



Live Green & Grow Strong



www.makita.biz



Makita Report
2023

Year Ended March 31, 2023

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).

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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 Financial Reporting Standards Foundation (IFRS). 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, Earnings Release and Fact Sheet in the Investor Relations section of the Company's 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, 2023), but some of the information reported only covers Makita Corporation.

Reporting Period FYE 2023 (April 1, 2022 to March 31, 2023)

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

Issued: July 2023

Disclosure System Diagram

Main Content	Periodic Report	Latest Information
Financial Information	<ul style="list-style-type: none">Annual Securities ReportFinancial ResultsFact Sheet 	 
Non-financial Information	<ul style="list-style-type: none">Environmental ReportCorporate Governance Report <p>Makita Report</p>	<p>Makita's website</p>

Caution Regarding Forward-looking Statements

In this report, forward-looking statements are about future performance and are based on the Company's judgment derived from the information available at the time of its preparation. Please understand that a number of important factors could cause actual results to differ materially from those presented in the forward-looking statements.



Makita's Value Creation History

Continuously Evolving to Meet the Needs of the Times and Our Customers

Makita began in 1915 as a repair and sales company handling such items as lighting equipment, electric motors, and transformers. Since then, we have pursued expansion on a global scale, evolving to overcome challenges while meeting the needs of our customers and the times. By leveraging our strengths, including a worldwide network of sales and service bases, we will continue to evolve, becoming "a Supplier of a Comprehensive Range of Cordless Products" and achieving further growth. Moving forward, Makita will ensure the provision of products and services that accurately meet the needs of our customers and the times and thereby achieve sustainable growth.

Highlights of Makita's Evolution

1958-59

Overcoming Adversity, Becoming a Power Tool Manufacturer

The recession following the Korean War caused a slump in sales, and developing original products became an important management issue. After much trial and error, in 1958, the first Japanese-made portable electric planers were launched with the catchphrase "20 times more efficient than a human." The electrification of this product was well received, and perfectly met the needs of carpenters nationwide amid a boom in construction demand. On the tailwind of the planers' popularity, in 1959, the Company decided to withdraw from the electric motor business and become a power tool manufacturer.

1970

Taking the First Step toward Overseas Expansion

As Japan began to see a slowing of the rapid pace of postwar economic growth, Makita established its first overseas subsidiary, Makita U.S.A. Inc. in the U.S., with the goal of expanding exports. In a fierce market crowded with competitors, including major power tool manufacturers, we had some difficulties at first. However, we developed a finely tuned sales strategy that reflected the value we place on being close to customers, and our products' excellent cost performance along with our high quality after-sales service earned high evaluations. As a result, we were able to successfully penetrate the North American market.

2005-

Moving toward Becoming "a Supplier of a Comprehensive Range of Cordless Products" for Sustainable Growth with Society

In recent years, the world has seen a rise in the severity of such social issues as labor shortages and environmental problems. Looking to provide solutions, Makita has focused on lithium-ion batteries and, in 2005, was the first in the industry to launch professional-use cordless power tools with lithium-ion batteries. We are now taking steps to evolve into "a Supplier of a Comprehensive Range of Cordless Products," aiming to achieve our long-term goal of being a "Strong Company" and to resolve a wide range of social issues while balancing the sustainable growth of the Company.

Revenue
(Consolidated)
¥764.7 billion
(FYE 2023)

- 1915 Mosaburo Makita founded Makita Electric Works (proprietorship) in Nagoya, Japan
- 1938 Incorporated the proprietorship and established Makita Electric Works, Inc.
- 1945 Moved to the present location in Sumiyoshi-cho, Anjo City, to accommodate World War II related evacuations

- 1958 Released the 1000 portable electric planer, Japan's first such domestically produced tool
- 1959 • Decided to convert to a power tool manufacturer
- Shipped the 1300 hand-held electric planer to Australia, our first export of power tools
- 1962 Changed company name to Makita Electric Works, Ltd.
- 1970 Established Makita U.S.A. Inc., our first overseas subsidiary

- 1991 Changed company name to Makita Corporation

- 1980 Started production of power tools in Canada,* our first overseas production site

* Production terminated in January 2009

- 2005 Launched the TD130D cordless impact driver, our first lithium-ion battery tool

- 2015 100th anniversary of Makita's founding
- 2019 Launched the Li-ion 40Vmax series

- 2022 • Discontinued engine-powered products
- Established the Electronic Control Development Center (Tokyo Office)

Social Changes and the Value Makita Offers

1910-

Japan's modernization

- Increased demand for electric power

Began repairing and selling lighting equipment, electric motors, transformers, and other products



1950-

Japan's rapid postwar economic growth

- Arrival of the construction boom

Released Japan's first portable electric planer

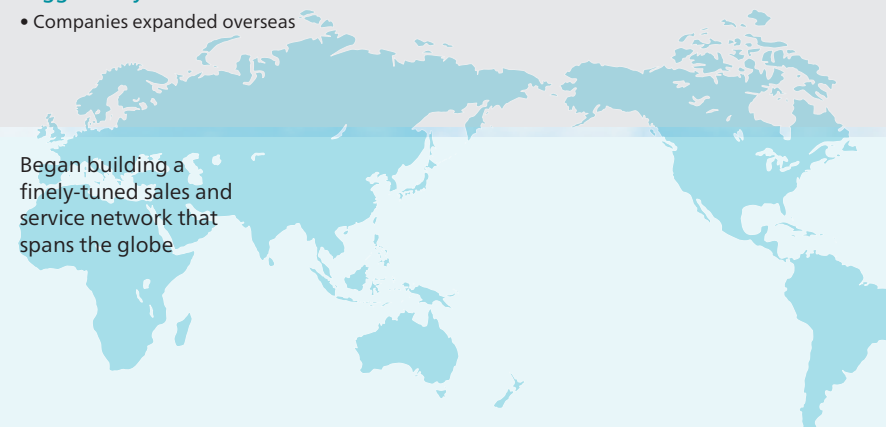


1970-

Globalization of the economy triggered by two oil shocks

- Companies expanded overseas

Began building a finely-tuned sales and service network that spans the globe



2000-

Discovering the sustainable society concept

- Heightened interest in environmental issues and strengthening measures to prevent global warming
- Growing demand for energy conservation and efficiency

Began selling professional cordless tools with lithium-ion batteries



2010-

Toward a diverse, inclusive society

- Adoption of SDGs leads to global efforts toward a sustainable society

Launched a varied lineup of cordless products that contribute to the resolution of social issues



2020-

Realizing a sustainable society

- Acceleration of initiatives to realize decarbonization

Supporting the Creation of an Affluent Society on a Global Scale

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 on a global scale. To this end, we are striving to solve social issues and contribute to the realization of a sustainable society by making a wide variety of products cordless and expanding our finely-tuned sales and service network, utilizing diverse human resources, and developing our business close to our customers.

Business Description

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 for people from all walks of life as well as emitting zero exhaust, thereby also contributing to the realization of decarbonization. Makita's household product line includes the cooler & warmer box, microwaves, and other items that fulfill key roles during outdoor activities or even at times of disaster.

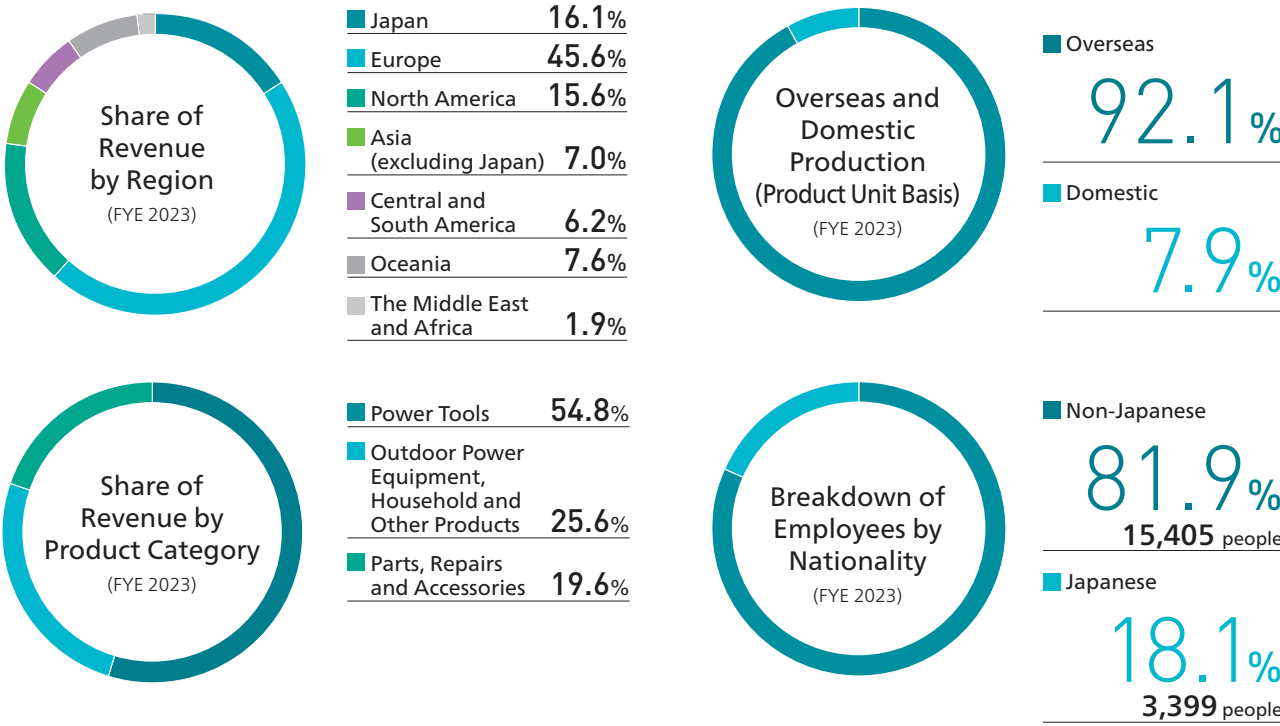
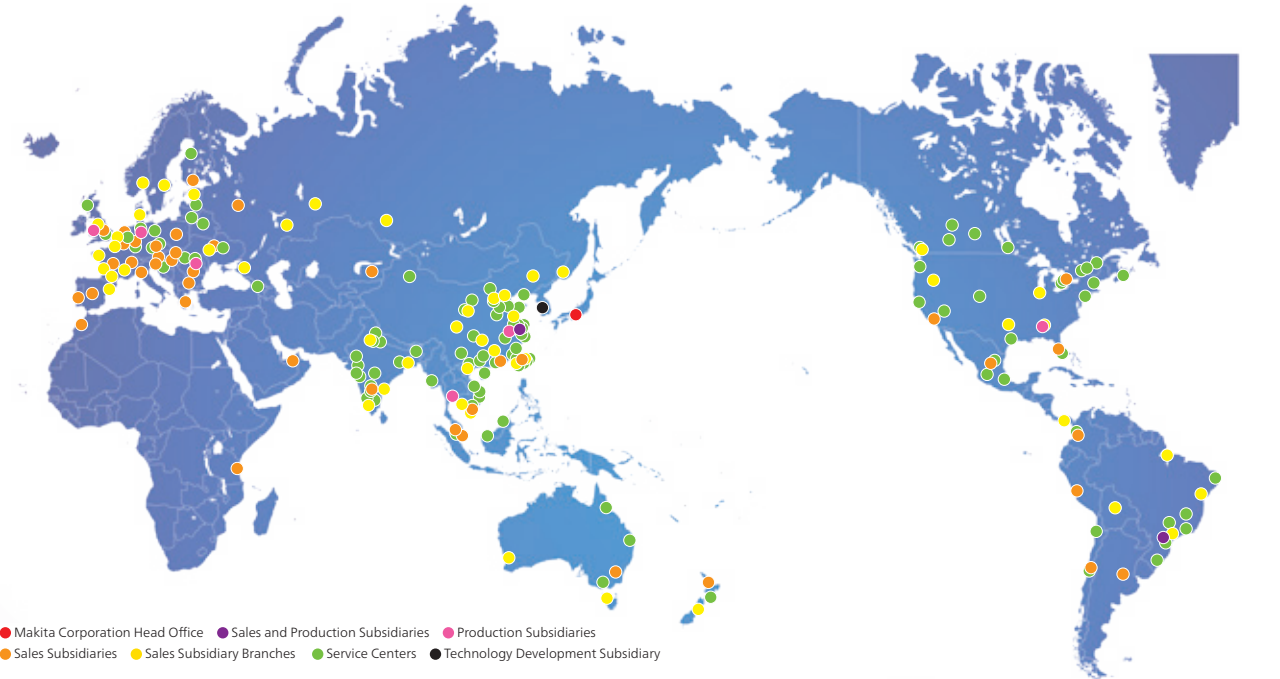
Parts, Repairs, and Accessories



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 and stable repairs and parts supply, which enables Makita to contribute to improving its customers' production and work efficiency.

Global Network and Diverse Human Resources

Makita operates 129 sales offices in Japan (as of April 2023), and directly manages sales bases in some 50 countries overseas, allowing us to sell our products in approximately 180 countries. Through the localization of management, we are able to provide fine-tuned sales and services in line with the needs of the customers in each country, and diverse human resources play an active role in business operation in the Company, with the ratio of overseas employees exceeding 80%. We have plants in eight countries, including Japan, and produce about 90% of our products overseas. By maintaining production sites and sales offices with inventories at locations around the world, we are able to ensure the swift and stable supply of our products.



Utilizing Our Unparalleled Strengths in Production Resources to Further Makita's Distinct Business Model

Chairman,
Representative Director

Masahiko Goto

Focusing on the Market Shift to Cordless Products and Stepping up the Pace of Investment

Makita believes that the global shift toward decarbonization is what is driving the rapid increase in the transition from engine-powered to cordless products around the world. This is, in turn, triggering heightened demand for Makita's cordless outdoor power equipment (OPE), an area in which we were already making major investments in over the past few years. Looking to expand cordless OPE sales, we have been investing in the construction and expansion of new distribution facilities and the establishment of sales offices in regions with strong potential markets for cordless OPE.

The speed of the shift towards cordless products varies by region. In Europe and Oceania, the situation is expected to continue advancing rapidly while, in developing countries, the pace remains slower. Nevertheless, around the world the march toward cordless products seems unstoppable. To ensure that we will not miss out on future demand, we are taking a five-year approach

to this issue, unlike other companies which tend to embrace 10-year investment timetables.

The benefit of moving quickly is that it has enabled us to already acquire a large share of the market for cordless OPE, especially in Japan, where we are recognized as the leader in the field. This shift in our image is having a significant impact on how we do business. At a typical cruising speed, capital expenditures would be ¥15 to ¥20 billion per year, but we have invested ¥40 to ¥60 billion every year for the past three years. Right now, lawn mowers are our best-selling OPE, and are physically larger than other cordless power tools by 10 times, underscoring our need to establish a large distribution center. The global shift towards decarbonization will continue to accelerate, and we have already completed the necessary investments to keep up with it. With the market steadily shifting to cordless products, we expect to see these investments yield solid results moving forward.

Getting Close to Customers: Leveraging Makita's Unique Business Model

Makita has a distinctive business model in which we deliver products from bases located near our customers, which enables us to pick up products if they need repairs and deliver them back to the customers when repairs are complete. Makita's unique approach of establishing sales offices across the world in order to better reach customers has been a constant since the days of Jujiro Goto.

A common characteristic of cordless power tools and OPE is that after-sales services like repairs are always essential. Our overseas competitors are overly focused on efficiency. The choice is simple: to be close to customers and thus enhance their convenience or to pursue efficiency. Makita believes that creating relationships with each and every one of its many customers is

the most valuable way to make the most of the sales network it has built up over the years, and this is what makes Makita stand out from its competitors.

I believe that the recent upfront investments have allowed us to establish a system for providing services close to our customers. We will continue refining our strong after-sales services to differentiate ourselves from our competitors. At the same time, we will continue striving to become a "Strong Company" by properly responding to changes in the business environment while continuing to leverage our strengths as a global company.

We Never Stop Working towards Long-term Growth

Rapid Environmental Change Led to a Decline after Two Consecutive Fiscal Years of Record-high Profits

2022 was a year of massive change. The ongoing Russian invasion of Ukraine led to increased energy costs and inflation, and demand declined rapidly after a state of shortages. These fluctuations in the business environment significantly impacted Makita's performance, which had registered record profits for two consecutive years through FYE 2022, causing a sudden decline.

Despite the severe financial results, Makita's efforts to provide its full services in the face of shortages have been well received, and we were able to significantly raise sales compared to pre-COVID-19 pandemic levels, especially in the field of cordless outdoor power equipment (OPE), an area of recent focus. Although creating larger inventories in response to shortages was a short-term solution, Makita's investments are aimed at long-term

growth, and I believe they will prove beneficial regardless of fluctuations in market conditions.

Our inventories must be appropriate for the current market. The stay-at-home demand seen during the pandemic has declined, and we will work to optimize inventories at levels appropriate to our business. Logistics costs are still higher than pre-pandemic levels but are starting to stabilize as air transport for deliveries from factories to our various markets is no longer required.

As logistics costs skyrocketed, we revised our shipping methods, including package sizes, to reduce costs. We have been making efforts to simplify packaging and reduce single-use plastics in a switch to an environmentally friendly approach. I expect to see even more positive results as shipping volumes recover.

President,
Representative Director

Munetoshi Goto



As the Environment Becomes Even More Diverse and Complex, Makita Can Demonstrate Even More Aspects of Its Strengths



Strong Impression of Cordless OPE Sales in Focus Areas

In cordless OPE, which is an area of new growth, I am getting a very strong impression that the growing awareness of the shift to cordless products has paralleled the expansion of stay-at-home demand. The number of cordless products that can adequately replace engine products in terms of capacity suitable for professional use has recently increased, while there are still many products available for the general public. Professionals can now enjoy the benefits of Makita's cordless products, and further decarbonize their operations without sacrificing work efficiency.

Customer feedback cites significant improvements, including in management costs, which shows that

awareness of our lineup of products for professional use is expanding even further.

Some of our hit products include hedge trimmers and small chainsaws. We have launched new lawn mower products, which command a large market, for professional use and are increasing sales. We will continue to accelerate the development of high-quality, high-performance products made for professionals. I also believe that our after-sales service is a principal deciding factor for professionals when they choose Makita. We will continue to make full use of our sales and service network, which we have further enhanced through investment, and work to provide high quality after-sales service in every region.

Promote Sustainability Management with the Aim of Contributing to the Environment and Society

In 2021, we established the Sustainability Committee, on which I serve as chair, to ensure we understand current trends toward decarbonization, accelerate our efforts toward carbon neutrality, and thoroughly implement sustainability management throughout Makita. As part of our environmental efforts, we will continue to contribute to decarbonization by providing cordless products with zero emissions during use.

To utilize Makita's human capital, Makita has established a system that recognizes employees for their abilities and performance regardless of gender, race, or other attribute. In addition to this structure, we are working to build an environment in which diverse human resources can play active roles globally through policies to quickly train new human resources to be competitive, promote women's advancement, and

encourage employees to take childcare leave. While simultaneously updating past initiatives in line with recent social changes, we are working to create a comfortable working environment for employees that allows them to demonstrate their abilities and leads to good performance.

Turning to governance, Makita became a Company with an Audit & Supervisory Committee in 2021 and increased the ratio of Outside Directors on the Board of Directors to one-third. In addition to the Audit & Supervisory Committee, we also established the Nomination and Compensation Committee, also

comprising a majority of Outside Directors, to facilitate effective discussion and enhance the effectiveness of the Board of Directors.

In addition, Makita's first female director (an Audit & Supervisory Committee Member) was appointed at the June 2023 Ordinary General Meeting of Shareholders, improving the Board's diversity. I am looking forward to her supervision and advice as a certified public accountant, as well as her unique perspective as a woman.

Going forward, we will continue striving to enhance our governance based on dialogue with stakeholders.

Aiming to Be a "Strong Company" to Build the Next Hundred Years

I believe that contributing to the environment and society will be a source of future sustainable growth that will enable us to become a "Strong Company." We recognize that it is increasingly important to contribute to social and environmental issues through our production activities and services.

Makita has always been committed to ensuring that each of its customer-facing business bases around the world has carefully considered and defined the work to be accomplished, and taken responsibility for its actions. This is the character that has made it possible for Makita to respond flexibly at every business base to actual local conditions in every region. With the

business environment becoming ever more diverse and complex, I feel that our strengths will be tested in an increasingly large number of situations.

After our recent period of rapid growth, you could say there was a sudden halt, and we apologize to our stakeholders for any concerns this may have aroused. Even under these circumstances, Makita will continuously implement measures for long-term growth.

We will continue striving to contribute through our business to society and the environment, and we ask for your continued support and confidence in Makita's growth over the long term.

Makita's Vision and the Strengths That Support its Realization

Makita's Vision

Makita has set itself the long-term target of becoming a "Strong Company" and is striving to contribute to the creation of a sustainable society and consolidate 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.

On the financial side, it is Makita's basic policy to maintain a business structure that is resilient in the face of unforeseen changes in the business environment while working to both sustainably enhance corporate value and secure stable dividends for our shareholders and investors.



The Strengths That Support the Realization of Makita's Vision



Development

In 2005, Makita was a pioneer in selling professional-grade electric power tools utilizing lithium-ion batteries, and this provided the catalyst for our launch of a number of new cordless products that utilize our industry-leading battery charging/discharging technologies and motor technologies. Makita's provision of the industry's preeminent lineup of products is the direct result of proactive development over a broad range of product categories, including cordless products that provide alternatives to AC products with power cords and engine-powered products. Moreover, batteries are

available in several voltages for various applications and each battery can be used with a range of our products, making high compatibility and a rich product lineup one of our major product strengths.

In recent years, we have been expanding and enhancing our cordless products beyond power tools to include outdoor power equipment (OPE); cleaning equipment such as cleaners; and products with utility for outdoor activities and times of disaster when power sources are difficult to come by such as cooler & warmer boxes and microwaves.



Production

With production bases in eight countries (Japan, China, Romania, Thailand, the U.K., Brazil, the U.S., and Germany), approximately 90% of Makita products on a product unit basis are manufactured overseas. By maintaining production bases in major regions around the world, we are positioned to not only promptly address currency, disaster, geopolitical, and other risks but to quickly meet changes in demand in each region. In recent years, we have been working to increase production capacity in anticipation of sales expansion and the further multipolarization of global production.

In addition to taking advantage of the persistent ingenuity of employees in our factories, we are adopting and utilizing cutting-edge technology, such as IoT and robotics, to build a framework that can efficiently manufacture consistently high-quality products anywhere in the world, regardless of the experience or intuitive understanding of individual workers. By deploying and sharing our ingenuity and know-how related to thorough waste elimination at every factory, we are continuing our efforts to pursue an even more advanced level of craftsmanship to ensure stable and profitable manufacturing even in a changing cost and demand environment.



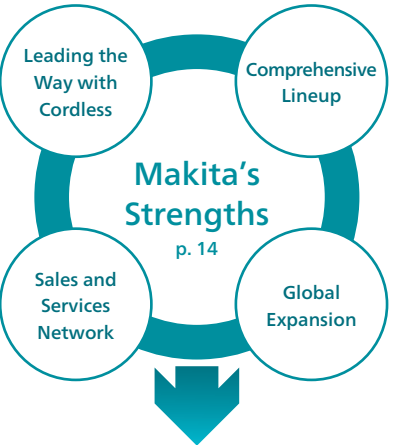
Sales and Services

Makita operates 129 sales and service bases in Japan (as of April 2023) in addition to directly managed sales bases in some 50 countries overseas, allowing the execution of fine-tuned sales and services. One of our strengths lies in our industry-leading sales and service network around the world, where we provide customer- and community- based services. Moreover, Makita's policy is to maintain inventories of products and repair parts at each location to ensure the prompt and stable provision of products and services, and to be ready to respond to supply chain disruptions. 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.

In recent years, sake of cordless OPE, which are physically larger than power tools, have been growing worldwide, and we have proceeded by establishing new and expanded distribution bases, and establishing bases close to the cordless OPE market. With the foundation for customer service completed, going forward we will continue to fully utilize our existing locations to enhance our services.

Makita's Value Creation Process



As a global supplier of a comprehensive range of tools for creating comfortable homes and living environments, Makita provides power tools, outdoor power equipment, outdoor products helpful in times of disaster, and a wide range of cordless products to contribute to affluent communities and daily lives on a global scale. In addition, Makita is helping realize a sustainable society through its business, including by developing cordless products that contribute to solving social issues.

Long-term Target ▶ p. 13

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.



Contributions to Solving Social Challenges

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,” extending beyond cordless power tools to include cordless outdoor power equipment (OPE) as well as cordless cleaning and outdoor products, by continuing to expand our range of convenient, environmentally friendly cordless products. At the same time, we will strengthen systems for promptly and stably 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 will also strive to realize decarbonization and reduce workloads in worksites worldwide.



Cordless Products



Merits of Cordless Products

- Improve work efficiency and ease of use
- Help prevent onsite accidents, for example, by eliminating the tripping hazard of power cords
- Increase work efficiency in locations where it is difficult to secure a power source
- Produce zero emissions, low noise, and low vibrations during use, unlike engine-powered equipment

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.” This evolution entails leveraging the battery charging/ discharging as well as motor technologies we have amassed through our power tool development to expand our lineup of cordless products. 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 resolve social issues, such as labor shortages in the workplace. Among these products, cordless OPE, which we are promoting as a replacement for engine-powered equipment, helps realize decarbonization amid mounting awareness of climate change. The use of OPE also contributes to “Climate Action,” one of the goals set by the SDGs. Going forward, we will continue contributing to the elimination of engine-powered equipment and shift to cordless products by expanding our range of cordless products, thereby contributing to solving social issues.

Network of Finely Tuned Bases/ Prompt and Stable Repairs and Distribution



Makita continues 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 inventories of products and parts for repairs facilitate the provision of services, including prompt and stable repairs, and distribution in addition to sales. By developing a service system that offers prompt and stable repairs and distribution, we play an essential role in improving our customers’ workplace efficiency and productivity as the inability to use tools due to malfunction and the inability to acquire needed products promptly leads to work delays and reductions in efficiency. In particular, despite restrictions on cross-border movement during the COVID-19 pandemic, Makita was able to help local communities by delivering products and services promptly and reliably thanks to its bases in various countries and regions worldwide. As an essential business, we were permitted to continue our business activities in many regions even under lockdown. Moreover, 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 by efficiently utilizing the distribution functions that we have invested in over the past several years.

Environment

Environmental Contributions

We are contributing to the realization of decarbonization by replacing conventional engine-powered OPE with cordless products that emit zero emissions during use. As awareness of environmental issues grows, demand for cordless OPE is expected to increase. We are strengthening cordless OPE as the next pillar of our future business in addition to power tools. Making products cordless ensures no exhaust gas emission containing air pollutants, and the low noise level of such equipment compared to the engine-powered equipment also contributes to a lower environmental impact. Please see pages 35–44 for details.



Society

Social Contributions

Through its robust network of bases, Makita contributes to communities and daily lives around the world by selling and servicing power tools and OPE used at construction sites in approximately 180 countries. Makita offers many products that are indispensable for building infrastructure and are an essential part of our contribution to affluent communities and daily lives.

Labor shortages present challenges for construction sites worldwide. Makita's cordless power tools are helping address labor shortages by actively replacing the AC products with power cords that were the previous norm with more efficient cordless versions. In addition to the cord-free advantages of efficiency and ease-of-use, cordless products help prevent accidents in the field, such as tripping over power cords. Along with being able to be used in situations where securing a power source is difficult, cordless power tools offer a number of advantages over engine-powered products, including ease of starting and maintenance, and in many instances Makita's cordless power tools like chainsaws, power cutters, and other equipment have replaced their engine-powered counterparts at disaster sites. In addition to these advantages, we offer prompt and stable repair and logistics services that take advantage of our network of finely tuned sales and service bases, thereby contributing to improved efficiency and productivity at worksites, which, in turn, supports comfortable urban development and encourages early recovery from disasters, a more frequent occurrence due to climate change. Moreover, our cordless products include radios, lights, and other products that are useful in times of disaster as well as fan jackets and other products that help protect against the heat, providing peace of mind and improving the comfort of outdoor work.



Value Offered to Society, Including Customers

1. Reducing Environmental Impacts

Cordless OPE emits zero exhaust during use and contributes to decarbonization. Furthermore, in addition to not emitting exhaust gas or other atmospheric pollutants, OPE is quieter than engine-powered equipment and has a significantly lower environmental impact.

2. Boosting Work Efficiency and Productivity

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

3. Early Recovery from Disasters

Makita products are indispensable for building infrastructure and play a vital role in disaster recovery. Utilizing our robust network of bases to promptly and stably deliver cordless products and services that contribute to efficiency and productivity gains, we support early recovery from disasters.

4. Peace of Mind During Times of Disaster

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

Aiming for Coexistence and Mutual Prosperity with Stakeholders

A Worldwide Network of Bases Supporting the Makita Brand

Reconstruction demand from the Ise Bay typhoon in 1959 was a major catalyst for Makita's development as a power tool manufacturer, and this instilled in us the awareness that we must always stand in support in times of disaster. When a disaster occurs somewhere in the world, we actively support our customers, and when the office in charge of the disaster-stricken area reports the situation to the Head Office, the status of support activities for our customers is included in the report. This attitude permeates every corner of the Company. The source of the Makita brand is the trust we have built by standing with our

partners through difficult times. This source is supported by our network of finely tuned offices around the world. In recent years, climate change has resulted in frequent typhoons, torrential rains, and other natural disasters that have caused extensive damage in many parts of the world. We will always stand in support in times of disaster, and we aim to grow together with society by staying close to our stakeholders, including our customers, and working together to overcome difficult times, as well as by utilizing our finely tuned network of offices to quickly and stably provide products and services useful in disaster reconstruction.

Business Overview

Market Environment

Despite earlier uncertainty in the economic climate caused by the spread of COVID-19, demand for tools for use on construction sites has remained strong as economic and social activities normalize. Moreover, trends toward energy-saving and energy-generating buildings and the spread of EV recharging facilities have been picking up against a backdrop of rising environmental awareness, providing favorable conditions for environmentally friendly products and driving demand for cordless systems to replace engine-powered systems. However,

the outlook remains somewhat clouded due to high inflation, monetary tightening in various countries, and the sharp rise in energy prices triggered by the Ukraine conflict, which has caused a decline in business confidence. Amid this environment, we aim to achieve sustainable growth by evolving into “a Supplier of a Comprehensive Range of Cordless Products” by leveraging and further refining our strengths, including our extensive cordless product lineup and finely tuned sales and service network.

Fiscal Year in Review

In FYE 2023, the outlook was uncertain due to high inflation, monetary tightening in various countries, and the sharp rise in energy prices triggered by the Ukraine conflict, which caused a decline in business confidence. Despite lagging demand due to declining business confidence and weak returns in local-currency terms in

various regions, the depreciation of the yen lead to a 3.4% increase in revenue during FYE 2023, which reached a record high. Operating profit decreased 69.2% from FYE 2022, due to the impacts of foreign exchange rates, higher raw material prices, and higher selling, general and administrative expenses.

Future Strategies

Expanding Our Cordless Lineup

Makita is further expanding its lineup in accordance with its goal to be “a Supplier of a Comprehensive Range of Cordless Products.” In power tools and cordless outdoor power equipment (OPE), we are actively replacing AC products that have power cords and engine-powered products with cordless products. In addition, we are expanding the range and applications for cordless products that use our batteries, introducing models with applications not only for worksites but also for outdoor

work and in times of disaster when it is difficult to secure power sources. Such products include cooler & warmer boxes and microwaves as well as cleaning equipment for such uses as building maintenance. In particular, demand for cordless OPE is expected to grow as the trend toward decarbonization intensifies, and we will further augment our lineup with products that provide the same level of usability as engine-powered products.

Utilizing Human Capital

As Makita continues to expand its business globally, we believe it is important to have a global, diverse workforce capable of carrying on this growth into the future. To ensure optimal human capital utilization, we have set indicators for the following: the swift training of new human resources to be competitive, the promotion of women’s advancement, and the encouragement of employees to use childcare leave. Through our efforts to achieve these goals, we will create an environment in which diverse human resources can play an active role globally, regardless of gender, leading to Makita’s sustainable growth. For details, please see pages 31–33.



Strengthening Services through Digitalization

With the construction of new sites and the expansion of factories, labor shortages will be an ever-present challenge. In addition to focusing on the recruitment and training of human resources, we are advancing digitalization to improve productivity. For example, sales offices in Japan are computerizing clerical work, including the use of electronic voucher storage and paperless correspondence, to improve operational efficiency and customer response time. Also, to improve IT services for overseas customers, we are enhancing the functions of our specialized website for distributors with an eye to improving convenience and the operational efficiency of our sales subsidiaries. Furthermore, by implementing a Content Management System (CMS) to centrally manage the product specification and technical information required for the provision of after-sales services, the details of which differ by country, we are establishing the necessary infrastructure to improve IT services for customers and expanding the capacity of our internal operations.

Improving Operational Efficiency through the Use of Digital Technology

Despite the challenging business environment, we are utilizing digitalization and working to improve operations to ensure a strong management foundation. For example, digitalization at our subsidiary in Brazil began with the identification of tasks requiring improvement at the IT department of the Japan Head Office, International Sales Headquarters, and the Brazilian subsidiary, with the goal of reducing operational waste and creating a system that allows the subsidiary to focus on high value-added tasks and thereby strengthen its management foundation.

1. Inventory Ordering

Previously, our inventory ordering process was a time-consuming and burdensome task involving determining the volume of orders to be sent to factories based on net decreases and increases in inventory due to fluctuations in the number of units sold. Furthermore, there was the challenge of insufficient order number analysis. We are currently developing a program to reduce the time required to calculate relevant data and to improve inventory order count analysis accuracy in order to optimize order quantity and stabilize asset management.

2. Import/Export Management Tasks

In import/export management, we have faced the challenge that many tasks have historically relied on individual experience, which has meant that operations have been overly dependent on a single person, making it time-consuming to reply to shipment status confirmations from sales destinations. To address the issues, we are revising and standardizing our business processes to eliminate the need for reliance on individuals, and are creating a portal site that allows us to share shipment status directly with customers, reducing the number of inquiries and thereby reducing labor costs.

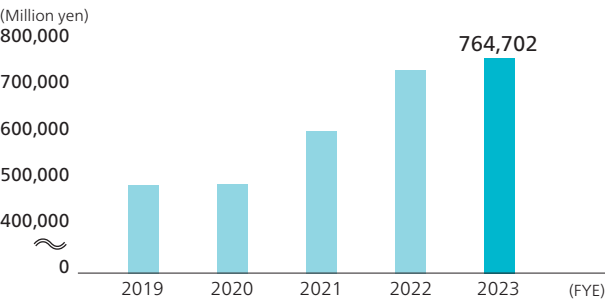
Through digitalization, we will work to improve customer convenience and eliminate waste throughout all internal operations to overcome the recent severe business environment.



Financial & Non-financial Highlights

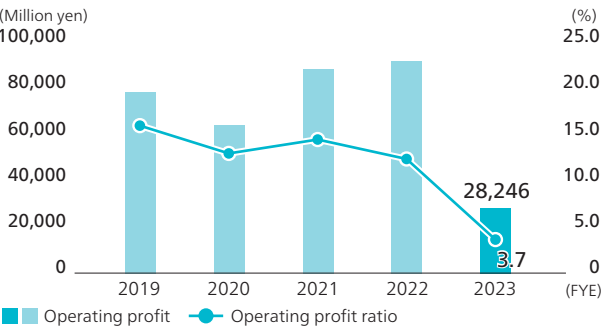
Financial

Revenue



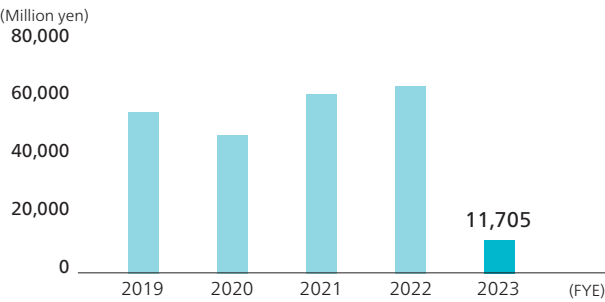
Against the backdrop of robust sales in Japan and Oceania and the depreciation of the yen against local currencies, revenue increased by 3.4% year-on-year to ¥764,702 million, a record high for the sixth consecutive year.

Operating Profit & Operating Profit Ratio



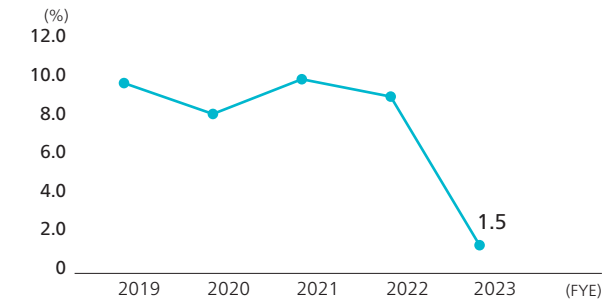
Due to skyrocketing material and labor costs, operating profit declined 69.2% year-on-year to ¥28,246 million. The operating profit ratio was 3.7%, down 8.7 percentage points from the previous year.

Profit Attributable to Owners of the Parent



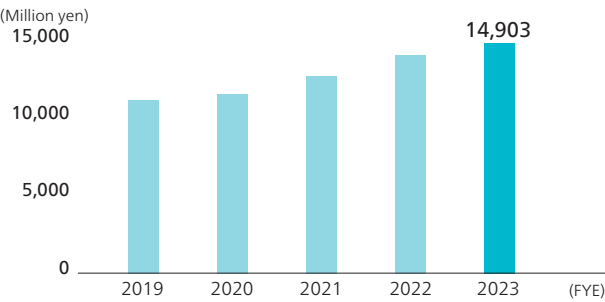
Profit attributable to owners of the parent declined 81.9% year-on-year to ¥11,705 million.

ROE



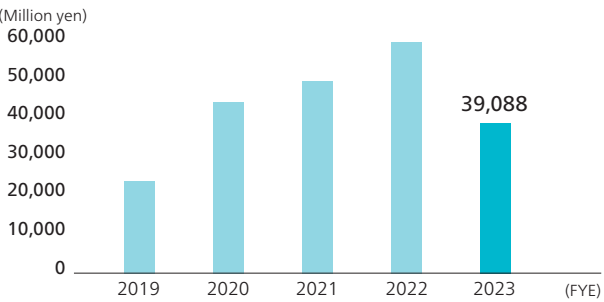
Due to the decrease in profit attributable to owners of the parent, ROE declined 7.7 percentage points from the previous year to 1.5%.

R&D Costs



To promote the use of rechargeable lithium-ion batteries, we focused on expanding our lineup of cordless products, including the 40Vmax series, and R&D costs increased 5.4% year on year to ¥14,903 million.

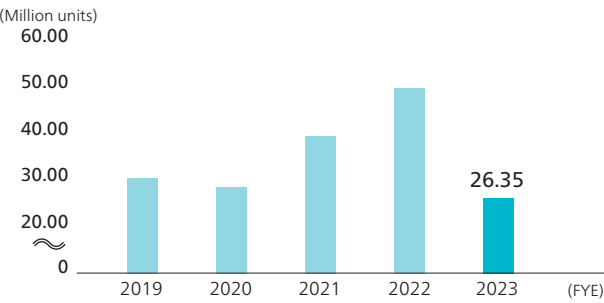
Capital Expenditures



Capital expenditures totaled ¥39,088 million, down 34.8% from the previous fiscal year. The main factor impacting this figure was construction costs associated with a new distribution center in Okayama Prefecture and an additional factory building in Thailand.

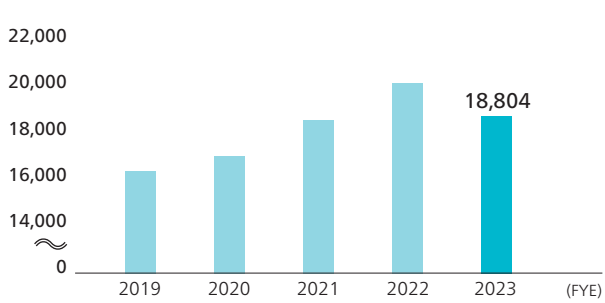
Non-financial

Production Output



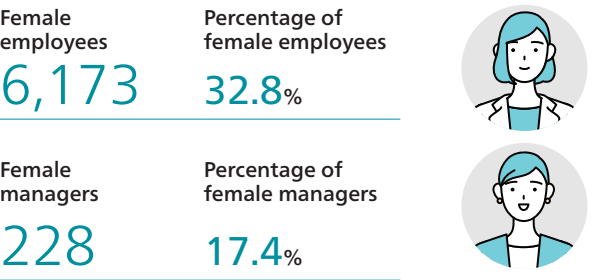
Production output declined 47.3% to 26.35 million units year on year as a result of a cooling demand environment and inventory reductions.

Number of Employees



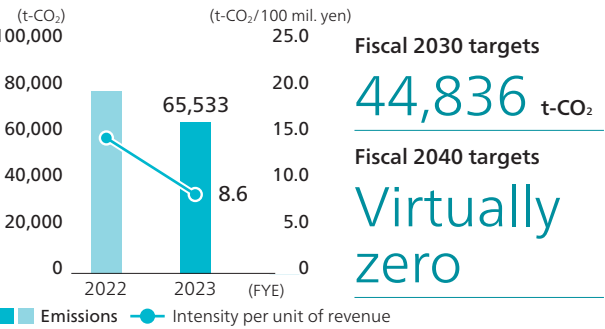
The number of employees decreased by 1,429 from the end of the previous fiscal year to 18,804.

Increasing Presence of Female Employees



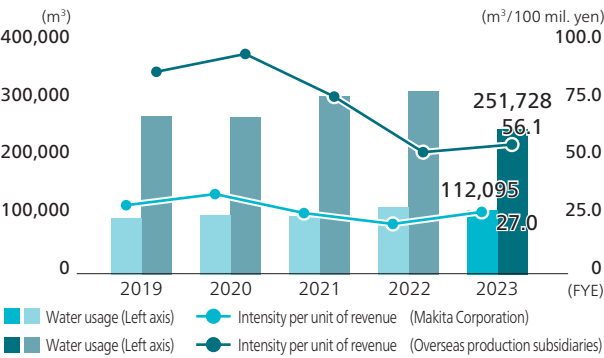
Domestically, female employees have an average of approximately 16.8 years of service and have been active in a variety of departments over long periods of time. Overseas, Makita has numerous female employees in management positions who are demonstrating a wide range of abilities in their respective fields.

Greenhouse Gas Emissions (Scope 1, 2)



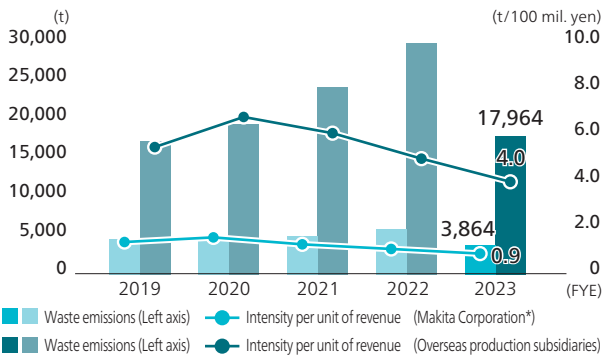
With the goal of achieving virtually zero greenhouse gas emissions (Scope 1, 2) by fiscal 2040 (FYE 2041), we are actively utilizing renewable energy and engaging in thorough energy-saving activities. Greenhouse gas emissions (Scope 1, 2) decreased by 16.9% from the previous fiscal year to 65,533 t-CO₂.

Water Usage



We carry out monthly monitoring of water usage at business bases and strive to reduce water usage. Although water usage decreased due to reduced production output, intensity per unit of revenue for Makita Corporation rose 23.9% year on year to 27.0 m³/100 million yen and for overseas production subsidiaries rose 6.3% to 56.1 m³/100 million yen.

Waste Emissions



We are striving to reduce our final disposal volume of waste by thoroughly sorting waste in order to promote recycling. Final disposal volume of waste generation decreased due to reduced production output, with intensity per unit of revenue for Makita Corporation* falling 15.4% year on year to 0.9 tons/100 million yen and for overseas production subsidiaries falling 20.0% to 4.0 tons/100 million yen.

Message from the Director of the Administration Department



Makita Will Quickly Return to a Sound Financial Structure and Strive to Become a “Strong Company”

Director, Corporate Officer,
General Manager of Administration Headquarters
Yukihiro Otsu

cost-of-sales ratio due to foreign exchange rates and rising raw material costs, as well higher sales, general, and administrative expenses. Profit attributable to owners of the parent was ¥11,705 million, down 81.9% compared to the previous year. ROE declined to 1.5% compared to 9.2% in the previous year.

Despite beginning with a continuation of the severe shortages caused by the COVID-19 pandemic, FYE 2023 saw Makita starting to fulfill its mission of providing a stable supply of products and services to its customers but as inflation worsened as the situation in Ukraine became more severe, demand weakened due to uncertainty about the future, and stagnation in customer inventories. It was thus a challenging year for profits with the need to balance price increases due to inflation against inventory reductions.

Makita’s business model is to maintain stable inventories capable of providing an interruption-free product supply to customers, but the sudden decline in demand in FYE 2023 resulted in excess inventories. We expect demand to remain weak for some time and, although it will take time to see significant reductions, Makita’s inventories will return to an appropriate levels by the end of March 2024.

As raw material and other costs are unlikely to suddenly start declining, we are striving to eliminate even the smallest amounts of waste Company-wide. Furthermore, we will increase business process efficiency and thereby reduce costs by implementing digital transformation initiatives focused on automating and digitizing internal procedures.

Our Fundamental Approach to Financial Management

Fundamental to Makita’s financial policy is the creation of a sound financial structure that ensures a solid operating profit ratio that stays in the double digits (10% or higher) and the maintenance of a business foundation that facilitates rational and flexible management decision making to improve customer convenience.

Although profits declined significantly in FYE 2023, we will continue to reduce inventories and pass costs on to

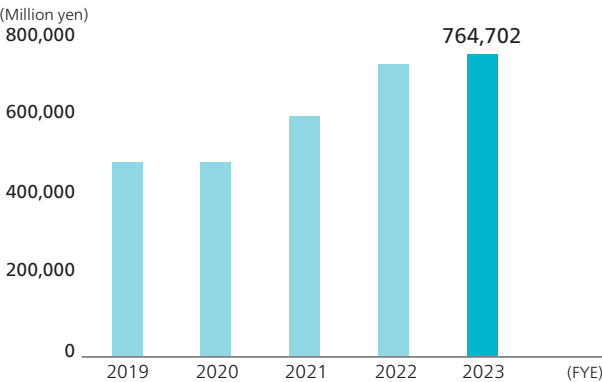
customers while monitoring the market to improve the operating profit ratio, which should lead to ROE improvement. We also consider maintaining regional market shares to be very important and will strive to nurture a solid understanding of every region’s situation to ensure that we do not lose sales.

FYE 2023 in Review

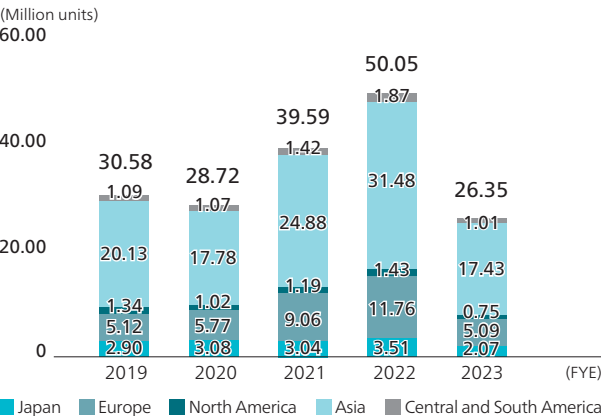
In FYE 2023, despite sluggish sales in Europe and North America, strong sales in Japan and Oceania in addition to the yen’s depreciation against other currencies led to a new record high ¥764,702 million in revenue, a 3.4%

increase compared to the previous year. On the other hand, operating profit decreased by 69.2% to ¥28,246 million, and the operating profit ratio decreased to 3.7% from 12.4%, reflecting to the deterioration of the

Revenue Trends



Production Output by Region



Message from the Director of the Administration Department

Promoting Shareholder Returns

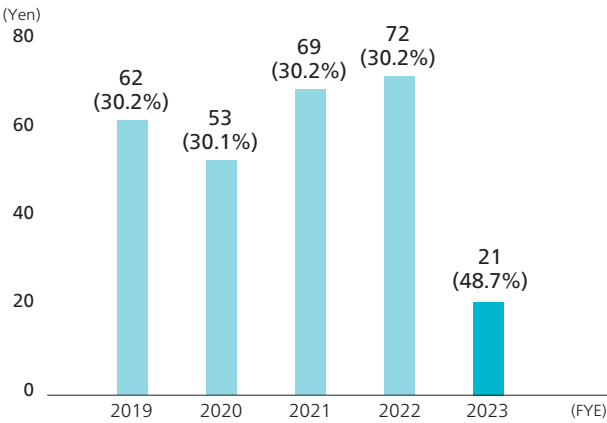
Makita maintains a basic policy of distributing profits in line with business performance while balancing investment to secure sustainable growth and enhance corporate value and ensuring financial resilience in the face of risk. Our conventional distribution policy has been to pay a minimum annual dividend of ¥10 per share augmented by an amount determined with an eye to maintaining a consolidated dividend payout ratio of 30% or more. However, to strengthen shareholder returns, we have revised this policy and decided that, beginning in FYE 2023, we would set the minimum annual dividend at ¥20 per share and the total payout ratio to 35% or more. Based on this policy, the annual dividend for FYE 2023 is ¥21.

In addition, at the Board of Directors meeting held on April 27, 2023, it was resolved to repurchase a maximum of 3.1 million shares at a total acquisition value of up to ¥10 billion, representing 1.14% of the total number of issued and outstanding shares.

Retained earnings will be invested in environmental measures—an increasingly important area—as well as in

global business development while we work to maintain a financial structure that is resilient to changes in the business environment.

Cash Dividends Applicable to the Year per Share/ Dividend Payout Ratio



Note: Parentheses indicate dividend payout ratio

Focusing on Strengthening Engagement with Shareholders and Investors

Through active dialogue, we strive to deepen shareholders' and investors' understanding of Makita's long-term vision and growth strategies. We work to maximize corporate value by reflecting the feedback and requests garnered from IR activities back to management and spreading awareness of issues our stakeholders face.

We believe that the understanding of our shareholders and investors is crucial for us to be able to steadily work towards Makita's long-term development. We will continue to work to become a "Strong Company" while earnestly listening to our shareholders' and investors' feedback, and we would like to ask for your continued support.

For detailed financial information, please see Makita's website (<https://www.makita.biz/ir/finance/index.html>).



Makita's Sustainability Management



Progress of Makita's Sustainability Management and Material Issues

Makita has been implementing sustainability initiatives in order to grow sustainably together with society. The Sustainability Committee was established in 2021 to support these efforts, and in 2022 we were able to newly identify important material issues requiring special priority. We will contribute to the realization of a sustainable society, including decarbonization, by further strengthening our efforts in this area.

Basic Policy on Sustainability

1

As a global supplier of a comprehensive range of tools for creating comfortable homes and living environments, Makita will focus on solving environmental problems and other social issues through our main business, and work to achieve a sustainable society.

2

Makita aims to develop in harmony with society, by promoting corporate ethics and compliance, respect for human rights, protection of the environment, quality assurance, responsible procurement activities, etc. In particular, we consider carbon neutrality and other environmental problems to be issues of the highest importance.

3

Makita will engage in highly fair and transparent corporate management, thereby building strong relationships of trust with all our stakeholders.

Sustainability Promotion

Our long-term target as a “Strong Company” is to contribute to the creation of a sustainable society and consolidate 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.

The most significant initiative we have undertaken to achieve a sustainable society is the evolution to “a Supplier of a Comprehensive Range of Cordless Products” and the promotion of rechargeable lithium-ion batteries. By utilizing the battery charging/discharging and motor technologies cultivated through the development of power tools, we are promoting the use of rechargeable batteries starting with cordless outdoor power equipment (OPE) and a wide variety of other products. Moreover, through our international network of sales and service bases, we hope to contribute to reducing the burden on the global environment and improving work efficiency and productivity at worksites around the world.

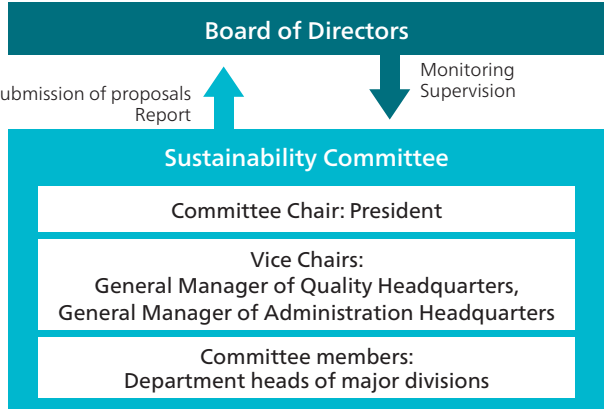
Among the social issues that we have been focusing on for many years are those pertaining to the environment. In recent years, typhoons and other wind and flood disasters have become more frequent, and the impact of climate change on society is growing. Decarbonization is becoming even more critical for companies, so in 2021 we established the Sustainability Committee, chaired by the President, as a structure to

promote initiatives at Makita for carbon neutrality and other sustainability issues. The Sustainability Committee deliberates on sustainability-related policies, targets, measures, and other matters.

In FYE 2023, the Sustainability Committee deliberated and reported on the progress of carbon neutrality initiatives, including on GHG emission reductions, and the committee also leads the promotion of such initiatives across the Company as a whole.



Sustainability Committee



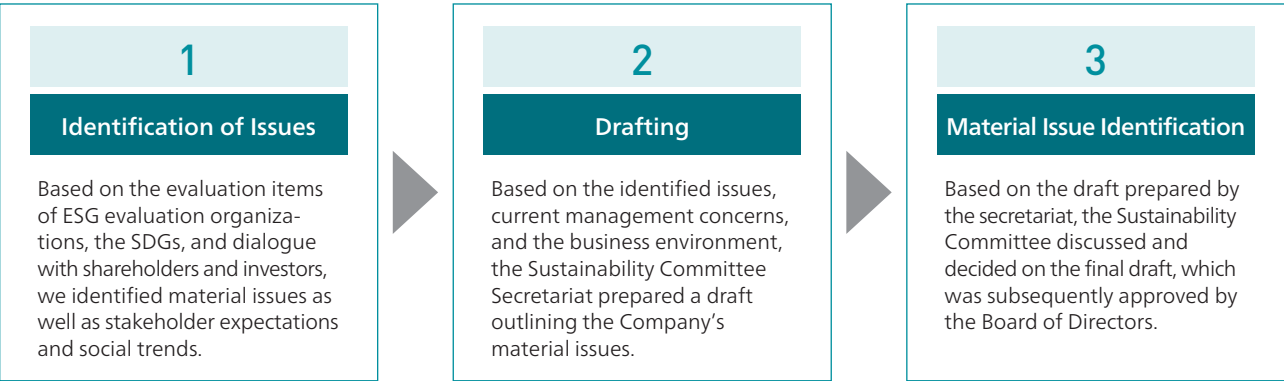
Material Issues and SDG Initiatives

Makita has identified material issues that should be prioritized from among the various social issues. Through our business, we will contribute to the achievement of the Sustainable Development Goals (SDGs) by working to resolve challenges related to these issues.



Material Issue Identification Process


Priority material issues were identified in the following process.



Material Issues

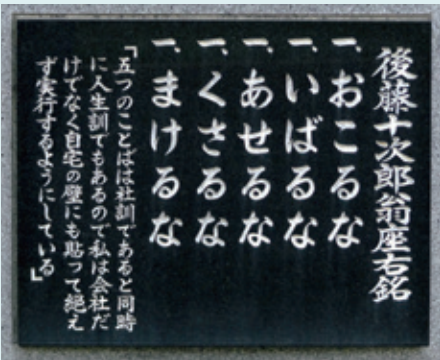
Materiality		Specific Key Initiatives	SDGs Contributions
E	Reducing environmental impact	<ul style="list-style-type: none">• Contribute to decarbonization• Contribute to a resource-circulating society	<ul style="list-style-type: none">• Active development of cordless OPE to replace engine-powered products• Utilization of renewable energy and energy conservation• Promotion of the elimination of plastic• Battery recycling
	Contribution to affluent communities and daily lives	<ul style="list-style-type: none">• Improve work efficiency and the productivity of field operations• Support early recovery from disasters• Offer peace of mind during times of disaster	<ul style="list-style-type: none">• Active development of cordless products• Expansion of sales and service base network with close ties to customers and communities• Expansion of logistics functions and production capacity• Maintenance of a stable inventory that will not run out in times of emergency
G	Strengthening the management base	<ul style="list-style-type: none">• Exercise respect for human rights• Provide for employee training, safety, and health• Ensure compliance• Strengthen corporate governance	<ul style="list-style-type: none">• Ensure thorough consideration of human rights throughout the supply chain• Development of human resources and promotion of diversity and inclusion• Ensure employee safety and health• Ensure awareness of and ensure compliance with laws and regulations• Further improvement of the effectiveness of the Board of Directors

Makita is expanding its global business and has created an environment in which diverse human resources can play active roles regardless of race or gender. Going forward, Makita will continue to actively promote initiatives and working environments that enable diverse human resources to make the most of their abilities while fulfilling its responsibilities as a global company by ensuring respect for human rights and implementing CSR procurement in order to grow together with society.

 Please see the Makita website (<https://www.makita.biz/sustainability/social.html>) for more information about our social initiatives.

Basic Approach to Human Resources

Since Makita's expansion into the U.S. in the 1970s, the Company has pressed forward and proactively grown internationally. In 2005, we launched our lithium-ion battery-powered professional-use cordless tools ahead of the competition and, more recently, with environmental issues globally growing into an important theme, we have been working towards evolving into a supplier of a comprehensive range of cordless products by shifting from engine-powered to battery-powered products. This ability to flexibly respond to global market environment changes is the source of Makita's growth. 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. Moving forward, Makita will comprehend changes in the global market environment and strive to grow with demand. To this end, we will advance the activities of diverse human resources and globalize Makita.



Mr. Jujiro Goto's personal philosophy

Human Resource Strategies

Indicators for Human Capital

- Efficiently training new human resources to be competitive as quickly as possible
- Promoting women's advancement
- Encouraging employees to take childcare leave

Efficiently Training New Human Resources to be Competitive as Quickly as Possible

Makita is expanding its business on a global scale, and many of its employees have experience temporarily working or training abroad. As of March 31, 2023, approximately 23% of employees, excluding those working at the Research and Development Headquarters or Domestic Sales Headquarters, have worked overseas on temporary transfers. For Makita to continue to grow sustainably, it is essential that newly hired human resources (both new graduates and mid-career employees) with diverse values gain international experience early on and receive training to be globally active. We are working to achieve the target we have set of 20% of employees sent for overseas training or temporary transfer having worked at Makita (non-consolidated) for five years or less by March 31, 2030.

Indicators

	FYE 2021	FYE 2022	FYE 2023	FYE 2030
Percentage of employees sent for overseas training or temporary transfer that have worked at Makita for five years or less	17%	17%	14%	20%

Initiatives for Achievement

- Proactively accepting internships and building relationships with university laboratories to lay the groundwork for attracting excellent human resources
- Launching short-term overseas training programs to enable more young employees to gain overseas experience

Reference

	FYE 2021	FYE 2022	FYE 2023
Newly hired employees	267	263	289
Percentage of new hires	9.0%	8.5%	8.9%
Percentage of employees that have worked at Makita for five years or less	26%	28%	31%

Promoting Women's Advancement

Makita is working to create an environment that is comfortable for women to work in and allows human resources with diverse values to demonstrate their abilities to the fullest. As a result, the average length of female employees working at Makita in Japan is actually slightly higher than that of their male counterparts. We have set a target for the future to increase the percentage of female managers at Makita (non-consolidated) to at least 3% (10 or more people) by FYE 2030, so that every female employee can further play an active role, and we are advancing our efforts to achieve this target.

Indicators

	FYE 2021	FYE 2022	FYE 2023	FYE 2030
Percentage of female managers	0.7% (2 people)	0.7% (2 people)	1.0% (3 people)	3.0% or more (10 or more people)

Initiatives for Achievement

- Creating systems that allow flexible work styles, such as through the expansion of the childcare reduced working-hours system
- Actively recruiting female new graduates and mid-career hires
- Encouraging women to take the exams for promotions to leadership and management positions

Reference

	FYE 2021	FYE 2022	FYE 2023
Average number of years working at Makita for women	16.8 years	17.0 years	16.8 years
Average number of years working at Makita for men	17.2 years	16.8 years	16.3 years
Percentage of women in leadership positions	2.1% (17 people)	2.3% (20 people)	2.2% (19 people)

Encouraging Employees to Take Childcare Leave

Creating a rewarding environment that allows human resources with diverse values to balance work and family is vital to Makita's continuing growth. We have put in place a childcare leave system and a childcare reduced-working-hours system. In recent years, the percentage of women who use these systems has remained high, but the percentage of men using them has room to improve. Therefore, we have set a target of having at least 90% of eligible male employees at Makita (non-consolidated) use the childcare leave system by FYE 2030 and are working towards achieving this goal.

Indicators

	FYE 2021	FYE 2022	FYE 2023	FYE 2030
Percentage of male employees using childcare leave system	4%	8%	25%	90% or more

Initiatives for Achievement

- Making information on childcare leave available to workplace managers to promote the creation of an environment that encourages employees to use childcare leave

Reference

	FYE 2021	FYE 2022	FYE 2023
Percentage of female employees using childcare leave system	94%	92%	100%



Human Resource Training Systems

Supporting Growth through Training and Interviews with Supervisors

In 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 maintain programs encompassing other forms of training, including on-site factory training, as well as correspondence training, part of which is paid for by the Company. Some promotion and advancement evaluations entail management-related training, such as interview exercises with subordinates, to measure and provide feedback on the individual's management skills, thereby helping to improve management and leadership skills. In addition, employees regularly set targets at the beginning of each fiscal year and meet with their supervisors to discuss these results. We are committed to supporting individual development, and supervisors provide feedback to employees as appropriate during interviews and give them opportunities to discuss the future. Base salaries are determined by the previous year's evaluations and bonuses (twice yearly) fluctuate according to semiannual evaluations and Company performance in order to motivate employees.

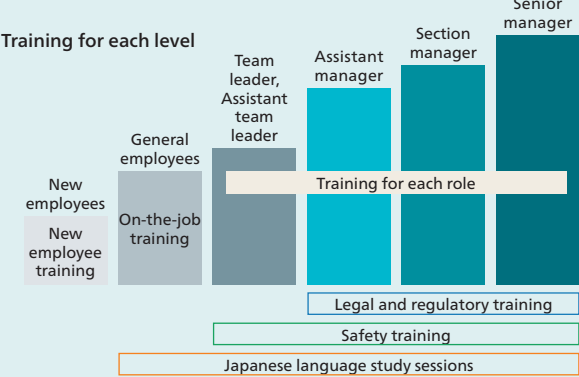
Education System Diagram

Job Type	Exam for Grading/Promotion	Education by Level	Education by Job Category	Common
Management		Coaching training Training for newly appointed supervisors Education for trainers/promotion exam evaluators		
General		Cross-industrial exchange training Training for management leaders		
Basic	Exam for promotion			Career plan training
Support				
All			Sales training/repairs training Overseas operation training Factory training	Communication education (self-development courses related to languages, business skills, specialized fields, etc.) Education concerning the Code of Ethics and compliance Environmental and safety & health education
2nd year of employment 1st year of employment	Rated training	Training for new employees		

Human Resource Development at the China Plant

Makita is actively engaged in human resource development at our China plant, the core of our production base. We encourage continuous growth through proactive training at all levels, including leadership development and problem-solving training for managers. In addition, safety training and legal and regulatory training are provided to those above a certain rank, and Japanese language study sessions are held for those who plan to go to Japan for training or those who wish to receive Japanese language training.

Human Resource Education System at the China Plant



Diversity & Inclusion Promotion

Makita believes the value of a company lies in being a place where all employees, regardless of age, gender, nationality, or disability, hold each other in mutual respect, and are able to maximize their individual abilities in order to fully and actively contribute. Therefore, we strive for fairness in hiring, assignments, promotions, and other aspects of human resource management, eliminating distinctions based on gender or other attributes. In the Guideline to the Code of Ethics for Makita, which serves as a code of conduct for all Officers and employees of the Makita Group, we are working to ensure that diverse human resources are able to actively contribute. Our statement declaring respect for individual diversity is but one example of this commitment.



Securing the Safety and Health of Employees

Ensuring the safety and health of employees is also key to sustainable growth of a corporation. We are implementing a variety of initiatives to ensure both sustainable growth and the safety and health of our employees.

Safety and Health Activities

Safety and Health Committee activities are conducted at each business site in Japan and are based on a safety plan that is developed annually. Safety patrols of the working environment as well as hazard prediction activities* and "Hiyari-Hatto" (near-miss) activities are conducted at each workplace and reported to the committee with recommendations for improvement, thereby creating a safer and more secure workplace. There were 22 occupational accidents in Japan in FYE 2023, of which 3 required 4 or more days of absence from work. Going forward, we will continue to strive to prevent occupational accidents by providing thorough health and safety training and taking measures to reduce hazards in the workplace.

* Activities aimed at preventing occupational accidents by identifying potential hazards in specific workplace tasks and identifying the types of hazards that could cause workplace accidents, and then eliminating unsafe employee behavior and unsafe work environments.

Mental and Physical Health Support

In Japan, we are making Company-wide efforts to ensure the mental and physical health of our employees by conducting stress checks, interviewing employees who work long hours, and providing in-house influenza vaccinations. In addition, we distribute fan jackets and have installed water dispensers at the Okazaki Plant as a measure against overheating. As for stress checks, results are analyzed by workplace, and industrial physicians provide feedback to the person in charge of each department to encourage workplace improvements. We are striving to improve employee mental health through a series of workplace improvements.

Respect for Human Rights

The Guideline to the Code of Ethics for Makita, which outlines the conduct expected of all Group Directors and employees, clearly recognizes "respect for human rights" and stipulates 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 Guideline to the Code of Ethics for Makita 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 Guideline to the Code of Ethics for Makita also stipulates 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.

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 to strive to build relationships with them as partners as well as to promote procurement activities focusing on social concerns, including the environment, human rights, corruption prevention, and proper hiring practices. 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 conducting annual surveys of the environmental protection activities of our business partners to, for example, monitor environmental systems acquisition.

Basic Policy on Procurement

1. Compliance with laws and regulations and social codes
2. Consideration given 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 (<https://www.makita.biz/sustainability/documents/procurementpolicy.pdf>) for details.

We promote environmental management with the aim of achieving both environmental protection and sustainable business growth. We have been actively engaged in environmental protection activities based on the principles and aims set forth in our Environmental Policy, established in 1998. Since 2022, we have been further strengthening our efforts by positioning contributing to decarbonization and a resource-circulating society as our material issues.

For more information on our environmental initiatives, please visit the Makita website and read the Environmental Report (<https://www.makita.biz/sustainability/environment.html>).

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 a comprehensive range of tools for creating comfortable homes and living environments, 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 Makita website for the full text of our policies (<https://www.makita.biz/sustainability/policy.html>).

Environmental Management

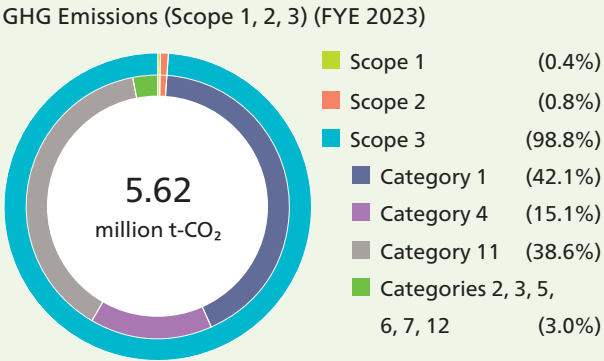
Makita has established and run its own environmental management system since 1998. For the purpose of leveraging that system as a tool for mitigating environmental burdens, our Head Office and Okazaki Plant first received ISO 14001 certification in 2007. Since then, our Nisshin Office and all of our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

ISO 14001 Certifications (As of April 2023)

Japan	Aichi Prefecture	Head Office, Okazaki Plant, Nisshin Office
	China	Makita (China) Co., Ltd.
Overseas production bases	Thailand	Makita (Kunshan) Co., Ltd.
	Thailand	Makita Manufacturing (Thailand) Co., Ltd.
	U.S.	Makita Corporation of America
	Brazil	Makita do Brasil Ferramentas Elétricas Ltda.
	U.K.	Makita Manufacturing Europe Ltd.
	Germany	Makita Engineering Germany GmbH
	Romania	SC Makita EU SRL

Contributions to Decarbonization

Toward the realization of decarbonization, we are developing products that contribute to solving environmental problems and promoting environmentally friendly business activities. In addition, we have set reduction targets for greenhouse gas (GHG) emissions reduction. Please see page 44 for details.



Notes: 1. Of the 15 categories in Scope 3, categories 8, 9, 10, 13, 14, and 15 have been excluded from calculation.
2. The figures in parentheses above are percentages of the total of Scope 1 through 3, with 5.62 million t-CO₂ as the denominator.

Initiatives in Our Business Activities

To reduce GHG emissions in our business activities, we are actively utilizing renewable energy and conserving energy where possible. In addition, to raise environmental awareness among employees, we conduct educational activities, including distributing energy-saving promotional materials to employees and making regular inspections to check energy-saving responses undertaken at offices and plants.

Utilization of Renewable Energy

We are working to reduce GHG emissions through such measures as installing photovoltaic panels. Overseas, photovoltaic panels have been installed at several locations. In FYE 2023, photovoltaic panels were installed at production sites in Thailand and sales sites in Austria and Taiwan. Photovoltaic panels were also installed at a newly established sales office in Japan during FYE 2023. We plan to continue installing photovoltaic panels at our facilities in Japan and overseas and to switch to renewable energy sources for electricity used at our offices and other facilities. In addition to photovoltaic panels, some sites in Germany and other countries have installed geothermal heating and cooling systems and are working to reduce GHG emissions through the use of renewable energy.



Thailand



Austria



Taiwan

Energy Conservation

Our efforts toward reducing GHG 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 2023, the total annual power consumption of our Head Office, Okazaki Plant, and Nisshin Office decreased by 209,252 kWh compared to the previous year due to our switching to LED tubes, and improving AC units and compressor efficiency.

Using Environmentally Friendly Materials for Products and Packaging

To contribute to carbon neutrality, Makita is promoting initiatives to use biomass materials in the manufacture of a portion of its products. Furthermore, in FYE 2022 we began switching from conventional to biomass plastic bags in our product packaging.

To help reduce waste plastic across society, in addition to biomass materials, we are considering introducing recycled resin materials and plan to start using bags and cases made from these materials in FYE 2024.



GA9060 series
Biomass materials are used in the motor housing cover

Environment

Contributions through Our Products

Since Makita brought to market the world's first professional-use power tools employing lithium-ion batteries in 2005, we have been expanding our lineup of cordless products and, in recent years, actively replacing engine-powered products with cordless models, especially in the area of cordless outdoor power equipment (OPE), where engine-power is mainstream.

Reflecting increased awareness of such environmental issues as climate change, the impact of exhaust from engine-powered products has become

a major issue. Because Makita's cordless OPE, which emits no exhaust gas during use, contributes significantly to the realization of decarbonization, we are focusing on this as our next pillar of business in addition to power tools. To further this goal, we terminated the production of engine-powered products.

We will continue to focus our management resources on the development, production, sale, and service of cordless products and accelerate the transition from engine-powered to cordless products with equivalent performance, thereby contributing to the realization of decarbonization.



CE001G cordless power cutter
Cutting speed faster than a 75.6 mL engine and equipped with low-vibration springs to reduce oscillation



UB002C battery-powered backpack blower
Longer usage time and stronger blowing power than a 50 mL engine

Contributions to a Resource-Circulating Society

Makita is committed to using limited resources effectively and contributing to the realization of a resource-circulating society.

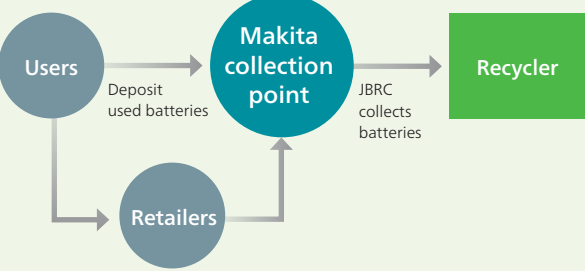
Battery Recycling

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. By building and implementing collection systems in a host of countries and regions in accordance with local laws and regulations, we are working to promote resource recycling.

Initiatives in Japan

We are a member of the Japan Portable Rechargeable Battery Recycling Center (JBRC) and, based on the Act on the Promotion of Effective Utilization of Resources, have registered our Head Office and domestic sales offices as collection points.

Battery Collection in Japan



Initiatives in Germany

In Germany, battery manufacturers and the German Electro and Digital Industry Association (ZVEI) established the non-profit Stiftung GRS Batterien in 1998, which operates the joint battery collection system used by Makita.

In December 2021, Stiftung GRS Batterien and Makita Werkzeug GmbH (Germany) signed an industry agreement in the power tools sector. The two are working to increase the collection rate of used lithium-ion batteries and promote recycling by installing collection boxes exclusively for lithium-ion batteries at home centers and other power tools retailers.

Promoting the Elimination of Plastic

Due to concern about global environmental pollution in the form of plastic waste in the oceans and amid social efforts to reduce the consumption of single-use plastics, we are working to cut back on the volume of single-use plastics in our product packaging and thereby contribute to the realization of a sustainable society and the preservation of biodiversity. In addition to simplifying packaging, from FYE 2021, we have been reducing the use of plastic bags by devising better packaging materials. We plan to further promote the elimination of plastic in the future.

Switch from plastic to paper bags



Hook and bit sets



Environmentally Friendly Design

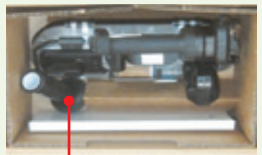
Our approach to environmentally friendly products began with an assessment of our products in 1992. In 1993, we created Makita's Global Environment Charter, and the active development of environmentally friendly products began.

When designing new products, we focus on improving energy efficiency, reducing weight, and extending service life. We also check to see if the materials utilized in each part of our products are recyclable and, more often than required by the specifications of our internal regulations, opt for materials that are environmentally friendly. In this way, we are continuously developing tools that can be recycled.

Suspension of plastic bags (devising internal materials)



Grip with plastic bag



Elimination of plastic bags by devising better internal packing materials

Topics

We are actively involved in reducing our environmental impact and are also working with local authorities. We plan to reform and improve the work style of the forestry industry through collaboration between local authorities, which aim for forestry that does not bring excess CO₂ and is friendly to the forest environment, and Makita, which aims to replace engine-powered units with cordless products. By working together with the public and private sectors to solve social issues, we will steadily advance our efforts to realize a sustainable society.



Initiatives in Line with the TCFD Recommendations



As the effects of climate change on society, such as high winds and flooding, increase in frequency and severity, the role of companies in achieving decarbonization is becoming more important. Accordingly, we view climate change issues as a high-priority management challenge.

To this end, we are focusing on OPE that does not emit exhaust gas during use and are actively working to reduce GHG emissions by striving to reach the goal of virtually eliminating GHG emissions from our operations by fiscal 2040 (FYE 2041).

Recognizing the importance of these efforts as well as engaging in dialogue with our stakeholders regarding the impact of climate-related risks and opportunities on our business and other activities, we endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in 2021.



Governance

Chaired by the President, the Sustainability Committee, which promotes Company-wide efforts to address sustainability issues through business activities, was established in 2021.

The committee considers climate change to be one of the most important sustainability issues, and deliberates on policies, measures, and plans to reduce GHG emissions.

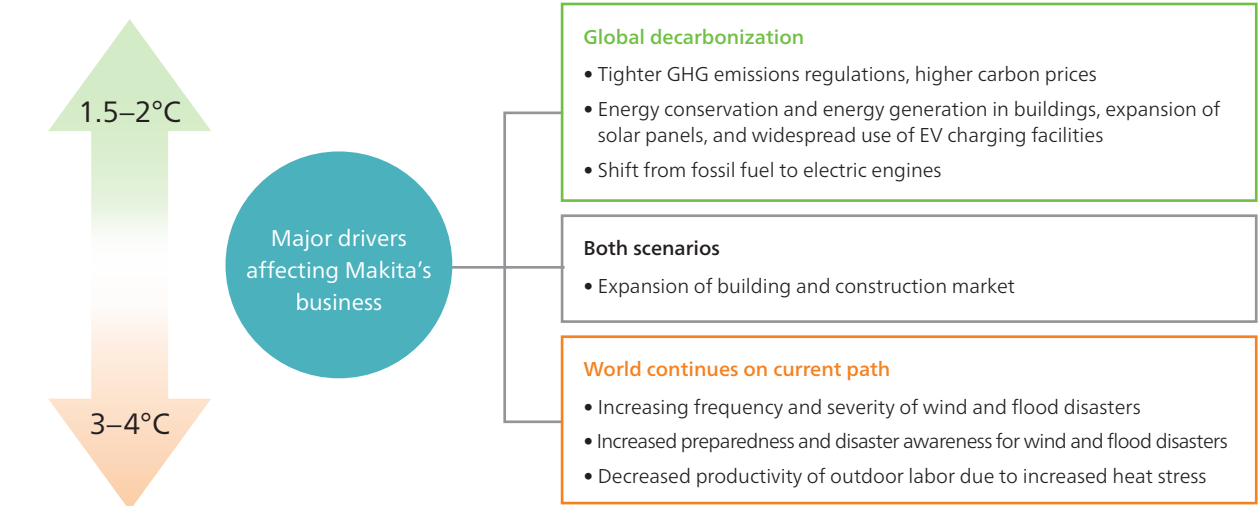
The Sustainability Committee reports and submits proposals on important matters to the Board of Directors, which deliberates on these matters and makes decisions in the course of monitoring and overseeing the Company's climate-related risks and opportunities.



Strategy

1. Determining Risks and Opportunities

In identifying climate-related risks and opportunities that could affect our business, we have used climate change scenarios from the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), and other organizations to organize our views into (1) a 1.5°C to 2°C worldview in which decarbonization progresses and (2) a 3°C to 4°C worldview in which warming proceeds as it is now. The following is a summary of the results.



Based on these worldviews, we have identified our climate-related risks and opportunities and qualitatively assessed them.

Risks

Type	Category		Risk	Relevant Period	Possibility
	Large	Small			
Transition	Policies and regulations	Rising carbon price/energy conservation and low-carbon regulations	Increased operating costs based on own GHG emissions	Short to medium term	Large
			Increased procurement costs of raw materials, energy, etc.		
			Increased capital expenditures to enhance energy efficiency	Short term	
			Increased renewable energy procurement costs		
		Battery regulations	Increased battery procurement costs	Medium to long term	
	Technology	Product technology development competition	Increased development costs for technologies and products with superior environmental performance (including portability and operational efficiency)	Short to medium term	Large
		Competition to develop next-generation battery technology	Increased development costs for next-generation batteries with superior capacity, voltage, life, safety, etc.		
	Market	Changes in market prices	Increased procurement costs due to increased battery demand	Short term	Large
			Increased procurement costs due to increased demand for semiconductors		
			Increased transportation costs due to decarbonization of transportation	Short to medium term	
Reputation	Increased disclosure requests	Reputational damage due to inferiority of information disclosure compared to other companies	Short term	Medium	
Physical	Acute	Increased frequency and severity of wind and flood disasters	Physical damage to our offices and facilities	Short term	Medium
			Losses due to business interruption		
			Losses due to supply chain disruptions		

Note: Risk onset timing: Short-term: up to 3 years; Medium-term: over 3 years to 10 years; Long-term: over 10 years

Opportunities

Type	Category		Opportunity	Relevant Period	Possibility
	Large	Small			
Transition	Energy sources	Increased carbon prices	Decrease operating costs by reducing GHG emissions to become carbon neutral	Short to medium term	Large
	Products and services	Product technology development competition	Differentiation from competitors’ products through the development of products with superior environmental performance (including portability and work efficiency)	Short term	Large
		Competition to develop next-generation battery technology	Differentiation from competitors’ products through the development of next-generation batteries with superior performance	Medium to long term	
	Market	Energy conservation and low-carbon regulations	Market expansion and product demand increase due to a shift from engine-powered to cordless products	Short term	Large
		Changes in the building and construction market	Increase in demand for products associated with ZEB*1/ZEH*2 conversion of buildings, installation of solar power generation equipment, and EV charging facilities, etc.		
		Increased disclosure requests	Improve reputation through enhanced disclosure information		Medium
	Physical	Rising temperatures, climate change, and extreme weather	Increase in demand for products in line with increase in DIY demand due to longer time spent at home	Short to medium term	Large
		Resilience	Expansion of the disaster readiness market, increase in product demand, and contribution to recovery and reconstruction in the affected areas	Short term	Large
			Increase in demand for products to improve working conditions in hot environments	Short to medium term	

Note: Opportunity onset timing: Short-term: up to 3 years; Medium-term: over 3 years to 10 years; Long-term: over 10 years
*1 Net Zero Energy Building *2 Net Zero Energy House

2. Scenario Analysis and Setting Themes

We conducted scenario analyses on the following four themes that we rated as “highly important” and evaluated their probable impact on our business, strategy, and finances through 2050, taking into account the effect on our business operations, relevance to our business strategy, and the level of interest of our stakeholders.

3. Results of Scenario Analyses

Theme 1 (Opportunities): Change in demand for cordless OPE due to decarbonization of OPE

Opportunities under the Theme	<ul style="list-style-type: none">• In the OPE sector, emission regulations are being introduced and strengthened.• Demand for cordless OPE is expected to grow as the shift from engine-powered to cordless OPE progresses against a backdrop of further tightening regulations and changing consumer preferences towards decarbonization.
Analysis Assumptions	<ul style="list-style-type: none">• Baseline (as-is scenario) for market expansion calculated based on market forecast information for the OPE sector• For the OPE sector, data for the below 2°C scenario is based on IEA scenario data* assuming a shift to EVs in the automobile sector
Analysis Results	<ul style="list-style-type: none">• The market for cordless OPE is expected to expand under the as-is scenario due to the expansion of the OPE market, but under the below 2°C scenario, we expect the market to expand significantly due to the shift from engine-powered to cordless systems.• We expect sales to grow at the same rate as the market growth, and, if our market share can be increased, we can expect further sales growth.
Future Opportunity Acquisition Measures	<ul style="list-style-type: none">• Actively develop cordless OPE that can replace engine-powered OPE• Strengthen sales and service capabilities by expanding the sales and service network• Expand logistics and production capacity in anticipation of increased OPE sales and products handled

* Reference: IEA’s “Global EV Outlook 2021.” It is assumed that the shift from engine-powered to rechargeable systems in the OPE sector will progress at a slower rate than the shift to EVs in the automobile sector.

Theme 2 (Opportunities): Change in demand for power tools as the building and construction market expands

Opportunities under the Theme	<ul style="list-style-type: none">• Expansion in the global building and construction market is expected to increase demand for power tools.• The demand for power tools is expected to increase as more energy-saving (i.e., renovation of existing buildings) and energy-creating (i.e., installation of photovoltaic panels) construction approaches are taken to further decarbonization, and as the number of EV recharging facilities increases.
Analysis Assumptions	<ul style="list-style-type: none">• Increased demand for power tools is anticipated due to a growing volume of building and construction work globally• Baseline (as-is scenario) for power tools sales calculated based on statistics on the size of the building and construction market• The amount of energy-saving and energy-creating construction work in buildings and the installation of EV charging facilities to promote decarbonization is based on data from the building and construction industry and IEA scenario data (below 2°C scenario)
Analysis Results	<ul style="list-style-type: none">• Sales of power tools are expected to grow under the as-is scenario, but are expected to expand significantly under the below 2°C scenario due to an increase in the amount of energy-saving and energy-creating construction work and installation of EV charging facilities.• Among them, cordless power tools with excellent work efficiency are expected to see increased use in the building and construction market.
Future Opportunity Acquisition Measures	<ul style="list-style-type: none">• Develop power tools based on market trends, in particular, proactively develop cordless power tools that contribute to reducing environmental impact by improving work efficiency• Strengthen sales and service capabilities by expanding the sales and service network• Expand logistics functions and production capacity in anticipation of sales growth

Theme 3 (Risks): Risks associated with lithium-ion batteries (procurement costs, rise of next-generation batteries with higher performance)

Risks under the Theme	<ul style="list-style-type: none">• The growing demand for lithium-ion batteries (LiB) in the automotive and energy industries is expected to lead to fluctuations in LiB procurement costs.• The competitive environment is expected to change with the emergence of high-performance next-generation batteries.
Analysis Assumptions	<ul style="list-style-type: none">• Baseline (as-is scenario) LiB unit price calculated with reference to the market forecast information on LiB unit prices• Based on historical data on LiB raw material costs (lithium, nickel, and cobalt), set raw material costs that will soar if demand for LiB increases (below 2°C scenario)
Analysis Results	<ul style="list-style-type: none">• Under both the as-is scenario and the below 2°C scenario, LiB unit prices are expected to decline over the medium to long term against a backdrop of planned production increases by battery and materials manufacturers. If the supply-demand balance of LiB raw materials is disrupted by greater than expected demand for EVs and storage batteries, etc., LiB unit prices may soar, but the long-term impact is expected to be negligible.• Although it is difficult to predict the market for next-generation batteries, we expect the competitive environment to change over the medium to long term as next-generation batteries become more widespread and emerge in our product areas as a result of the traction of the EV market.
Future Risk Countermeasures	<ul style="list-style-type: none">• Build long-term relationships with battery suppliers• Pursue research and development for the launch of products using next-generation batteries

Theme 4 (Risks): Risk of increased operating costs due to higher carbon prices

Risks under the Theme	<ul style="list-style-type: none">• Operating costs are expected to increase due to the introduction of carbon pricing such as carbon taxes and emissions trading schemes as well as increases in carbon prices.
Analysis Assumptions	<ul style="list-style-type: none">• Establish long-term GHG emission reduction pathways based on GHG emission reduction plans toward carbon neutrality and IEA scenario data, etc.• Establish costs for GHG emission reduction measures, etc.• Estimate future carbon prices based on IEA scenario data and compare to the above measure costs
Analysis Results	<ul style="list-style-type: none">• The cost of actively reducing GHG emissions, including the use of renewable energy, will be less expensive than the carbon price based on GHG emissions if GHG emission reduction measures are not actively pursued.
Future Risk Countermeasures	<ul style="list-style-type: none">• Procure renewable energy electricity, and introduce and expand solar power generation for own consumption• Further improve energy efficiency of business activities• Promote commercial-use EVs

4. Future Policies and Initiatives

We have qualitatively and quantitatively assessed and understood the impact of climate change on our business operations, strategy, and finances and have confirmed not only that our products are financially resilient to climate change as they contribute to climate change mitigation and adaptation but that our business strategy is feasible and sustainable.

Among our products, we believe that our cordless products, which feature safety, convenience, improved comfort, and zero emissions during use, will play a particularly important role in contributing to climate change mitigation and adaptation. In addition, although not included in the previous section (3. Results of scenario analyses), under the as-is scenario, in which wind and flood disasters are expected to become more frequent and severe, it is important to ensure a prompt and stable supply of cordless products so that recovery and reconstruction efforts in the affected areas are supported, and we will continue to build a system to achieve this. We will continue to contribute to society and work to achieve sustainable growth by promoting initiatives to become “a Supplier of a Comprehensive Range of Cordless Products.”

5. Plans for the Transition to Decarbonization

In 2005, we were the first in the industry to market professional cordless power tools that use lithium-ion batteries, and we have since been strategically transitioning from traditional products to cordless products. In addition, the Company has set a goal of reducing GHG emissions from its operations to virtually zero by fiscal 2040 (FYE 2041), and is actively working toward this end.

We are aiming to ensure and improve the effectiveness of these mitigation measures. We will set relevant indicators and targets, and we will supervise our performance, progress and achievement under them in line with climate change governance. In addition, the transition plan will be regularly reviewed and updated. We will also strategically work to capture and maximize opportunities for decarbonization in our transition plan.

Overview of the Transition Plan to Achieve the 1.5°C Target

Climate Change Mitigation	Reducing GHG Emissions	<ul style="list-style-type: none">Achieve virtually zero GHG emissions (Scope 1 and 2) by fiscal 2040 (FYE 2041)Medium-term target: 50% reduction from fiscal 2020 (FYE 2021) levels by fiscal 2030 (FYE 2031)
	Elimination of Engine-Powered Equipment	<ul style="list-style-type: none">Increase the OPE electrification ratio (fiscal 2022 (FYE 2023) result: 91.9%)
Capture and Maximize Opportunities		<p>Strategic implementation of the following measures based on the results of scenario analyses</p> <ul style="list-style-type: none">Active development of cordless products (including cordless power tools and OPE)Expansion of sales and service networkExpansion of logistics functions and production capacity in anticipation of sales growth

Risk Management

We hold annual Disclosure Committee meetings to identify and scrutinize risks in our business activities as well as to evaluate and manage risks related to climate change. The details of climate change risks and opportunities are assessed and managed under the Sustainability Committee.

Recognizing that climate change is one of the most important external environmental risks we face, the Board of Directors discusses the impact of climate change on management and determines management strategies and measures that will contribute to decarbonization.

We will further strengthen our climate change response by solidifying our systems and operations for managing these climate-related risks.

Indicators and Targets

Targets related to GHG emissions

The Makita Group has set goals to reduce GHG emissions from its own business activities (Scope 1 and 2) to virtually zero by fiscal 2040 (FYE 2041) and from its entire supply chain (Scope 3) to virtually zero by fiscal 2050 (FYE 2051). The mid-term target for Scope 1 and 2 is to halve the fiscal 2020 (FYE 2021) level by fiscal 2030 (FYE 2031).

Targets and results related to GHG emissions (t-CO₂)

	Fiscal 2020 (FYE 2021) Results	Fiscal 2030 (FYE 2031) Targets	Fiscal 2040 (FYE 2041) Targets	Fiscal 2050 (FYE 2051) Targets
Scope 1, 2	89,673	44,836	Virtually zero	
Scope 3	6,006,569	—	—	Virtually zero

Note: Please see page 36 for GHG emissions in fiscal 2022 (FYE 2023).

To achieve the above goals, we will steadily implement initiatives to reduce GHG emissions through the use of renewable energy and other means.

Indicators for the electrification of OPE

As described in the scenario analysis for “Theme 1 (Opportunities): Change in demand for cordless OPE due to decarbonization of OPE,” the transition from engine-powered to cordless OPE is progressing in line with progress toward a decarbonized society. We have set the electrification (elimination of engine-powered equipment) ratio as an indicator and are striving to increase this ratio. In addition, Makita has **discontinued production of all engine-powered products**, including OPE.

Indicators and results related to the electrification ratio* of OPE

Fiscal 2019 (FYE 2020) Results	Fiscal 2020 (FYE 2021) Results	Fiscal 2021 (FYE 2022) Results	Fiscal 2022 (FYE 2023) Results
86.1%	88.5%	90.9%	91.9%

* Based on sales volume, including both AC products with power cords and cordless products

We will continue to promote the proactive development of cordless OPE that can replace engine-powered OPE in order to contribute to solving environmental problems, particularly climate change issues.

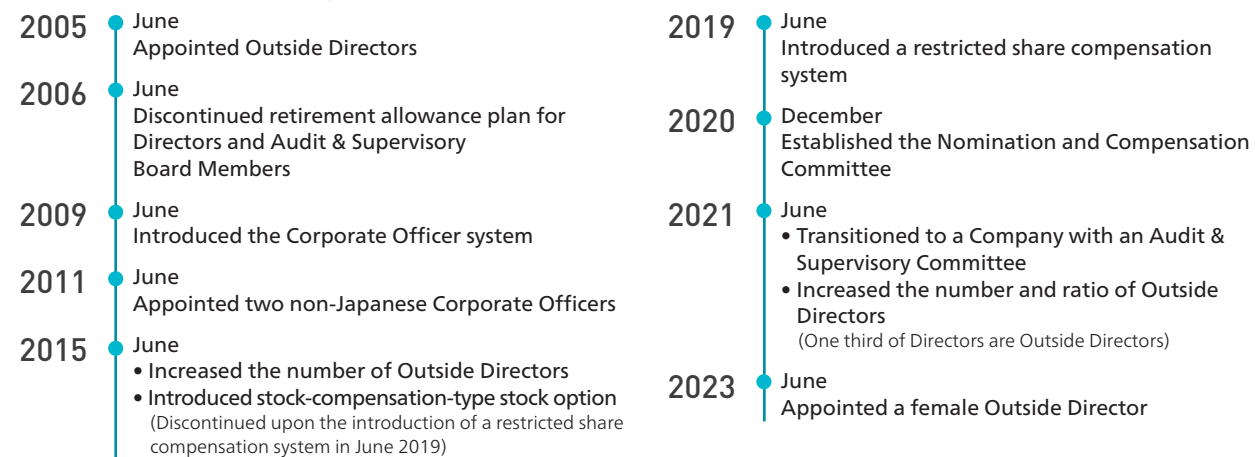
Makita strives to strengthen and enhance corporate governance in order to increase corporate value and earn the trust of shareholders and other stakeholders.

For more detailed information on corporate governance, please see the relevant section and the Corporate Governance Report on Makita's website (<https://www.makita.biz/sustainability/governance.html>).

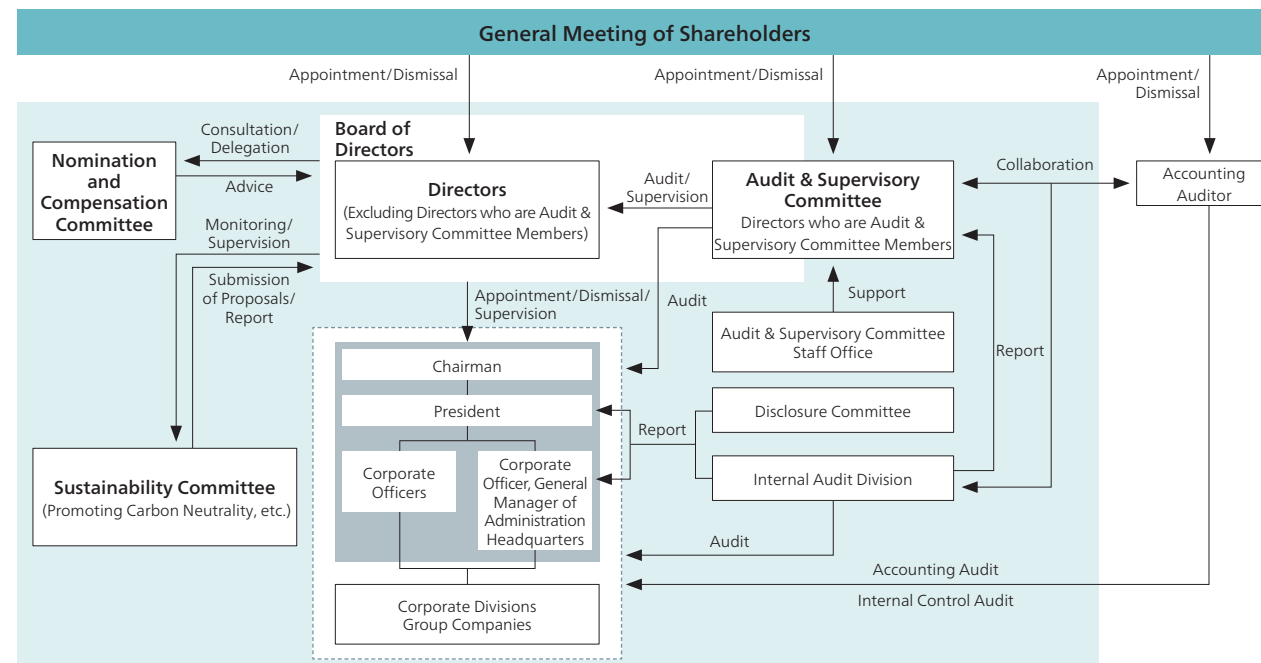
Basic Philosophy on Corporate Governance

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 to proactively and promptly disclose information.

Steps Taken to Strengthen Corporate Governance



Schematic Diagram of Makita's Corporate Governance Structure (as of June 28, 2023)

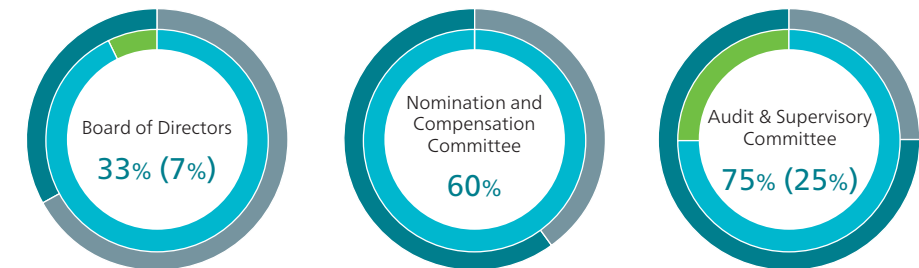


Principal Organizational Structures

	Chairman/Committee Chairs	Members	Internal Directors	Outside Directors	Meetings Held in FYE 2023
Board of Directors	Masahiko Goto (Chairman, Representative Director)	15	10	5	12
Nomination and Compensation Committee	Masahiro Sugino (Outside Director)	5	2	3	4
Audit & Supervisory Committee	Mitsuhiko Wakayama (Director, Standing Audit & Supervisory Committee Member)	4	1	3	13

Proportion of Outside Directors in Each Organization

Internal Outside Men Women



Note: The numbers in parentheses above show the proportion of women.

Skills Matrix

Name	Independent	Nomination and Compensation Committee	Expertise								
			Corporate management	Overseas experience	Sales/ marketing	Development	Production/ procurement/ quality	Sustainability	IT/ digitalization	Finance & accounting	Legal affairs
Masahiko Goto		●	●	●	●	●					
Munetoshi Goto		●	●	●	●	●		●	●		
Shinichiro Tomita			●	●		●	●				
Tetsuhisa Kaneko			●	●		●	●				
Tomoyuki Ota			●	●		●	●	●			
Takashi Tsuchiya			●		●						
Masaki Yoshida			●	●			●		●		
Takashi Omote			●	●	●						
Yukihiro Otsu			●	●				●	●	●	●
Masahiro Sugino	●	● Committee Chair	●		●		●				
Takahiro Iwase	●	●	●	●		●	●				
Mitsuhiko Wakayama				●	●						
Shoji Inoue	●	●									●
Koji Nishikawa	●									●	
Ayumi Uihara	●									●	

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. 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

In consultation with the Board of Directors, the Nomination and Compensation Committee carries out tasks such as deliberating and advising 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, as delegated by the Board of Directors, makes decisions on the details of individual compensation for the Directors.*

* And etc., excluding Directors who are Audit & Supervisory Committee Members

Main Deliberations in FYE 2023

- ▶ Nomination and compensation policies for Officers
- ▶ Determination of individual compensation
- ▶ Officer appointments
- ▶ Succession planning for the President

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). With the objective of ensuring the smooth execution of audits by the Audit & Supervisory Committee, Makita established the Audit & Supervisory Committee Staff Office, comprising dedicated support personnel.

In order to strengthen the effectiveness of audit and supervisory functions, one standing Audit & Supervisory Committee Member has been appointed. Three Outside Directors who are members of the Audit & Supervisory Committee have been appointed, one of whom is an attorney-at-law and the other two are certified public accountants who have many years of experience and expertise in their respective fields. Makita considers these individuals capable of performing highly specialized audits from an independent perspective.

Corporate Officers

We have introduced a Corporate Officer system to facilitate the 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 2023, Makita has 17 Corporate Officers, and three of these Corporate Officers are non-Japanese.

Three-Way Auditing System

The Audit & Supervisory Committee, the Internal Audit Division, and the Accounting Auditor collaborate, exchanging information and opinions as necessary. The Audit & Supervisory Committee meets regularly with the Accounting Auditor to receive reports and explanations of audits and review results, as well as to exchange information and opinions. In addition, the Audit & Supervisory Committee itself conducts audits of the Group, including its subsidiaries, cooperating with their internal audit divisions. Along with auditing results, the Audit & Supervisory Committee receives reports from the internal audit divisions on the status of the establishment of internal control systems throughout the Company and exchanges information and opinions with said divisions.

Director Selection Policy and Decision-Making Processes

Policy

The Board of Directors as a whole possesses a good balance of knowledge, experience, and ability, and strives to maintain both diversity and an appropriate size as well as to keep the ratio of Outside Directors at more than one-third.

Internal Directors*	Appoint persons with 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
Outside Directors*	Appoint persons with extensive experience and broad insight in corporate management
Directors who are Audit & Supervisory Committee Members	Appoint persons with internal and external work experience and a wealth of experience and insight in various fields, including finance, accounting and legal affairs, ensuring that at least one of them possesses the required wealth of experience and insight in each field, i.e., finance, accounting and other fields

* Excluding Directors who are Audit & Supervisory Committee Members

Process

Directors (excluding Directors who are Audit & Supervisory Committee Members)	Candidates are determined by the Board of Directors, reflecting advice on candidates compiled by the Nomination and Compensation Committee, and appointed at the General Meeting of Shareholders
Directors who are Audit & Supervisory Committee Members	Candidates are determined by the Board of Directors with the consent of the Audit & Supervisory Committee and appointed at the General Meeting of Shareholders

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 2023 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.

On the other hand, it was thought that there is room for further improvement with regard to the advance distribution (delivery) of deliberation materials and advance explanations for meetings of the Board of Directors, so we worked on the further improvement of effectiveness by bringing forward the distribution of deliberation materials and expanding advance explanations by the secretariat of the Board of Directors to Outside Directors.

Director Compensation

Compensation for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

The Board of Directors, after consultation with and receiving advice from the Nomination and Compensation Committee, determines the decision-making policy on the details of individual compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members). Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists of monthly compensation, bonuses, and restricted share compensation. Intended to incentivize Directors, the latter two forms of compensation comprise a consolidated performance-linked bonus aimed at motivating efforts to improve business performance and a restricted share compensation system aimed at motivating efforts to increase share value and enhance corporate value.

Monthly compensation

+

Bonuses*

+

Restricted share compensation*

* Not applicable to Outside Directors

Determination

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.
Bonuses	Total amount	As is the case for dividends from surplus, bonuses are based on profit attributable to owners of the parent per share (basic) after adjusting for special factors, and the Board of Directors determines the total amount of bonuses based on a certain formula following consultations and advice from the Nomination and Compensation Committee, submitting the amount for resolution at the General Meeting of Shareholders.
	Individual	The Nomination and Compensation Committee is delegated through a resolution of the Board of Directors to determine the allocation of bonuses to Directors based on performance, position, and other factors.
Restricted share compensation		After consulting and receiving advice from the Nomination and Compensation Committee, the Board of Directors determines the allocation of restricted share compensation to Directors based on position and other factors.

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 is decided through discussion among the Directors who are Audit & Supervisory Committee Members.

Total Amount of Compensation (FYE 2023)

Category of Officer	Total Amounts of Compensation (Million yen)	Total Amounts of Each Type of Compensation (Million yen)			Number of Eligible Directors
		Base compensation	Bonuses	Restricted share compensation	
Directors (Excluding Audit & Supervisory Committee Members) (Excluding Outside Directors)	189	95	60	34	9
Directors (Audit & Supervisory Committee Members)	15	15	—	—	1
Outside Officers	36	36	—	—	5

List of Directors

Position	Name	Attendance at Board of Directors’ Meetings (Audit & Supervisory Committee meetings)	Number of Company shares Held (as of March 31, 2023)
Chairman, Director*	Masahiko Goto	100% (12 of 12 meetings)	2,566,552
President, Director*	Munetoshi Goto	100% (12 of 12 meetings)	472,818
Director, Corporate Officer, General Manager of Purchasing Headquarters	Shinichiro Tomita	100% (12 of 12 meetings)	19,595
Director, Corporate Officer, General Manager of Research and Development Headquarters	Tetsuhisa Kaneko	100% (12 of 12 meetings)	25,195
Director, Corporate Officer, General Manager of Quality Headquarters	Tomoyuki Ota	100% (12 of 12 meetings)	20,095
Director, Corporate Officer, General Manager of Domestic Sales Headquarters	Takashi Tsuchiya	100% (12 of 12 meetings)	20,795
Director, Corporate Officer, General Manager of Production Headquarters	Masaki Yoshida	100% (12 of 12 meetings)	12,915
Director, Corporate Officer, General Manager of International Sales Headquarters	Takashi Omote	100% (12 of 12 meetings)	10,835
Director, Corporate Officer, General Manager of Administration Headquarters	Yukihiro Otsu	100% (12 of 12 meetings)	10,435
Outside Director	Masahiro Sugino	100% (12 of 12 meetings)	—
Outside Director	Takahiro Iwase	100% (12 of 12 meetings)	500
Director (Standing Audit & Supervisory Committee Member)	Mitsuhiko Wakayama	100% (12 of 12 meetings) (100%, 14 of 14 meetings)	10,200
Outside Director (Audit & Supervisory Committee Member)	Shoji Inoue	100% (12 of 12 meetings) (100%, 14 of 14 meetings)	500

Position	Name	Attendance at Board of Directors’ Meetings (Audit & Supervisory Committee meetings)	Number of Company shares Held (as of March 31, 2023)
Outside Director (Audit & Supervisory Committee Member)	Koji Nishikawa	100% (12 of 12 meetings) (100%, 14 of 14 meetings)	200
Outside Director (Audit & Supervisory Committee Member)	Ayumi Ujihara	—	—

* Representative Directors
Notes: 1. The Company provided notification on Mr. Masahiro Sugino, Mr. Takahiro Iwase, Mr. Shoji Inoue, Mr. Koji Nishikawa, and Ms. Ayumi Ujihara 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.
2. Ms. Ayumi Ujihara was newly appointed at the 111th Ordinary General Meeting of Shareholders held on June 28, 2023.
3. Holdings of less than 100 shares through Makita’s stock ownership plan are not included in the number of Company shares held.

Reasons for Appointing Outside Directors

Name	Appointment reason
Masahiro Sugino	He has participated in the management of LIXIL Group, including INAX, for many years and has a thorough knowledge of corporate management, based on which he currently provides useful opinions on the management of the Corporation from a broad perspective. We expect him to utilize his wealth of experience and broad insight for the management of the Company from an independent perspective.
Takahiro Iwase	He has participated in the management of core companies of the Toyota Group, including TOYOTA MOTOR CORPORATION, for many years and has a thorough knowledge of corporate management, based on which he currently provides useful opinions on the management of the Corporation from a broad perspective. We expect him to utilize his wealth of experience and broad insight for the management of the Company from an independent perspective.
Shoji Inoue	He has extensive knowledge and expertise gained through his practice as attorney at law, and expresses his opinions from that perspective. We expect that he will reflect his wealth of experience and expertise in auditing and supervising the Company’s management from an independent perspective.
Koji Nishikawa	He has extensive knowledge and expertise in corporate accounting audits as a certified public accountant, and expressed his opinions from that perspective. We expect that he will reflect his wealth of experience and expertise in auditing and supervising the Company’s management from an independent perspective.
Ayumi Ujihara	She has knowledge and expertise in extensive financial and accounting as a certified public accountant, and has abundant experience in audit work at global corporations. We expect that she will reflect her wealth of experience and expertise in auditing and supervising the Company’s management from an independent perspective.

Strategic shareholdings

The Company holds shares of various companies, including clients and associates in business relationships, for strategic purposes from a medium- to long-term perspective, based on the criteria of whether or not the shares are beneficial for business execution, such as strengthening relationships with clients and business partners. In addition, the Board of Directors regularly examines the economic rationality and other factors of each individual stock based on the significance of holding the stock and the capital cost and verifies the appropriateness of such holding from a medium- to long-term perspective. As a result of the verification, we will consider selling stocks for which the appropriateness of holding is not

recognized, and work to reduce the amount. Most recently, at its meeting on June 28, 2023, the Board of Directors completed its review of the situation as of March 31, 2023.

Strategic Shareholdings at the End of the Fiscal Year

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Number of issues	51	49	49	45	45
Balance sheet amounts (Million yen)	24,566	20,213	30,693	20,942	21,170

Note: The increase in the amount recorded on the balance sheet from FYE 2020 to FYE 2021 was due to an increase in the market value of strategic shareholdings as a result of a rise in stock prices.

Messages from Outside Directors



Viewing Challenges as Opportunities to thoroughly Strengthen Makita's Structure

Outside Director Masahiro Sugino

Brief profile Appointed to the position of Makita Outside Director in June 2015. Outside Director Sugino has an intimate knowledge of corporate management gained through many years of involvement running the LIXIL Group, including INAX Corporation. He currently serves as Chair of the Nomination and Compensation Committee.

Role in the Board of Directors Based on My Own Knowledge

Although aggressive measures to expand production have led to sales growth and a larger market share, we are facing a significant performance decline due to the rapid change in demand since the previous year.

I have management experience, and from that perspective, the more profit declines due to weak sales, production cuts, or cost increases, the more visible hidden issues in the cost structure become. The collective efforts of every employee will be crucial to the implementation of positive reforms. I actually see this as an opportunity to thoroughly strengthen Makita's structure. Against this background, this is why the Company-wide keywords for FYE 2024 have been set as "Eliminating Waste and Inventory Optimization."

The top priority when looking to significantly expand production in response to sales growth is to reduce anxiety from stock running out and shortages among both sales staff and customers. These concerns may make it hard to discern what constitutes appropriately optimized inventory levels, excesses, or imbalances. Having a system in place to control production fluctuations is crucial so that sudden changes in demand do not force significant adjustments or decreases in production, thus ensuring that inventory levels are always appropriate. For example, conducting inventory inspections by product model is necessary to ensure the functionality of the system.

The excess volume of total items is often overlooked as a factor leading to excessive total inventories. From the sales and production efficiency and management perspectives, right now is the perfect opportunity to reduce the number of items on offer and consolidate them. In addition, it will be necessary to establish rules covering the discontinuation of old product lines when new products are introduced or improved products are launched and when old product lines are sold out.

From the manufacturing technology perspective, we will need to inspect production systems as well as small-scale production lines that handle a wide variety of products. As an Outside Director, I will be monitoring the progress of efforts to strengthen Makita's structure under the Company-wide keywords, "Eliminating Waste and Inventory Optimization."

Makita's Strengths in Challenging Times

I feel that one of the strengths of Makita's top management is how closely it monitors global political and economic trends and said management's ability

to steer the Company accordingly over the medium and long term.

Makita is making proactive investments in electrification and cordless products, and it has the ability to gather information regarding market demand for product improvement using the strong connection between technology, production, and sales. This is the origin of Makita's swift management. We also have a robust service system that handles requests for product repairs, which has led to a high level of trust worldwide in our products and brand. All of these factors have contributed to increased sales and larger market shares. I hope that these strengths will be further enhanced to establish Makita's position as top in customer satisfaction.

The Company has established a global sales network that, by spreading across multiple regions, decreases risks from sales fluctuations, and I hope that we will significantly leverage this strength to further develop markets globally going forward.

Recognizing Our Challenges for Further Growth

To achieve sustainable growth, it is important to maintain a management structure that continuously nurtures people and create an environment for this purpose, and to utilize this philosophy in human resource and organizational development. Next, even amid economic fluctuations, we should strengthen our development, and sales capabilities, and proactively invest in generating demand. Above all, we must maintain our brand strength and image of reliability as a top manufacturer. Also, Makita does have global strengths, but it must always be prepared for sudden threats to performance such as geopolitical or cyberattack risks.

Initiatives for Sustainability and ESG

It is important to secure stable profits and return those profits to society, but it is even more important to engage in corporate management that is recognized for its fairness, integrity, and trustworthiness and to contribute to and continuously take the global environment into consideration.

As an Outside Director, I recognize how important it is to evaluate and be involved in these efforts. Human rights issues and diversity management are crucial issues for a global corporate citizen, and it is becoming increasingly important for the entire Company to possess a common understanding that every employee must act fairly and demonstrate social awareness in their speech and actions and that the Company must maintain a management structure capable of responding flexibly to social changes.



Applying the "Sampo-yoshi"* Approach to ESG

Outside Director Takahiro Iwase

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

At Board of the Directors meetings, I draw on my extensive years of management experience in the manufacturing, production engineering, and production management departments to provide advice based on actual on-site experience and to help my fellow members gain insight into waste in manufacturing, building a strong workplace, and developing human resources. Through these discussions, I hope to contribute to Company-wide annual policies that utilize Makita's strong team power as well as to strengthening revenue power by making the most of our global development capabilities. In particular, I believe that it is crucial to secure and nurture the human resources who support corporate activities from the ground up. I believe that focusing on improving engagement from this perspective

will help us create a happy company and, in turn, a "Strong Company" enjoying sustainable growth.

At the same time, securing business sustainability requires us to identify risk factors and implement a risk management PDCA cycle to manage said risk. Given the ever-increasing speed and severity of change in the business environment, being able to quickly handle management issues will be crucial. ESG issues are attracting particular attention, and I believe that by taking the "sampo-yoshi," or the "good for three parties" (the Earth, shareholders, and employees) approach to addressing them will help differentiate Makita.

* A traditional Japanese principle which means "good for three parties," referring to the seller, the buyer, and society.



Utilizing My Career Experience as an Expert Accountant and as a Woman

Outside Director Ayumi Ujihara

Brief profile Appointed to the position of Makita Outside Director (Audit & Supervisory Committee Member) in June 2023. Outside Director Ujihara has an intimate knowledge of finance and accounting gained through many years of involvement in audits of global companies as a certified public accountant.

In June 2023, I was newly appointed as an Outside Director (Audit & Supervisory Committee Member) at Makita. As a certified public accountant, I have experience conducting audits on multiple companies in a variety of industries. As corporate governance becomes even more important, I would like to contribute to the enhancement of Makita's corporate value through proactive supervision and the provision of advice based on my accounting expertise.

Makita is promoting the advancement of women and, based on my own career experience as a woman,

I would like to offer helpful advice to further accelerate these efforts.

Makita's strength lies in its abundant lineup of environmentally friendly, convenient cordless products and its brand strength, which has been built up through its global sales and service network. To ensure that the brand strength is maintained and enhanced even further, I will strive to maintain and strengthen the governance system from my position as an Outside Director (Audit & Supervisory Committee Member).

Dialogue with Shareholders and Investors

The Director, Corporate Officer, and General Manager of Administration Headquarters has general oversight over dialogue with shareholders and investors. The IR department and the finance, legal, and internal audit departments collaborate with each other, reviewing and sharing disclosure information and preparing disclosure materials, to facilitate constructive dialogue with shareholders.

In addition to individual dialogue with shareholders and investors, we hold a briefing session for each quarter’s financial results. Twice a year (at the end of the interim period and at the end of the fiscal year), the president gives a presentation, with presentation materials published on our website. The ratio of shares held by foreign institutions and individuals is over 30%, so the Company actively discloses information in English, including its financial statements, timely disclosure documents, notices of convocation of the general meeting of shareholders, materials for financial results briefings, Corporate Governance Reports, and Company publications (corporate profile, integrated reports such as this report, and environmental reports). The Company also translates major items (consolidated financial statements and notes, business risks, etc.) from its annual securities report.

In FYE 2023, in addition to quarterly financial results briefings, management held 34 meetings with shareholders and investors. In addition to this, we actively engaged in dialogue with shareholders and investors through individual meetings with IR staff and participated in conferences sponsored by securities firms. Also, we analyzed the exercise of voting rights at shareholders’ meetings and provided necessary feedback to management on the opinions of shareholders and investors obtained through dialogue to ensure sustainable growth and enhance corporate value over the medium to long term.

Compliance

Makita upholds a philosophy of “striving to exist in harmony with society,” an approach it applies uniformly and that is reflected in our Management Policy/Quality Policy. As such, we thoroughly ensure that officers and employees comply with legal, regulatory, and ethical principles. Makita’s Code of Ethics and Guideline to the Code of Ethics for Makita, which outline the conduct expected of Group officers 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 ongoing training about Makita’s Code of Ethics and Guideline 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) in addition to 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 accordance with 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 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 management soundness. 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.

Risk Management

Makita strives to identify and manage risks with a material impact on business activities, while also pursuing a 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, the Director 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 their own division, and also reports to the Board of Directors when a situation occurs that is material to business management. 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 comprising 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”
Natural disasters	Risk	• Performance deterioration due to large-scale natural disasters, such as earthquakes, floods, fires, and so on • Drastic performance deterioration 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
Global competition	Risk	• Loss of competitive strength
	Opportunity	• Improved profitability from consolidating competitive superiority
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

11-Year Summary

(For the years ended March 31)

	(Million yen)					
U.S. GAAP	2013	2014	2015	2016	2017	2018
Net sales	¥ 309,630	¥ 383,207	¥ 414,718	¥ 423,623	¥ 414,999	¥ 477,298
Domestic	56,555	66,019	67,740	68,445	74,381	82,575
Overseas	253,075	317,188	346,978	355,178	340,618	394,723
Operating income	45,366	54,914	71,905	64,676	62,564	79,762
Income before income taxes	45,691	56,974	68,394	61,492	64,738	79,678
Net income attributable to Makita Corporation	31,076	38,453	45,307	41,615	44,782	54,755
Net cash provided by (used in) operating activities	¥ 38,364	¥ 41,686	¥ 35,894	¥ 34,188	¥ 63,351	¥ 33,294
Net cash provided by (used in) investing activities	(15,414)	(20,084)	(20,096)	(6,573)	(5,015)	(14,811)
Free cash flows	22,950	21,602	15,798	27,615	58,336	18,483
Net cash provided by (used in) financing activities	(10,650)	(7,365)	(12,017)	(18,719)	(9,495)	(17,743)
Capital expenditures	¥ 11,481	¥ 11,417	¥ 12,124	¥ 11,769	¥ 13,222	¥ 14,149
Depreciation and amortization	7,542	8,622	8,619	9,284	8,943	9,917
R&D costs	8,396	8,720	9,117	9,593	10,139	10,894
Total assets	¥ 440,974	¥ 519,121	¥ 575,328	¥ 558,024	¥ 597,249	¥651,031
Net working capital	266,950	310,750	358,245	362,675	374,297	415,979
Total Makita Corporation shareholders' equity	373,543	435,934	486,021	479,752	502,170	551,939
Interest-bearing debt	1,703	4,163	5,030	2,225	6,597	3,544

Per share amounts	(Yen)					
Earnings per share (basic) net income attributable to Makita Corporation common shareholders	¥ 114.46	¥ 141.65	¥ 166.89	¥ 153.30	¥ 164.96	¥ 201.70
Total Makita Corporation shareholders' equity per share	1,375.89	1,605.80	1,790.33	1,767.26	1,849.88	2,033.16
Cash dividends applicable to the year per share	69.00	91.00	118.00	101.00	100.00	61.00

Other data						
Ratio of operating income to net sales	14.7%	14.3%	17.3%	15.3%	15.1%	16.7%
ROE	8.9%	9.5%	9.8%	8.6%	9.1%	10.4%
ROA	7.5%	8.0%	8.3%	7.3%	7.8%	8.8%
Total Makita Corporation shareholders' equity ratio to total assets	84.7%	84.0%	84.5%	86.0%	84.1%	84.8%
Average number of shares outstanding during the term	271,496,178	271,481,657	271,472,428	271,468,232	271,463,676	271,465,951
Number of shares issued excluding treasury shares	271,491,854	271,475,252	271,469,736	271,466,522	271,460,572	271,467,928
Employees	12,680	12,804	13,835	14,784	15,344	16,137

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 2 for 1 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 shares 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. ROE is calculated based on the following:
U.S. GAAP: Net income attributable to Makita Corporation ÷ ((Total Makita Corporation shareholders' equity at the beginning of period + Total Makita Corporation shareholders' equity at the end of period) ÷ 2) × 100
IFRS: Profit attributable to owners of the parent ÷ ((Equity attributable to owners of the parent at the beginning of period + Equity attributable to owners of the parent at the end of period) ÷ 2) × 100
5. ROA is calculated based on the following:
U.S. GAAP: Net income attributable to Makita Corporation ÷ ((Total assets at the beginning of period + Total assets at the end of period) ÷ 2) × 100
IFRS: Profit attributable to owners of the parent ÷ ((Total assets at the beginning of period + Total assets at the end of period) ÷ 2) × 100

	(Million yen)					
IFRS	2018	2019	2020	2021	2022	2023
Revenue	¥ 477,298	¥ 490,578	¥ 492,617	¥ 608,331	¥ 739,260	¥ 764,702
Domestic	82,575	92,129	100,697	113,048	118,050	122,978
Overseas	394,723	398,449	391,920	495,283	621,210	641,724
Operating profit	80,231	78,305	64,046	88,464	91,728	28,246
Profit before income taxes	79,865	79,919	66,008	87,199	92,483	23,887
Profit attributable to owners of the parent	54,943	55,750	47,731	62,018	64,770	11,705
Net cash provided by (used in) operating activities	¥ 34,191	¥ 23,155	¥ 57,310	¥ 64,537	¥ (103,660)	¥ 44,430
Net cash provided by (used in) investing activities	(15,708)	(15,329)	(30,506)	(42,913)	(27,891)	(37,680)
Free cash flows	18,483	7,826	26,804	21,624	(131,551)	6,750
Net cash provided by (used in) financing activities	(17,743)	(8,231)	(22,931)	(23,036)	52,626	80,970
Capital expenditures	¥ 15,045	¥ 23,867	¥ 44,409	¥ 49,855	¥ 59,937	¥39,088
Depreciation and amortization	10,783	11,271	12,058	13,881	17,639	21,725
R&D costs	10,924	11,258	11,601	12,783	14,145	14,903
Total assets	¥ 654,841	¥ 680,250	¥ 674,564	¥ 812,878	¥1,007,497	¥1,099,351
Net working capital	398,355	402,335	381,090	418,530	460,794	461,846
Equity attributable to owners of the parent	554,046	572,748	571,275	657,855	746,344	769,247
Interest-bearing debt	3,544	11,960	19,737	16,455	96,462	203,615

Per share amounts	(Yen)					
Profit attributable to owners of the parent per share (basic)	¥ 202.39	¥ 205.37	¥ 175.80	¥ 228.41	¥ 238.54	¥ 43.11
Equity attributable to owners of the parent per share	2,040.93	2,109.83	2,104.01	2,422.80	2,748.64	2,832.89
Cash dividends applicable to the year per share	61.00	62.00	53.00	69.00	72.00	21.00

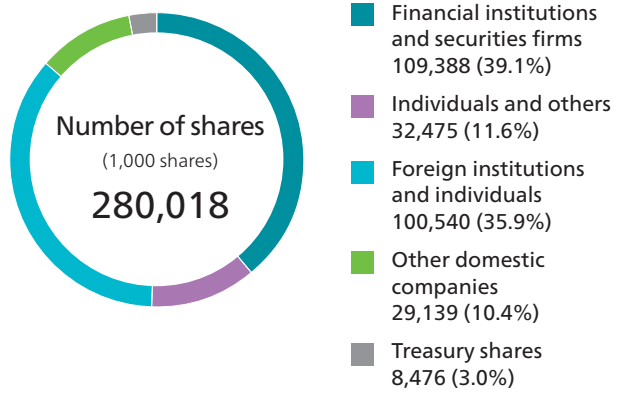
Other data						
Ratio of operating profit to revenue	16.8%	16.0%	13.0%	14.5%	12.4%	3.7%
ROE	10.4%	9.9%	8.3%	10.1%	9.2%	1.5%
ROA	8.8%	8.4%	7.0%	8.3%	7.1%	1.1%
Ratio of equity attributable to owners of the parent to total assets	84.6%	84.2%	84.7%	80.9%	74.1%	70.0%
Average number of shares outstanding during the term	271,465,951	271,467,574	271,502,528	271,524,393	271,530,966	271,539,104
Number of shares issued excluding treasury shares	271,467,928	271,467,057	271,516,990	271,527,124	271,532,459	271,541,846
Employees	16,137	16,424	17,090	18,624	20,233	18,804

Stock Information

(As of March 31, 2023)

Securities Code	6586
Stock Market Listings	Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)
Total Number of Shares Outstanding	Common shares 280,017,520 (including treasury shares of 8,475,674 shares)
The Number of Shareholders	21,924

Breakdown of Shareholders

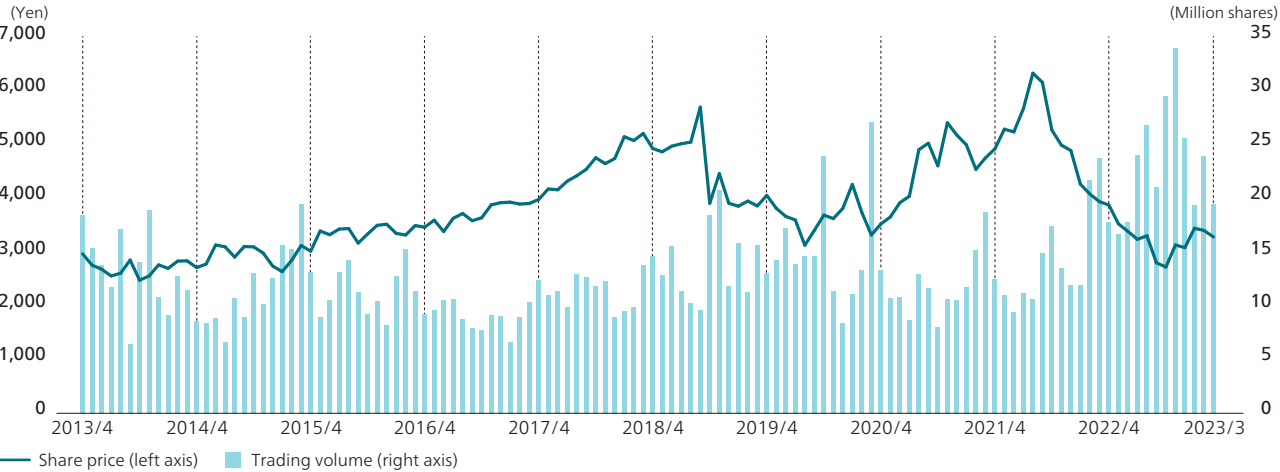


Major Shareholders (Top Ten)

Name	Number of Shares Held (1,000 shares)	Ratio of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	45,605	16.79
Custody Bank of Japan, Ltd. (Trust Account)	15,058	5.54
Maruwa, Ltd.	8,638	3.18
MUFG Bank, Ltd.	8,426	3.10
BNYM AS AGT/CLTS NON TREATY JASDEC	6,817	2.51
Makita Cooperation Companies' Investment Association	6,319	2.32
Sumitomo Mitsui Banking Corporation	5,800	2.13
Nippon Life Insurance Company	5,353	1.97
National Mutual Insurance Federation of Agricultural Cooperatives	5,102	1.87
The Bank of New York Mellon as Depositary Bank for DR Holders	4,643	1.70

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

Share Price Trend



Notes: 1. On April 1, 2017, Makita conducted a 2 for 1 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, 2023)

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	764,702 million yen (fiscal year ended March 31, 2023)	
Number of Employees (consolidated basis)	18,804	
Consolidated Subsidiaries	53	
Principal Consolidated Subsidiaries	Sales subsidiaries	Sales and production subsidiary
	Makita U.S.A. Inc.	Makita (China) Co., Ltd.
	Makita (U.K.) Ltd.	Production subsidiaries
	Makita Werkzeug GmbH (Germany)	Makita (Kunshan) Co., Ltd.
	Makita France SAS	SC Makita EU SRL (Romania)
	Makita Oy (Finland)	Technology development subsidiary
		Makita Engineering Korea Co., Ltd.