



June 25, 2021

Company name: **Makita Corporation**
Representative: Munetoshi Goto, President, Representative Director
Stock ticker code: 6586

Notice Concerning Disposal of Treasury Stock as Stock-based Compensation with Restrictions on Stock Transfers

Makita Corporation (hereinafter referred to as the “Company”) is pleased to announce that it resolved at a meeting of the Board of Directors held today to execute the disposal of treasury stock as stock-based compensation with restrictions on stock transfers (hereinafter referred to as the “Disposal of Treasury Stock”) as outlined below.

1. Outline of Disposal

(1) Date of disposal	July 20, 2021
(2) Type and number of shares to be disposed of	6,584 shares of the Company’s common stock
(3) Disposal value	5,100 yen per share
(4) Total disposal value	33,578,400 yen
(5) Planned allottees	The Company’s Directors (*): 9 persons, 6,584 shares * Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors
(6) Other	With regard to the Disposal of Treasury Stocks, the Company has submitted the Written Notice of Securities in accordance with the Financial Instruments and Exchange Act.

2. Purpose of Disposal and Reasons

The Company resolved at a meeting of the Board of Directors held on April 26, 2019 to introduce a stock-based compensation plan (hereinafter referred to as the “Plan”), which allots shares with transfer restrictions to Directors of the Company, in order to allow Directors to share the risks and benefits of stock price fluctuations with shareholders to a greater extent and to further enhance their motivation to contribute to improving the stock price and the corporate value of the Company.

Furthermore, accompanying the transition to a Company with an Audit & Supervisory Committee, at the 109th Ordinary General Meeting of Shareholders held on June 25, 2021, the Company obtained the shareholders’ approval, which is unchanged from that prior to the transition, to set the maximum total annual amount of monetary compensation receivables to be paid to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors. Hereinafter, referred to as Eligible Directors) as compensation related to restricted shares at 100 million yen; the maximum number of restricted shares to be allotted to Eligible Directors in each fiscal year at 100,000 shares; and the transfer restriction period for restricted shares at 50 years.

The Company, at the meeting of the Board of Directors held today, resolved to pay monetary compensation receivables for the allotment of restricted shares as compensation payable to Eligible Directors for the period from the 109th Ordinary General Meeting of Shareholders until the 110th Ordinary General Meeting of Shareholders to be held in June 2022, with a total amount of 33,578,400 yen to 9 Eligible Directors, who are planned allottees (hereinafter referred to as “Allottees”), and to allot a total of 6,584 shares of the Company’s common stock as specified restricted shares by having Allottees make an in-kind contribution of all the said monetary compensation receivables. The amount of monetary compensation receivables to be paid to each Allottee was determined based on factors, such as executive position, at a meeting of the Board of Directors after consulting with and receiving an advice from the Nomination and Compensation Committee.



The said monetary compensation receivables will be provided on the condition that each Allottee has entered into a restricted share allotment agreement (hereinafter referred to as the “Allotment Agreement”) with the Company with the details outlined below.

The transfer restriction period has been set at 50 years in order to realize the purpose of introducing the Plan to allow Allottees to share the risks and benefits of stock price fluctuations with shareholders to a greater extent and further enhance their motivation to contribute to improving the stock price and corporate value of the Company over the longest possible period of time.

3. Outline of the Allotment Agreement

(1) Transfer Restriction Period

From July 20, 2021 to July 19, 2071

During the above transfer restriction period (hereinafter referred to as the “Transfer Restriction Period”), Allottees shall not transfer restricted shares as compensation allotted to the said Allottees for the period from the 109th Ordinary General Meeting of Shareholders until the 110th Ordinary General Meeting of Shareholders to be held in June 2022 (hereinafter referred to as the “Allotted Shares”) to third parties, establish a pledge or a security interest on the shares, use them as an inter vivos gift, bequest them to another party, or otherwise dispose of them (hereinafter referred to as the “Transfer Restrictions”).

(2) Gratis Acquisition of the Restricted Shares

The Company shall rightly acquire the Allotted Shares without compensation if an Allottee retires as a Director of the Company anytime between the initial day of the Transfer Restriction Period until the day preceding the first subsequent Ordinary General Meeting of Shareholders as of such retirement date, except when there are reasons deemed legitimate by the Board of Directors.

In addition, the Company shall rightly acquire any of the Allotted Shares without compensation for which the Transfer Restrictions have not been removed in accordance with the reasons set forth in (3) below upon expiration of the Transfer Restriction Period (hereinafter referred to as “Expiration of the Period”) immediately after Expiration of the Period.

(3) Removal of Transfer Restrictions

The Company shall remove the Transfer Restrictions on all the Allotted Shares held by Allottees upon Expiration of the Period if an Allottee who has been allotted the restricted shares has continued to hold the position of a Director of the Company from the initial day of the Transfer Restriction Period until the day of the first subsequent Ordinary General Meeting of Shareholders. However, if the said Allottee has continued to hold the position of a Director of the Company upon Expiration of the Period, the Transfer Restrictions will not be removed on all the Allotted Shares held by the said Allottee upon such expiration. If the said Allottee retires as a Director of the Company before Expiration of the Period for reasons deemed legitimate by the Board of Directors, the Transfer Restrictions will be removed on the Allotted Shares immediately after the retirement, and the number of such Allotted Shares shall be obtained by multiplying the number of months from July 2021 until the month including the date when the said Allottee retires as a Director of the Company divided by 12 (if this number exceeds one as a result of the calculation, then this number shall be deemed to be one) by the number of Allotted Shares held by the said Allottee at such point in time (if any fraction less than one share unit arises as a result of the calculation, such fraction shall be rounded down).

(4) Rules on the Administration of Shares

Allottees shall complete the procedures for opening an account at SMBC Nikko Securities Inc. in the manner designated by the Company for stating or recording matters related to the Allotted Shares, which shall be kept and maintained in the said account until such time as the Transfer Restrictions have been removed.

(5) Treatment upon Organizational Restructuring

During the Transfer Restriction Period, if an agenda item regarding a merger agreement under which the Company becomes the dissolving company, or a share exchange agreement, or a share transfer plan under which the Company



becomes a wholly-owned subsidiary, or any other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or, if approval at a General Meeting of Shareholders of the Company is not required regarding the above-mentioned organizational restructuring, then approval of the Board of Directors of the Company) (only if the effective date of the said organizational restructuring occurs before Expiration of the Period; hereinafter referred to as “at the time of approval of organizational restructuring”), and if an Allottee who has been allotted the restricted shares retires as a Director of the Company due to the said organizational restructuring, the Company, by a resolution of the Board of Directors, shall remove the Transfer Restrictions on the Allotted Shares, and the number of such Allotted Shares shall be obtained by multiplying the number of months from July 2021 until the month including the date of the said approval divided by 12 (if this number exceeds one as a result of the calculation, then this number shall be deemed to be one) by the number of the Allotted Shares held by the said Allottee at such point in time (if any fraction less than one share unit arises as a result of the calculation, such fraction shall be rounded down) immediately before the business day preceding the effective date of the said organizational restructuring.

At the time of approval of organizational restructuring, the Company shall rightly acquire without compensation any of the Allotted Shares for which the Transfer Restrictions have not been removed as of the business day preceding the effective date of the said organizational restructuring.

4. Basis for Calculating Payment Amount and Specific Details Thereof

To eliminate arbitrariness in determining the disposal value in the Disposal of Treasury Stock, the said disposal value shall be set at 5,100 yen, which is the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company (June 24, 2021). Because this is the market price on the day immediately preceding the date of the resolution of the Board of Directors of the Company, we believe it is reasonable and does not represent a particularly favorable value.