



Live Green & Grow Strong

Makita Report 2022

Year Ended March 31, 2022



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 Value Reporting Foundation (VRF). Please see the Company website (<https://www.makita.biz/>) for more information. Detailed financial information, environmental information, and governance information are presented, respectively, in the Investor Relations section (under Additional Information in the IR Library), the Environmental Report, and the Corporate Governance Report.

This report covers 53 companies, including Makita Corporation and its 52 consolidated subsidiaries (as of March 31, 2022), but some of the information reported only covers Makita Corporation.

Reporting Period FYE 2022 (April 1, 2021 to March 31, 2022)

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

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.

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 while developing our business close to our customers.

Business Description

Power Tools



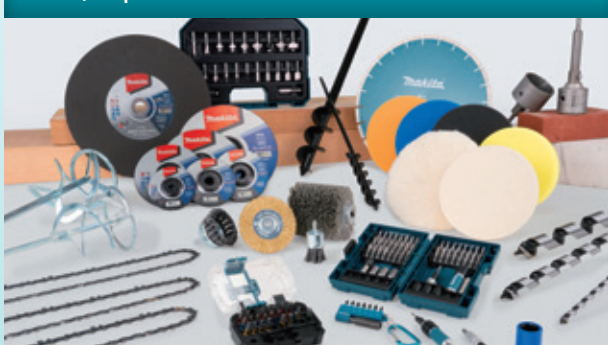
Makita power tools are used in many settings, such as residential and large-building construction sites and factories. Since becoming the first company in Japan to manufacture and sell portable electric planers in 1958, we have dedicated ourselves to daily technological development to enable better approaches 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 Cordless Cooler & Warmer Box, Cordless Kettle, and other items that fulfill key roles during outdoor activities or even at times of disaster.

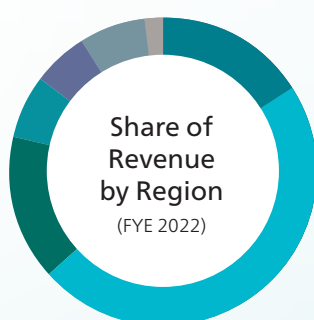
Parts, Repairs and Accessories



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.

Makita's Global Network

Makita operates 127 sales offices in Japan (as of April 2022), and directly managed sales bases in some 50 countries overseas, allowing us to carry out fine-tuned sales and services in approximately 180 countries. In addition to the one in Japan, we have plants in seven countries overseas and currently produce about 90% of our products overseas. By maintaining production sites and sales offices with ample inventories at locations around the world, we are able to ensure the swift and stable supply of our products.



Japan	16.0%
Europe	47.7%
North America	15.2%
Asia (excluding Japan)	6.6%
Central and South America	5.6%
Oceania	7.0%
The Middle East and Africa	1.9%



Overseas	93.0%
Domestic	7.0%



Power Tools	57.1%
Outdoor Power Equipment, Household and Other Products	25.6%
Parts, Repairs and Accessories	17.3%

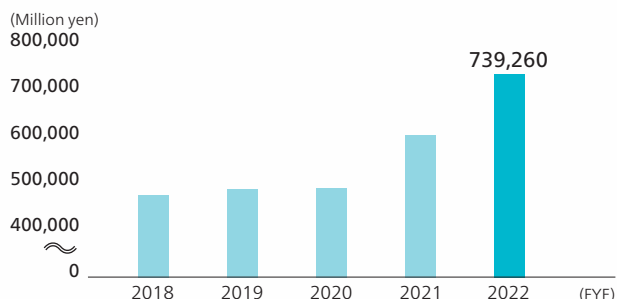


Non-Japanese	83.9%	16,973 people
Japanese	16.1%	3,260 people

Financial & Non-financial Highlights

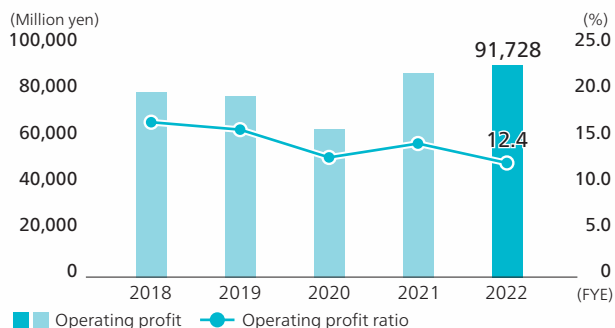
Financial

Revenue



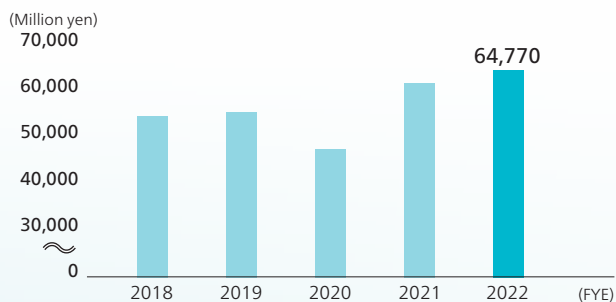
Against the backdrop of robust tool demand for construction sites, both domestic and overseas sales were strong, resulting in a 21.5% year-on-year increase in revenue to ¥739,260 million, a record high for the fifth consecutive year.

Operating profit & operating profit ratio



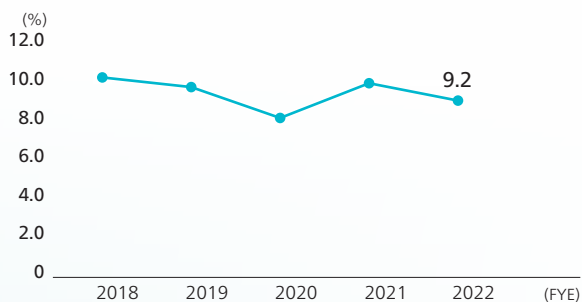
Although the cost-of-sales ratio worsened due to an increase in transportation costs, operating profit increased 3.7% year-on-year to ¥91,728 million, marking a record high for the second consecutive year. The operating profit ratio was 12.4%, down 2.1 percentage points from the previous year.

Profit attributable to owners of the parent



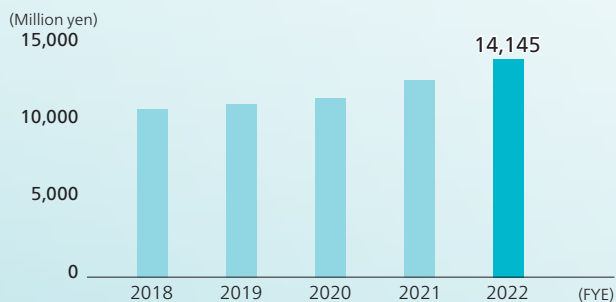
Income tax expenses totaled ¥27,146 million with an effective tax rate of 29.4%. As a result, profit attributable to owners of the parent increased 4.4% year-on-year to ¥64,770 million, reaching a record high for the second consecutive year.

ROE



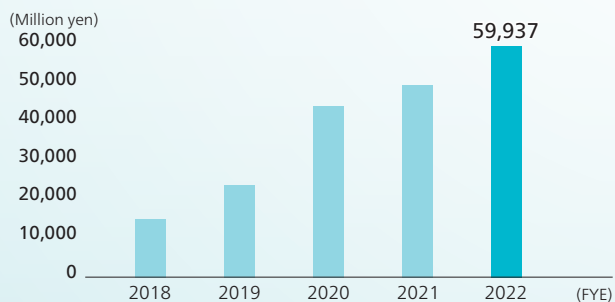
Despite the increase in profit attributable to owners of the parent, ROE declined 0.9 percentage points from the previous year to 9.2%, reflecting the increase in equity attributable to owners of the parent.

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 10.7% year on year to ¥14,145 million.

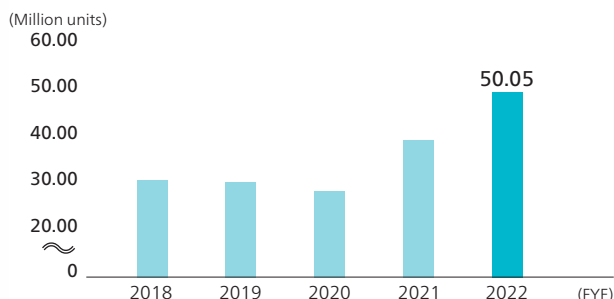
Capital expenditures



Capital expenditures totaled ¥59,937 million, up 20.2% from the previous fiscal year, as a result of efforts to increase production capacity and establish and expand distribution centers, including the construction of a new factory in China, an additional factory building in Thailand, and a distribution center in Saitama Prefecture.

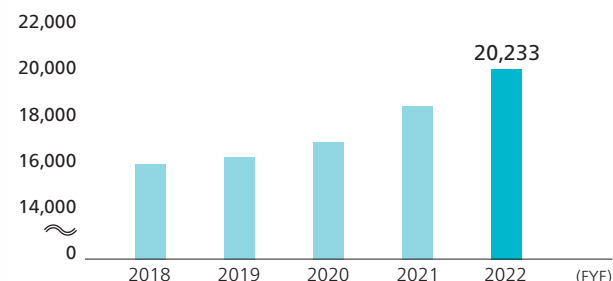
Non-financial

Production output



As a result of the strong sales situation and efforts to increase production to meet demand in various regions, production output increased 26.4% year-on-year to 50.05 million units, reaching a record high for the second consecutive year.

Number of employees



Reflecting strong sales conditions, the number of employees increased by 1,609 from the end of the previous fiscal year to 20,233.

Increasing presence of female employees

Female employees
6,999

Percentage of female employees
34.6%



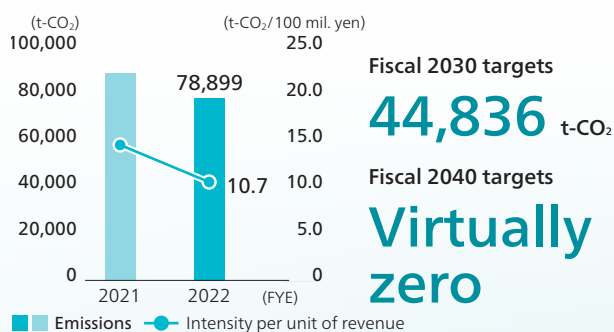
Female managers
220

Percentage of female managers
17.9%



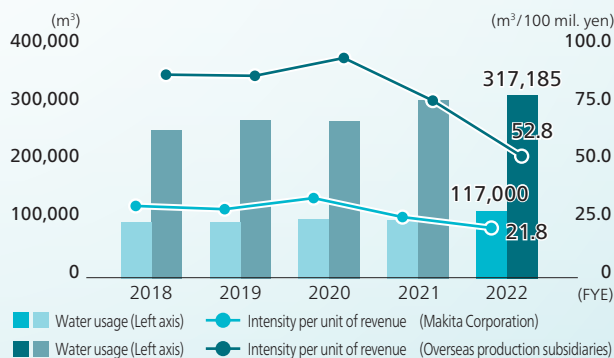
Domestically, female employees have an average of approximately 17.0 years of service and have been active in a variety of departments over long periods of time. Overseas, Makita has numerous female employees in management positions who are demonstrating a wide range of abilities in their respective fields.

Greenhouse gas emissions (Scope 1, 2)



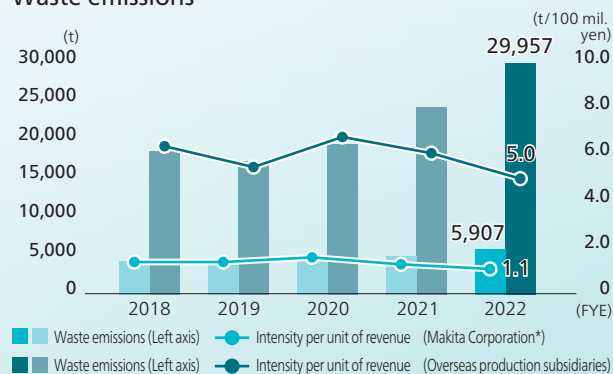
With the goal of achieving virtually zero greenhouse gas emissions (Scope 1, 2) by fiscal 2040 (FYE 2041), we are actively utilizing renewable energy and engaging in thorough energy-saving activities. Greenhouse gas emissions (Scope 1, 2) decreased by 12.0% from the previous fiscal year to 78,899 t-CO₂.

Water usage



We carry out monthly monitoring of water usage at business bases and strive to reduce water usage. Although water usage in FYE 2022 increased given our strong sales, intensity per unit of revenue for Makita Corporation fell 17.7% year on year to 21.8 m³/100 million yen and for overseas production subsidiaries fell 31.2% to 52.8 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. Although final disposal volume of waste on FYE 2022 increased given our strong sales, intensity per unit of revenue for Makita Corporation* fell 15.3% year on year to 1.1 tons/100 million yen and for overseas production subsidiaries fell 18.2% to 5.0 tons/100 million yen.

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

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

Since our founding, we have pursued expansion on a global scale by adapting to meet the needs of our customers and the times. We will continue to leverage our strengths, including a worldwide network of sales and service bases, and evolve into "a Supplier of a Comprehensive Range of Cordless Products" for further growth. By doing so, Makita will continue to provide products and services that accurately meet the needs of our customers and the times and thereby achieve sustainable growth.

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

1980

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

* Production terminated in January 2009

1991

Changed company name to Makita Corporation

1910-

Founded in a time of increased demand for electric power

1915

Taking advantage of the electricity boom of World War I, when demand for electricity surged, Mosaburo Makita founded Makita Electric Works (proprietorship) and began repairing and selling lighting equipment, electric motors, transformers, and other products.



1950-

Overcoming adversity, transforming into a power tool manufacturer

1958-59

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 product was well received and fulfilled the needs of building carpenters nationwide. In 1959, the Company decided to withdraw from the electric motor business and become a power tool manufacturer.



1970-

Developing Overseas Markets as the First Step Towards Becoming a Global Company

1970

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, 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.



1990-

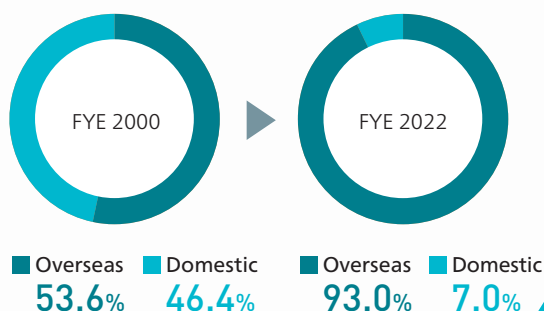
Renewed corporate image to become a comprehensive supplier

1991

With power tools the mainstay of the Company's business, Makita renewed its corporate image with the aim of evolving into a comprehensive supplier of all housing-related equipment, including cordless outdoor power equipment (OPE) and woodworking machinery, in order to meet the needs of a wide range of customers. The symbol and company name logotype were all renewed to express the Company's determination to move forward to create a new Makita.

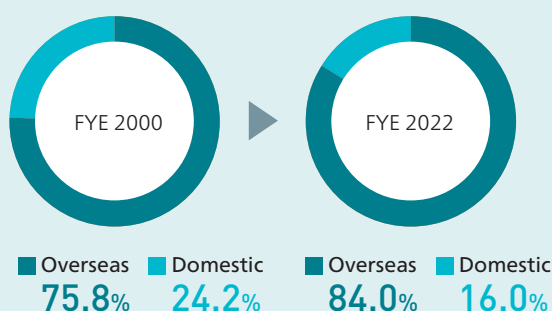


Overseas and Domestic Production (Product Unit Basis)



Revenue
(Consolidated)
¥739.3 billion
(FYE 2022)

Overseas and Domestic Revenue



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

2000-

2010-

2020-

Introduced the world's first professional-use power tools powered by lithium-ion batteries

2005

Makita was the first in the industry to launch professional cordless power tools that use lithium-ion batteries with high energy density. Embraced by professionals, the lithium-ion batteries have realized longer battery life and lighter weight and enabled more compact tools.



Renewing our commitment to the next 100 years on the 100th anniversary of our founding

2015

Makita reached the major milestone of 100 years in business. We renewed our determination to continue to evolve and grow to become a company that will endure for the next 100 years. We continued to work on the evolution toward "a Supplier of a Comprehensive Range of Cordless Products" as a major pillar of our efforts for future growth, and by expanding our lineup of cordless products, we are contributing to solving social issues, including decarbonization.



Discontinued production of engine-powered products to further contribute to solving social issues

2022

In light of the growing need for cordless products that help address concerns related to labor shortages and the environment, which have become serious social issues worldwide, the Company terminated production of engine-powered products in order to concentrate management resources and accelerate the transition to cordless products.





Chairman,
Representative Director
Masahiko Goto

Striving to be a **“Strong Company”** by
adapting to environmental changes while
leveraging the strengths of a global company

Achieving sustainable growth by responding flexibly to changes in the market environment

The future is electric. In the age of electricity, motors are essential—this is what our founder had in mind when he started the Company in 1915. In 1958, amid a recession and increased competition in the aftermath of the Korean War, the Company became the first in Japan to produce portable electric planers, and in the following year it transformed from an electric motor company to a dedicated manufacturer of power tools. Japan's rapid economic growth was complemented by a construction boom as the country became more affluent, and power tools sold well. Starting with its entry into the U.S. market in 1970, when the rapid pace of economic growth in Japan was beginning to show signs of slowing, the Company expanded its sales channels overseas by leveraging its price competitiveness. Then, as price competitiveness declined due to the sharp appreciation of the yen in the late 1970s and the emergence of the bubble economy in the 1980s, we

established our first full-scale overseas local production plant in the United States in 1984, following this with another in the U.K. in 1989. Competitiveness was greatly enhanced by the establishment of a plant in China in 1993, with which we established a model of producing in emerging countries and selling in developed countries, and we aggressively expanded overseas production. In 2005, Makita introduced the world's first professional-use cordless power tools using lithium-ion batteries. In more recent years, with environmental issues growing into an important theme, we have evolved into "a Supplier of a Comprehensive Range of Cordless Products" that includes not only cordless power tools, but also cordless outdoor power equipment (OPE) and other cordless products. This continued flexibility in responding to changes in the market environment has remained the jumping off point for our sustained growth.

Becoming a "Strong Company" through unstoppable globalization

Makita's core strength is its strong overseas presence, which it has achieved through aggressive expansion, with production facilities in eight countries and directly managed sales and service offices in approximately 50 countries. We have been quick to enter regional markets, and we do not easily pull back from a market and give up. Factors other than production and sales are important for power tools and OPE. In addition to after-sales service, among the Company's strengths is its large inventory, which ensures it is always ready to meet the demands of distributors, and its logistics capabilities, which are always in place to respond immediately to orders. If there is no follow up after a product's release, trust will disappear quickly. As our sales offices are also service centers, we have been able to build up the Makita brand as a customer- and community-oriented company by responding immediately to any complaints or when repairs are needed as well as by delivering orders faster than rival manufacturers. We maintain a large inventory because it is essential to supporting this kind of service system, and we believe we can continuously keep inventory moving because of the brand power we have developed.

We are a strong global company thanks to the overseas experience of many of our managers, including

postings and business trips. The most difficult communication in a global company can be that between headquarters and overseas. At Makita, however, due to our globally aware employees, we are able to understand and handle overseas problems smoothly. Many of our engineers and designers also have overseas experience, so they can immediately understand what customers are looking for. The same is true of our factories, and this globalization of our human resources is another of Makita's major strengths.

In the current climate, I sometimes hear people say that globalization is over, but with economies inexorably becoming more global, companies are needing to constantly adapt. Until now, we have enjoyed a surplus of goods and deflation; however, as the global population continues to grow, a shortage of goods, resources, and inflation is likely. In an age of surplus goods, sales power is key. In contrast, in an age of "if you can't make a product, you can't make a profit," purchasing power and production capability are more important than ever.

Makita will continue to adapt to changes in the environment and leverage its strengths as a global company in order to develop into an enduring "Strong Company."

Aiming for Sustainable Growth as a Supplier of a Comprehensive Range of Cordless Products

FYE 2022 in Review

Sales were robust both in Japan and overseas during FYE 2022.

Although stay-at-home demand boosted the Company's sales in the previous fiscal year, it appears to have settled down. On the other hand, in addition to the resumption of economic activities, demand for construction site use products remained strong due to changes in lifestyles since the onset of the COVID-19 pandemic, the spread of EV charging facilities, and increased investment in response to environmental issues in recent years in such areas as eco-renovation. In addition, sales of cordless outdoor power equipment (OPE), a focus of the Company, were also strong.

The fiscal year under review was affected by a shortage of goods and logistics disruptions. However, thanks to the cooperation of our suppliers and the efforts of

each plant to diversify procurement sources, total production output increased significantly compared with the previous year, and the entire Company worked together to meet demand in every region.


Inventories have also increased, and it is important to maintain ample supplies at each sales and service location to ensure that our product deliveries are prompter than those of other companies and to handle repairs as quickly as possible as part of our customer- and community-based system. Our products are indispensable to infrastructure development, and maintaining inventories is essential to ensuring continued service in times of emergency or disaster. Every one of our business decisions is based on the concept of assuring improved convenience for our customers, and this concept, in turn, is the basis for our stocking of inventory.

Handling Shortages of Goods and Logistical Disruptions

Upcoming challenges include dealing with shortages of goods and disruptions in logistics, which will directly affect competitiveness.

The shortage of goods is likely to continue into the long term. This is because the need to address environmental issues is creating an enormous volume of new demand that will take time to resolve. In other words, companies must respond to shortages as recurring challenges, rather than as one-time events. In addition to the multipolarization of the supply chain, technological collaboration will gain greater importance for suppliers

moving forward. Factories and sales companies must build systems capable of coping with the delivery delays and other changes that are becoming the norm. This normalization of shortages will transform corporate behaviors. We are choosing to take action because any company that views this as a transitory matter and ignores change will not survive into the future. As part of our efforts, we have decided to establish a joint venture company specializing in semiconductor trading to ensure the stable procurement of semiconductors.



President,
Representative Director
Munetoshi Goto

Logistical disruption is another major challenge. In response, we have been promoting multipolarization by producing various models at multiple factories to reduce risk. We will examine and improve the current

state of multipolarization to efficiently maximize output. In response to increasing transportation costs, we will implement initiatives to improve transportation efficiency.

Cordless OPE is the Next Pillar of Our Future Business in Addition to Power Tools, Aiming for Further Growth

Our focus on cordless OPE has also led to increased sales to professionals looking to replace engine-powered products. Embracing environmental friendliness, these professionals often require environmentally friendly replacements for engine-powered products.

We continued to aggressively introduce new products, improving battery and motor performance and promoting the switchover to cordless models. The use of 40Vmax batteries has increased the number of high-power cordless products that are comparable to

engine-powered products. As a result, a positive cycle has emerged in which sales of these new products are winning good reviews that, in turn, prompt new sales.

Because engine-powered products require time-consuming preparation and cleanup, we have been able to cultivate demand among older consumers who choose to switch to cordless products because of their ease of use and maintenance. Moreover, the ease of use and time-saving features of our cordless OPE are attracting first-time purchasers among those for whom a lack of access to OPE has kept them working manually. Thus,

once again we are finding that customer convenience encompasses not only product performance, but the effort required to prepare and clean said product.

By analyzing sales trends resulting from strong sales, we have identified new customer requirements and areas needing improvement, such as for more power, longer battery life, better in-hand balance, and lineup variety. We will aim for further growth as we build OPE into the next pillar of our future business in addition to power tools.

The Road to Becoming "a Supplier of a Comprehensive Range of Cordless Products"

Makita is well on its way to becoming "a Supplier of a Comprehensive Range of Cordless Products." However, given regional differences, we will first make sure that our power tools are well-regarded by professionals in all regions. For example, in emerging countries, traditional cordless power tools are not yet fully recognized for the improvements in usability they offer over AC products with power cords. We are confident that we will overcome this barrier through the introduction of the high-power 40Vmax series. We hope to provide new value by proving that our products get the job done faster.

Outside of our focus on OPE, our lineup of cleaners and other products used in building maintenance is steadily increasing. We also expect growth in the new genre of outdoor use and camping gear, where requirements can be demanding. Many such products are adapted from items originally intended for professional construction site use and we are pursuing product development while taking into consideration outdoor

and camping applications. Products in this genre can also play an active role in disaster preparedness and response, so we will also consider their potential social contributions.

We will continue expanding our lineup of cordless products while enhancing our service system to increase our market share in each region. In addition, while we have been expanding our investment in growth, mainly in OPE, we intend to move to a stage where we can continue to make necessary investments while ensuring that we reap the full benefit of said investments and will scrutinize our expenditures to this end. In particular, we expect material and transportation costs to continue to rise, and we will work to address this aspect of our business. Every effort to make products as small and lightweight as possible and to reduce waste at every stage of manufacture will reduce not only costs, but also energy consumption and other environmental burdens, which we believe will lead to positive results.

Promoting Sustainability Management Toward Carbon Neutrality

We have been contributing to the realization of decarbonization by replacing our products with cordless models that generate zero emissions during use. As society accelerates its movement towards decarbonization, we

will further promote sustainability management throughout the Company through the Sustainability Committee, established in 2021 and which I chair, to speed our transition toward carbon neutrality.



As a specific initiative, we have set a target to reduce greenhouse gas (GHG) emissions from our own business activities to virtually zero by fiscal 2040 (FYE 2041), and are actively working to reduce GHG emissions. Furthermore, recognizing the importance of proactive communication

with our stakeholders regarding climate change issues, we have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and made disclosures. Moving forward, we intend to further strengthen our environmental initiatives.

High Social Significance as a Driving Force for Becoming a “Strong Company”

Our businesses are playing a role in solving such social issues as the realization of decarbonization, infrastructure development, and addressing labor shortages, and we are deeply connected with our stakeholders through our comprehensive hands-on response. We believe it is essential that each employee is aware of the high social significance of our businesses in order for them to feel a sense of fulfillment in their work and motivated to take on the challenge of growth. Thus, we believe it is important to create an open workplace where employees can engage in lively discussions and have their voices heard by management.

Looking forward to the next 100 years of business expansion, we believe that even if pandemics, wars, and the economic turmoil they entail suddenly strike, we will be able to prevail if we maintain mobility and flexibility based on our strong relationships with our stakeholders, including investors, suppliers, and employees.

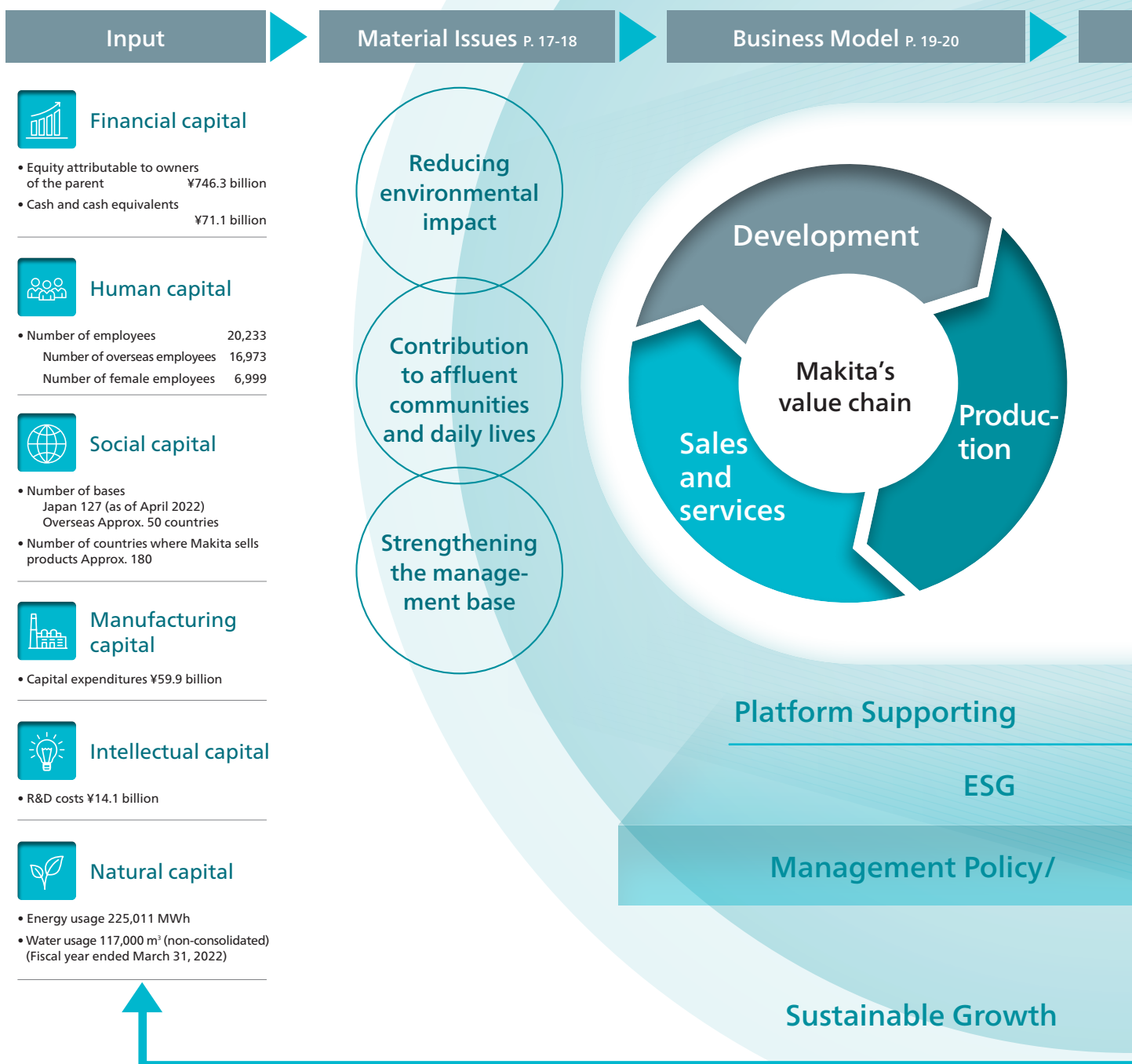
We will continue to strive toward sustainable growth as a Supplier of a Comprehensive Range of Cordless Products and the realization of our long-term goal of being a “Strong Company.”

We would like to ask all of our stakeholders for their continued support and encouragement.

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, 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 by working to solve environmental and other social issues through its business, including the development of eco-friendly products.



Long-term Target

Strong Company

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

Output

Social Challenges P. 21-24

Value for Stakeholders



Cordless products

Network of finely tuned bases/Prompt and stable repairs and distribution

Decarbonization

Plastic waste

Promoting the elimination of plastic P. 36

Air pollution

Noise

Contribution to communities and daily lives

Labor shortages

Frequent natural disasters/disaster reconstruction

Occupational safety

Comfortable outdoor work

Society, including Customers

- Reducing environmental impacts
- Boosting work efficiency and productivity
- Early recovery from disasters
- Peace of mind during times of disaster

P. 20

Shareholders and Investors

- Medium- to long-term enhancement of corporate value
- Returns to shareholders

Dividend payout ratio 30.2%
Operating profit ratio 12.4%
EPS ¥238.54
(Fiscal year ended March 31, 2022)

P. 49-50

Employees

- Workplaces where diverse human resources can work with passion and enthusiasm
- Improve employee skills and motivation

Average length of service of female employees 17.0 years

P. 37-40

Business Partners

- Sustainable supply chain through CSR procurement

P. 40

Makita

Management ▶ P. 28-48

Quality Policy ▶ P. 1

for Makita

Process

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.

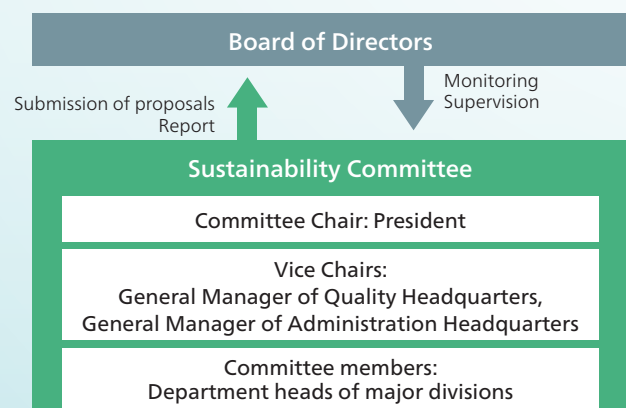
The most significant initiative we have undertaken to achieve a sustainable society is the evolution to “a Supplier of a Comprehensive Range of Cordless Products” and the promotion of rechargeable lithium-ion batteries. By utilizing the battery charging/discharging and motor technologies cultivated through the development of power tools, we will promote the use of rechargeable batteries not only in cordless power tools but also in 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 work sites 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 we established the Sustainability Committee in 2021 (which met three times in FYE 2022), chaired by the President, as a structure to promote initiatives for carbon neutrality and other sustainability issues. The Sustainability Committee deliberates on sustainability-related policies, targets, measures, and other matters, and leads the promotion of initiatives across the Company as a whole.



Sustainability Committee



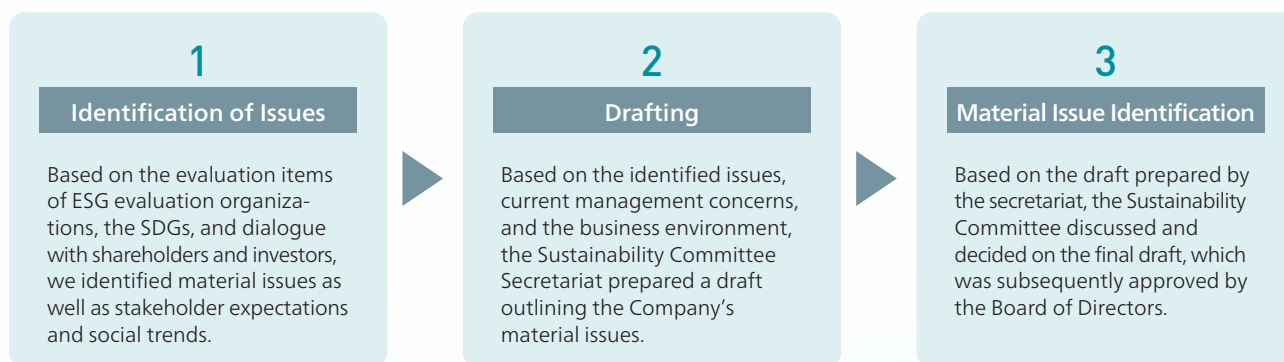
Material Issues and SDG Initiatives

We have 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 S G	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 	
	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's Strengths in the Value Chain

With an integrated framework covering development, production, sales, and services across a global network closely aligned with markets and consumers, we are committed to providing high-quality, attractive products and services that satisfy our customers around the world. We will continue to evolve to create social value by leveraging the strengths of our value chain.

Development



In 2005, Makita was a pioneer in selling professional-grade electric power tools utilizing lithium-ion batteries. Since then, we have launched a number of new cordless products that utilize our

industry-leading battery charging/discharging technologies and motor technologies. Makita is providing the industry's preeminent lineup of products that 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, though the products that can be used differ depending on the type of battery, one 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 cordless cleaners; and products with applications that extend beyond the worksite such as cordless cooler & warmer boxes, kettles, lighting equipment, and radios with utility for outdoor activities and times of disaster when power sources are difficult to come by.

Strengths

- Utilize industry-leading battery charging/discharging technology and motor technologies
- The most extensive lineup in the industry (Lithium-ion battery series: 674* models)
- Highly compatible, one battery can be used for many Makita products

* Models for domestic use as of April 2022

Challenges and Initiatives

- Develop cordless products to replace AC products with power cords and engine-powered products
- In particular, actively develop cordless OPE that contributes to decarbonization and provides the same usability as engine-powered OPE
- Further expansion of the cordless product line

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. As production expands, ensuring consistent efficiency in factories and stable quality are unavoidable challenges. By pursuing cutting-edge production technologies, developing proprietary Makita robots tailored to our production floors, and deploying and sharing mass production techniques and know-how at every factory, we are continuing our efforts to tackle an even more advanced level of craftsmanship.

Strengths

- Production bases in 8 countries
- Stable quality and efficient production system that utilizes cutting-edge technology
- Shared production technology among factories, including mass production techniques and know-how

Challenges and Initiatives

- Increase production capacity in light of the further multipolarization of global production and sales expansion
- Maintain and enhance production efficiency and quality

Sales and Services



Makita operates 127 sales and service bases in Japan (as of April 2022) 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, each location maintains an extensive inventory of products and repair parts, which enhances our resilience against supply chain disruptions and ensures prompt and stable provision of products and services. 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.

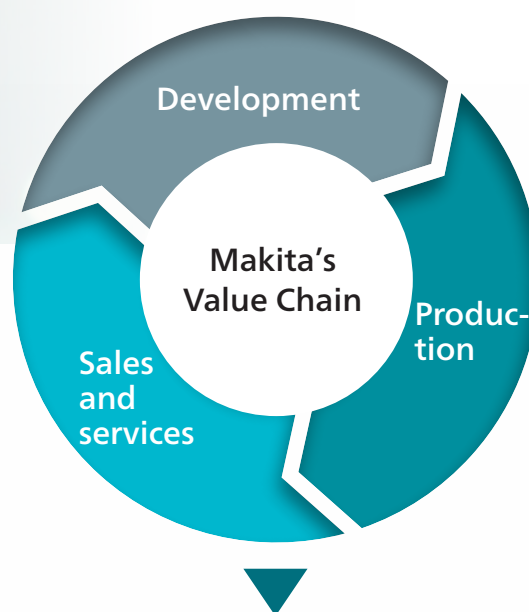
In recent years, cordless OPE, which are physically larger than power tools, have been growing worldwide, and we are now actively working to maintain and improve our services by establishing new and expanded distribution bases, and establishing bases close to the cordless OPE market.

Strengths

- Customer- and community-oriented sales structure with the industry's best network of sales and service bases (127 sales offices in Japan, directly managed sales offices in about 50 countries overseas)
- Extensive inventory for fast and consistent product and service availability
- Products and services planned utilizing feedback obtained from customers worldwide

Challenges and Initiatives

- Further enhancement of sales and service network
- Enhancement of distribution functions in anticipation of the handling of large products and an increase in the volume of goods to be distributed



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, they are quieter than engine-powered equipment and have 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

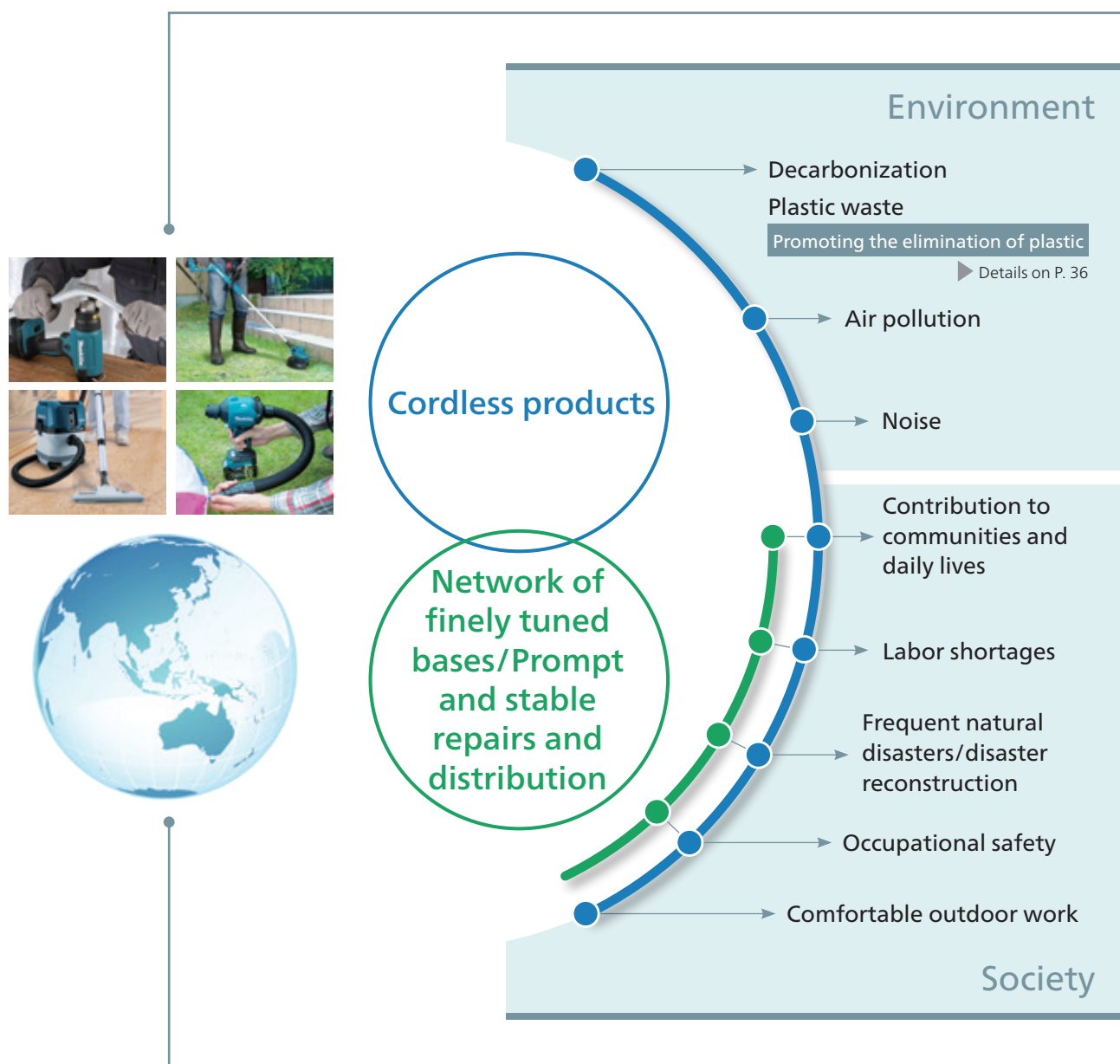
Makita products are indispensable for building infrastructure and play a vital role in disaster recovery. Utilizing our robust network of bases to promptly and stably deliver cordless products and services that contribute to efficiency and productivity gains, we support early recovery from disasters.

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.

Contribution 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), and 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



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/dis-charging as well as motor technologies we have amassed through our power tool development to promote the use of rechargeable batteries in a wide array of products, including OPE in addition to power tools. Cordless products feature improved safety, convenience, and comfort for customers as well as zero emissions during use, low noise, and low vibrations. They also help to solve social issues, such as labor shortages in the

workplace. Among these products, cordless 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.

Merits of Cordless Products

- Improve work efficiency and ease of use due to absence of power cords
- Help prevent onsite accidents, for example, by eliminating such tripping hazards as 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, from switching away from engine-powered equipment

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



Makita has continued to expand its network of sales and service bases in locations around the world and is working to reinforce the sales and service system. With bases in each country and region, our large inventories of products and parts for repairs facilitate 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 has been 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, including the enhancement of distribution functions in anticipation of the handling of large products and the expansion of sales.

By leveraging our cordless products and our network of finely tuned sales and service bases, we will contribute to solving various social issues and grow together with society.

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 28–36 for details.



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.



Portable electric planer

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's products 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, and can be used in situations where it is difficult to secure a power source. 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. 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.



TOPICS

Disaster Preparedness Initiatives

We have installed photovoltaic panels at some locations so that we can respond quickly and stably to customer requests for sales and repairs in the event of earthquakes, windstorms, and flooding, frequent occurrences in recent years. We are currently installing more photovoltaic panels, especially in domestic sales offices, and have installed photovoltaic panels in several locations in FYE 2022. By reducing greenhouse gas emissions through the use of renewable energy, we will reduce the environmental impacts that lead to disasters, and by ensuring business continuity in the event of a disaster, we will build a system that enables us to provide sales and service to our customers in times of need.



Photovoltaic panels at the Gifu branch

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 are normalizing. 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 in recent years, 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 the shortage of goods and disruptions in supply chain logistics, rising prices, and the growing global tensions centered on the Ukraine conflict, which could cool the demand environment.

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

Although demand associated with stay-at-home lifestyles, which boosted sales in FYE 2021 due to COVID-19, has gradually dissipated, in FYE 2022 demand for tools for use on construction sites remained strong, and we were able to increase sales by firmly capturing this demand. Sales of cordless outdoor power equipment (OPE), the Company’s main focus, were also robust, and revenues grew 21.5% compared to FYE 2021 and 50.1% compared to FYE 2020, reaching record highs. Production

output also reached a record high, and the Company took steps to meet demand in each region.

On the profit side, although the cost-of-sales ratio increased and the operating profit ratio decreased due to soaring transportation costs, including ocean freight charges, operating profit increased 3.7% compared to FYE 2021 and 43.2% compared to FYE 2020 due to increased revenues.

Revenue Trends by Region (FYE 2022)

Country/region	Percentage change*	Trend
Japan	+4.4%	Revenue increased 4.4% year-on-year to ¥118,050 million due to strong sales of both power tools and OPE, including lithium-ion batteries and other products.
Europe	+24.7% (+17.7%)	While demand associated with stay-at-home lifestyles has slowed down, demand for tools for use on construction sites and sales of cordless OPE remained strong, resulting in a 24.7% year-on-year increase in revenue to ¥352,470 million.
North America	+23.4% (+15.8%)	Sales of power tools were strong due to strong housing demand, and cordless OPE sales also increased, resulting in a 23.4% year-on-year increase in revenue to ¥112,248 million.
Asia	+25.1% (+17.7%)	Despite the resurgence of COVID-19 in various countries, which affected sales activities, sales in Taiwan and Southeast Asia were strong, resulting in a 25.1% increase in revenue from the previous year to ¥49,196 million.
Central and South America	+42.0% (+34.7%)	While inflation accelerated in many countries, sales activities to reliably capture firm tool demand resulted in a 42.0% year-on-year increase in revenue to ¥41,765 million.
Oceania	+24.9% (+14.4%)	Despite the impact of COVID-19 lockdowns in major cities, revenue amounted to ¥51,579 million, up 24.9% from the previous year due to strong demand for tools for use on construction sites.
Middle East and Africa	+20.5% (+14.3%)	Despite the continuing unstable political and economic situation, revenue increased 20.5% year-on-year to ¥13,952 million, capturing the demand for tools for use on construction sites in various countries.
Consolidated Total	+21.5% (+15.5%)	Due to strong sales both in Japan and overseas, revenue increased 21.5% from the previous year to ¥739,260 million, reaching a record high for the fifth consecutive year.

* Figures in parentheses are based on local currency.

Future Strategies and Outlook

Expanding Our Cordless Lineup

Makita is further expanding its lineup of cordless products in line with its goal to be “a Supplier of a Comprehensive Range of Cordless Products.” In power tools and OPE, we are actively replacing AC products with power cords and engine-powered products with cordless products. In addition, we are expanding the range and applications for cordless products using our batteries, introducing models useful not only for worksite applications but also outdoors and in times of disaster when it is difficult to secure power sources, such as cooler & warmer boxes, and radios, as well as cleaning equipment such as cordless cleaners used for building maintenance.

In particular, demand for cordless OPE is expected to grow as the trend towards decarbonization intensifies, and we will further augment this lineup with products that provide the same level of usability as engine-powered products.

Increase Production and Logistics Capabilities

As we move forward as “a Supplier of a Comprehensive Range of Cordless Products,” the need for greater production capacity and logistics capabilities has been growing in urgency as we expect that our current capacity will be insufficient. Accordingly, in recent years, we have been working to increase production capacity in anticipation of sales expansion and the further multipolarization of global production, to this end constructing a new plant in China, which was completed in FYE 2022. In addition, the completion of the logistics warehouse at the German plant has allowed us to expand the production space and increased production capacity.

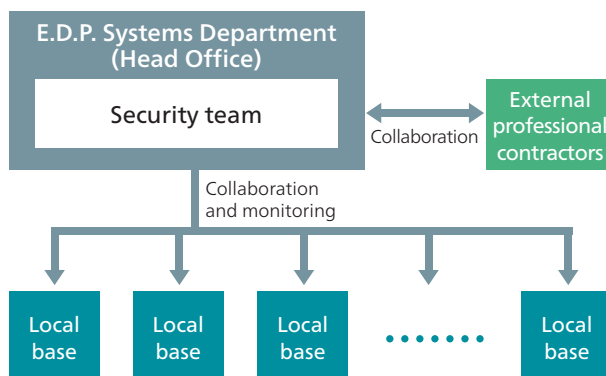
We have also been working to strengthen distribution in anticipation of an increase in the volume of cordless OPE products, which are larger than regular power tools, by establishing and expanding distribution warehouses in various regions. In FYE 2022, we established a new distribution center in Kazo, Saitama Prefecture, in Japan, further improving our service capabilities. Overseas, we also worked to strengthen our service system by establishing and expanding logistics bases in several countries.

We will continue to enhance production capacity and logistics capabilities to ensure a system that enables us to supply products and services to our customers promptly and stably, thereby refining our strengths in customer- and community-based finely tuned services and maintaining and improving our global competitive advantage.

Implementing Digital Transformation

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 actively investing in digital transformation to improve productivity. For example, sales offices in Japan are computerizing clerical work, including the use of electronic storage of vouchers and paperless faxes, 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 to improve convenience and operational efficiency. Furthermore, we are building a Content Management System (CMS) to centrally manage product-related information, thereby establishing the necessary infrastructure to improve IT services for customers and to expand capacity in our internal operations.

As the risk of cyber attacks and other attacks increases, global security measures are also becoming an important issue in implementing digital transformation. In addition to identifying weaknesses and assessing risk levels at each site, we are working on measures to detect cyber attacks early, prevent further illicit activity, and ensure that business can be resumed quickly even if an attack occurs. The security team in Japan works closely with local staff at every base to create a security system that does not depend on the skills of local IT staff, thereby creating a system that allows each base to maintain and improve security on a constant basis.



Risks & Opportunities

Risk Management

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

Makita's Disclosure Committee, which identifies and investigates risks in the Group's business activities, holds annual meetings. These meetings are attended by representative Directors, 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 comprised of Directors and the heads of relevant divisions and has formulated disaster prevention regulations with this committee at the center. These disaster prevention regulations and other measures, which are reviewed regularly, define steps for disaster prevention, emergency response measures, and disaster recovery efforts. Similarly, these regulations and measures outline a business continuity plan (BCP) for times of disaster. The target organizations and scope of this plan are also reviewed as necessary.

Risks & opportunities relevant to Makita

Relevant risks & opportunities	Details	
Changes to the social climate/ market environment	Risk	• Deterioration of the market environment due to worsening economic conditions, social disorder, enactment or changes to laws and regulations, and the like
	Opportunity	• New demand accompanying environmental changes such as labor shortages and the post-COVID-19 "new normal"
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

Initiatives for 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 cordless outdoor power equipment (OPE) that does not emit exhaust gas during use and are actively working to reduce greenhouse gas (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.

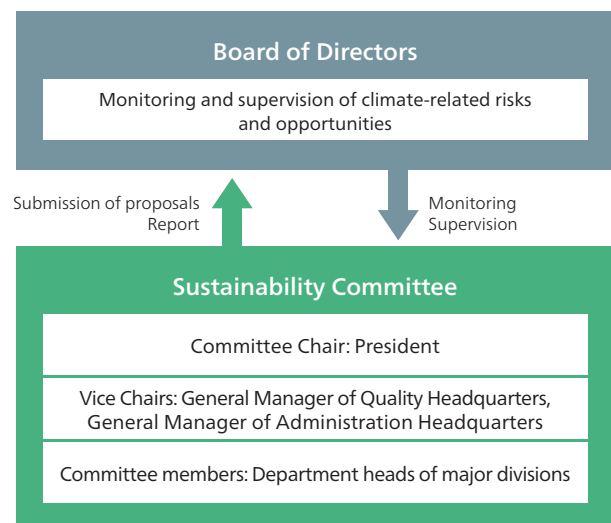


Governance

In 2021, the Company established a Sustainability Committee, which met three times in fiscal 2021 (FYE 2022). Chaired by the President, the committee promotes Company-wide efforts to address sustainability issues through business activities.

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.

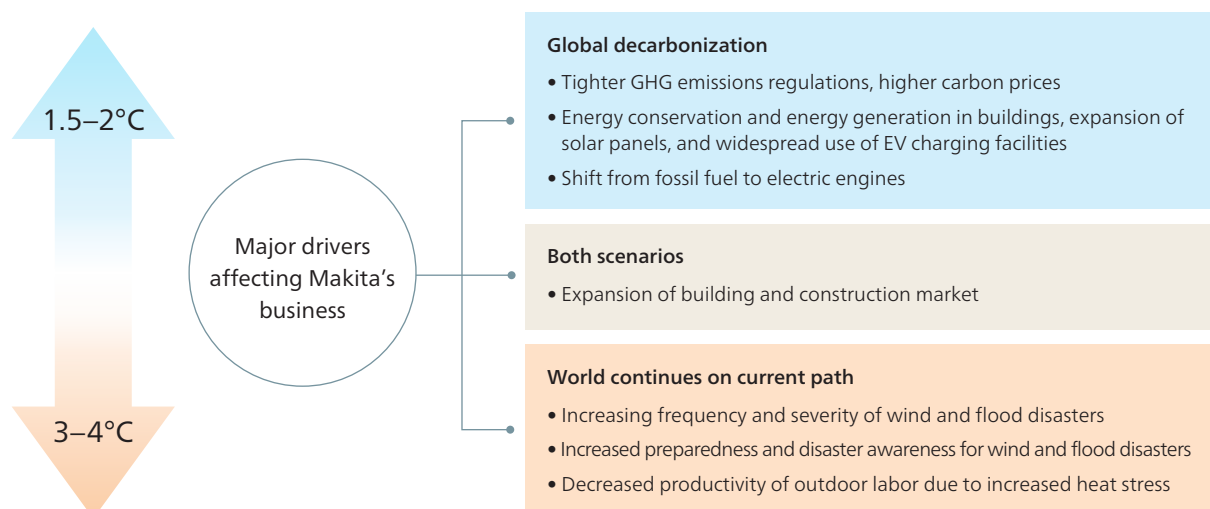
The Sustainability Committee reports and submits proposals on important matters to the Board of Directors, which deliberates on these matters and makes decisions in the course of monitoring and overseeing the Company's climate-related risks and opportunities.



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	Improved reputation through enhanced disclosure information		Medium
		Rising temperatures, climate and extreme weather	Increased demand for products in line with increased DIY demand due to longer time spent at home	Short to medium term	Large
Physical	Resilience	Increased frequency and severity of wind and flood disasters	Expansion of the disaster readiness market, increase in product demand, and contribution to recovery and reconstruction in the affected areas	Short term	Large
		Rising temperatures	Increased 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"> Calculate a baseline (as-is scenario) for market expansion 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 Calculate a baseline (as-is scenario) for power tools sales 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"> Calculate a baseline (as-is scenario) of LiB unit price 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 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 now 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 2021 (FYE 2022) result: 90.9%)
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 network• Expansion 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 34 for GHG emissions in fiscal 2021 (FYE 2022).

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 2018 (FYE 2019) results	Fiscal 2019 (FYE 2020) results	Fiscal 2020 (FYE 2021) results	Fiscal 2021 (FYE 2022) results
80.6%	86.1%	88.5%	90.9%

* 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.

Environmental Initiatives

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. We will further strengthen our efforts by positioning contributing to decarbonization and a resource-circulating society as our new material issues.

For more information on our environmental initiatives, please visit the Makita website and read the Environmental Report.

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.

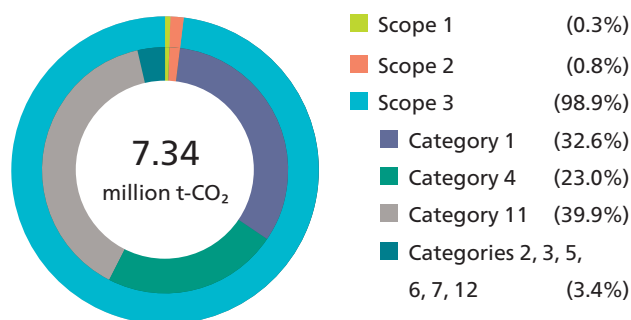
Environmental Management

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

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 33 for details.

GHG Emissions (Scope 1, 2, 3) (FYE 2022)



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 7.34 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, including in Italy. In Japan, photovoltaic panels were newly installed at several sales offices during FYE 2022. 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 geo-thermal heating and cooling systems and are working to reduce GHG emissions through the use of renewable energy.



Photovoltaic panels at the Kagoshima sales office



Photovoltaic panels at the Mobara sales office

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 2022, the total annual power consumption of our Head Office, Okazaki Plant, and Nisshin Office decreased by 221,877 kWh compared to the previous year by switching to LED tubes, upgrading AC units, and improving compressor efficiency.

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 OPE, where engine-power is mainstream.

Reflecting increased awareness of such environmental issues as climate change, the impact of exhaust from engine-powered tools 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, and sale of cordless products and accelerate the transition from engine-powered to cordless products with equivalent performance, thereby contributing to the realization of decarbonization.



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

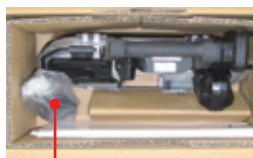
In Germany, battery manufacturers and the German Electro and Digital Industry Association (ZVEI) established the non-profit Stiftung GRS Batterien in 1998, which operates the joint battery collection system used by Makita.

In December 2021, Stiftung GRS Batterien and Makita Werkzeug GmbH (Germany) signed an industry agreement in the power tools sector. The two are currently 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.

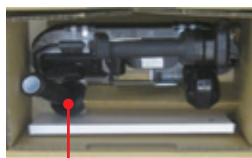
Promoting the Elimination of Plastic

Due to concern about global environmental pollution in the form of plastic waste in the oceans and amid social efforts to reduce single-use plastics usage, 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 our existing efforts to simplify packaging, from FYE 2021, we have been reducing the use of plastic bags by devising internal materials and switching to environmentally friendly materials such as paper and biomass plastic bags. In FYE 2022, we will switch from plastic bags to biomass plastic bags, and domestic factories have gradually started switching to these materials from in July 2021. Overseas plants have also been progressively switching to biomass plastic bags, and the equivalent of 220 tons of plastic per year has been converted into biomass plastic bags. We plan to further promote the elimination of plastic in the future.

Suspension of plastic bags (devising internal materials)



Grip with plastic bag



Elimination of plastic bags by devising internal materials

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 used 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.

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 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.



Makita is committed to growing with society by actively promoting diversity and inclusion and fostering human resources who will lead the future, as well as fulfilling its responsibilities as a global company by ensuring respect for human rights, implementing CSR procurement, and dialogue with shareholders and investors.

Stakeholder Relations

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 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.

Employee Relations

Fostering Human Resources

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

Inside Japan, we carry out stratified training (tailored to match each employee’s career stage) for new employees all the way through mid-career management candidates. Similarly, we 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 at least twice a year to discuss these targets and results. We are committed to human resource development and provide feedback to employees as appropriate during interviews and give them opportunities to discuss the future with their supervisors. 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.

Human Resources Capable of Being Active Globally

Because being able to field human resources capable of working on the global stage is key to Makita’s successful business engagement around the world, we proactively provide opportunities for young employees to be stationed at overseas locations. Such postings include overseas operation training, which allows young employees to acquire skills through on-the-job training. Employees can grow significantly by working in management environments that offer challenges different to those found in Japan.

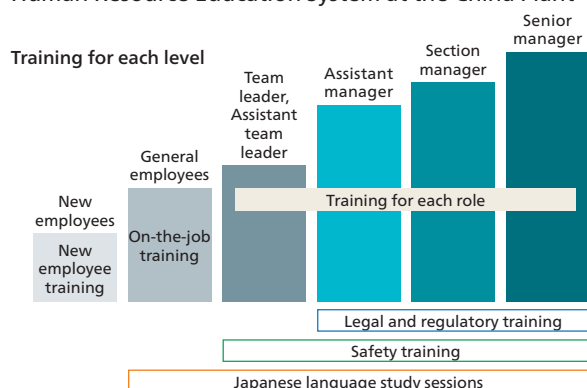
Education System Diagram

Job type	Exam for grading/promotion	Education by level	Education by job category	Common
Manage		Coaching training Education for trainers/promotion exam evaluators		
General	Exam for promotion Training for management leaders	Cross-industrial exchange training Training for newly appointed supervisors		Career plan training
Basic				Education concerning the Code of Ethics and compliance
Support				Environmental and safety & health education
All			Sales training Overseas operation training Factory training	Correspondence education (self-development courses related to languages, business skills, specialized fields, etc.)
2nd year of employment 1st year of employment	Grading exam	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 in the value of a company 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 diverse human resources are able to actively contribute. Our statement declaring respect for individual diversity is but one example of this commitment.

Increasing Presence of Female Employees

Makita is dedicated to establishing a work environment in which female employees can actively participate with peace of mind. As a result, the employment longevity of female Makita

employees in Japan is now roughly the same as that of its male employees. At present, the Makita Group has more than 200 women in management positions actively supporting our global business in many divisions.

Currently, we are working to increase the number of female managers in Japan, and our general business



owner action plan based on the Act to Promote Women's Participation includes the following specific initiatives.

Medium- to Long-term Initiatives for the Future

- ▶ Encourage women to apply for examinations for promotion to the supervisory level, a stepping stone to the managerial level
- ▶ Encourage women to attend mid-career planning seminars
- ▶ Actively recruit women for new graduate and mid-career positions

Average Employment Longevity (Domestic) (FYE 2022)

Male employees	Female employees
16.8 years	17.0 years

Ensuring Employee-friendly Workplaces

To ensure diverse employees are able to pursue their work with a sense of purpose, we offer a childcare leave program, a childcare reduced-working-hours system, and other programs as part of our active efforts to improve the work environment. The number of men using the childcare leave program has been increasing in recent years.

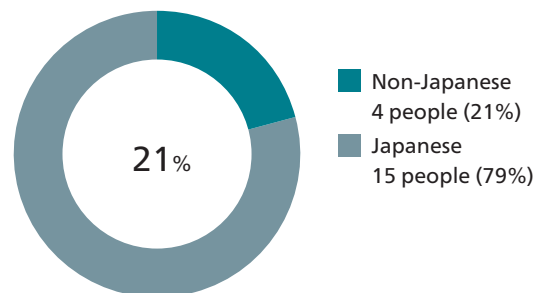
System Users (FYE 2022)

Childcare leave program	Childcare reduced-working-hours system
54 people (including 9 men) 100% of employees return to work after childcare leave	51 people (including 1 man)

Hiring of Non-Japanese Employees

Approximately 80% of Makita Group employees are hired overseas and we also recruit international students in Japan to diversify our human resources. In addition, as a company that emphasizes a local, on-site business philosophy, we have, for many years, placed weight on having diverse employees who can help localize our business practices. Evidence of this philosophy in action can be found in the value placed on the contributions of non-Japanese employees, including four employees of overseas subsidiaries promoted to Corporate Officer positions at Makita Corporation as of July 2022.

Percentage of Non-Japanese Corporate Officers



Securing the Safety and Health of Employees

Ensuring the safety and health of employees is also key to sustainable growth. 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 36 occupational accidents in Japan in FYE 2022, of which 4 required 4 or more days of absence from work. We will 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 mental health through a series of workplace improvements.

Preventing COVID-19

As preventive countermeasures against COVID-19 in Japan, we require each employee to check their temperature every morning, wash their hands frequently, wear a mask from the time they leave home in the morning to when they leave work in the evening, maintain social distancing in the workplace, and ensure regular ventilation. If an employee develops a fever, cough,

or other signs of feeling unwell, we ask that they refrain from coming to work and we increase ventilation and sanitize shared spaces. In addition, we also administered workplace COVID-19 vaccinations. We will continue trying to ensure the safety and health of customers, employees, and their families as we maintain our business activities and take ample measures to prevent the spread of infections.

Business Partner Relations

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 annual surveys of the

environmental protection activities of our business partners, such as monitoring environmental systems acquisition.

Basic Policy on Procurement

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

Please see the Company website for details.

Shareholder and Investor Relations

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, and environmental reports). The Company also translates major items (consolidated financial statements and notes, business risks, etc.) from its annual securities report.

In FYE 2022, in addition to quarterly financial results briefings, management held 31 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 participation 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.

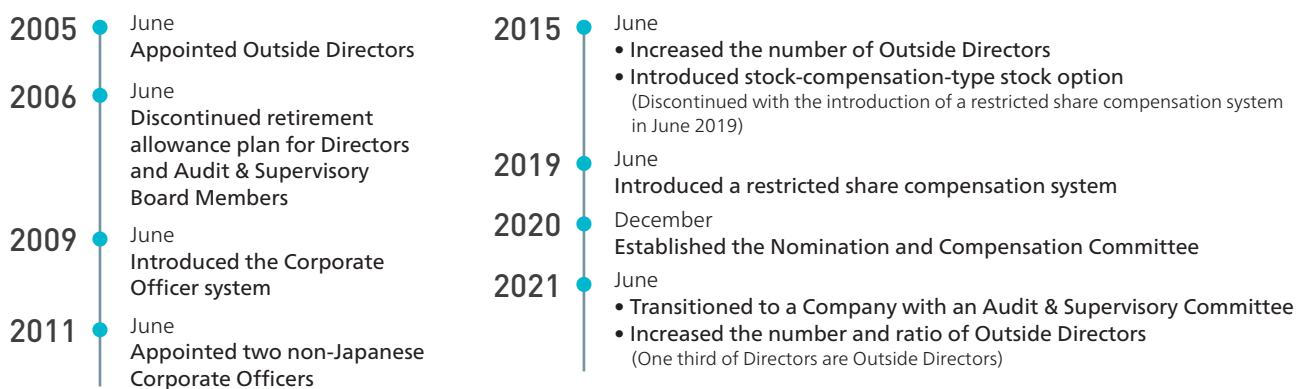
Systems to Support Enhancement of Corporate Value— Corporate Governance

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

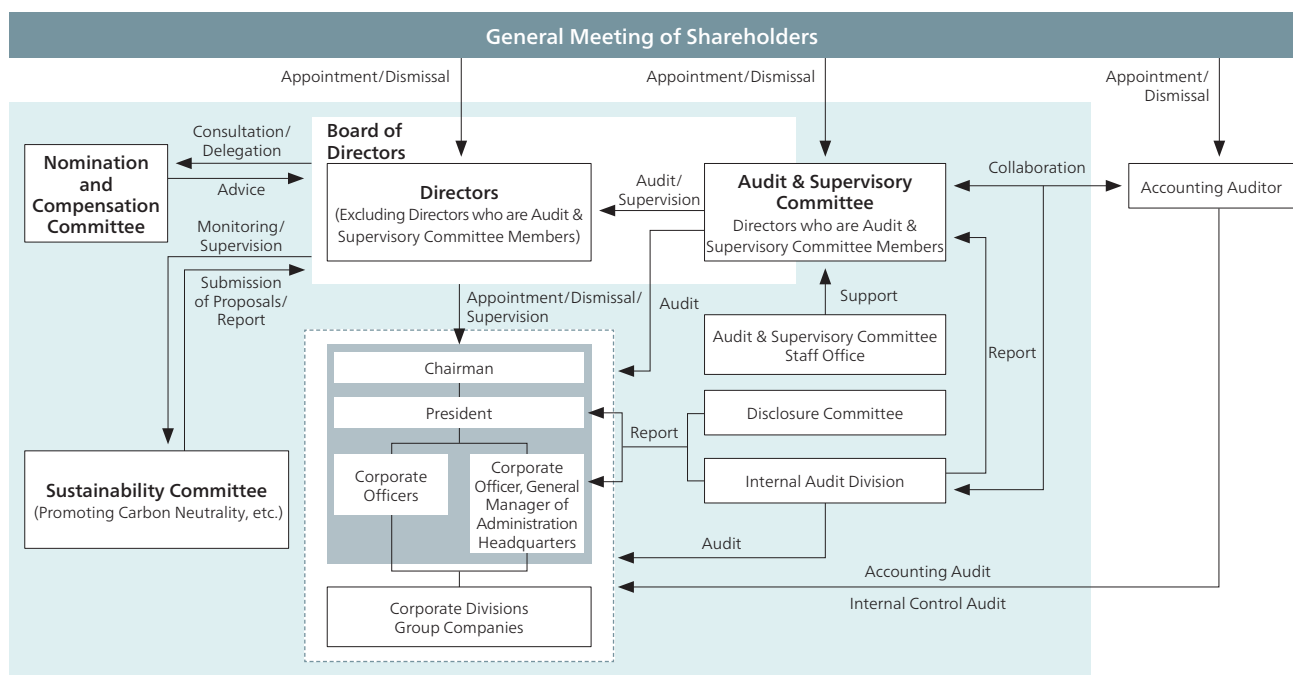
Basic Philosophy on Corporate Governance

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

Steps Taken to Strengthen Corporate Governance



Schematic Diagram of Makita's Corporate Governance Structure (as of June 28, 2022)



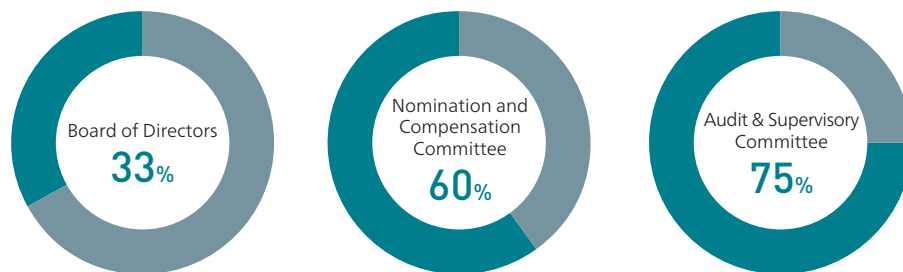
Principal Organizational Structures

	Chairman/Committee Chairs	Members	Internal Directors	Outside Directors	Meetings held in FYE 2022
Board of Directors	Masahiko Goto (Chairman, Representative Director)	15	10	5	12
Nomination and Compensation Committee	Masahiro Sugino (Outside Director)	5	2	3	5
Audit & Supervisory Committee	Mitsuhiko Wakayama (Director, Standing Audit & Supervisory Committee Member)	4	1	3	14*

* Includes the number of Audit & Supervisory Board meetings held prior to the transition to a Company with an Audit & Supervisory Committee.

Proportion of Outside Directors in Each Organization

■ Internal ■ Outside



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				●	●						
Akira Kodama	●	●		●						●	
Shoji Inoue	●										●
Koji Nishikawa	●									●	

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, based on delegation from 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 2022

- ▶ Nomination and compensation policies for Officers
- ▶ Determination of individual compensation
- ▶ Officers 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, two standing Audit & Supervisory Committee Members have been appointed. Three Outside Directors who are members of the Audit & Supervisory Committee have been appointed, and the Outside Director who is a standing Audit & Supervisory Committee Member has many years of experience in financial institutions and expert knowledge of finance. The two Outside Directors who are non-standing Audit & Supervisory Committee Members have many years of experience and expert knowledge as an attorney-at-law and a certified public accountant respectively. Makita considers 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 2022, Makita has 19 Corporate Officers, and four 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 Company, 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, and that at least one of them is required to have a wealth of experience and insight in 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 2022 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 pointed out by the Outside Directors that there is room for 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*
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* Outside Directors are not eligible

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 dividend 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 and submits 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 2022)

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)	357	99	222	36	11
Directors (Audit & Supervisory Committee Members) (Excluding Outside Directors)	11	11	—	—	1
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	4	4	—	—	1
Outside Officers	35	35	—	—	7

Note: The above table includes Directors and Audit & Supervisory Board Members who retired during FYE 2022.

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 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.

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, 2022, the Board of Directors completed its review of the situation as of March 31, 2022.

Strategic Shareholdings at the End of the Fiscal Year

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Number of issues	52	51	49	49	45
Balance sheet amounts (Million yen)	33,298	24,566	20,213	30,693	20,942

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 the rise in stock prices.

Messages from Outside Directors

Serving as an Independent Outside Director to Maintain Stable, Sustainable Management

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.



Evaluating the Corporate Governance Structure

In December 2020, Makita established its Nomination and Compensation Committee, which I chair as Independent Outside Director. Then, in June 2021, Makita transitioned to a Company with an Audit & Supervisory Committee. I believe that the Company's corporate governance structure, including management transparency, is enhanced by the inclusion of five Independent Outside Directors.

In addition, since the appointment of President Munetoshi Goto in June 2017, the differentiation of the roles he and Chairman Masahiko Goto play has been progressing, adding depth to management decision-making. I have confidence in the management decision-making process and its transparency, and I feel that the Nomination and Compensation Committee as well as I and my fellow Independent Outside Directors will play increasingly important roles in maintaining stable, sustainable management into the future.

Makita's Strengths Seen through the Lens of Management Experience

Makita serves a huge global market through its management with a wide range of customers around the world. This gives the Company a great deal of room for demand expansion. At the same time, a significant positive factor for the business demand risk factors that cause sales to increase or decrease are dispersed, mitigating the impact of management risk.

One of Makita's major strengths is its comprehensive customer-first policy—demonstrated by its aggressive product development, extensive product lineups, ability to step up production without worrying about running out of stock, healthy inventory, and record of capital expenditures on logistics functions—which permeates the Company. I believe Makita has been able to increase its market share because it has hewed to this approach despite the COVID-19 pandemic, and this has allowed it to outpace the product supply delays suffered by other companies.

Challenges in Maintaining Sustainable Growth

I believe that the only way for Makita to achieve sustainable growth in the future is to further increase customer satisfaction by adhering to its customer-oriented management policy. Therefore, it is essential to step up measures to enhance product lineups, secure production capacity before it is needed, and improve supply and service systems by strengthening the distribution base network. In addition, the Company must continue to pursue ongoing human resource enhancement measures like human resource development and leadership training to continuously increase the capacity of each department. Moving forward, Makita will reinforce Company-wide organizational and interdepartmental communication skills.

Contributing to a Sustainable Society and Achieving Sustainable Growth

The purpose of corporate management is to ensure a company contributes to and serves society. It is the natural obligation of a business to secure profits and return profits to society (e.g., by paying taxes). The top priority should not be to secure short-term profits, but to contribute to the maintenance of a sustainable society through its business, which will ultimately lead to its own sustainable growth.

To achieve this, Makita's top priority is to contribute to the environment. In addition to the Company's current focus on cordless outdoor power equipment, we are focusing on making an even greater commitment to reducing environmental impact. Specifically, Makita must thoroughly reduce greenhouse gas emissions and strive in all areas of development, production, sales, and service to ensure that it achieves its reduction targets. These efforts will enhance the Company's social standing and contribute to the improvement of its medium-to long-term business performance. It is necessary to continue to monitor Makita's reduction activities and their effects over the medium to long term.

Messages from Outside Directors

Monitor Rapid Changes in the Social Environment and Making Sure Our Direction for the Future is Right

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.



I believe that Makita's corporate governance is functioning properly, as management decisions are made from the perspective of all stakeholders, including shareholders, investors, business partners, local communities, and employees. In particular, the Company is characterized by a balance between effective oversight by Independent Outside Directors and auditing by the Audit & Supervisory Committee as well as strong top-down decision making that is flexible and efficient.

At the Board of Directors meetings, each departmental supervisor delivers a solid monthly report on the execution of operations, and there is free and vigorous questioning based on these reports, allowing for a proper understanding of the respective department's challenges and responses amid the changing environment. I have been impressed by the speed with which top management has been able to articulate executive direction in light of several events that have had a significant impact on global economic activity during the Board of Directors' discussions. As an Independent Outside Director, I offer opinions and topics for discussions from the perspective of promptly handling changes in the social

environment and making adjustments to ensure the Company stays on course into the future.

Makita's ability to develop markets and consistently expand its development, production, sales, and services on a global scale makes it not only an industry leader, but also one of the best manufacturing companies in Japan. "A company is only as good as its people," to borrow a phrase, and Makita's excellence is the result of its global human resource development capabilities, which are the foundation of its corporate strength. It is important that Makita continues to further strengthen this capability.

The current climate makes risk management in the broadest sense increasingly important for the future. In addition to disaster preparedness, this management includes supply chain redesign, carbon neutrality, and other environmental initiatives as well as compliance with increasingly complex global laws and regulations. I believe that the key to addressing these challenges is strong leadership, strengthening the strategic planning and promotion structure, and creating a framework for execution, auditing, and supervision.

List of Directors

Position	Name	Attendance at Board of Directors' meetings	Number of the Company's shares held (as of March 31, 2022)
Chairman, Director*	Masahiko Goto	100% (12 of 12 meetings)	2,524,121 Shares
President, Director*	Munetoshi Goto	92% (11 of 12 meetings)	471,087 Shares
Director, Corporate Officer, General Manager of Purchasing Headquarters	Shinichiro Tomita	100% (12 of 12 meetings)	18,901 Shares
Director, Corporate Officer, General Manager of Research and Development Headquarters	Tetsuhisa Kaneko	100% (12 of 12 meetings)	24,501 Shares

Position	Name	Attendance at Board of Directors' meetings (Audit & Supervisory Committee meetings/ Audit & Supervisory Board meetings)	Number of the Company's shares held (as of March 31, 2022)
Director, Corporate Officer, General Manager of Quality Headquarters	Tomoyuki Ota	100% (12 of 12 meetings)	18,801 Shares
Director, Corporate Officer, General Manager of Domestic Sales Headquarters	Takashi Tsuchiya	100% (12 of 12 meetings)	20,101 Shares
Director, Corporate Officer, General Manager of Production Headquarters	Masaki Yoshida	100% (12 of 12 meetings)	11,721 Shares
Director, Corporate Officer, General Manager of International Sales Headquarters	Takashi Omote	100% (12 of 12 meetings)	10,041 Shares
Director, Corporate Officer, General Manager of Administration Headquarters	Yukihiro Otsu	100% (12 of 12 meetings)	9,441 Shares
Outside Director	Masahiro Sugino	100% (12 of 12 meetings)	—
Outside Director	Takahiro Iwase	90% (9 of 10 meetings)	—
Director (Standing Audit & Supervisory Committee Member)	Mitsuhiko Wakayama	100% (12 of 12 meetings) (100% (14 of 14 meetings))	9,500 Shares
Outside Director (Standing Audit & Supervisory Committee Member)	Akira Kodama	100% (12 of 12 meetings) (100% (14 of 14 meetings))	—
Outside Director (Audit & Supervisory Committee Member)	Shoji Inoue	100% (12 of 12 meetings) (100% (14 of 14 meetings))	500 Shares
Outside Director (Audit & Supervisory Committee Member)	Koji Nishikawa	100% (10 of 10 meetings) (100% (10 of 10 meetings))	—

* Representative Directors

- Notes: 1. The Company provided notice on Mr. Masahiro Sugino, Mr. Takahiro Iwase, Mr. Akira Kodama, Mr. Shoji Inoue, and Mr. Koji Nishikawa to the Tokyo Stock Exchange and Nagoya Stock Exchange as being Independent Directors appointed by the Company, in accordance with the rules and regulations of each exchange.
2. Based on the resolution at the 109th Ordinary General Meeting of Shareholders held on June 25, 2021, the Company transitioned to a Company with an Audit & Supervisory Committee. The Board of Directors met 12 times, the Audit & Supervisory Committee met 10 times, and the Audit & Supervisory Board met 4 times before the transition to the Company with an Audit & Supervisory Committee. Mr. Mitsuhiko Wakayama, Mr. Akira Kodama, and Mr. Shoji Inoue attended 10 meetings of the Audit & Supervisory Committee and 4 meetings of the Audit & Supervisory Board. Mr. Takahiro Iwase and Mr. Koji Nishikawa were newly appointed at the 109th Ordinary General Meeting of Shareholders held on June 25, 2021.
3. Holdings of less than 100 shares through Makita's stock ownership plan are not included in the number of held shares of the Company's.

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, with 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, with 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.
Akira Kodama	He has many years of experience at financial institutions and specialized knowledge of financial matters, and has provided useful opinions from his professional perspective. We expect that he will utilize his wealth of experience and broad insight in auditing and supervising the Company's management from an independent perspective.
Shoji Inoue	He has extensive knowledge and expertise gained through his practice as attorney at law, 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.
Koji Nishikawa	He has extensive knowledge and expertise in corporate accounting audits as a certified public accountant. We expect that he will reflect his wealth of experience and expertise in auditing and supervising the Company's management from an independent perspective.

Message from the Financial Officer



Maintain a Strong Financial Base in Pursuit of Becoming a “Strong Company”

Director, Corporate Officer,
General Manager of Administration Headquarters

Yukihiro Otsu

FYE 2022 in Review

In FYE 2022, stay-at-home demand during the COVID-19 pandemic calmed down but remained stronger than expected as, with the waning of the pandemic, demand for the “new normal” set in, as well as new demand that reflected new investments aimed at addressing environmental issues and restarting businesses. With a shortage of goods and logistics disruptions, it was a year of struggle to see how far we could go in ensuring a solid supply to meet demand. Nevertheless, revenue increased 21.5% year-on-year to ¥739,260 million. Despite the significant impact of higher transportation costs, operating profit increased 3.7% year on year to ¥91,728 million, with both revenue and operating profit reaching record highs.

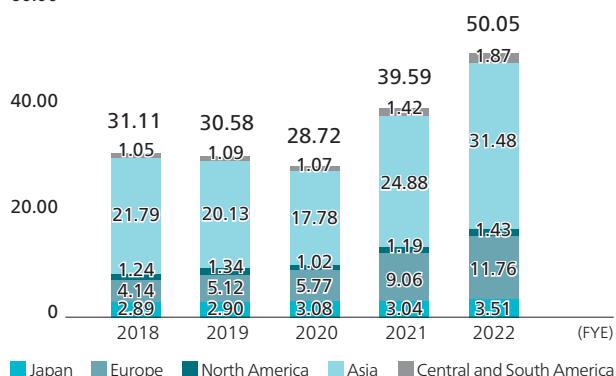
In line with our basic policy of investing in growth in anticipation of need, we have been working to establish and expand our distribution bases and increase production capacity around the world over the past several years. The current logistics situation, with goods being held up at ports and at sea is a case in point. Despite the goods having already been manufactured they are

unavailable and in order to maintain an uninterrupted supply of products, inventories must be kept somewhat large. Moreover, with sales up significantly compared to two years ago, we believe that our efforts to increase production capacity to meet a large increase in demand have paid off in terms of production and that our investment in a distribution warehouse has also paid off in terms of distribution. This is how our policy of investing in growth has proved effective to date with regard to both production and logistics, and we believe that we have been able to build a relationship of trust with our customers by providing them with a reliable supply of products and services even amid volatile global market conditions.

Although we have been investing at a high level for growth, while we plan to continue investing as necessary, we will adjust the level of capital expenditure downward as we start seeing the results of the investments already made. Also, although we are currently increasing inventory to counteract logistics disruptions, we expect inventory levels to gradually normalize once the disruptions subside.

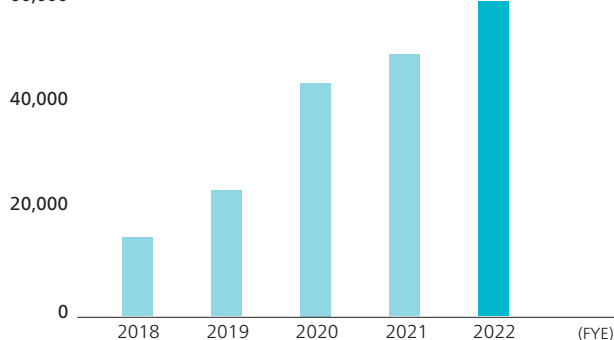
Production Output by Region

(Million units)



Trends in Capital Expenditures

(Million yen)



Basic Approach to Financial Management

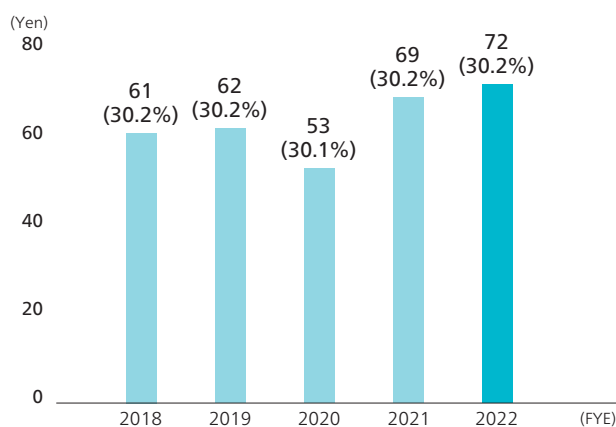
Makita's basic financial policy is to maintain a robust financial structure able to withstand unexpected changes in the business environment, including those related to foreign currency and geopolitical risks. Our ability to improve convenience for customers is an important aspect of our competitiveness, and we believe maintaining a robust financial structure is essential to our becoming a "Strong Company" as well as our ongoing execution of necessary and timely investments aimed at increasing customer convenience, even in times of adversity.

With transportation and material costs continuing to rise, current conditions are posing difficulties in terms of profit. Nevertheless, we will continue to review operations and work to reduce costs by eliminating even the smallest measure of wastefulness, passing on rises in prices to customers when necessary. By simultaneously strengthening such initiatives as streamlining business processes through digital transformation, we will strive to maintain profitability over the long term and enhance corporate value.

Promoting Returns to Shareholders

Makita's basic policy is to distribute profits in accordance with business performance, taking into consideration the need to balance investment for sustainable growth, and enhancement of corporate value, as well as financial soundness to prepare for a variety of risks. We determine the amount of dividends to be paid each fiscal year with the lower limits on cash dividends applicable to the year per share and the consolidated dividend payout ratio set at 10 yen per share and 30%. We paid a 72 yen per share annual dividend for the period, an increase of 3 yen from the previous fiscal year, reflecting the strong business performance.

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



Note: Parentheses indicate dividend payout ratio

Strengthening Shareholder and Investor Engagement

Through active dialogue with our shareholders and investors, we hope to deepen their understanding of our long-term vision and growth strategies. In recent years, stakeholder interest has grown to include ESG issues and SDGs (Sustainable Development Goals) in addition to financial information, and we have received many inquiries on these topics, so we are well aware of the need for effective communications. Accordingly, we have set greenhouse gas emission reduction targets and disclosed information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which we have endorsed. We have also worked to expand the content of the integrated *Makita Report*.

Regarding opinions and requests received through IR activities, we will strive to maximize corporate value by giving feedback to management, sharing issues, and reflecting upon them in our management.

We believe that the understanding of our shareholders and investors is essential if we are to steadily implement the measures needed for our long-term development. We will continue working to become a "Strong Company" while listening sincerely to the feedback of our shareholders and investors. We appreciate your continued support.

For detailed financial information, please refer to the Investor Relations section (under Additional Information in the IR Library) of the Company's website.

11-Year Summary

(For the years ended March 31)

U.S. GAAP

	2012	2013	2014	2015	2016	2017
Net sales	¥ 295,711	¥ 309,630	¥ 383,207	¥ 414,718	¥ 423,623	¥ 414,999
Domestic	53,175	56,555	66,019	67,740	68,445	74,381
Overseas	242,536	253,075	317,188	346,978	355,178	340,618
Operating income	48,516	45,366	54,914	71,905	64,676	62,564
Income before income taxes	46,963	45,691	56,974	68,394	61,492	64,738
Net income attributable to Makita Corporation	32,497	31,076	38,453	45,307	41,615	44,782
Net cash provided by (used in) operating activities	¥ 8,622	¥ 38,364	¥ 41,686	¥ 35,894	¥ 34,188	¥ 63,351
Net cash provided by (used in) investing activities	(4,500)	(15,414)	(20,084)	(20,096)	(6,573)	(5,015)
Free cash flows	4,122	22,950	21,602	15,798	27,615	58,336
Net cash provided by (used in) financing activities	(12,707)	(10,650)	(7,365)	(12,017)	(18,719)	(9,495)
Capital expenditures	¥ 13,481	¥ 11,481	¥ 11,417	¥ 12,124	¥ 11,769	¥ 13,222
Depreciation and amortization	7,237	7,542	8,622	8,619	9,284	8,943
R&D costs	7,603	8,396	8,720	9,117	9,593	10,139
Total assets	¥ 383,256	¥ 440,974	¥ 519,121	¥ 575,328	¥ 558,024	¥ 597,249
Net working capital	223,045	266,950	310,750	358,245	362,675	374,297
Total Makita Corporation shareholders' equity	321,253	373,543	435,934	486,021	479,752	502,170
Interest-bearing debt	2,363	1,703	4,163	5,030	2,225	6,597

Per share amounts

Earnings per share (basic) net income attributable to Makita Corporation common shareholders	¥ 118.39	¥ 114.46	¥ 141.65	¥ 166.89	¥ 153.30	¥ 164.96
Total Makita Corporation shareholders' equity per share	1,183.25	1,375.89	1,605.80	1,790.33	1,767.26	1,849.88
Cash dividends applicable to the year per share	72.00	69.00	91.00	118.00	101.00	100.00

Other data

Ratio of operating income to net sales	16.4%	14.7%	14.3%	17.3%	15.3%	15.1%
ROE	10.3%	8.9%	9.5%	9.8%	8.6%	9.1%
ROA	8.6%	7.5%	8.0%	8.3%	7.3%	7.8%
Total Makita Corporation shareholders' equity ratio to total assets	83.8%	84.7%	84.0%	84.5%	86.0%	84.1%
Average number of shares outstanding during the term	274,489,367	271,496,178	271,481,657	271,472,428	271,468,232	271,463,676
Number of shares issued excluding treasury stock	271,501,036	271,491,854	271,475,252	271,469,736	271,466,522	271,460,572
Employees	12,563	12,680	12,804	13,835	14,784	15,344

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 stock were calculated assuming that the stock split was also conducted in prior years. Cash dividends applicable to the year per share show the actual amount of the dividend before the stock split.

4. 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)		(Million yen)				
2018	IFRS	2018	2019	2020	2021	2022
¥ 477,298	Revenue	¥ 477,298	¥ 490,578	¥ 492,617	¥ 608,331	¥ 739,260
82,575	Domestic	82,575	92,129	100,697	113,048	118,050
394,723	Overseas	394,723	398,449	391,920	495,283	621,210
79,762	Operating profit	80,231	78,305	64,046	88,464	91,728
79,678	Profit before income taxes	79,865	79,919	66,008	87,199	92,483
54,755	Profit attributable to owners of the parent	54,943	55,750	47,731	62,018	64,770
¥ 33,294	Net cash provided by (used in) operating activities	¥ 34,191	¥ 23,155	¥ 57,310	¥ 64,537	¥ (103,660)
(14,811)	Net cash provided by (used in) investing activities	(15,708)	(15,329)	(30,506)	(42,913)	(27,891)
18,483	Free cash flows	18,483	7,826	26,804	21,624	(131,551)
(17,743)	Net cash provided by (used in) financing activities	(17,743)	(8,231)	(22,931)	(23,036)	52,626
¥ 14,149	Capital expenditures	¥ 15,045	¥ 23,867	¥ 44,409	¥ 49,855	¥ 59,937
9,917	Depreciation and amortization	10,783	11,271	12,058	13,881	17,639
10,894	R&D costs	10,924	11,258	11,601	12,783	14,145
¥651,031	Total assets	¥ 654,841	¥ 680,250	¥ 674,564	¥ 812,878	¥1,007,497
415,979	Net working capital	398,355	402,335	381,090	418,530	460,794
551,939	Equity attributable to owners of the parent	554,046	572,748	571,275	657,855	746,344
3,544	Interest-bearing debt	3,544	11,960	19,737	16,455	96,462
(Yen)	Per share amounts	(Yen)				
¥ 201.70	Profit attributable to owners of the parent per share (basic)	¥ 202.39	¥ 205.37	¥ 175.80	¥ 228.41	¥ 238.54
2,033.16	Equity attributable to owners of the parent per share	2,040.93	2,109.83	2,104.01	2,422.80	2,748.64
61.00	Cash dividends applicable to the year per share	61.00	62.00	53.00	69.00	72.00
	Other data					
16.7%	Ratio of operating profit to revenue	16.8%	16.0%	13.0%	14.5%	12.4%
10.4%	ROE	10.4%	9.9%	8.3%	10.1%	9.2%
8.8%	ROA	8.8%	8.4%	7.0%	8.3%	7.1%
84.8%	Ratio of equity attributable to owners of the parent to total assets	84.6%	84.2%	84.7%	80.9%	74.1%
271,465,951	Average number of shares outstanding during the term	271,465,951	271,467,574	271,502,528	271,524,393	271,530,966
271,467,928	Number of shares issued excluding treasury stock	271,467,928	271,467,057	271,516,990	271,527,124	271,532,459
16,137	Employees	16,137	16,424	17,090	18,624	20,233

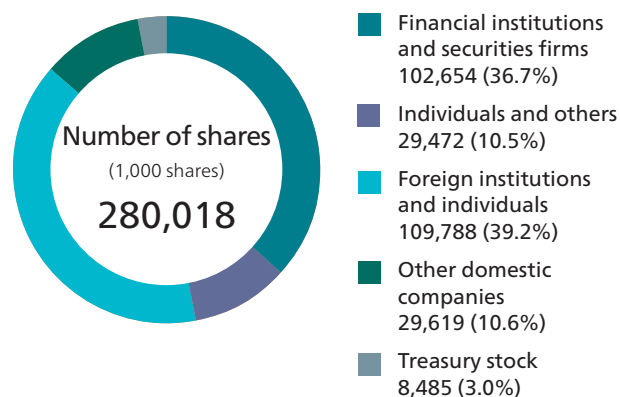
Stock Information

(As of March 31, 2022)

Securities code	6586
Stock market listings*	Tokyo Stock Exchange (First Section) Nagoya Stock Exchange (First Section)
Total number of shares outstanding	Common shares 280,017,520 (including treasury stock of 8,485,061 shares)
The number of shareholders	14,768

* Due to the market restructures of the Tokyo Stock Exchange and the Nagoya Stock Exchange, the Company moved from the First Section to the Prime Market and the Premier Market, respectively, on April 4, 2022.

Breakdown of Shareholders

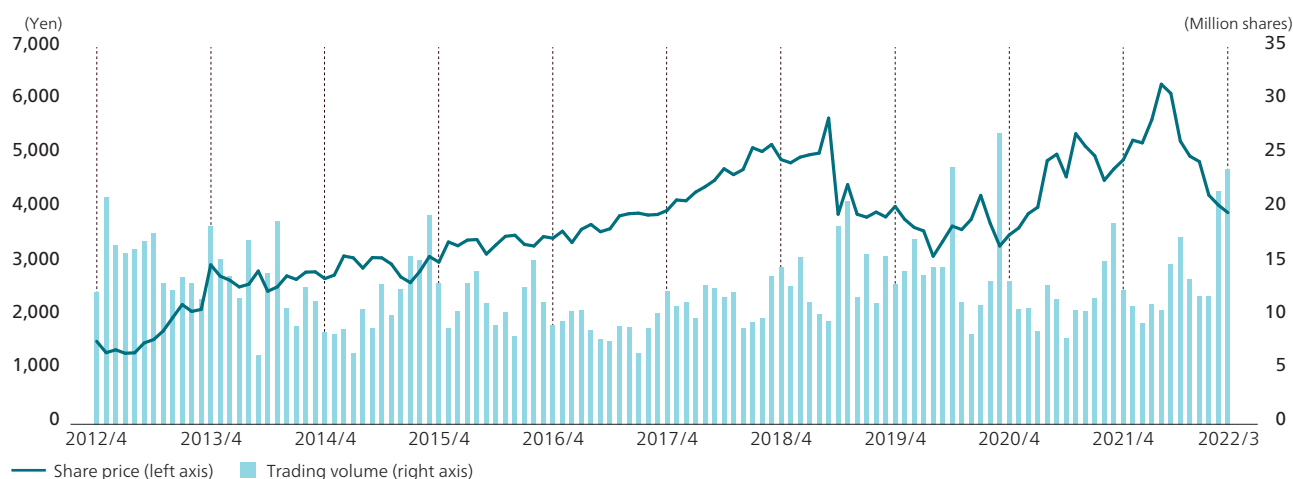


Major Shareholders (Top Ten)

Name	Number of shares held (1,000 shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	43,192	15.90
Custody Bank of Japan, Ltd. (Trust Account)	12,291	4.52
Maruwa, Ltd.	8,638	3.18
MUFG Bank, Ltd.	8,426	3.10
The Bank of New York Mellon as Depositary Bank for DR Holders	7,791	2.86
Makita Cooperation Companies' Investment Association	6,198	2.28
Sumitomo Mitsui Banking Corporation	5,800	2.13
Nippon Life Insurance Company	5,353	1.97
BNYM AS AGT/CLTS 10 PERCENT	4,172	1.53
National Mutual Insurance Federation of Agricultural Cooperatives	4,109	1.51

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

Share Price Trend



Notes: 1. On April 1, 2017, Makita conducted a 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, 2022)

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	739,260 million yen (fiscal year ended March 31, 2022)	
Number of Employees (consolidated basis)	20,233	
Consolidated Subsidiaries	52	
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 S.R.L. (Romania)
	Makita Oy (Finland)	Technology development subsidiary
		Makita Engineering Korea Co., Ltd.



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