts the internal audits necessary to maintain the soundness of Makita's management. Results of audits are reported to the Audit & Supervisory Committee and to management personnel. Furthermore, we have built a framework for making timely and appropriate revisions when inadequacies in the internal control system are discovered through internal audits.

Messages from Outside Directors



I will fulfill my duties as an Outside Director in order to help boost long-term corporate value.

Outside Director

Masahiro Sugino

Brief profile

Appointed to the position of Makita Outside Director in June 2015. Outside Director Sugino has an intimate knowledge on corporate management through many years of involvement running LIXIL Group, including INAX Corporation.

Last year, Makita established a Nomination and Compensation Committee, while FYE 2021 included major developments in our transition to a company with an Audit & Supervisory Committee. In addition to improving the transparency of management, we are confident that this has further enhanced our corporate governance framework. The Makita Board of Directors receives detailed reports from personnel responsible for each division, maintains an atmosphere conducive to free inquiry, and is able to gain an accurate understanding of the status of company operations. Accordingly, I evaluate that the Board is functioning effectively. In addition, immediate action was taken to incorporate my suggestion that it would be favorable to clarify the intentions of our product development and have comparative reports that continually give a visual impression of how the prices, performance, quality, and so on of our development products stack up against competitors. From my standpoint as an Outside Director, this is evidence that suggestions and inquiries to the Board of Directors are more than merely formal and are serving a real function.

Being committed to awareness of the global environment and stating a clear corporate attitude to strive for decarbonization, Makita made the decision to shift products from fossil fuel-powered exhaust-emitting engines to clean-running cordless electric motors. This is part of top management's strong conviction that, even if it generates temporary losses, Makita must respond to market needs as swiftly as possible. The decision contributed to consolidating market superiority and customer acquisition. I would like to offer hearty praise for top management's early intuition of market needs, commitment to corporate social responsibility, robust decision making, and strong leadership.

As the industry leader, and as a global company with bases in Japan and around the world, Makita's social responsibility will surely increase going forward. In order to continue fulfilling that responsibility and earning praise from all our stakeholders, it would be ideal for the Company to pursue solutions to social issues and expand its business activities under ESG-focused strategies. Additionally, an important challenge going forward will be clearly communicating this as our corporate attitude inside and outside the Company. I am confident that business development through initiatives to mitigate environmental impacts will soundly contribute to improving Makita's long-term corporate value. I would like to proactively offer advice in order to achieve this objective as I fulfill my duties as an Outside Director.

Messages from Outside Directors



Utilizing a wealth of experience in corporate management and supporting sustainable growth

Outside Director (newly appointed)

Takahiro Iwase

Brief profile

Appointed to the position of Makita Outside Director in June 2021. Outside Director Iwase has an intimate knowledge on corporate management through many years of involvement in the Toyota Group, including TOYOTA MOTOR CORPORATION.

In June of this year, I was newly appointed as a Makita Outside Director. In recent years, voices calling for more stringent corporate governance have gotten stronger and, accompanying this, the role expected of Outside Directors continues to grow in importance. I have many years of management experience with the Toyota Group and would like to fulfill my responsibility as an Outside Director by using this experience to proactively offer oversight and advice from the viewpoint of stakeholders, including shareholders.

As a global company, Makita has sales and service bases around the world and has expressed a commitment to management practices that value its customers. Despite the COVID-19 pandemic that broke out last year and heightened the degree of uncertainty going forward, Makita significantly grew sales and was able to take its management policy of being closely aligned with markets and customers and leverage this as a true strength. I will do my utmost to help Makita, as “a Supplier of a Comprehensive Range of Cordless Products”, achieve sustainable growth and contribute to a decarbonized society.

List of Directors

Position	Name	Attendance at Board of Directors' meetings (Audit & Supervisory Board meetings)	Number of the Company's shares held
Chairman, Director*	Masahiko Goto	100% (12 of 12 meetings)	2,522,474 Shares
President, Director*	Munetoshi Goto	100% (12 of 12 meetings)	469,140 Shares
Director, Corporate Officer, General Manager of Purchasing Headquarters	Shinichiro Tomita	100% (12 of 12 meetings)	18,431 Shares
Director, Corporate Officer, General Manager of Research and Development Headquarters	Tetsuhisa Kaneko	100% (12 of 12 meetings)	24,031 Shares
Director, Corporate Officer, General Manager of Quality Headquarters	Tomoyuki Ota	100% (12 of 12 meetings)	17,931 Shares
Director, Corporate Officer, General Manager of Domestic Sales Headquarters	Takashi Tsuchiya	100% (12 of 12 meetings)	19,631 Shares
Director, Corporate Officer, General Manager of Production Headquarters	Masaki Yoshida	100% (12 of 12 meetings)	10,951 Shares
Director, Corporate Officer, General Manager of International Sales Headquarters	Takashi Omote	100% (12 of 12 meetings)	9,471 Shares

Position	Name	Attendance at Board of Directors' meetings (Audit & Supervisory Board meetings)	Number of the Company's shares held
Director, Corporate Officer, General Manager of Administration Headquarters	Yukihiro Otsu	100% (12 of 12 meetings)	8,771 Shares
Outside Director	Masahiro Sugino	100% (12 of 12 meetings)	—
Outside Director	Takahiro Iwase	—	—
Director (Standing Audit & Supervisory Committee Member)	Mitsuhiko Wakayama	100% (12 of 12 meetings) (100% (15 of 15 meetings))	9,300 Shares
Outside Director (Standing Audit & Supervisory Committee Member)	Akira Kodama	100% (12 of 12 meetings) (100% (15 of 15 meetings))	—
Outside Director (Audit & Supervisory Committee Member)	Shoji Inoue	100% (12 of 12 meetings) (100% (15 of 15 meetings))	500 Shares
Outside Director (Audit & Supervisory Committee Member)	Koji Nishikawa	—	—

Note: * indicates Representative Directors

The Company provided notice on Mr. Masahiro Sugino, Mr. Takahiro Iwase, Mr. Akira Kodama, Mr. Shoji Inoue, and Mr. Koji Nishikawa to the Tokyo Stock Exchange and Nagoya Stock Exchange as being independent directors appointed by the Company, in accordance with the rules and regulations of each exchange.

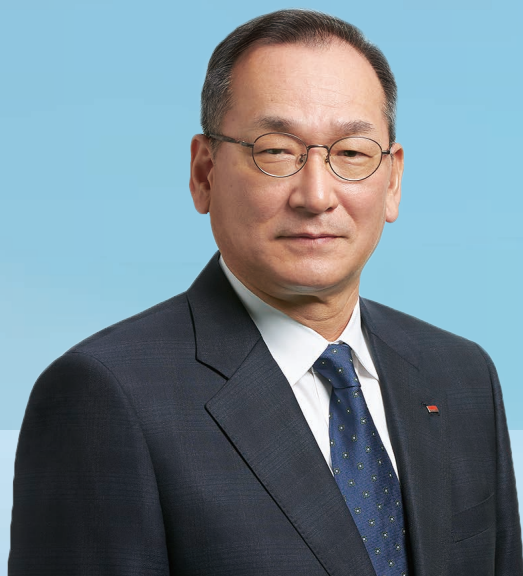
Attendance at Board of Directors' meetings and Audit & Supervisory Board meetings is shown for meetings held between April 1, 2020 and March 31, 2021. The attendance by Mr. Mitsuhiko Wakayama, Mr. Akira Kodama, and Mr. Shoji Inoue on page 32 is for Board of Directors' meetings and Audit & Supervisory Board meetings attended as Audit & Supervisory Board Members.

The information on the number of the Company's shares held is as of March 31, 2021.

Skill Matrix

Name	Corporate management	Overseas experience	Sales/marketing	Development	Production/procurement/quality	IT	Finance & accounting	Legal affairs
Masahiko Goto	●	●	●	●				
Munetoshi Goto	●	●	●	●				
Shinichiro Tomita	●	●		●	●			
Tetsuhisa Kaneko	●	●		●	●			
Tomoyuki Ota	●	●		●	●			
Takashi Tsuchiya	●		●					
Masaki Yoshida	●	●			●			
Takashi Omote	●	●	●					
Yukihiro Otsu	●	●				●	●	●
Masahiro Sugino	●		●		●			
Takahiro Iwase	●	●		●	●			
Mitsuhiko Wakayama		●	●					
Akira Kodama		●					●	
Shoji Inoue								●
Koji Nishikawa							●	

Message from the Financial Officer



Working for sustainable growth while maintaining a robust financial structure

Director, Corporate Officer
General Manager of Administration Headquarters
Yukihiro Otsu

Review of Financial Results

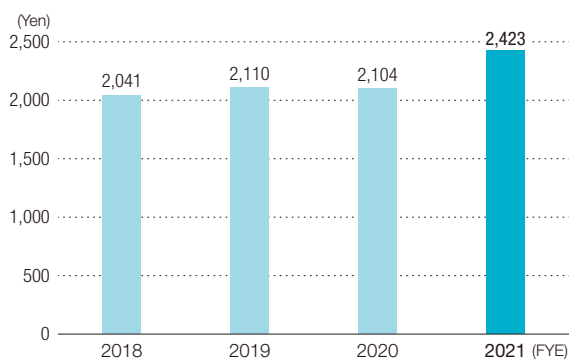
During the fiscal year ended March 31, 2021, Makita achieved better business results than initially expected with strong demand, particularly stay-at-home demand against the backdrop of the COVID-19 pandemic. Our initiatives to date have produced great results. In addition to our mainstay power tools, cordless outdoor power equipment, which we are growing into a second business pillar, performed extremely well. Also, the effects of the expansion of our network of sales and service bases in which we have continued to invest for some time became more apparent during the COVID-19 pandemic. On the profit front, although the cost-of-sales ratio increased, the operating profit ratio rose 1.5

percentage points year on year to 14.5% owing to the increase in revenue. Profit attributable to owners of the parent rose 29.9% year on year to 62,018 million yen, and ROE was up 1.8 percentage points year on year to 10.1%. Free cash flows fell 5,180 million yen year on year to 21,624 million yen.

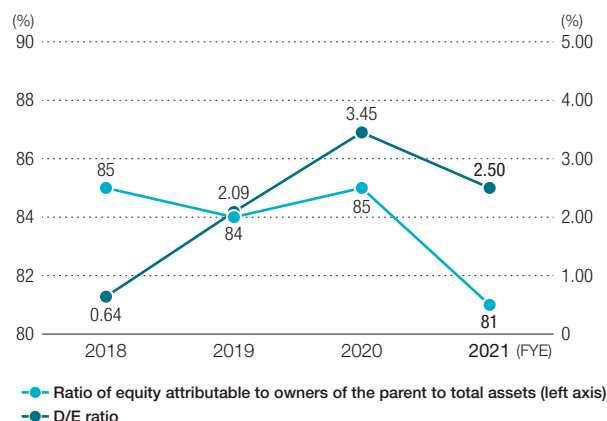
As a company with global operations, Makita's business performance can be greatly impacted by exchange rates, but we continue aspiring to maintain high profitability.

Total assets as of March 31, 2021 stood at 812,878 million yen and the ratio of equity attributable to owners of the parent to total assets was 80.9%, maintaining an adequate level of financial soundness.

Equity attributable to owners of the parent per share



Ratio of equity attributable to owners of the parent to total assets and debt/equity (D/E) ratio



Basic Approach

Makita's basic financial policy is to maintain a robust financial structure able to withstand unexpected changes in the business environment, including foreign currency risks and geopolitical risks. Improving convenience for customers is an important source of our competitiveness, and we believe maintaining a robust financial structure is important for us to continue carrying out necessary investments appropriately timed to increase customer convenience, particularly the expansion of our base network, even in times of adversity. At the same time, another pillar of our financial strategy is ensuring that cash generated is used for sustainable growth while striking a positive balance between investments and returns to our

shareholders and other stakeholders. In addition to our recent investments in logistics bases, investments in the environment and digital transformation (DX) are important areas that need to be addressed, and we expect to increase the amount we invest in these areas going forward.

Although Makita is currently incurring up-front costs of investment aimed at becoming "a Supplier of a Comprehensive Range of Cordless Products", we will continue making investments to establish a new business foundation. At the same time, we will strive to maintain profitability over the long term by strengthening initiatives that include streamlining business processes, which will translate into the improvement of corporate value.

(FYE)

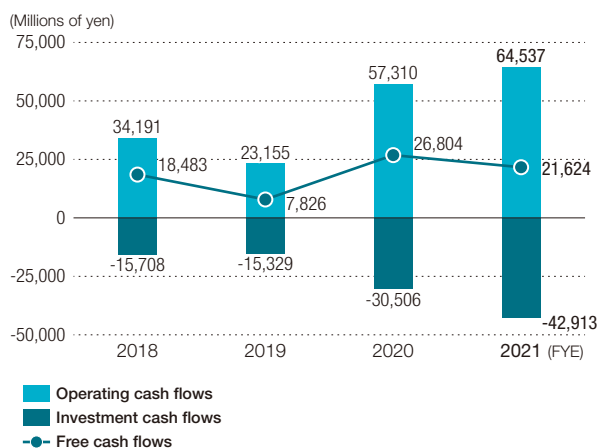
Items	2018	2019	2020	2021
Profit attributable to owners of the parent (millions of yen)	54,943	55,750	47,731	62,018
Profit attributable to owners of the parent per share (basic) (yen)	202.39	205.37	175.80	228.41
ROE (%)	10.4	9.9	8.3	10.1
Net cash provided by operating activities (millions of yen)	34,191	23,155	57,310	64,537
Net cash used in investing activities (millions of yen)	(15,708)	(15,329)	(30,506)	(42,913)
Free cash flows (millions of yen)	18,483	7,826	26,804	21,624
Net cash used in financing activities (millions of yen)	(17,743)	(8,231)	(22,931)	(23,036)
Dividend payout ratio (%)	30.1	30.2	30.1	30.2
Total assets (millions of yen)	654,841	680,250	674,564	812,878
Ratio of equity attributable to owners of the parent to total assets (%)	84.6	84.2	84.7	80.9

Returns to Shareholders

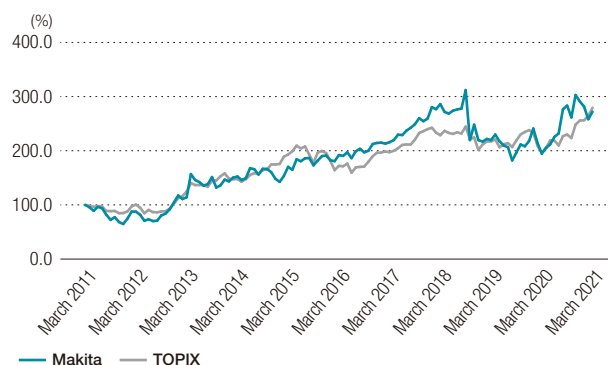
Makita's basic policy is to distribute profits in accordance with business performance, taking into consideration the balance between investment for sustainable growth and enhancing corporate value and financial soundness in preparation for a variety of risks. We determine the amount of dividends to be paid each

fiscal year with a lower limit on annual cash dividends of 10 yen per share and a consolidated dividend payout ratio of 30% or greater. We paid a 69-yen annual dividend in the period, an increase of 16 yen from the previous fiscal year, reflecting the strong business performance.

Cash Flow Trends



TSR (10-year, including cash dividends)



* Total Shareholder Return (TSR): Total investment returns, including cash dividends and capital gain

* TSR is calculated based on cumulative cash dividends and change in share price for Makita, and the share price index including cash dividends for TOPIX

* Graph data represents market prices indexed by TSR with closing price data as of March 31, 2011 as a base of 100 (holding period: until March 31, 2021)

11-Year Summary

(For the years ended March 31)

U.S. GAAP	2011	2012	2013	2014	2015	2016
Net sales	¥ 272,630	¥ 295,711	¥ 309,630	¥ 383,207	¥ 414,718	¥ 423,623
Domestic	46,065	53,175	56,555	66,019	67,740	68,445
Overseas	226,565	242,536	253,075	317,188	346,978	355,178
Operating income	41,909	48,516	45,366	54,914	71,905	64,676
Income before income taxes	42,730	46,963	45,691	56,974	68,394	61,492
Net income attributable to Makita Corporation	29,905	32,497	31,076	38,453	45,307	41,615
Net cash provided by operating activities	¥ 19,617	¥ 8,622	¥ 38,364	¥ 41,686	¥ 35,894	¥ 34,188
Net cash used in investing activities	(19,334)	(4,500)	(15,414)	(20,084)	(20,096)	(6,573)
Free cash flows	283	4,122	22,950	21,602	15,798	27,615
Net cash used in financing activities	(7,355)	(12,707)	(10,650)	(7,365)	(12,017)	(18,719)
Capital expenditures	¥ 9,742	¥ 13,481	¥ 11,481	¥ 11,417	¥ 12,124	¥ 11,769
Depreciation and amortization	7,557	7,237	7,542	8,622	8,619	9,284
R&D costs	7,283	7,603	8,396	8,720	9,117	9,593
Total assets	¥ 372,507	¥ 383,256	¥ 440,974	¥ 519,121	¥ 575,328	¥ 558,024
Net working capital	219,270	223,045	266,950	310,750	358,245	362,675
Total Makita Corporation shareholders' equity	307,149	321,253	373,543	435,934	486,021	479,752
Interest-bearing debt	887	2,363	1,703	4,163	5,030	2,225

Per share amounts

Earnings per share (basic) net income attributable to Makita Corporation common shareholders	¥ 108.54	¥ 118.39	¥ 114.46	¥ 141.65	¥ 166.89	¥ 153.30
Total Makita Corporation shareholders' equity per share	1,114.82	1,183.25	1,375.89	1,605.80	1,790.33	1,767.26
Cash dividends applicable to the year per share	66.00	72.00	69.00	91.00	118.00	101.00

Other data

Ratio of operating income to net sales	15.4%	16.4%	14.7%	14.3%	17.3%	15.3%
ROE	9.9%	10.3%	8.9%	9.5%	9.8%	8.6%
ROA	8.3%	8.6%	7.5%	8.0%	8.3%	7.3%
Total Makita Corporation shareholders' equity ratio to total assets	82.5%	83.8%	84.7%	84.0%	84.5%	86.0%
Average number of shares outstanding during the term	275,518,548	274,489,367	271,496,178	271,481,657	271,472,428	271,468,232
Number of shares issued excluding treasury stock	275,515,398	271,501,036	271,491,854	271,475,252	271,469,736	271,466,522
Employees	12,054	12,563	12,680	12,804	13,835	14,784

Notes: 1. Earnings per share (basic) net income attributable to Makita Corporation common shareholders and profit attributable to owners of the parent per share (basic) are computed based on the average number of shares outstanding during the term.

2. Figures are rounded up/down to the nearest million yen.

3. On April 1, 2017, Makita conducted a 1 for 2 stock split of its common shares. Earnings per share (basic) net income attributable to Makita Corporation common shareholders, total Makita Corporation shareholders' equity per share, average number of shares outstanding during the term, and number of shares issued excluding treasury stock were calculated assuming that the stock split was also conducted in prior years. Cash dividends applicable to the year per share show the actual amount of the dividend before the stock split.

4. ROA=profit attributable to owners of the parent/((total assets at the beginning of the term+total assets at the end of the term)/2)×100

(Yen in millions)

2017	2018
¥ 414,999	¥ 477,298
74,381	82,575
340,618	394,723
62,564	79,762
64,738	79,678
44,782	54,755
¥ 63,351	¥ 33,294
(5,015)	(14,811)
58,336	18,483
(9,495)	(17,743)
¥ 13,222	¥ 14,149
8,943	9,917
10,139	10,894
¥ 597,249	¥ 651,031
374,297	415,979
502,170	551,939
6,597	3,544

(Yen)

¥ 164.96	¥ 201.70
1,849.88	2,033.16
100.00	61.00

(Yen in millions)

IFRS	2018	2019	2020	2021
Revenue	¥ 477,298	¥ 490,578	¥ 492,617	¥ 608,331
Domestic	82,575	92,129	100,697	113,048
Overseas	394,723	398,449	391,920	495,283
Operating profit	80,231	78,305	64,046	88,464
Profit before income taxes	79,865	79,919	66,008	87,199
Profit attributable to owners of the parent	54,943	55,750	47,731	62,018
Net cash provided by operating activities	¥ 34,191	¥ 23,155	¥ 57,310	¥ 64,537
Net cash used in investing activities	(15,708)	(15,329)	(30,506)	(42,913)
Free cash flows	18,483	7,826	26,804	21,624
Net cash used in financing activities	(17,743)	(8,231)	(22,931)	(23,036)
Capital expenditures	¥ 15,045	¥ 23,867	¥ 44,409	¥ 49,855
Depreciation and amortization	10,783	11,271	12,058	13,881
R&D costs	10,924	11,258	11,601	12,783
Total assets	¥ 654,841	¥ 680,250	¥ 674,564	¥ 812,878
Net working capital	398,355	402,335	381,090	418,530
Equity attributable to owners of the parent	554,046	572,748	571,275	657,855
Interest-bearing debt	3,544	11,960	19,737	16,455

Per share amounts

(Yen)

Profit attributable to owners of the parent per share (basic)	¥ 202.39	¥ 205.37	¥ 175.80	¥ 228.41
Equity attributable to owners of the parent per share	2,040.93	2,109.83	2,104.01	2,422.80
Cash dividends applicable to the year per share	61.00	62.00	53.00	69.00

Other data

15.1%	16.7%	Ratio of operating profit to revenue	16.8%	16.0%	13.0%	14.5%
9.1%	10.4%	ROE	10.4%	9.9%	8.3%	10.1%
7.8%	8.8%	ROA	8.8%	8.4%	7.0%	8.3%
84.1%	84.8%	Ratio of equity attributable to owners of the parent to total assets	84.6%	84.2%	84.7%	80.9%
271,463,676	271,465,951	Average number of shares outstanding during the term	271,465,951	271,467,574	271,502,528	271,524,393
271,460,572	271,467,928	Number of shares issued excluding treasury stock	271,467,928	271,467,057	271,516,990	271,527,124
15,344	16,137	Employees	16,137	16,424	17,090	18,624

Consolidated Financial Statements

Makita Corporation and consolidated subsidiaries
as of March 31, 2020 and March 31, 2021

Consolidated Statements of Financial Position

(Millions of yen)

Assets	2020	2021
Current assets		
Cash and cash equivalents	¥ 143,439	¥ 148,640
Trade receivables and other receivables	69,599	95,691
Inventories	214,560	267,547
Other financial assets	25,235	18,227
Other current assets	7,633	10,223
Total current assets	460,466	540,328
Non-current assets		
Property, plant and equipment, at cost	¥ 146,649	¥ 189,366
Goodwill and intangible assets	8,749	9,364
Other financial assets	38,551	51,011
Net defined retirement benefit assets	9,511	10,685
Deferred tax assets	6,932	8,860
Other non-current assets	3,706	3,264
Total non-current assets	214,098	272,550
Total assets	¥ 674,564	¥ 812,878
Liabilities and equity	2020	2021
Liabilities		
Current liabilities		
Trade payables and other payables	¥ 34,959	¥ 59,792
Borrowings	7,997	2,612
Other financial liabilities	2,468	4,080
Income taxes payable	3,757	11,218
Provisions	2,931	3,665
Other current liabilities	27,264	40,431
Total current liabilities	79,376	121,798
Non-current liabilities		
Retirement benefit liabilities	¥ 3,138	¥ 3,406
Other financial liabilities	9,894	11,764
Provisions	1,248	1,421
Deferred tax liabilities	4,952	10,954
Other non-current liabilities	208	209
Total non-current liabilities	19,440	27,754
Total liabilities	¥ 98,816	¥ 149,552
Equity		
Common stock	¥ 23,805	¥ 23,805
Additional paid-in capital	45,531	45,559
Retained earnings	540,063	588,644
Treasury stock, at cost	(11,554)	(11,543)
Other components of equity	(26,570)	11,390
Total equity attributable to owners of the parent	571,275	657,855
Non-controlling interest	4,473	5,471
Total equity	¥ 575,748	¥ 663,326
Total liabilities and equity	¥ 674,564	¥ 812,878

Consolidated Financial Statements

Makita Corporation and consolidated subsidiaries
for the years ended March 31, 2020 and March 31, 2021

Consolidated Statements of Profit or Loss

(Millions of yen)

	2020	2021
Revenue	¥ 492,617	¥ 608,331
Cost of sales	(323,776)	(405,282)
Gross profit	168,841	203,049
Selling, general, administrative and others, net	(104,795)	(114,585)
Operating profit	64,046	88,464
Financial income	2,558	1,813
Financial expenses	(596)	(3,078)
Profit before income taxes	66,008	87,199
Income tax expenses	(17,957)	(24,515)
Profit	48,051	62,684
Profit attributable to:		
Owners of the parent	¥ 47,731	¥ 62,018
Non-controlling interests	320	666
Profit attributable to owners of the parent per share		
Profit attributable to owners of the parent per share (basic)	¥ 175.80	¥ 228.41
Profit attributable to owners of the parent per share (diluted)	—	—

(yen)

Note: Profit attributable to owners of the parent per share (diluted) not shown as there are no potential shares.

Consolidated Statements of Comprehensive Income

(Millions of yen)

	2020	2021
Profit	¥ 48,051	¥ 62,684
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit (loss)		
Remeasurement of defined benefit plans	201	953
Equity financial goods measured at fair value through other comprehensive income (loss)	(2,509)	9,072
Total of items that will not be reclassified to profit (loss)	(2,308)	10,025
Items that may be reclassified to profit (loss)		
Exchange differences on translating foreign operations	(30,328)	29,220
Total of items that may be reclassified to profit (loss)	(30,328)	29,220
Total of other comprehensive income (loss), net of tax	(32,636)	39,245
Comprehensive income	¥ 15,415	¥ 101,929
Comprehensive income attributable to:		
Owners of the parent	¥ 15,271	¥ 100,931
Non-controlling interests	144	998

Consolidated Financial Statements

Makita Corporation and consolidated subsidiaries
for the years ended March 31, 2020 and March 31, 2021

Consolidated Statements of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance at April 1, 2019	¥ 23,805	¥ 45,571	¥ 508,622	¥ (11,681)	¥ 6,431	¥ 572,748	¥ 4,474	¥ 577,222
Profit for the period			47,731			47,731	320	48,051
Other comprehensive income					(32,460)	(32,460)	(176)	(32,636)
Comprehensive income	—	—	47,731	—	(32,460)	15,271	144	15,415
Dividends paid			(16,831)			(16,831)	(145)	(16,976)
Purchase of treasury stock				(2)		(2)		(2)
Disposal of treasury stock		(13)		61		48		48
Share-based payment transaction		(27)		68		41		41
Transfer from other components of equity to retained earnings			541		(541)	—		—
Total amounts of transactions with owners	—	(40)	(16,290)	127	(541)	(16,744)	(145)	(16,889)
Balance at March 31, 2020	¥ 23,805	¥ 45,531	¥ 540,063	¥ (11,554)	¥ (26,570)	¥ 571,275	¥ 4,473	¥ 575,748

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance at April 1, 2020	¥ 23,805	¥ 45,531	¥ 540,063	¥ (11,554)	¥ (26,570)	¥ 571,275	¥ 4,473	¥ 575,748
Profit for the period			62,018			62,018	666	62,684
Other comprehensive income					38,913	38,913	332	39,245
Comprehensive income	—	—	62,018	—	38,913	100,931	998	101,929
Dividends paid			(14,390)			(14,390)		(14,390)
Purchase of treasury stock				(4)		(4)		(4)
Share-based payment transaction		28		15		43		43
Transfer from other components of equity to retained earnings			953		(953)	—		—
Total amounts of transactions with owners	—	28	(13,437)	11	(953)	(14,351)	—	(14,351)
Balance at March 31, 2021	¥ 23,805	¥ 45,559	¥ 588,644	¥ (11,543)	¥ 11,390	¥ 657,855	¥ 5,471	¥ 663,326

Consolidated Statements of Cash Flows

(Millions of yen)

	2020	2021
Cash flows from operating activities		
Profit	¥ 48,051	¥ 62,684
Depreciation and amortization	14,349	16,491
Income tax expenses	17,957	24,515
Financial expenses (income)	(1,962)	1,265
Loss (gain) on sales and retirement of property, plant and equipment	(808)	817
Decrease (increase) in trade receivables and other receivables	4,396	(21,481)
Decrease (increase) in inventories	(9,148)	(35,990)
Increase (decrease) in trade payables and other payables	(1,499)	21,868
Increase (decrease) in retirement benefit assets and liabilities	586	(152)
Decrease (increase) in guarantee deposits	741	1,633
Other	3,538	8,178
Subtotal	76,201	79,828
Dividends received	712	688
Interest received	1,488	730
Interest paid	(431)	(356)
Income taxes paid	(20,660)	(16,353)
Cash flows from operating activities	57,310	64,537
Cash flows from investing activities		
Purchase of non-current assets	(44,409)	(49,855)
Proceeds from sales of non-current assets	2,574	136
Purchase of investments	(4,000)	(3,740)
Proceeds from sales and redemption of investments	7,641	8,157
Payments into time deposits	(33,534)	(46,829)
Proceeds from withdrawal of time deposits	40,960	48,792
Other	262	426
Cash flows from investing activities	(30,506)	(42,913)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,461)	(5,666)
Purchase and sales of treasury stock, net	46	(4)
Cash dividends paid	(16,831)	(14,390)
Repayment of lease liabilities	(2,537)	(2,998)
Other	(148)	22
Cash flows from financing activities	(22,931)	(23,036)
Effect of exchange rate changes on cash and cash equivalents	(6,946)	6,613
Net increase (decrease) in cash and cash equivalents	(3,073)	5,201
Cash and cash equivalents, beginning of year	146,512	143,439
Cash and cash equivalents, end of year	¥ 143,439	¥ 148,640

Stock Information

(As of March 31, 2021)

Securities code:

6586

Stock market listings:

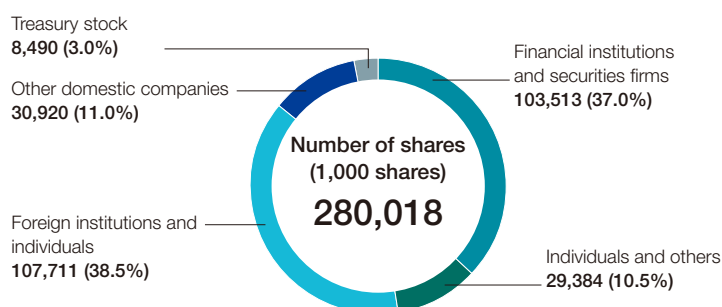
Tokyo Stock Exchange (First Section)
Nagoya Stock Exchange (First Section)

Total number of shares outstanding:

Common shares 280,017,520
(including treasury stock of 8,490,396 shares)

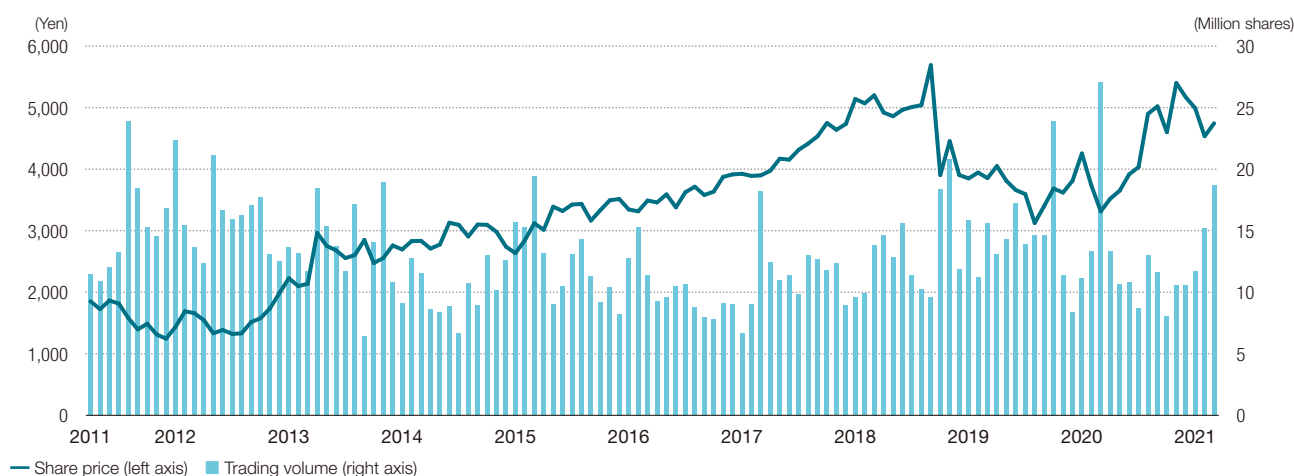
The number of shareholders:

12,180

Breakdown of Shareholders**Major Shareholders (Top Ten)**

Name	Number of shares held (1,000 shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	25,744	9.48
Custody Bank of Japan, Ltd. (Trust Account)	12,168	4.48
Maruwa, Ltd.	8,638	3.18
MUFG Bank, Ltd.	8,426	3.10
The Bank of New York Mellon as Depositary Bank for DR Holders	6,774	2.49
Makita Cooperation Companies' Investment Association	6,485	2.38
Sumitomo Mitsui Banking Corporation	5,800	2.13
Nippon Life Insurance Company	5,353	1.97
Custody Bank of Japan, Ltd. (Trust account 9)	4,694	1.72
State Street Bank and Trust Company 505001	4,553	1.67

Note: The ratio of shareholding is calculated based on the total number of outstanding shares (excluding treasury stock) as of the end of the fiscal period.

Share Price Trend

Notes: 1. On April 1, 2017, Makita conducted a 1 for 2 stock split of its common shares. For ease of comparison, the share price is the value after taking the stock split into account.
2. The share price is the closing price at the end of each month.

Corporate Data

(As of March 31, 2021)

Corporate Name	Makita Corporation	
Head Office	3-11-8, Sumiyoshi-cho, Anjo, Aichi 446-8502, Japan Telephone: +81 566 98 1711	
URL	https://www.makita.biz/	
Date of Founding	March 21, 1915	
Date of Incorporation	December 10, 1938	
Paid-in Capital	24,205,610 thousand yen	
Description of Business	Production and sales of electric power tools, outdoor power equipment, pneumatic tools and household equipment	
Financial year-end	March 31	
Representative Directors	Chairman Masahiko Goto President Munetoshi Goto	
Accounting Auditor	KPMG AZSA LLC	
Consolidated Revenue	608,331 million yen (fiscal year ended March 31, 2021)	
Number of Employees (consolidated basis)	18,624	
Consolidated Subsidiaries	53	
Principal Consolidated Subsidiaries	Sales subsidiaries Makita U.S.A. Inc. Makita (U.K.) Ltd. Makita Werkzeug GmbH (Germany) Makita France SAS Makita Oy (Finland) Makita LLC (Russia) Makita (Australia) Pty. Ltd.	Sales and production subsidiaries Makita (China) Co., Ltd. Makita do Brasil Ferramentas Elétricas Ltda. Production subsidiaries Makita (Kunshan) Co., Ltd. SC Makita EU S.R.L. (Romania)



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