



# Makita Corporation

Consolidated Financial Results  
for the nine months  
ended December 31, 2017  
(U.S. GAAP Financial Information)

(English translation of "KESSAN TANSHIN"  
originally issued in Japanese)



## CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2017 (Unaudited)

January 31, 2018

### Makita Corporation

Stock code: 6586

URL: <http://www.makita.biz/>

Munetoshi Goto, President, Representative Director

### 1. Summary operating results of the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

#### (1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the nine months ended December 31, 2016		For the nine months ended December 31, 2017	
		%		%
Net sales.....	306,315	(5.5)	355,234	16.0
Operating income .....	47,615	(4.7)	59,445	24.8
Income before income taxes .....	49,660	4.3	60,707	22.2
Net income attributable to Makita Corporation ....	34,691	5.5	41,820	20.5
Comprehensive income .....	28,161	28.7	66,979	137.8
Yen				
Earning per share				
Net income attributable to Makita Corporation common shareholders				
(Basic).....	127.79		154.05	
(Diluted) .....	127.78		154.04	

#### Notes:

- Amounts of less than one million yen have been rounded.
- The table above shows the changes in the percentage ratio of net sales, operating income, income before income taxes, net income attributable to Makita Corporation, and comprehensive income against the corresponding period of the previous year.
- The Company implemented a two-for-one common stock split, effective April 1, 2017. Net income attributable to Makita Corporation common shareholders per share (basic) and net income attributable to Makita Corporation common shareholders per share (diluted) were calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

#### (2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2017	As of December 31, 2017
Total assets.....	597,249	655,820
Total equity .....	505,811	558,793
Total Makita Corporation shareholders' equity .....	502,170	554,589
Total Makita Corporation shareholders' equity ratio to total assets (%) .....	84.1%	84.6%



## 2. Dividend Information

	Yen	
	For the year ended March 31, 2017	For the year ending March 31, 2018 (Forecast)
Cash dividend per share:		
Interim.....	18.00	10.00
Year-end .....	82.00	(Note)
Total .....	100.00	(Note)

### Notes:

1. The forecast for cash dividend announced on April 27, 2017 has not been revised.
2. The Company has revised the lower limit on annual cash dividend per share from 18 yen to 10 yen, reflecting a two-for-one common stock split, effective April 1, 2017. However, dividends per share for the fiscal year ended March 31, 2017 are amounts paid prior to the relevant stock split.
3. The projected amount of dividends for the year ending March 31, 2018 has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecast, and other significant matters" on page 3.

## 3. Consolidated Financial Performance Forecast for the year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

	Yen (millions)	
	For the year ending March 31, 2018	
		%
Net sales.....	467,000	12.5
Operating income .....	75,500	20.7
Income before income taxes .....	77,500	19.7
Net income attributable to Makita Corporation .....	53,500	19.5
Earning per share (Basic)		
		Yen
Net income attributable to Makita Corporation common shareholders.....	197.08	

### Notes:

1. The consolidated financial forecast for the year ending March 31, 2018 has been revised.
2. The Company implemented a two-for-one common stock split, effective April 1, 2017. Net income attributable to Makita Corporation common shareholders per share (basic) in the forecast of consolidated financial performance is calculated based on the number of shares outstanding (common stock) after the relevant stock split.



#### 4. Other

- (1) Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None
- (2) Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to “Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements” on page 10.

- (3) Changes in accounting policies, procedures and presentation rule applied in the preparation of the quarterly consolidated financial statements:
  1. Changes due to revisions to accounting standards: Yes
  2. Changes due to other reasons: None

Note: Please refer to “Changes in accounting principles, procedures and presentations” on page 10.

- (4) Number of shares outstanding (common stock)
  1. Number of shares issued (including treasury stock):

As of December 31, 2017:	280,017,520
As of March 31, 2017:	280,017,520
  2. Number of treasury stock:

As of December 31, 2017:	8,549,252
As of March 31, 2017:	8,556,948
  3. Average number of shares outstanding:

For the nine months ended December 31, 2017:	271,465,233
For the nine months ended December 31, 2016:	271,464,514

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. The number of shares outstanding (common stock) was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

Makita’s earnings releases (KESSAN TANSHIN) are not subject to the quarterly review.

#### Explanation regarding proper use of business forecasts, and other significant matters

1. The financial forecast given above is based on information as available at the present time, and includes potential risks and uncertainties. As a consequence of the factors above and other, actual results may vary from the forecasts provided above. Regarding the assumptions for the forecasts and other matters, refer to [Qualitative Information and Financial Performance Statements] Section 3 “Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast” on page 5.
2. Makita's basic policy on the distribution of profits is to maintain a consolidated dividend payout ratio of 30% or greater, with a lower limit on annual cash dividends of 10 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on consolidated net income attributable to Makita Corporation after certain adjustments.

The Board of Directors plans to meet in April 2018 for a report on earnings for the year ending March 31, 2018. At the time, in accordance with the basic policy regarding profit distribution mentioned above, the Board of Directors plans to propose a dividend equivalent to at least 30% of net income attributable to Makita Corporation. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2018.

The consolidated dividend payout ratio is calculated as annual dividends per share divided by consolidated net income attributable to Makita Corporation per share (after adjustments for special circumstances) and multiplied by 100.



## [Qualitative Information and Financial Statements]

### 1. Explanation of Consolidated Operating Results

Looking at the global economic situation during the nine months (the “period”) ended December 31, 2017, developed countries’ economies gradually recovered due to steady improvement in employment and income situation, although there were uncertainties regarding the international political situation and policies. In emerging countries, the economy in general remained robust, since domestic demand and exports grew steadily in Southeast Asia.

Our consolidated net sales for this period increased by 16.0% from the previous year to 355,234 million yen due to steady sales in Japan and overseas and depreciation of the yen compared with the same period the previous year. Operating income increased by 24.8% to 59,445 million yen (operating income ratio: 16.7%), owing to a rise in net sales, and improvement in the cost-of-sales ratio due to the impact of the exchange rate. Meanwhile, income before income taxes increased by 22.2% to 60,707 million yen (income before income taxes ratio: 17.1%) and net income attributable to Makita Corporation increased by 20.5% to 41,820 million yen (ratio of net income attributable to Makita Corporation : 11.8%).

Net sales results by region were as follows:

Net sales in Japan increased by 12.9% to 60,637 million yen compared to the same period of the previous year. This was due to robust sales of power tools and gardening equipment, mainly lithium-ion battery products.

Net sales in Europe increased by 19.3% to 149,067 million yen. This was due to a rise in sales in Western and Eastern Europe (almost in all regions).

Net sales in North America increased by 11.8% to 56,806 million yen, supported by solid housing demand.

Net sales in Asia increased by 14.2% to 33,295 million yen. This was due to recovery of sales in China.

Sales situations in other regions are as follows: Net sales in Central and South America, where the Brazilian economy showed signs of breaking out from stagnation, increased by 24.7% to 21,231 million yen. Net sales in Oceania, where lithium-ion battery products sold well, increased by 30.0% to 23,528 million yen. Meanwhile, net sales in the Middle East and Africa, where a fall in crude oil prices affected the economy and political uncertainty continued, decreased by 14.8% to 10,670 million yen.

### 2. Explanation of Consolidated Financial Position

Total assets as of December 31, 2017 increased by 58,571 million yen to 655,820 million yen compared to the balance as of March 31, 2017. The increase was mainly due to the increase in “Inventories”.

Total liabilities increased by 5,589 million yen to 97,027 million yen compared to the balance as of March 31, 2017. The increase was mainly due to the increase in “Accrued expenses”.

Total equity increased by 52,982 million yen to 558,793 million yen compared to the balance as of March 31, 2017. The increase was mainly due to the increase in “Retained earnings” and due to the change in foreign currency translation adjustment included in “Accumulated other comprehensive income (loss)”.



### 3. Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast

The Company has revised its forecast for consolidated performance for the year ending March 31, 2018. This is because robust sales in Japan and overseas for the first nine-month period of the fiscal year 2018 (April 1, 2017 to March 31, 2018).

#### Revised Forecast for consolidated performance during the fiscal year 2018 (From April 1, 2017 to March 31, 2018)

	Yen (millions)				Yen
	Net sales	Operating income	Income before income taxes	Net income attributable to Makita Corporation	Earning per share (Basic) Net income attributable to Makita Corporation common shareholders
Forecast announced previously (A) .....	455,000	70,000	72,300	51,000	187.87
<b>Revised forecast (B) .....</b>	<b>467,000</b>	<b>75,500</b>	<b>77,500</b>	<b>53,500</b>	<b>197.08</b>
Changes (B-A).....	12,000	5,500	5,200	2,500	-
Percentage revision.....	2.6%	7.9%	7.2%	4.9%	-
Actual results for the previous year ended March 31, 2017 .....	414,999	62,564	64,738	44,782	164.96

#### [Preconditions]

The above forecast is based on the assumption of exchange rates of 110 yen to the U.S. dollar, 130 yen to the euro and 17.3 yen to the renminbi for the three months period ending March 31, 2018.

The above forecast is based on the assumption of exchange rates of 111 yen to the U.S. dollar, 129 yen to the euro and 16.8 yen to the renminbi for the year ending March 31, 2018.

#### [Reference]

Our previous exchange rates that we announced on October 25, 2017 were 111 yen to the U.S. dollar, 128 yen to the euro and 16.6 yen to the renminbi for the year ending March 31, 2018.

#### Notes:

1. The above forecast is based on information as available at the present time, and includes potential risks and uncertainties. As a consequence of the factors above and other, actual results may vary from the forecast provided above.
2. The Company implemented a two-for-one common stock split, effective April 1, 2017. Net income attributable to Makita Corporation common shareholders per share (basic) was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.



#### 4. Consolidated Financial Statements (Unaudited)

##### (1) Consolidated Balance Sheets

	Yen (millions)			
	As of March 31, 2017		As of December 31, 2017	
		Composition ratio		Composition ratio
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents.....	142,181		126,634	
Time deposits.....	34,329		47,141	
Short-term investments.....	23,441		34,526	
Trade receivables-				
Notes.....	1,199		1,351	
Accounts.....	67,086		75,916	
Less- Allowance for doubtful receivables.....	(1,137)		(1,234)	
Inventories.....	167,398		196,537	
Deferred income taxes.....	4,723		-	
Prepaid expenses and other current assets.....	13,349		16,804	
Total current assets.....	<u>452,569</u>	75.8%	<u>497,675</u>	75.9%
<b>PROPERTY, PLANT AND EQUIPMENT, AT COST:</b>				
Land.....	22,358		22,985	
Building and improvements.....	94,927		100,404	
Machinery and equipment.....	91,493		99,348	
Construction in progress.....	5,531		5,135	
Sub total.....	214,309		227,872	
Less- Accumulated depreciation and amortization.....	(119,802)		(127,206)	
Total net property, plant and equipment.....	<u>94,507</u>	15.8%	<u>100,666</u>	15.3%
<b>INVESTMENTS AND OTHER ASSETS:</b>				
Investments.....	34,004		37,791	
Goodwill.....	721		721	
Other intangible assets, net.....	3,641		3,736	
Deferred income taxes.....	650		3,659	
Other assets.....	11,157		11,572	
Total investments and other assets.....	<u>50,173</u>	8.4%	<u>57,479</u>	8.8%
Total assets.....	<u>597,249</u>	100.0%	<u>655,820</u>	100.0%



	Yen (millions)			
	As of March 31, 2017		As of December 31, 2017	
		Composition ratio		Composition ratio
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Short-term borrowings .....	6,579		5,979	
Trade notes and accounts payable .....	26,347		25,744	
Other payables .....	7,122		8,522	
Accrued expenses .....	10,537		14,215	
Accrued payroll .....	9,431		8,522	
Income taxes payable .....	6,944		8,534	
Deferred income taxes .....	3,134		-	
Other liabilities .....	8,178		9,665	
Total current liabilities .....	<u>78,272</u>	13.1%	<u>81,181</u>	12.4%
<b>LONG-TERM LIABILITIES:</b>				
Accrued retirement and termination benefits .....	3,161		3,445	
Deferred income taxes .....	8,313		10,769	
Other liabilities .....	1,692		1,632	
Total long-term liabilities .....	<u>13,166</u>	2.2%	<u>15,846</u>	2.4%
Total liabilities .....	<u>91,438</u>	15.3%	<u>97,027</u>	14.8%
<b>EQUITY</b>				
<b>MAKITA CORPORATION SHAREHOLDERS'</b>				
<b>EQUITY:</b>				
Common stock .....	23,805		23,805	
Additional paid-in capital .....	45,501		45,521	
Legal reserve .....	5,669		5,669	
Retained earnings .....	456,546		484,521	
Accumulated other comprehensive income (loss) .....	(17,728)		6,688	
Treasury stock .....	(11,623)		(11,615)	
Total Makita Corporation shareholders' equity .....	<u>502,170</u>	84.1%	<u>554,589</u>	84.6%
NON-CONTROLLING INTEREST .....	<u>3,641</u>	0.6%	<u>4,204</u>	0.6%
Total equity .....	<u>505,811</u>	84.7%	<u>558,793</u>	85.2%
Total liabilities and equity .....	<u>597,249</u>	100.0%	<u>655,820</u>	100.0%
<hr/>				
	As of March 31, 2017		As of December 31, 2017	
Total number of shares authorized .....	992,000,000		992,000,000	
Number of shares issued .....	280,017,520		280,017,520	
Number of shares issued (excluding treasury stock) .....	271,460,572		271,468,268	
Number of treasury stock .....	8,556,948		8,549,252	

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. The table above was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.





**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**

	Yen (millions)			
	For the nine months ended December 31, 2016		For the nine months ended December 31, 2017	
		Composition ratio		Composition ratio
NET SALES .....	306,315	100.0%	355,234	100.0%
Cost of sales .....	196,189	64.0%	224,917	63.3%
GROSS PROFIT.....	110,126	36.0%	130,317	36.7%
Selling, general, administrative and others, net.....	62,511	20.5%	70,872	20.0%
OPERATING INCOME .....	47,615	15.5%	59,445	16.7%
OTHER INCOME (EXPENSE):				
Interest and dividend income .....	1,804		2,328	
Interest expense .....	(47)		(37)	
Exchange gains (losses) on foreign currency transactions, net .....	290		(1,307)	
Realized gains on securities, net.....	25		299	
Valuation losses on securities .....	(27)		(21)	
Total other income (expense), net .....	2,045	0.7%	1,262	0.4%
INCOME BEFORE INCOME TAXES .....	49,660	16.2%	60,707	17.1%
Income tax expense:				
Current.....	14,670		18,635	
Deferred.....	32		(114)	
Total income tax expense .....	14,702	4.8%	18,521	5.2%
NET INCOME.....	34,958	11.4%	42,186	11.9%
Less-Net income attributable to the non-controlling interest.....	267	0.1%	366	0.1%
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION.....	34,691	11.3%	41,820	11.8%

**Consolidated Statements of Comprehensive Income**

	Yen (millions)	
	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
NET INCOME.....	34,958	42,186
OTHER COMPREHENSIVE INCOME (LOSS):		
Foreign currency translation adjustment .....	(12,675)	22,963
Unrealized holding gains (losses) on available-for-sale securities...	5,713	1,816
Pension liability adjustment .....	165	14
Total other comprehensive income (loss).....	(6,797)	24,793
COMPREHENSIVE INCOME .....	28,161	66,979
Less-Comprehensive income attributable to the non-controlling interest.....	188	743
COMPREHENSIVE INCOME ATTRIBUTABLE TO MAKITA CORPORATION.....	27,973	66,236



### (3) Consolidated Statements of Cash Flows

	Yen (millions)	
	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income.....	34,958	42,186
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization.....	6,590	7,255
Deferred income tax expense (benefit).....	32	(114)
Realized gains on securities, net.....	(25)	(299)
Valuation losses on securities.....	27	21
Losses (gains) on disposal or sales of property, plant and equipment, net.....	62	(38)
Changes in assets and liabilities-		
Trade receivables.....	(620)	(5,403)
Inventories.....	4,523	(17,344)
Trade notes, accounts payable and accrued expenses.....	5,289	2,391
Income taxes payable.....	989	450
Accrued retirement and termination benefits.....	(558)	(409)
Other, net.....	(856)	(1,443)
Net cash provided by operating activities.....	<u>50,411</u>	<u>27,253</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures.....	(9,441)	(10,370)
Purchases of available-for-sale securities.....	(613)	(10,846)
Proceeds from sales of available-for-sale securities.....	25,463	459
Purchases of held-to-maturity securities.....	(4,601)	(800)
Proceeds from maturities of held-to-maturity securities.....	4,000	200
Proceeds from sales of property, plant and equipment.....	372	453
Investment in time deposit.....	(43,716)	(42,526)
Withdrawal of time deposit.....	25,610	30,930
Other, net.....	199	0
Net cash used in investing activities.....	<u>(2,727)</u>	<u>(32,500)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Additions to borrowings with original maturities of three months or less, net.....	4,558	(1,268)
Purchase of treasury stock, net.....	(18)	(3)
Cash dividends paid.....	(13,708)	(13,845)
Other, net.....	(150)	(194)
Net cash used in financing activities.....	<u>(9,318)</u>	<u>(15,310)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.....	(4,572)	5,010
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	33,794	(15,547)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD ...	99,915	142,181
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	<u>133,709</u>	<u>126,634</u>



#### (4) Notes to Consolidated Financial Statements

Notes on the assumptions for a going concern: None

Note in case there is any significant change in the shareholders' equity: None

Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None

#### Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements:

With regard to the income tax expenses, the Company computes interim income tax expense by multiplying reasonably estimated annual effective tax rate, which includes the effects of deferred taxes, by year-to-date income before income taxes for the reporting period.

#### Changes in accounting principles, procedures and presentations:

In July 2015, the U.S. Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-11 ("Simplifying the Measurement of Inventory" – ASC 330 ("Inventory")). This Update applies to all inventory except for which is measured using last-in, first-out (LIFO) or the retail inventory method, and requires an entity to measure inventory at the lower of cost and net realizable value. The Company adopted this standard on April 1, 2017. The adoption has no effect on the Company's financial statements.

In November 2015, FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." This accounting standard change requires that all deferred tax liabilities and assets be classified as noncurrent in a consolidated balance sheet. Effective April 1, 2017, the Company has adopted this accounting standard. In adopting this accounting standard, the Company did not adjust the prior period's financial statement retrospectively.

#### Condensed Operating Segment Information

	Yen (millions)							
	For the nine months ended December 31, 2016							
	Japan	Europe	North America	Asia	Other area	Total	Eliminations	Consolidated
Sales:								
(1) External customers .....	70,765	125,166	52,132	16,633	41,619	306,315	-	306,315
(2) Inter-segment .....	96,102	3,141	2,686	124,079	82	226,090	(226,090)	-
Total .....	<u>166,867</u>	<u>128,307</u>	<u>54,818</u>	<u>140,712</u>	<u>41,701</u>	<u>532,405</u>	<u>(226,090)</u>	<u>306,315</u>
Operating expenses .....	151,774	117,631	53,140	124,113	39,813	486,471	(227,771)	258,700
Operating income .....	15,093	10,676	1,678	16,599	1,888	45,934	1,681	47,615

	Yen (millions)							
	For the nine months ended December 31, 2017							
	Japan	Europe	North America	Asia	Other area	Total	Eliminations	Consolidated
Sales:								
(1) External customers .....	78,233	149,277	58,564	19,890	49,270	355,234	-	355,234
(2) Inter-segment .....	154,152	3,546	3,459	160,031	908	322,096	(322,096)	-
Total .....	<u>232,385</u>	<u>152,823</u>	<u>62,023</u>	<u>179,921</u>	<u>50,178</u>	<u>677,330</u>	<u>(322,096)</u>	<u>355,234</u>
Operating expenses .....	208,820	138,478	59,770	160,675	46,052	613,795	(318,006)	295,789
Operating income .....	23,565	14,345	2,253	19,246	4,126	63,535	(4,090)	59,445



## SUPPORT DOCUMENTATION (CONSOLIDATED)

### 1. Consolidated Financial Results and Forecast

	Yen (millions)			
	For the nine months ended		For the nine months ended	
	December 31, 2016	(%)	December 31, 2017	(%)
Net sales.....	306,315	(5.5)	355,234	16.0
Domestic .....	53,695	8.3	60,637	12.9
Overseas .....	252,620	(8.0)	294,597	16.6
Operating income .....	47,615	(4.7)	59,445	24.8
Income before income taxes .....	49,660	4.3	60,707	22.2
Net income attributable to Makita Corporation .....	34,691	5.5	41,820	20.5
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders (Yen) .....	127.79		154.05	
Number of Employees .....	15,261		15,969	

	Yen (millions)					
	For the year ended		For the six months ended		For the year ending	
	March 31, 2017	(%)	September 30, 2017	(%)	March 31, 2018 (Forecast)	(%)
Net sales.....	414,999	(2.0)	230,951	15.4	467,000	12.5
Domestic .....	74,381	8.7	39,877	13.3	81,500	9.6
Overseas .....	340,618	(4.1)	191,074	15.9	385,500	13.2
Operating income .....	62,564	(3.3)	38,291	13.8	75,500	20.7
Income before income taxes .....	64,738	5.3	39,456	15.8	77,500	19.7
Net income attributable to Makita Corporation .....	44,782	7.6	27,679	15.0	53,500	19.5
Earning per share (Basic)						
Net income attributable to Makita Corporation common shareholders (Yen) .....	164.96		101.96		197.08	
Number of Employees .....	15,344		15,976		-	

Notes:

1. Please refer to [Qualitative Information and Financial Statements] Section 3 “Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast” on page 5.
2. The Company implemented a two-for-one common stock split, effective April 1, 2017. Net income attributable to Makita Corporation common shareholders per share (basic) was calculated on the assumption that the relevant stock split had been implemented at the beginning of the consolidated fiscal year ended March 31, 2017.
3. The table above shows the changes in the percentage ratio of net sales, operating income, income before income taxes, and net income attributable to Makita Corporation compared to the corresponding period of the previous year.



## 2. Consolidated Net Sales by Geographic Area

	Yen (millions)							
	For the nine months ended December 31, 2016		For the nine months ended December 31, 2017		For the year ended March 31, 2017		For the six months ended September 30, 2017	
		(%)		(%)		(%)		(%)
Japan .....	53,695	8.3	60,637	12.9	74,381	8.7	39,877	13.3
Europe.....	125,001	(6.2)	149,067	19.3	168,992	(2.9)	98,586	16.5
North America .....	50,810	(6.0)	56,806	11.8	66,148	(2.4)	35,031	10.3
Asia.....	29,163	(8.9)	33,295	14.2	40,079	(3.3)	21,463	20.6
Other regions .....	47,646	(13.6)	55,429	16.3	65,399	(9.2)	35,994	17.4
Central and South America.....	17,022	(20.5)	21,231	24.7	23,110	(11.6)	13,483	25.8
Oceania.....	18,100	(1.1)	23,528	30.0	25,093	1.8	15,597	33.2
The Middle East and Africa.....	12,524	(19.0)	10,670	(14.8)	17,196	(18.8)	6,914	(16.1)
Total.....	306,315	(5.5)	355,234	16.0	414,999	(2.0)	230,951	15.4

### Notes:

1. The table above sets forth Makita's consolidated net sales by geographic area based on the customer's location for the periods presented. Accordingly, it differs from "Condensed Operating Segment Information" on page 10.
2. The table above shows the changes in the percentage ratio of net sales compared to the corresponding period of the previous year.

## 3. Exchange Rates

	Yen				
	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017	For the year ended March 31, 2017	For the six months ended September 30, 2017	For the year ending March 31, 2018 (Forecast)
USD/JPY .....	106.60	111.69	108.34	111.04	111
EUR/JPY .....	117.98	128.55	118.74	126.32	129
RMB/JPY .....	15.94	16.64	16.10	16.42	16.8

Note: Exchange rates for the three months period ending March 31, 2018 (forecast) are 110 yen to the U.S. dollar, 130 yen to the euro and 17.3 yen to the renminbi.

## 4. Production Ratio (unit basis)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017	For the year ended March 31, 2017	For the six months ended September 30, 2017
	Composition ratio	Composition ratio	Composition ratio	Composition ratio
Domestic.....	10.4%	9.5%	10.2%	9.1%
Overseas .....	89.6%	90.5%	89.8%	90.9%

## 5. Consolidated Capital Expenditures, Depreciation and Amortization, and R&D cost

	Yen (millions)				
	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017	For the year ended March 31, 2017	For the six months ended September 30, 2017	For the year ending March 31, 2018 (Forecast)
Capital expenditures .....	9,441	10,370	13,222	7,247	16,000
Depreciation and amortization.....	6,590	7,255	8,943	4,763	10,000
R&D cost.....	7,489	8,229	10,139	5,451	11,000