

MAKITA CORPORATION

(Stock code: 6586)

June 3, 2020

To the Shareholders of
MAKITA CORPORATION

NOTICE OF THE 108TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are respectfully requested to attend the 108th Ordinary General Meeting of Shareholders of MAKITA CORPORATION, which is hereby announced.

To prevent the further spread of the novel coronavirus (COVID-19), we kindly ask you to decide whether or not to attend the meeting after checking your health condition.

Instead of attending the meeting, you may exercise your voting rights by mail or via the Internet in advance. Please review the accompanying information and exercise the rights by 5 p.m., Wednesday, June 24, 2020.

Munetoshi Goto
President
MAKITA CORPORATION
3-11-8, Sumiyoshi-cho, Anjo City,
Aichi Prefecture, 446-8502, Japan

1. Date and Time: 10 a.m., Thursday, June 25, 2020

2. Place: Head Office of MAKITA CORPORATION, 5th Floor
3-11-8, Sumiyoshi-cho, Anjo City,
Aichi Prefecture, 446-8502, Japan

3. Agenda:

Items to be Reported:

1. The Business Report, Consolidated Financial Statements for the 108th period (from April 1, 2019 to March 31, 2020) and the Audit Reports on such Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. The Financial Statements for the 108th period

Items to be Resolved:

- No.1** Appropriation of Surplus
- No.2** Election of 3 Audit & Supervisory Board Members
- No.3** Payment of Bonus to Directors

NOTE: The notes to the consolidated and non-consolidated financial statements are not included in the attachments since they are posted on the Corporation's website (<https://www.makita.biz/ir/>) as provided by laws and regulations and Article 15 of the Corporation's Articles of Incorporation. The consolidated and non-consolidated financial statements audited by the Accounting Auditor and the Audit & Supervisory Board consist of the documents included in the attachments and the notes to the consolidated and non-consolidated financial statements posted on the Corporation's website.

REFERENCE DOCUMENT

Propositions and Explanatory Information

Agenda Item No. 1: Appropriation of Surplus

The Corporation has its basic policy for profit distribution to propose the dividends with a target consolidated dividend payout ratio of at least 30% of profit, with a minimum amount for annual total dividends at 10 yen per share; provided, however, that if special circumstances arise, the amount of dividends will be determined based on Profit attributable to owners of the parent after certain adjustments reflecting such circumstances.

In accordance with this basic policy for profit distribution, and based on our comprehensive review of the consolidated business result for this period and forecasts and plans of our future businesses, we propose year-end dividends to shareholders as follows.

As this dividend, the total dividends for the period under review shall amount to 53 yen per share that include interim dividends in the amount of 10 yen per share, and the consolidated dividend payout ratio is 30.1 %.

1. Matters on allocation of dividends to shareholders and total amount of allocation

43 yen per share of common stock

Total amount: 11,675,230,570 yen

2. Effective date of dividend payment

June 26, 2020

Agenda Item No. 2: Election of 3 Audit & Supervisory Board Members

The term of offices of all 3 Audit & Supervisory Board Members in office, Mr. Mitsuhiro Wakayama, Mr. Akira Kodama, Mr. Shoji Inoue will have expired at the conclusion of this General Meeting of Shareholders.

We would like to request the election of 3 Audit & Supervisory Board Members.

The candidates are as follows:

Audit & Supervisory Board has agreed to this proposal.

Candidate Number	Name (Date of birth)	Brief personal background, title and position and Important concurrent posts	Number of the Corporation's shares held
1	<p><u>Reelection</u> Mitsuhiro Wakayama (July 6,1956)</p>	<p>March 1981 Joined the Corporation October 2007 General Manager of America Sales Department April 2012 General Manager of Latin America Sales Department June 2016 Standing Audit & Supervisory Board Member of the Corporation (present)</p>	9,000
	<p>[Reason for nomination as candidate for Audit & Supervisory Board Member] Mr. Mitsuhiro Wakayama has a deep understanding of the business of the Corporation because he has experience of working at overseas sales subsidiaries (in Canada and Spain) and has held important positions mainly in international sales division. The Corporation proposes his appointment as Audit & Supervisory Board Member because we expect him to continue to utilize his wealth of experience and insight to audit the Corporation.</p>		
2	<p><u>Reelection</u> <u>Outside</u> <u>Independent</u> Akira Kodama (April 30,1954)</p>	<p>April 1978 Joined the Bank of Japan March 1987 Seconded to Ministry of Foreign Affairs of Japan November 1999 Senior Examiner of Examination Department of the Bank of Japan December 2003 Chief Representative in Hong Kong of the Bank of Japan December 2005 Director of International Department of the Bank of Japan (in charge of Center for Monetary Cooperation in Asia) July 2008 Joined the Hekikai Shinkin Bank Senior Manager of Corporate Solution October 2008 General Manager of Corporate Solution of Hekikai Shinkin Bank June 2009 Standing Director of Hekikai Shinkin Bank April 2011 Managing Director and Corporate Officer of Hekikai Shinkin Bank June 2014 Standing Corporate Auditor of Hekikai Shinkin Bank June 2016 Standing and Outside Audit & Supervisory Board Member of the Corporation (present)</p> <p>(Important Concurrent Posts) -</p>	-
	<p>[Attendance rate of the Board of Directors meetings] 11/12 (92%) [Attendance rate of the Audit & Supervisory Board meetings] 13/14 (93%)</p>		
	<p>[Reason for nomination as candidate for Audit & Supervisory Board Member] Mr. Akira Kodama has many years of experience at financial institutions and his expertise in accounting and so on, with which he currently provides useful opinions from the professional perspective. The Corporation proposes his appointment as Outside Audit & Supervisory Board Member because we expect him to continue to utilize his wealth of experience and to insight to audit the Corporation.</p>		
3	<p><u>Reelection</u> <u>Outside</u> <u>Independent</u> Shoji Inoue (July 29,1957)</p>	<p>April 1991 Attorney-at-law, admitted and belonging to the Nagoya Bar Association [present; Aichi Bar Association] April 1991 Joined Katayama Kinji Law Firm July 2009 Established Inoue Shoji Law Firm October 2010 Appointed as a Civil Conciliator at Nagoya Summary Court October 2013 Established Sao & Inoue Law Firm [present; Inoue Shoji Law Firm] (present) June 2015 Outside Director of Meitetsu Transport Co., Ltd. June 2016 Outside Audit & Supervisory Board Member of the Corporation (present)</p> <p>(Important Concurrent Posts) Attorney at Law (Inoue Shoji Law Firm) Outside Director of Meitetsu Transport Co., Ltd.</p>	500
	<p>[Attendance rate of the Board of Directors meetings] 12/12 (100%) [Attendance rate of the Audit & Supervisory Board meetings] 14/14 (100%)</p>		
	<p>[Reason for nomination as candidate for Audit & Supervisory Board Member] Mr. Shoji Inoue has extensive knowledge and expertise gained through his practice as attorney at law, with which he currently provides useful opinions from the professional perspective. The Corporation proposes his appointment as Outside Audit & Supervisory Board Member because we expect him to continue to utilize his wealth of experience and insight to audit the Corporation.</p>		

- Notes: 1. There is no special interest between the above candidates and the Corporation.
2. The matters concerning Outside Audit & Supervisory Board Member candidate Mr. Akira Kodama are as follows:
- (i) Mr. Akira Kodama had served as an executive officer of the Hekikai Shinkin Bank, which is one of the counterparty financial institution of the Corporation, the Corporation has no material business relations with the Hekikai Shinkin Bank, since the Corporation has only a deposit with the Hekikai Shinkin Bank.
 - (ii) Mr. Akira Kodama is currently an Outside Audit & Supervisory Board Member of the Corporation, and his term of office will be four years at the conclusion of this General Meeting of Shareholders.
 - (iii) With respect to liabilities set forth in Article 423, Paragraph 1 of the Companies Act, the Corporation has entered into a liability limitation agreement with Mr. Akira Kodama which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Companies Act. If Mr. Akira Kodama is appointed to be an Outside Audit & Supervisory Board Member, the Corporation will extend such liability limitation agreement.
 - (iv) The Corporation has designated Mr. Akira Kodama as an “Independent Director / Audit & Supervisory Board Member” as required by the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and made required notification therefore to these stock exchanges. If Mr. Akira Kodama is elected, the Corporation intends to appoint him again as an Audit & Supervisory Board Member .
3. The matters concerning Outside Audit & Supervisory Board Member candidate Mr. Shoji Inoue are as follows:
- (i) Futamura Chemical Co., Ltd., for which Mr. Shoji Inoue currently serves as Outside Audit & Supervisory Board Member, received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission on November 22, 2019 for violating the provisions of Article 3 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in connection with transactions for specific Activated Carbon and specific Granular Activated Carbon. Mr. Inoue was not aware of the relevant facts in advance; however, he had regularly called attention to legal compliance at Audit & Supervisory Board and other occasions. Moreover, since the relevant facts were identified, Mr. Inoue has been duly performing his duties by making recommendations to strengthen the legal compliance system of the company and prevent recurrences thoroughly, among other things.
 - (ii) Mr. Shoji Inoue is currently an Outside Audit & Supervisory Board Member of the Corporation, and his term of office will be four years at the conclusion of this General Meeting of Shareholders.
 - (iii) With respect to liabilities set forth in Article 423, Paragraph 1 of the Companies Act, the Corporation has entered into a liability limitation agreement with Mr. Shoji Inoue which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Companies Act. If Mr. Shoji Inoue is appointed to be an Outside Director, the Corporation will extend such liability limitation agreement.
 - (iv) The Corporation has designated Mr. Shoji Inoue as an “Independent Director / Audit & Supervisory Board Member” as required by the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and made required notification therefore to these stock exchanges. If Mr. Shoji Inoue is elected, the Corporation intends to appoint him again as an Audit & Supervisory Board Member .
4. The number of the Corporation's shares held by candidates for Audit & Supervisory Board Members represents the actual number of shares each candidate holds, including those vested to him in Makita's stock ownership plan for the Executives.

Agenda Item No. 3: Payment of Bonus to Directors

Bonus to Directors of the Corporation is, as with the basic policy for profit distributions, linked to consolidated business result. Compensation to Outside Directors and Audit & Supervisory Board Members are fixed, and they are not eligible to receive bonus payments.

At end of the period, the Corporation has 13 Directors. In accordance with above policy, we would like to pay Directors' bonuses to 11 Directors in the amount of 195 million yen considering performance during the period. This is with the exception of Mr. Akiyoshi Morita and Mr. Masahiro Sugino.

BUSINESS REPORT

(From April 1, 2019 to March 31, 2020)

1. Matters on the Current Status of Makita

(1) Progress and Results of Operations

Looking at the global economic situation for the year ended March 31, 2020, the spread of the novel coronavirus (COVID-19) had a serious impact on the world economy while business sentiment worsened due to rising uncertainties, including the trade friction between the U.S. and China, developments over Brexit, and the tense situation in the Middle East.

Under these circumstances, on the development side, Makita expanded lithium-ion battery product lines, such as 40Vmax Series equipped with our original “Smart System” to maximize the power of tools and realize high power and longer life of battery, cordless gardening equipment with power and performance equal to engine-powered products, and cordless televisions with radios useful for collecting information at the time of disaster.

On the production side, we continued to implement measures including the promotion of multi-polarized global production, cost reduction through local procurement of components, and introduction of labor-saving or unmanned facilities.

On the sales side, we focused on expanding the sales of lithium-ion battery products. Furthermore, we worked hard to strengthen our community- and customer-based sales network by increasing sales and after-sales service bases, and enhanced logistics system by making aggressive investments in warehouses and logistic facilities in Japan and overseas.

Our consolidated revenue for this period increased by 0.4% from the previous year to 492,617 million yen, record-high sales, due to robust sales primarily in East Europe and Japan, although the value of overseas revenue translated into yen was eroded by the impact of the exchange rate and demand for tools decreased because of the effects of the novel coronavirus (COVID-19).

Revenue by region are as follows:

Revenue in Japan increased by 9.3% to 100,697 million yen compared to the previous year. This was because demand for highly efficient cordless power tools was solid due to the labor shortage in architecture and construction fields and sales of cordless gardening equipment were strong.

Revenue in Europe increased by a mere 1.4% to 216,230 million yen due to the market impacts of the novel coronavirus (COVID-19), which started to spread towards from the end of the fourth quarter, although demand for power tools in almost all areas was solid and sales growth of cordless products was steady up to the third quarter despite a decrease in the value of revenue caused by the appreciation of the yen against the euro.

Revenue in North America decreased by 0.3% to 72,304 million yen. This was because of the value of revenue decreased due to appreciation of the yen against the dollar and the market impacts of the novel coronavirus (COVID-19), which started to spread towards from the end of the fourth quarter, despite our efforts to expand sales of lithium-ion battery products including gardening equipment amid intensifying competition in the U.S.

Revenue in Asia decreased by 4.7% to 38,998 million yen. This was due to the market impacts of the novel coronavirus (COVID-19), which started to spread towards from the middle of the fourth quarter, although sales in India and other countries were steady up to the third quarter despite the impact of an economic slowdown in China.

Revenue in Central and South America decreased by 6.5% to 26,000 million yen since the economies of major countries slowed and the yen remained stronger against local currencies, despite our efforts to expand sales, principally lithium-ion battery products.

Revenue in Oceania decreased by 6.0 % to 28,421 million yen. This was because the market impacts of the novel coronavirus (COVID-19) started to spread towards from the end of the fourth quarter and the yen remained stronger against local currencies, although we promoted cordless gardening equipment despite the impact of a sluggish housing market in Australia.

Revenue in the Middle East and Africa decreased by 27.6% to 9,967 million yen. This was due to the continuing turmoil in the Middle East, resulting in poor sales.

Overall, overseas revenue accounted for 79.6% of total revenue.

Operating profit decreased by 18.2% to 64,046 million yen (operating profit ratio: 13.0%), owing to the deterioration of the cost-of-sales ratio due to the increase in selling, general and administrative expenses and the impact of the exchange rate and tariff between the U.S. and China, although revenue increased. And profit before income taxes decreased by 17.4% to 66,008 million yen (profit before income taxes ratio: 13.4%) and

profit attributable to owners of the parent decreased by 14.4% to 47,731 million yen (ratio of profit attributable to owners of the parent: 9.7%).

(2) Management Challenges

While the prospect for the global economy will continue to be uncertain, Makita believes that demand for tools, which contribute to the solution of social problems, such as the labor shortage and environmental problem including frequent natural disasters and global warming, help to achieve a high level of work efficiency and are friendly to people and the global environment, will increase further in both developed countries and emerging countries.

Under these circumstances, Makita is strengthening its R&D and product development capabilities, mainly charge and discharge technologies of batteries and motors, to take the initiative in expanding the market for cordless products. In addition, Makita is positioning cordless gardening tools as a future pillar of its business after power tools and focusing its efforts on the development and sales expansion of new products. Makita implements measures to strengthen and improve the efficiency of production, procurement, and distribution, while further upgrading global production organizations. Further, Makita is striving to raise its brand power by promoting the establishment of a sales and after-sales service network to offer community-based and fine-tuned responses to the needs of customers around the world.

By taking these actions, Makita will strive to contribute to the realization of a sustainable society, and maintain a solid presence in the industry as a global supplier of a comprehensive range of tools for creating comfortable homes and living environments.

In closing, we would like to thank you for your ongoing support and continuing assistance.

[Impacts of the Novel Coronavirus (COVID-19) on Makita]

Makita has a high overseas revenue ratio, therefore, the stagnation of economic activity due to the outbreak of the novel coronavirus at a global level may reduce demand for tools, and thus its revenue and profit. The spread of the coronavirus in Europe, Japan, and North America may have great impacts on the consolidated business results of Makita because it has particularly high revenue ratios in these regions.

Moreover, in February 2020, when the outbreak started in China, the China Plant of Makita took countermeasures including temporary production cuts and a suspension of operations. If China sees a renewed outbreak, it may have great impacts on the production and operating activities of Makita because it has a high production ratio and many suppliers in the country.

(3) Capital Expenditures

During the period, Makita allocated 44,409 million yen for its capital expenditures. These funds used by the Corporation amounted to 19,406 million yen. This reflected mainly capital expenditures for distribution warehouse at the Okazaki plant, and sites for logistics center in Okayama Prefecture and Saitama Prefecture. These funds also used by the subsidiaries amounted to 25,003 million yen. This reflected mainly capital expenditures for buildings, machinery equipment and metal molds for new products at the Romania plant and the China plant.

(4) Changes in Financial Position and Results of Operations

Description	105th period (ended March 31, 2017)	106th period (ended March 31, 2018)		107th period (ended March 31, 2019)	108h period (ended March 31, 2020)
	U.S. GAAP		IFRS		
Revenue (Millions of Yen)	414,999	477,298	477,298	490,578	492,617
Operating profit (Millions of Yen)	62,564	79,762	80,231	78,305	64,046
Profit before income taxes (Millions of Yen)	64,738	79,678	79,865	79,919	66,008
Profit attributable to owners of the parent (Millions of Yen)	44,782	54,755	54,943	55,750	47,731
Profit attributable to owners of the parent per share (Basic) (Yen)	164.96	201.70	202.39	205.37	175.80
Profit attributable to owners of the parent per share (Diluted) (Yen)	164.95	201.68	202.37	205.34	-
Total assets (Millions of Yen)	597,249	651,031	654,841	680,250	674,564
Equity attributable to owners of the parent (Millions of Yen)	502,170	551,939	554,046	572,748	571,275
Ratio of profit attributable to owners of the parent to total equity attributable to owners of the parent (ROE) (%)	9.1	10.4	10.4	9.9	8.3

- Notes:
1. From the 107th period, consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Amounts for the 106th period based on IFRS are also stated for reference.
 2. Changes in Financial Position and Results of Operations are stated under the terms of IFRS.
 3. Profit attributable to owners of the parent per share (Basic), and profit attributable to owners of the parent per share (Diluted) in the 105th, 106th and 107th period are calculated based on the average number of outstanding shares of common stock during the period.
 4. The Corporation implemented a two-for-one common stock split of the Corporation, effective April 1, 2017. Profit attributable to owners of the parent per share (Basic), and profit attributable to owners of the parent per share (Diluted) in the 105th, 106th and 107th period are calculated on the assumption that the relevant stock split had been implemented at the beginning of the 105th period.
 5. Information on profit attributable to owners of the parent per share after full dilution in the 108th period is omitted, since there is no potential common stock.
 6. Ratio of profit attributable to owners of the parent to total equity attributable to owners of the parent (ROE) = Profit attributable to owners of the parent / [(Equity attributable to owners of the parent at the beginning of the period + Equity attributable to owners of the parent at the end of the period) / 2]
 7. Amounts of less than 1 million yen have been rounded.

(5) Significant Subsidiaries

Company Name	Capital (Thousands)	Proportion of Ownership and Voting interest (%)	Principal Business
Makita U.S.A. Inc.	USD 161,400	100.0	Sales of power tools
Makita (U.K.) Ltd.	GBP 21,700	100.0*	Sales of power tools
Makita Werkzeug G.m.b.H. (Germany)	EUR 7,669	100.0*	Sales of power tools
Makita France SAS	EUR 12,436	55.0*	Sales of power tools
Makita Oy (Finland)	EUR 100	100.0*	Sales of power tools
Makita LLC (Russia)	RUB 83,207	100.0*	Sales of power tools
Makita (China) Co., Ltd.	USD 80,000	100.0	Production and sales of power tools
Makita (Kunshan) Co., Ltd.	USD 25,000	100.0	Production of power tools
Makita (Australia) Pty. Ltd.	AUD 13,000	100.0	Sales of power tools
SC Makita EU S.R.L.	RON 732,907	100.0	Production of power tools
Makita do Brasil Ferramentas Elébricas Ltda.	BRL 717,567	99.9	Production and sales of power tools

Note: * indicates that the Proportion of Ownership and Voting interest include the shares owned by the subsidiaries.

(6) Principal Operations

Makita is primarily involved in the production and sales of power tools such as cordless impact drivers, hammer drills, circular saws and angle grinders, pneumatic tools such as air nailers and tackers, gardening equipment such as grass trimmers, hedge trimmers, and household tools such as cordless cleaners.

(7) Principal Sales Offices and Plants

1. The Corporation

Name	Location
Head office	Anjo (Aichi)
Sales offices	Tokyo, Nagoya, Osaka
Plant	Okazaki (Aichi)

2. Subsidiaries

Name	Location
For Sales	
Makita U.S.A. Inc.	Los Angeles (United States)
Makita (U.K.) Ltd.	London (United Kingdom)
Makita Werkzeug G.m.b.H.	Ratingen (Germany)
Makita France SAS	Bussy Saint-Georges (France)
Makita Oy	Helsinki (Finland)
Makita LLC	Moscow (Russia)
Makita (Australia) Pty. Ltd.	Sydney (Australia)
For Production and Sales	
Makita (China) Co., Ltd.	Kunshan, Jiangsu (China)
Makita do Brasil Ferramentas Elébricas Ltda.	Ponta Grossa (Brazil)
For Production	
Makita (Kunshan) Co., Ltd.	Kunshan, Jiangsu (China)
SC Makita EU S.R.L.	Branesti (Romania)

(8) Employees

1. Employees of Makita

Number of Employees	Increase / Decrease
17,090	666 (Increase)

2. Employees of the Corporation

Number of Employees	Increase / Decrease	Average Age	Average Years of Service
2,958	52 (Increase)	41.2	17.8

2. Shareholding Status of the Corporation

(1) Total Number of Shares Authorized to be Issued by the Corporation: 992,000,000 shares

(2) Total Number of Outstanding Shares: 280,017,520 shares
(including treasury stock of 8,500,530 shares)

(3) Number of Shareholders: 10,836

(4) Major Shareholders:

Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	21,623	7.96
Japan Trustee Services Bank, Ltd. (Trust account)	11,362	4.18
Maruwa, Ltd.	8,638	3.18
MUFG Bank, Ltd.	8,426	3.10
Japan Trustee Services Bank, Ltd. (Trust account 9)	7,217	2.65
The Bank of New York Mellon as Depository Bank for DR Holders	6,549	2.41
Makita Cooperation Companies' Investment Association	6,442	2.37
Sumitomo Mitsui Banking Corporation	5,800	2.13
JPMorgan Chase Bank 385151	5,626	2.07
State Street Bank and Trust Company 505001	5,440	2.00

Note: The Percentage is calculated based on the total number of outstanding shares (excluding treasury stock) at the end of the period.

3. Directors and Audit & Supervisory Board Members of the Corporation

(1) Directors and Audit & Supervisory Board Members

Title	Name	Position at the Corporation and Important Concurrent Posts
Chairman*	Masahiko Goto	
President*	Munetoshi Goto	
Director Managing Corporate Officer	Tadayoshi Torii	General Manager of Production Headquarters
Director Corporate Officer	Hisayoshi Niwa	General Manager of Quality Headquarters
Director Corporate Officer	Shinichiro Tomita	General Manager of Purchasing Headquarters
Director Corporate Officer	Tetsuhisa Kaneko	General Manager of Research and Development Headquarters
Director Corporate Officer	Tomoyuki Ota	Assistant General Manager of Research and Development Headquarters
Director Corporate Officer	Takashi Tsuchiya	General Manager of Domestic Sales Headquarters
Director Corporate Officer	Masaki Yoshida	Assistant General Manager of Production Headquarters
Director Corporate Officer	Takashi Omote	General Manager of International Sales Headquarters
Director Corporate Officer	Yukihiko Otsu	General Manager of Administration Headquarters
Director	Akiyoshi Morita	
Director	Masahiro Sugino	Advisor of LIXIL Corporation Outside Director of MISAWA HOMES CO., LTD. Outside Director of KITAKEI CO., LTD.
Standing Audit & Supervisory Board Member	Mitsuhiko Wakayama	
Standing Audit & Supervisory Board Member	Akira Kodama	
Audit & Supervisory Board Member	Fusahiro Yamamoto	Representative of Yamamoto Accounting Office Outside Audit & Supervisory Board Member of SHIROKI Corporation Representative of Yamamoto Fusahiro Tax Accountant Office
Audit & Supervisory Board Member	Shoji Inoue	Attorney at Law (Inoue Shoji Law Firm) Outside Director of Meitetsu Transport Co., Ltd.

Notes: 1. * denotes Representative Director.

2. In order to promote swift execution of group strategies and strengthen the business affairs of Makita, the Corporation has introduced the Corporate Officer System. Corporate officers consist of 18 members including Directors.
3. Mr. Akiyoshi Morita and Mr. Masahiro Sugino are Outside Directors.
4. Mr. Akira Kodama, Mr. Fusahiro Yamamoto, and Mr. Shoji Inoue are Outside Audit & Supervisory Board Members.
5. Mr. Akira Kodama, a Standing Audit & Supervisory Board Member, has a substantial amount of expertise in finance and accounting, through experience working at financial institution for many years.
6. Mr. Fusahiro Yamamoto, an Audit & Supervisory Board Member, is a certified public accountant both of Japan and U.S.A., and has a substantial amount of expertise in finance and accounting.
7. The Corporation has designated Mr. Akiyoshi Morita and Mr. Masahiro Sugino each a Director, and Mr. Akira Kodama, Mr. Fusahiro Yamamoto and Mr. Shoji Inoue each an Audit & Supervisory Board Member, as the "Independent Director(s) / Audit & Supervisory Board Member(s)" as required by the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and made required notification therefore to these stock exchanges.

(2) Total Amounts of Compensation and Bonus to Directors and Audit & Supervisory Board Members

Classification	Total amounts of Compensation (Millions of Yen)	Total amounts of each type of Compensation and Number of payment recipients							
		Base Compensation (Millions of Yen)	Number of payment recipients	Bonuses (Millions of Yen)	Number of payment recipients	Stock Option (Millions of Yen)	Number of payment recipients	Restricted Shares Compensation (Millions of Yen)	Number of payment recipients
Directors	359	122	13	195	11	10	11	32	11
Audit & Supervisory Board Members	41	41	4	-	-	-	-	-	-
Total	400	163	17	195	11	10	11	32	11

- Notes:
- The aggregate amount of base compensation includes the amount of 36 million yen paid to Outside Executives (2 Outside Directors and 3 Outside Audit & Supervisory Board Members).
 - Other than the above, the amount of 145 million yen was paid to 8 Directors who concurrently serve as employees as employee salaries (including bonuses).
 - The Corporation terminated the retirement allowance plan for Directors and Audit & Supervisory Board Members as of the conclusion of the Ordinary General Meeting of Shareholders held in June, 2006. At such Ordinary General Meeting of Shareholders, it was resolved that retirement allowance for Directors and Audit & Supervisory Board Members were to be paid at the time of each retirement, and it was further resolved that the determination of the specific amount, payment method and other related matters are left to resolutions of the Board of Directors with respect to the Directors and discussion of the Audit & Supervisory Board Members with respect to the Audit & Supervisory Board Members. The amount recorded in the retirement allowance for Directors and Audit & Supervisory Board Members as of March 31, 2020 is 326 million yen, which will be paid to 3 Directors.
 - The maximum amounts of annual compensation for all Directors and Audit & Supervisory Board Members, each of which was approved by a resolution passed at the Ordinary General Meeting of Shareholders held in May 1989, is 240 million yen (excluding bonuses and the amounts paid to Directors who concurrently serve as employees as employee salaries) and 60 million yen, respectively.
 - The maximum amount of annual compensation relating to stock-compensation-type stock options allocated to Directors, which was approved by a resolution passed at the Ordinary General Meeting of Shareholders held in June 2015, is 100 million yen, in addition to the amount of compensation set forth in Note 4 above.
 - The Corporation passed a resolution introducing compensation system by the allotment of restricted shares on the Ordinary General Meeting of Shareholders held in June, 2019. Specifically, it was resolved that the maximum total annual amount of monetary compensation receivables to be paid to Eligible Directors as compensation relating to the restricted shares was set at 100 million yen, separately from the compensation set forth in Note 4 above. At a time, the Corporation abolished the provisions for the amounts of compensation relating to the stock acquisition rights for the purpose of granting the stock compensation type stock options, set forth in Note 5 above, and Eligible Directors waived all these stock acquisition rights for the purpose of granting stock options that have not been exercised. In addition, as transitional measures related to allotting restricted shares instead of the stock acquisition rights for the purpose of granting stock options, the Corporation allotted restricted shares in the same number as the number of shares of the Corporation's common stock (38,360 shares) which was subject to stock acquisition rights for the purpose of granting stock options waived as provided for above, to Eligible Directors, separately from the allotment of restricted shares based on the above-mentioned amounts of compensation related to the restricted shares by a resolution passed at the Meeting. And, only in the 108th period, the maximum total annual amount of monetary compensation receivables to be granted as compensation to make such allotment to Eligible Directors was set at 300 million yen by the resolution.
 - The above stock option and restricted shares compensation represent the expenses recorded for the 108th period.

(3) Decision-Making Policy on Compensation for Directors and Audit & Supervisory Board Members

The Corporation pays monthly compensation to Directors based on their positions and other factors within the maximum total amount of monthly compensation, which was approved by a resolution passed at the General Meeting of Shareholders.

The bonuses are to be paid to Directors (excluding Outside Directors), and are linked to consolidated business results with the aim of enhancing their motivation for improvement of business results of Makita.

The restricted shares compensation are introduced to Directors (excluding Outside Directors) with the aim of sharing the risks and benefits of stock price fluctuations with shareholders to a greater extent and further enhancing their motivation to contribute to improving the stock price and the corporate value of the Corporation.

Full amount of the compensation to Audit & Supervisory Board Members is fixed so that the independence of the Audit & Supervisory Board Members from the management can be secured and the specific amount for each Audit & Supervisory Board Member is decided through discussions among Audit & Supervisory Board Members.

(4) Outside Directors and Audit & Supervisory Board Members

1. Relation between important organization of concurrent post and the Corporation

There is no special interest between important organization of concurrent post and the Corporation.

2. Major activities during the period

Classification	Name	Attendance rate of the Board of Directors meetings (total attended / total held)	Attendance rate of the Audit & Supervisory Board meetings (total attended / total held)	Major activities
Director	Akiyoshi Morita	83% (10/12)	-	He expressed his opinions as necessary based on the great perspective and management experience in the Toyota Group companies which are a world's leading corporate group.
Director	Masahiro Sugino	92% (11/12)	-	He expressed his opinions as necessary based on the great perspective and management experience in the LIXIL Group companies which are a world's leading corporate group.
Audit & Supervisory Board Member	Akira Kodama	92% (11/12)	93% (13/14)	He expressed his opinions from his independent position as necessary.
Audit & Supervisory Board Member	Fusahiro Yamamoto	100% (12/12)	100% (14/14)	He expressed his opinions from the professional perspective of certified public accountant.
Audit & Supervisory Board Member	Shoji Inoue	100% (12/12)	100% (14/14)	He expressed his opinions from the professional perspective of attorney at law.

3. Outline of Liability Limitation Agreement

With respect to liabilities set forth in Article 423, Paragraph 1 of the Companies Act, the Corporation has entered into a liability limitation agreement with each of the Directors and each of the Audit & Supervisory Board Members which limits the maximum amount of their liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Companies Act.

4. Accounting Auditor

(1) Name of Accounting Auditor: KPMG AZSA LLC

(2) Compensation and Other Amounts

	Amount of payment (Millions of Yen)
1. Compensation and other amounts to the Accounting Auditor for the period	130
2. Total amount of cash and other financial benefits payable by the Corporation and its subsidiaries to the Accounting Auditor	130

Notes: 1. As the audit agreement between the Corporation and its accounting auditors does not differentiate compensation for audit under the Companies Act from the one for audit under Financial Instruments and Exchange Law, the amount shown in 1. above represents total compensation and other amounts for both audits.

2. The Audit & Supervisory Board agreed to compensation to Accounting Auditors as stipulated in Article 399, Paragraph 1 of the Companies Act, after examination of their performance of accounting audit services and basis for the calculation of the estimated amount of their compensation in the prior years, which examination was made in line with the “Practical Guidelines for Cooperation with Accounting Auditors” released by the Japan Audit & Supervisory Board Members Association.

3. KPMG AZSA LLC is a member firm in Japan of KPMG International and the accounting audits of all principal subsidiaries of the Corporation are conducted by member firms of KPMG International.

(3) Contents of Non-Audit Services

None.

(4) Decision-Making Policy on Dismissal or Non-Reappointment of Accounting Auditor

If the accounting auditor falls under any of the events prescribed in each of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss such accounting auditor with the consent of all the Audit & Supervisory Board Members. In the case of such dismissal, such dismissal and reasons therefor shall be reported to the first General Meeting of Shareholders to be held after such dismissal.

In addition, if it is identified as difficult for the accounting auditor to properly conduct audits as a result of any reason that may harm the independence of the accounting auditor, the Audit & Supervisory Board will decide the details of the agenda concerning the non-reappointment of such accounting auditor that is to be submitted to a General Meeting of Shareholders, and pursuant to such decision, the Board of Directors will submit the agenda concerning the non-reappointment of such accounting auditor to the General Meeting of Shareholders.

5. Systems and Policies of the Corporation

(1) Systems to ensure that Corporation's operation will be conducted appropriately

1. Systems to ensure that the duties of Directors and employees are executed in compliance with laws and regulations and the Articles of Incorporation
 - (i) The Board of Directors establishes the "Code of Ethics" and the "Guideline to the Code of Ethics for Makita" as the principles for all Executives, and employees of Makita and each of the Directors shall keep all Corporate Officers and employees informed of and in compliance with such ethics.
 - (ii) In order to ensure corporate ethics and compliance, Makita establishes the "Regulations Regarding Corporate Ethics Help Line (Internal Reporting)," sets contact points both internally and outside Makita, and builds a system to discover internal problems. In addition, an inquiry point shall be established on the Makita's website, to receive opinions and suggestions from outside Makita concerning accounting, internal controls and auditing.
 - (iii) An Internal Audit Division conducts internal audit as deemed necessary.
2. Systems concerning the retention and management of information regarding the execution of duties by Directors

Information regarding the execution of duties by Directors shall be appropriately kept and managed in accordance with internal regulations such as the Regulations of the Board of Directors and the Regulations on Corporate Approval. Directors and Audit & Supervisory Board Members shall have access to such information.
3. Rules and other systems for risk management
 - (i) Each Director has the power and responsibility to build a risk management system in Makita in the business areas of which they are in charge, and in the case where a significant event affecting the management of Makita arises, the Director shall report such event to the Board of Directors and Audit & Supervisory Board.
 - (ii) Rules and guidelines on risk management regarding quality control, accident prevention, cash management and others, shall be established as necessary and operated by each department.
4. Systems to ensure the efficient execution of Director's duties
 - (i) A regular meeting of the Board of Directors shall be held once a month and extraordinary meetings shall be held whenever necessary. In addition, pursuant to management policy decided by the Board of Directors, priority targets shall be established for each department in each period. Each Director shall execute his duty to accomplish relevant target and the Board of Directors shall oversight the progress and performance thereof.
 - (ii) The Board of Directors establishes standards concerning management structure and organization, positions, divisions of functions and duties and powers, which constitutes the basis for implementing management policy, and operates business systematically and efficiently.
 - (iii) The Board of Directors introduces the Corporate Officer System in order to promptly implement Makita strategy and strengthen the operational organization, and thereby make the business operation flexible and efficient.
 - (iv) Makita assigns respective liaison departments to all subsidiaries within the Corporation, and makes efforts to enhance group-wide management efficiency through discussions and consultations, information exchanges with the objective of efficiently operating subsidiaries.
5. Systems to ensure the adequacy of business operations within Makita
 - (i) Each of all subsidiaries is under control of Directors who are in charge of such subsidiary and important management matters and matters concerning misconduct shall be reported appropriately to such Director in accordance with the Reporting Policy. The Director who is in charge of such subsidiary, upon receipt of such report, shall inform the Board of Directors of the status of supervision when necessary.
 - (ii) To ensure the credibility of financial reporting, the Board of Directors establishes policies on documentation and assessment of internal controls of financial reporting of Makita and evaluates the effectiveness of said policies.
 - (iii) For supervision and review of internal control systems of Makita by Audit & Supervisory Board Members, a system shall be established for Audit & Supervisory Board Members to cooperate with the Internal Audit Division and other related division and to receive report from Accounting Auditors.
6. Matters concerning employees posted to assist the duties of the Audit & Supervisory Board Members when the Audit & Supervisory Board Members so require

As employees assisting the duties of the Audit & Supervisory Board Members, necessary personnel shall be posted to assist the duties of the Audit & Supervisory Board Members.
7. Matters to ensure the independence of employees from Directors, as stated in the preceding item, and the

effectiveness of directions given by Audit & Supervisory Board Members to those employees

- (i) Employees assisting the duties of Audit & Supervisory Board Members shall not work concurrently at other divisions, but shall exclusively follow directions from Audit & Supervisory Board Members.
- (ii) In order to ensure the independence of such employees from Directors, the consent of the Audit & Supervisory Board is required for matters concerning the appointment and change of such employees.

8. Systems in accordance with which the Directors and employees report to the Audit & Supervisory Board Members, other systems concerning reports to the Audit & Supervisory Board Members and systems to ensure that Directors and employees who make a report are not treated unfairly because of the report

- (i) Directors, Corporate Officers and employees of Makita shall report to the Audit & Supervisory Board Members with respect to matters that may cause significant damage to Makita, important management matters, matters concerning misconduct, status of structures and operation of the internal control system, and the operation of internal reporting system and the results of reports received under such system.
- (ii) The Corporation shall prepare a system that enables the Audit & Supervisory Board Members to request reports from Directors, Corporate Officers and employees of Makita when necessary and that the Audit & Supervisory Board to exchange opinions with the Directors and Accounting Auditors of Makita.
- (iii) The Corporation prohibits any unfair treatment of Directors, Corporate Officers, and employees of Makita who make a report to the Audit & Supervisory Board Members as a result of such report, and ensures all Directors, Corporate Officers, and employees of Makita are informed to that effect.

9. Other systems to ensure that audits by the Audit & Supervisory Board Members will be conducted effectively

- (i) In order to enhance the supervisory function of the Audit & Supervisory Board over Accounting Auditors, "Policies and Procedures concerning Prior Approval of Auditing and Non-Auditing Services" shall be established. In addition, to ensure that audits by the Audit & Supervisory Board Members will be conducted effectively, audit shall be conducted in accordance with Standards for audit by Audit & Supervisory Board.
- (ii) Full amount of the compensation to Audit & Supervisory Board Members shall be fixed so that the independence of the Audit & Supervisory Board Members can be secured.
- (iii) Expenses related to executing the duties of Audit & Supervisory Board Members are securely budgeted each fiscal year and borne by the Corporation.

10. Systems to ensure elimination of antisocial forces

- (i) From the viewpoint of corporate social responsibility, Makita will consistently take a resolute stance against involvement in, and have absolutely no relationship with, the activities of antisocial forces that may threaten the order and the security of civil society.
- (ii) Makita's policy of "no intervention by antisocial forces has been permitted" is publicly announced, both internally and outside the Corporation, by expressly stipulating such in the management policy/quality policy and by displaying such on the Corporation's website.
- (iii) Ban on transactions with antisocial forces is expressly stated in the "Guidelines to the Code of Ethics for Makita" which prescribes the standards for officer and employee conduct applicable in the execution of their tasks. Each Director shall keep all Corporate Officers and employees informed of and in compliance with such prohibition.
- (iv) The Corporation has been liaising closely with the police and external related organizations, including the Public Interest Incorporated Foundation for Aichi Residents' Conference for Violence, and endeavors to prevent any involvement in activities of antisocial forces, any damage caused thereby, and others.
- (v) In addition to collecting information relevant to activities of antisocial forces from the police and external related organizations, the Corporation voluntarily participates in seminars. Also, the Corporation endeavors to share information within the Corporation and related departments of Makita.

(2) Implementation status of systems necessary for ensuring that the Corporation's operations are conducted appropriately

1. Compliance

- (i) The Corporation kept all officers and employees of Makita informed and provided training on the "Code of Ethics," "Guidelines to the Code of Ethics for Makita," and "Regulations Regarding Corporate Ethics Help Line (Internal Reporting)," on a continual basis.
- (ii) The Corporation conducted a questionnaire survey of all employees to raise awareness about the importance of compliance and have them better understand the "Code of Ethics."

2. Risk management

The Disclosure Committee meetings were held three times during the period, at which Representative Directors, Directors in charge, Standing Audit & Supervisory Board Members, and General Managers of Internal Audit

Division and respective departments of the Corporation met to detect and extract and examine risks involved in the business activities of Makita.

3. Internal audits

- (i) The Internal Audit Division carried out internal audits of Makita, and reported their results to the Audit & Supervisory Board and the management.
- (ii) The Corporation has established a framework under which any deficiency in internal controls found during an internal control audit is appropriately corrected or redressed in a timely manner.

4. Systems to ensure the efficient execution of Directors' duties

- (i) The Board of Directors approved annual targets set by each department and oversaw their progress toward achievement.
- (ii) Corporate Officers in charge of operation (18 officers as of March 31, 2020, including 5 officers overseas) were assigned to major departments in order to operate business systematically and efficiently.

5. Duties of Audit & Supervisory Board Members

- (i) Audit & Supervisory Board Members met Accounting Auditors and exchanged information every quarter.
- (ii) Audit & Supervisory Board Members had individual interviews with all Directors to exchange information.
- (iii) Expenses necessary for executing the Audit & Supervisory Board Members' duties were handled promptly at the request of Audit & Supervisory Board Members.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2020)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	460,466	Current liabilities	79,376
Cash and cash equivalents	143,439	Trade payables and other payables	34,959
Trade receivables and other receivables	69,599	Borrowings	7,997
Inventories	214,560	Other financial liabilities	2,468
Other financial assets	25,235	Income taxes payable	3,757
Other current assets	7,633	Provisions	2,931
Non-current assets	214,098	Other current liabilities	27,264
Property, plant and equipment	146,649	Non-current liabilities	19,440
Goodwill and intangible assets	8,749	Retirement benefit liabilities	3,138
Other financial assets	38,551	Other financial liabilities	9,894
Retirement benefit asset	9,511	Provisions	1,248
Deferred income taxes	6,932	Deferred tax liabilities	4,952
Other non-current assets	3,706	Other non-current liabilities	208
		Total liabilities	98,816
		(Equity)	
		Common stock	23,805
		Additional paid-in capital	45,531
		Retained earnings	540,063
		Treasury stock, at cost	(11,554)
		Other components of equity	(26,570)
		Total equity attributable to owners of the parent	571,275
		Non-controlling interest	4,473
		Total equity	575,748
Total assets	674,564	Total liabilities and equity	674,564

Note: Amounts less than 1 million yen have been rounded.

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

REVENUE	492,617
Cost of sales	(323,776)
GROSS PROFIT	168,841
Selling, general, administrative and others, net	(104,795)
OPERATING PROFIT	64,046
Financial income	2,558
Financial expenses	(596)
PROFIT BEFORE INCOME TAXES	66,008
Income tax expenses	(17,957)
PROFIT	48,051
Profit attributable to:	
Owners of the parent	47,731
Non-controlling interests	320

Note: Amounts less than 1 million yen have been rounded.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

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

	Non-controlling interest	Total equity
Balance at April 1, 2019	4,474	577,222
Profit for the period	320	48,051
Other comprehensive income	(176)	(32,636)
Comprehensive income	144	15,415
Dividends paid	(145)	(16,976)
Purchase of treasury stock		(2)
Disposal of treasury stock		48
Share-based payment transaction		41
Transfer from other components of equity to retained earnings		-
Total amounts of transactions with owners	(145)	(16,889)
Balance at March 31, 2020	4,473	575,748

Note: Amounts less than 1 million yen have been rounded.

BALANCE SHEET

(As of March 31, 2020)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	145,571	Current liabilities	38,366
Cash and time deposits	58,441	Trade accounts payable	23,965
Trade notes receivable	172	Other payable	3,402
Trade accounts receivable	43,708	Accrued expenses	6,139
Marketable securities	2,123	Income taxes payable	2,693
Finished goods and merchandise	24,764	Allowance for directors' bonuses	194
Work-in-process	1,458	Allowance for product warranties	508
Raw materials and supplies	4,380	Other	1,465
Short-term loans receivable	6,852	Long term liabilities	1,247
Other	3,679	Retirement and termination allowance	253
Allowance for doubtful accounts	(6)	Retirement allowance for directors and audit & supervisory board members	326
Fixed assets	292,400	Long-term deposits payable	184
Tangible fixed assets	56,702	Other	484
Buildings	16,817	Total liabilities	39,613
Structures	1,969		
Machinery and equipment	3,498	(Net assets)	
Vehicles and transportation equipment	112	Shareholders' equity	392,481
Tools, furniture and fixtures	5,367	Common stock	24,206
Land	17,991	Capital surplus	47,648
Construction in progress	10,948	Additional paid-in capital	47,525
Intangible fixed assets	2,709	Other capital surplus	123
Software	973	Retained earnings	332,181
Industrial property rights	741	Legal reserve	5,669
Other	995	Other retained earnings	326,512
Investment and other assets	232,989	Reserve for dividend	750
Investment securities	30,347	Reserve for technical research	1,500
Stocks of affiliates	93,679	Reserve for advanced depreciation	2,447
Investment in affiliates	89,413	General reserves	85,000
Long-term loans receivable	174	Retained earnings carried forward	236,815
Lease deposits	6,826	Treasury stock	(11,554)
Prepaid pension cost	10,572	Valuation and translation adjustments	5,877
Deferred income tax assets	1,861	Net unrealized gains on securities	5,877
Other	117	Total net assets	398,358
Total assets	437,971	Total liabilities and net assets	437,971

Note: Amounts less than 1 million yen have been rounded.

STATEMENT OF INCOME

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

Net sales		295,161
Cost of sales		233,795
Gross profit		61,366
Selling, general and administrative expenses		39,627
Operating income		21,739
Non-operating income		
Interest and dividend income	39,198	
Other non-operating income	420	39,618
Non-operating expense		
Loss on sales of securities	3	
Exchange losses on foreign currency transactions	1,009	
Other non-operating expense	1	1,013
Ordinary income		60,344
Extraordinary gain		
Gain on sales of fixed assets	1,063	
Gain on sales of investment securities	524	1,587
Extraordinary loss		
Loss on sale and disposal of fixed assets	123	
Loss on valuation of investment securities	76	199
Income before income taxes		61,732
Income taxes - current		8,881
Income taxes - deferred		480
Net income		52,371

Note: Amounts less than 1 million yen have been rounded.

STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at April 1, 2019	24,206	47,525	19	47,544
Changes during the period				
Provision of reserve for advanced depreciation				
Reversal of reserve for advanced depreciation				
Dividends paid				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			104	104
Net change of items other than shareholders' equity				
Total changes during the period	-	-	104	104
Balance at March 31, 2020	24,206	47,525	123	47,648

	Shareholders' equity								
	Retained earnings							Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings					Total retained earnings		
		Reserve for dividend	Reserve for technical research	Reserve for advanced depreciation	General reserves	Retained earnings carried forward			
Balance at April 1, 2019	5,669	750	1,500	1,437	85,000	202,285	296,641	(11,621)	356,770
Changes during the period									
Provision of reserve for advanced depreciation				1,051		(1,051)	-		-
Reversal of reserve for advanced depreciation				(41)		41	-		-
Dividends paid						(16,831)	(16,831)		(16,831)
Net income						52,371	52,371		52,371
Purchase of treasury stock								(2)	(2)
Disposal of treasury stock								69	173
Net change of items other than shareholders' equity									
Total changes during the period	-	-	-	1,010	-	34,530	35,540	67	35,711
Balance at March 31, 2020	5,669	750	1,500	2,447	85,000	236,815	332,181	(11,554)	392,481

	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Net unrealized gains on securities	Total valuation and translation adjustments		
Balance at April 1, 2019	8,807	8,807	132	365,709
Changes during the period				
Provision of reserve for advanced depreciation				-
Reversal of reserve for advanced depreciation				-
Dividends paid				(16,831)
Net income				52,371
Purchase of treasury stock				(2)
Disposal of treasury stock				173
Net change of items other than shareholders' equity	(2,930)		(132)	(3,062)
Total changes during the period	(2,930)		(132)	32,649
Balance at March 31, 2020	5,877		-	398,358

Note: Amounts less than 1 million yen have been rounded.

Independent Auditor's Report

May 19, 2020

The Board of Directors
Makita Corporation

KPMG AZSA LLC
Nagoya Office

Yasuyuki Morimoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masaki Kawaguchi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to consolidated financial statements of Makita Corporation as at and for the year ended March 31, 2020 in accordance with Paragraph 4 of Article 444 of the Companies Act.

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Paragraph 1 of Article 120 of the Regulation on Corporate Accounting that prescribes the omission of certain disclosure items required under International Financial Reporting Standards ("IFRS"), present fairly, in all material respects, the financial position and the results of operations of Makita Corporation and its consolidated subsidiaries as at the date and for the period, for which the consolidated financial statements were prepared.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in accordance with auditing standards is stated in "Auditor's Responsibility in Auditing Consolidated Financial Statements". In accordance with the provisions on occupational ethics in Japan, we are independent from the Company and its consolidated subsidiaries. Further, we have fulfilled other ethical responsibilities required of accounting auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility and Audit & Supervisory Board Member's and the Audit & Supervisory Board's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation in accordance with the second sentence of Paragraph 1 of Article 120 of the Regulation on Corporate Accounting that allows the omission of certain disclosure items required under IFRS. This includes the development and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the appropriateness of

preparing the consolidated financial statements based on the going concern assumptions, and disclosing matters related to going concern if it is necessary to disclose matters related to going concern pursuant to the second sentence of Paragraph 1 of Article 120 of the Regulation on Corporate Accounting that allows the omission of certain disclosure items required under IFRS.

The responsibility of Audit & Supervisory Board Members and the Audit & Supervisory Board is to supervise the execution of duties by the Directors in the development and operation of financial reporting processes.

Auditor's Responsibility in Auditing Consolidated Financial Statements

The auditor is responsible for expressing an independent opinion on the consolidated financial statements in the audit report based on an audit performed by the auditor by obtaining reasonable assurance that the consolidated financial statements as a whole are free of material misstatement whether due to fraud or error. A misstatement may be due to fraud or error and is deemed material, individually or in the aggregate, to the extent that it is reasonably expected to affect the decision-making of users of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, auditors shall make professional judgments throughout the course of their audits, and perform the following with an attitude of profession skepticism.

- Identify and evaluate the risk of material misstatement due to fraud or error. Design and perform audit procedures to address the risk of material misstatement. The selection of audit procedures is based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for expressing our opinion.
- In making risk assessments, consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, although the objective of the consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management and the relevance of the related notes.
- Conclude whether it is appropriate for management to prepare the consolidated financial statements based on the going concern assumption, and whether, based on the audit evidence obtained, significant uncertainty is recognized with respect to the event or status that raises significant doubt about the going concern assumption. If there is significant uncertainty regarding the going concern assumption, in the audit report alert to the notes to consolidated financial statements, or if the notes to consolidated financial statements regarding significant uncertainty are not appropriate, the auditor must express a limited audit opinion. The auditor's conclusion is based on the audit evidence obtained prior to the date of the audit report, however, future events and status may make the survival of an entity unfeasible.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto conform to the second sentence of Paragraph 1 of Article 120 of the Regulation on Corporate Accounting that allows the omission of certain disclosure items required under IFRS and evaluate the presentation, structure and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entity and its consolidated subsidiaries to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision, and performance of its audit of the consolidated financial statements. The auditor has sole responsibility for its audit opinion expressed.

The auditors shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board the scope and timing of implementation of the planned audit, material findings in the audit, including material deficiencies in the internal controls identified in the course of the audit, and other matters required under auditing standards.

The auditors shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board the fact that they have complied with the rules of professional ethics in Japan regarding auditor independence, matters which may be reasonably considered to affect the independency of the auditors and, if they are applying safeguards to eliminate or reduce possible threats, the content thereof.

Interest

Our firm and engagement partners have no interest in the Company or its consolidated subsidiaries which must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Independent Auditor's Report

May 19, 2020

The Board of Directors
Makita Corporation

KPMG AZSA LLC
Nagoya Office

Yasuyuki Morimoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masaki Kawaguchi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

We have audited the financial statements ("Financial Statements"), comprising the balance sheet, the statement of income, the statement of changes in net assets and the notes to non-consolidated financial statements, and the supplementary schedules of Makita Corporation as at and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position and the results of operations of Makita Corporation for the period, for which the Financial Statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in accordance with auditing standards is stated in "Auditor's Responsibility in Auditing Financial Statements". In accordance with the provisions on occupational ethics in Japan, we are independent from the Company. Further, we have fulfilled other ethical responsibilities required of accounting auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility and Audit & Supervisory Board Member's and the Audit & Supervisory Board's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with accounting principles generally accepted in Japan. This includes the development and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of the Financial Statements that are free from material misstatements whether due to fraud or error.

In preparing the Financial Statements, management is responsible for evaluating the appropriateness of preparing the Financial Statements based on the going concern assumptions, and disclosing matters related to going concern if it is necessary to disclose matters related to going concern pursuant to accounting principles generally accepted in Japan.

The responsibility of Audit & Supervisory Board Members and the Audit & Supervisory Board is to supervise the execution of duties by the Directors in the development and operation of financial reporting processes.

Auditor's Responsibility in Auditing the Financial Statements

The auditor is responsible for expressing an independent opinion on the Financial Statements in the audit report based on an audit performed by the auditor by obtaining reasonable assurance that the Financial Statements as a whole are free of material misstatement whether due to fraud or error. A misstatement may be due to fraud or error and is deemed material, individually or in the aggregate, to the extent that it is reasonably expected to affect the decision-making of users of the Financial Statements.

In accordance with auditing standards generally accepted in Japan, auditors shall make professional judgments throughout the course of their audits, and perform the following with an attitude of profession skepticism.

- Identify and evaluate the risk of material misstatement due to fraud or error. Design and perform audit procedures to address the risk of material misstatement. The selection of audit procedures is based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for expressing our opinion.
- In making risk assessments, consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, although the objective of the Financial Statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management and the relevance of the related notes.
- Conclude whether it is appropriate for management to prepare the Financial Statements based on the going concern assumption, and whether, based on the audit evidence obtained, significant uncertainty is recognized with respect to the event or status that raises significant doubt about the going concern assumption. If there is significant uncertainty regarding the going concern assumption, in the audit report alert to the notes to the Financial Statements, or if the notes to the Financial Statements regarding significant uncertainty are not appropriate, the auditor must express a limited audit opinion. The auditor's conclusion is based on the audit evidence obtained prior to the date of the audit report, however, future events and status may make the survival of an entity unfeasible.
- Evaluate whether the presentation of the Financial Statements and the notes thereto conform to accounting principles generally accepted in Japan and evaluate the presentation, structure and content of the Financial Statements, including the related notes, and whether the Financial Statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

The auditors shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board the scope and timing of implementation of the planned audit, material findings in the audit, including material deficiencies in the internal controls identified in the course of the audit, and other matters required under auditing standards.

The auditors shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board the fact that they have complied with the rules of professional ethics in Japan regarding auditor independence, matters which may be reasonably considered to affect the independency of the auditors and, if they are applying safeguards to eliminate or reduce possible threats, the content thereof.

Interest

Our firm and engagement partners have no interest in the Company which must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

AUDIT REPORT

The Audit & Supervisory Board, having discussed with each other based on the audit reports prepared by each Audit & Supervisory Board Member regarding the performance of duties of Directors during the 108th period, from April 1, 2019 to March 31, 2020, does hereby report the results of their audit as follows:

1. Auditing Method Employed by Audit & Supervisory Board Members and Audit & Supervisory Board and Details Thereof

(1) The Audit & Supervisory Board established the audit policy and duties of each Audit & Supervisory Board Member, received reports from each Audit & Supervisory Board Member on the execution of audits and results thereof and received reports from Directors and other related persons and Accounting Auditors on the performance of their duties, and, when necessary, requested explanations.

(2) In conformity with the auditing standards for the Audit & Supervisory Board Members established by the Audit & Supervisory Board and in accordance with the audit policy and the duties assigned to each Audit & Supervisory Board Member by the Audit & Supervisory Board, each Audit & Supervisory Board Member has had communication with Directors, employees such as a staff of Internal Audit Division and other related persons and endeavored to gather information and create an improved environment for auditing, and conducted the audits in the following methods:

- (i) Each Audit & Supervisory Board Member also attended meetings of the Board of Directors and other important meetings, received from Directors, employees and other related persons reports on the performance of their duties, and, when necessary, requested explanations. Each Audit & Supervisory Board Member also inspected the important documents and examined the status of operations and properties at the head office and the principal offices of the Corporation. As for the subsidiaries of the Corporation, the Audit & Supervisory Board Members, having communication with the directors and Audit & Supervisory Board Members and other related persons of the subsidiaries and sharing information among them, received reports from such subsidiaries as necessary.
- (ii) Audit & Supervisory Board Members regularly received from Directors, employees and other related persons reports and, when necessary, requested explanations and expressed their opinions in connection with the resolution of the Board of Directors concerning the internal control systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and other systems necessary to ensure the properness of operations of a corporate group composed of a company and its subsidiary, prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, and the status of framework construction and operations of such internal control systems, developed based on the said resolution.
- (iii) The Audit & Supervisory Board Members also monitored and examined whether the Accounting Auditor maintains its independence and conducts its audits in an appropriate manner. The Audit & Supervisory Board Members received reports from the Accounting Auditor on the performance of its duties and, when necessary, requested its explanations. The Audit & Supervisory Board Members also received notification from the Accounting Auditor that it has taken steps to improve the “system for ensuring appropriate execution of the duties of an accounting auditor” (as set forth in Items of Article 131 of the Ordinance on Corporate Accounting) in compliance with the “Quality Control Standard for Auditing” (adopted by the Business Accounting Council on October 28, 2005). The Audit & Supervisory Board Members requested explanations on such notifications when necessary.

According to the foregoing method, the Audit & Supervisory Board Members reviewed the business report, the accompanying supplemental schedules and the financial statements for this period (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements) and the accompanying supplemental schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements).

2. Results of Audit

(1) Results of Audit of the Business Report and Others

- (i) We confirm that the business report and the accompanying supplemental schedules present fairly the status of the Corporation in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Corporation.
- (ii) We confirm that there are no fraudulent acts or material facts that violated the applicable laws and regulations of Japan or the Articles of Incorporation of the Corporation in the course of the performance of the duties of the Directors.
- (iii) We confirm that the substance of the resolutions by the Board of Directors regarding establishment of Internal Control System is appropriate. We do not see anything to be pointed out on the description of the business report, and the performance of the Directors regarding the Internal Control System.

(2) Results of Audit of the Financial Statements and the Accompanying Supplemental Schedules

We confirm that the method and the results of the audit conducted by KPMG AZSA LLC, the Accounting Auditor, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We confirm that the method and the results of the audit conducted by KPMG AZSA LLC, the Accounting Auditor, are appropriate.

May 21, 2020

Audit & Supervisory Board
Makita Corporation

Mitsuhiko Wakayama (Seal)
Standing Audit & Supervisory Board Member

Akira Kodama (Seal)
Standing Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Fusahiro Yamamoto (Seal)
Outside Audit & Supervisory Board Member

Shoji Inoue (Seal)
Outside Audit & Supervisory Board Member