First Half of FYE2023 Operating Results

(Six months ended September 30, 2022)

Munetoshi Goto
President, Representative Director
Makita Corporation

November 8, 2022

FYE2023 1H Results

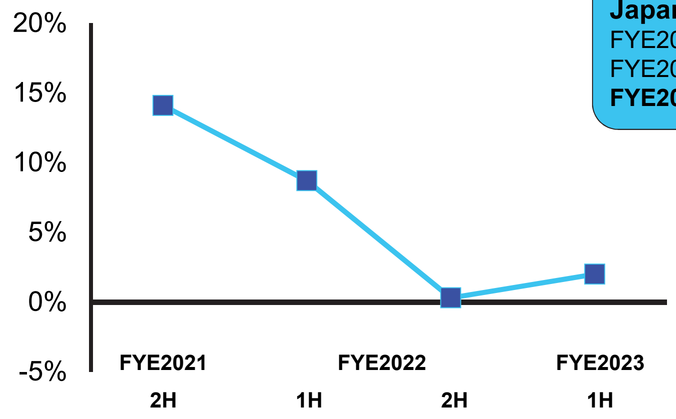
		Variance to FYE2022 1H
Revenue	**¥ 391.3 billion**	+ 7.4%
Domestic	¥ 61.8 billion	+ 2.0%
Overseas	¥ 329.5 billion	+ 8.5%
Overseas revenue ratio: 84.2% (FYE2022 : 84.0%)		

Effective Exchange Rate

Weighted average change for all foreign currencies
13.4% depreciated in the value of the yen
Effect on revenue: Increase of ¥ 38.9 billion

Revenue Growth (Local Currency Basis)

Japan

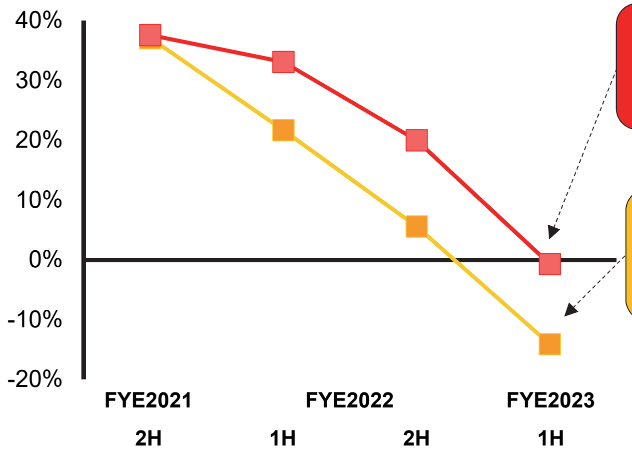


Japan
FYE2022 1H +8.7%
FYE2022 2H +0.3%
FYE2023 1H +2.0%

Revenue Growth (Local Currency Basis)

Europe

-8.9%

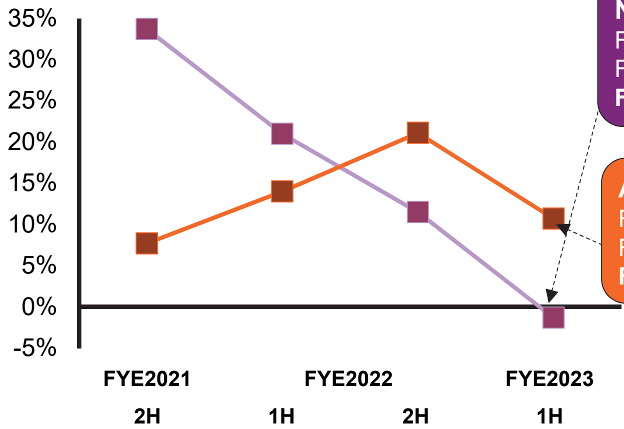


Eastern Europe
FYE2022 1H +33.1%
FYE2022 2H +20.0%
FYE2023 1H - 1.1%

Western Europe
FYE2022 1H +21.7%
FYE2022 2H +5.6%
FYE2023 1H -14.1%

Revenue Growth (Local Currency Basis)

North America, Asia

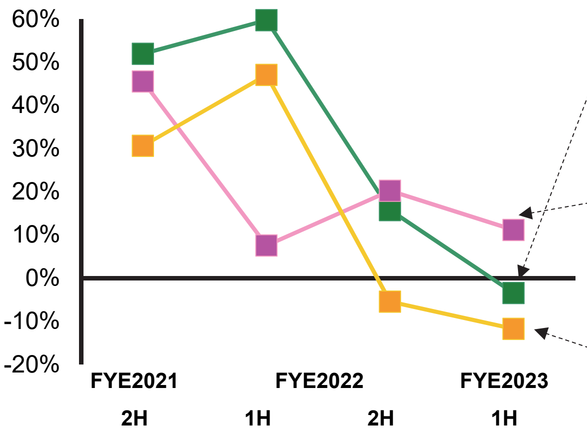


North America
FYE2022 1H +21.0%
FYE2022 2H +11.5%
FYE2023 1H -1.3%

Asia
FYE2022 1H +14.0%
FYE2022 2H +21.1%
FYE2023 1H +10.7%

Revenue Growth (Local Currency Basis)

Central & South America, Oceania, Mid-East/Africa



Central & South America
FYE2022 1H +59.8%
FYE2022 2H +15.8%
FYE2023 1H -3.4%

Oceania
FYE2022 1H +7.6%
FYE2022 2H +20.3%
FYE2023 1H +11.2%

Mid-East/Africa
FYE2022 1H +47.1%
FYE2022 2H -5.4%
FYE2023 1H -11.7%

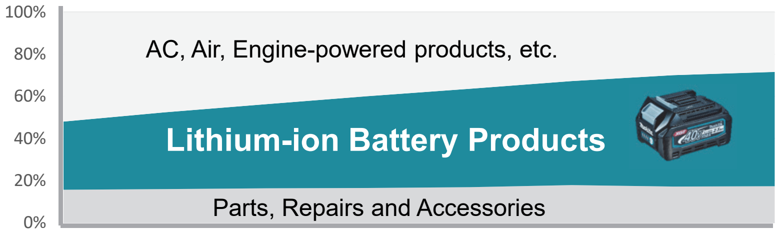
Outdoor Power Equipment (OPE)

The compound annual growth rate (CAGR) for cordless OPEs is 50% or more (FYE2017 to FYE2022)

The cordless OPE lineup is gradually expanding.

Lithium-ion Battery Products

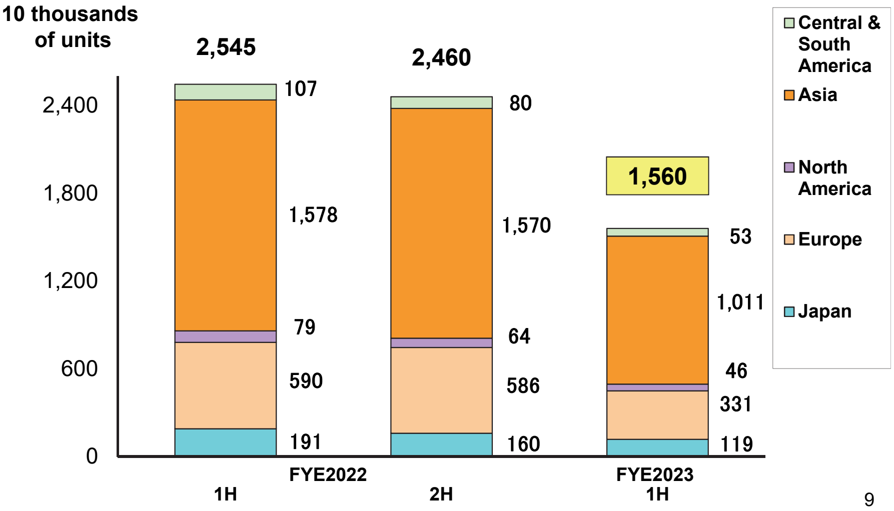
Changes in Sales Composition Ratio (FYE2015 to FYE2022)



Aggressively expand the 40Vmax series lineup

The series that can be expected to further promote cordless products

Production Quantities by Geographic Area



Cash Flow

	FYE2022 1H	**FYE2023 1H**
1. Cash flows from operating activities	- ¥29.7 billion	**- ¥ 10.3 billion**
2. Cash flows from investing activities	- ¥2.8 billion	**- ¥ 20.4 billion**
1+2 Free cash flows	- ¥32.5 billion	**- ¥ 30.7 billion**
3. Cash flows from financing activities	- ¥ 13.6 billion	**+ ¥ 78.6 billion**
4. Effect of exchange rate changes on cash and cash equivalents	+ ¥ 1.9 billion	**- ¥ 4.9 billion**
5. Net change in cash and cash equivalents	- ¥ 44.2 billion	**+ ¥ 43.0 billion**

Operating Profit, Cost of Sales, SG&A

	FYE2022 1H	**FYE2023 1H**	Variance
Revenue	¥364.2 billion	**¥391.3 billion**	+ 7.4%
Cost of Sales	- ¥245.5 billion	**- ¥288.6 billion**	+ 17.5%
Cost of Sales Ratio	- 67.4%	**- 73.8%**	**Up 6.4 points**
SG&A Expenses	- ¥66.5 billion	**- ¥80.8 billion**	+ 21.4%
SG&A Ratio	- 18.3%	**- 20.6%**	**Up 2.3 points**
Operating Profit	¥52.2 billion	**¥21.9 billion**	- 58.0%
Operating Profit Ratio	14.3%	**5.6%**	**Down 8.7 points**

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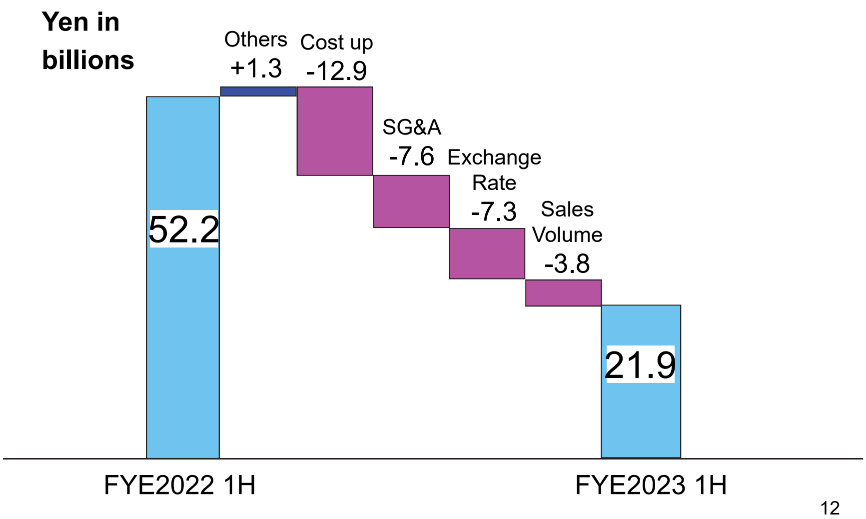
Analysis of Operating Profit



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Financial Income (Expenses), Profit Before Income Taxes, Profit Attributable to Owners of the Parent

	FYE2022 1H	**FYE2023 1H**	Variance
Financial Income (Expenses)	¥ 0.4 billion	**- ¥ 3.7 billion**	- ¥ 4.1 billion
Profit Before Income Taxes	¥ 52.6 billion	**¥ 18.2 billion**	- 65.3%
Profit Attributable to Owners of the Parent	¥ 37.8 billion	**¥ 11.1 billion**	- 70.7%
EPS	¥ 139.29	**¥ 40.80**	- 70.7%

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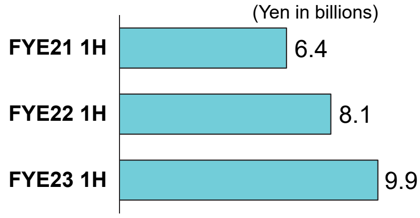
Capital Expenditure, Depreciation and Amortization, R&D Cost

Capital Expenditure (Yen in billions)

FYE2023 1H Main Capital Expenditure
Japan: Distribution Center (Okayama)
Thailand Plant: Construction of new plant building

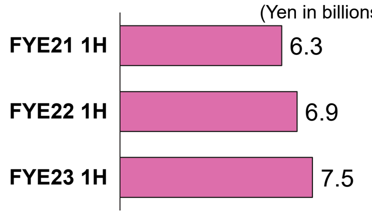
Depreciation and Amortization

(Yen in billions)



R&D Cost

(Yen in billions)



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Makita's Commitments ESG

- Moving forward as a supplier of a comprehensive range of cordless products
- Carbon neutrality
- Strengthening Sales/Production systems

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Makita's Commitments ESG

Moving forward as a supplier of a comprehensive range of cordless products

Expand user base by expanding lineup

Lead to further sales expansion

Solve social issues through cordless products

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Makita's Commitments ESG

Carbon neutrality

Supporting SDGs

13 CLIMATE ACTION

Focus on cordless OPE → **Shift from Engine-powered products to cordless products**

Reduce environmental impact by eliminating exhaust gas during use

Engine-powered

Battery-powered

Next pillar of our future business in addition to Power tools

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Makita's Commitments ESG

Strengthening Sales/Production systems

Main bases newly established in the first half

Area	City
Japan	Uruma （with Okinawa Branch） * Okayama (Distribution Center, branch and sales office), Tokorozawa opened in October, 2022
Europe	Frankfurt, Hamburg (Germany)

Okayama Distribution Center
（with branch/sales office）

Establishing systems to provide products and services quickly and stably

Supporting SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

Contributing to the creation of affluent communities and daily lives around the world

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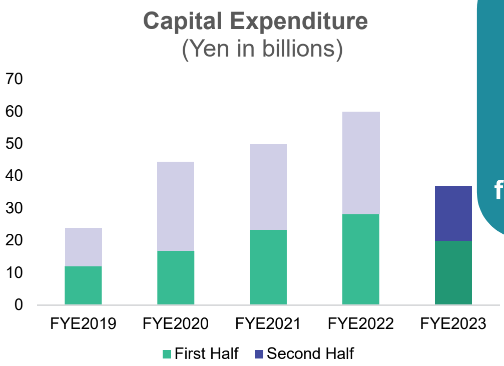
Makita's Commitments ESG

Strengthening Sales/Production systems



Execution of high level of capital investment, including for enhancement of production capacity and distribution functions
➡ System development for future growth is largely completed

Toward the stage of pursuing the results of past investments

Forecast of Financial Results Dividend

- FYE2023 Revenue Forecast
- Analysis of Operating Profit (Forecast)
- FYE2023 Financial Forecast
- Production Plan
- Inventory Levels
- Cash Dividends

FYE2023 Revenue Forecast

		Variance to FYE2022
Revenue	¥ 740.0 billion	+ 0.1%
Domestic	¥ 120.0 billion	+ 1.7%
Overseas	¥ 620.0 billion	- 0.2%

Overseas revenue ratio: 83.8% (FYE2022: 84.0%)

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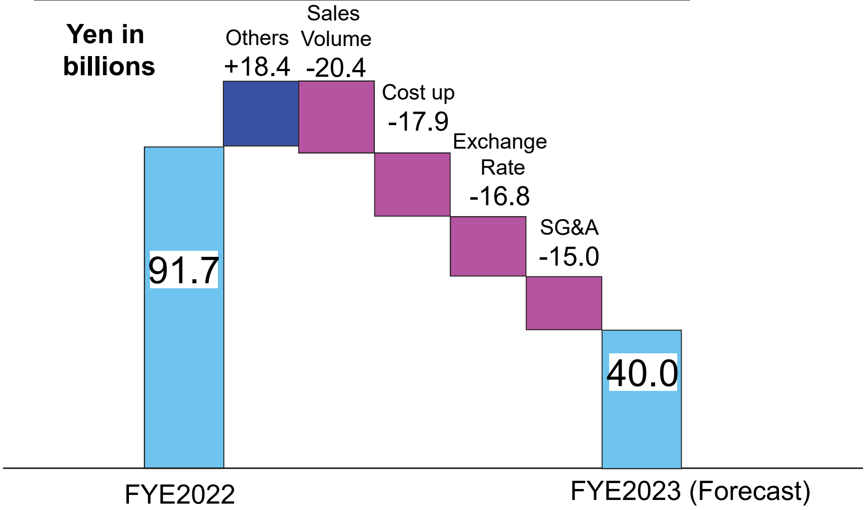
Analysis of Operating Profit (Forecast)



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FYE2023 Financial Forecast

	FYE2022	**FYE2023**	Variance
Operating profit	¥ 91.7 billion	**¥ 40.0 billion**	- 56.4 %
Profit before income taxes	¥ 92.5 billion	**¥ 34.0 billion**	- 63.2 %
Profit attributable to owners of the parent	¥ 64.8 billion	**¥ 22.0 billion**	- 66.0 %
EPS	¥ 238.54	**¥ 81.02**	- 66.0 %
Capital Expenditure	¥ 59.9 billion	**¥ 40.0 billion**	- 33.3 %
Depreciation and Amortization	¥ 17.6 billion	**¥ 20.0 billion**	+ 13.4 %
R&D Cost	¥ 14.1 billion	**¥ 15.0 billion**	+ 6.0 %

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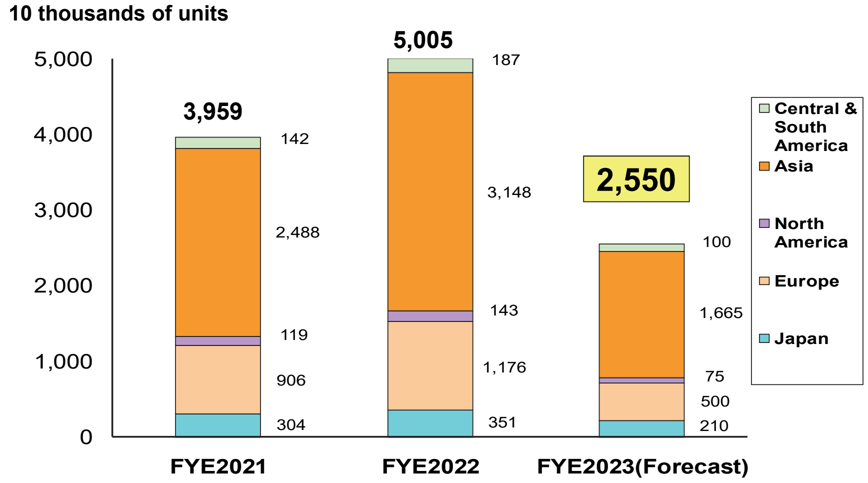
Production Plan



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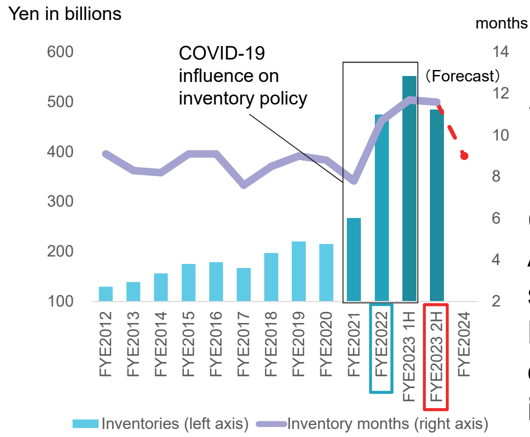
Inventory Levels



Number of months in stock at the end of September 2022: 11.7 months

(Issues)
Aim to increase market share and improve the Makita brand while optimizing inventory levels in response to market changes.

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Cash Dividends

Dividend Policy	Dividend Payout Ratio: 30% or greater	
	FYE2022	FYE2023
Profit attributable to owners of the parent	¥ 64.8 billion	¥ 22.0 billion(Forecast)
EPS	¥ 238.54	¥ 81.02(Forecast)
Special Circumstance	—	—
Annual Cash Dividend Per Share	¥ 62	(Note)
Interim Dividend	¥ 10	¥ 10
Year-end Dividend	¥ 72	(Note)
Payout Ratio	**30.2%**	30% or greater

Note: In April 2023, the Board of Directors plans to propose a dividend equivalent to at least 30% of profit attributable to owners of the parent.

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FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on Makita's own projections and estimates. Due to the risks and uncertainties involved, actual results could differ substantially from the content of these statements. Therefore, these statements should not be interpreted as representation that such objectives will be achieved.

https://www.makita.biz/

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(Reference)
Exchange rate sensitivity

- **EUR**
  ¥ 1 depreciation of the yen increases operating profit by ¥ 1 billion per year.

- **USD**
  ¥ 1 depreciation of the yen reduces operating profit by slightly less than ¥ 0.7 billion per year.

- **RMB**
  ¥ 1 depreciation of the yen reduces operating profit by slightly less than ¥ 10 billion per year.

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