



Makita Corporation

Consolidated Financial Results for the three months ended June 30, 2022 (IFRS Financial Information)

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



CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2022 (Unaudited)

July 26, 2022

Makita Corporation

Stock code: 6586

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

Munetoshi Goto, President, Representative Director

1. Summary operating results of the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the three months ended June 30, 2021		For the three months ended June 30, 2022	
		(%)		(%)
Revenue	185,297	45.9	195,348	5.4
Operating profit	28,382	82.3	15,228	(46.3)
Profit before income taxes	29,865	81.3	15,719	(47.4)
Profit	21,816	86.7	10,436	(52.2)
Profit attributable to owners of the parent	21,612	87.6	10,563	(51.1)
Comprehensive income	29,461	85.2	56,425	91.5
	Yen			
Profit attributable to Owners of the parent per share				
(Basic).....	79.59		38.90	
(Diluted)	-		-	

Notes:

- Amounts of less than one million yen have been rounded.
- The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, profit, profit attributable to owners of the parent, and comprehensive income against the corresponding period of the previous year.

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2022	As of June 30, 2022
Total assets.....	1,007,497	1,112,111
Total equity	752,530	792,128
Equity attributable to owners of the parent.....	746,344	785,740
Ratio of equity attributable to owners of the parent to total assets (%).....	74.1%	70.7%

Note: Amounts of less than one million yen have been rounded.

2. Dividend Information

	Yen	
	For the year ended March 31, 2022	For the year ending March 31, 2023 (Forecast)
Cash dividend per share:		
Interim.....	10.00	10.00
Year-end	62.00	(Note)
Total	72.00	(Note)

Notes:

- The forecast for cash dividend announced on April 27, 2022 has not been revised.
- The projected amount of dividends for the year ending March 31, 2023 has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecast, and other significant matters" on page 2.



3. Consolidated Financial Forecast for the year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

	Yen (millions)	
	For the year ending March 31, 2023	
		(%)
Revenue.....	740,000	0.1
Operating profit.....	85,000	(7.3)
Profit before income taxes.....	83,000	(10.3)
Profit attributable to owners of the parent.....	59,000	(8.9)
	Yen	
Profit attributable to Owners of the parent per share(Basic)	217.29	

Notes:

1. Changes of the forecasts from the most recent disclosure: No
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes and profit attributable to owners of the parent against the previous year.

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) Changes in accounting policies and accounting estimates:
 1. Changes in accounting policies required by IFRS: None
 2. Changes in accounting policies other than 1: None
 3. Changes in accounting estimate: None
- (3) Number of shares outstanding (common stock)
 1. Number of shares issued (including treasury stock):

As of June 30, 2022:	280,017,520
As of March 31, 2022:	280,017,520
 2. Number of treasury stock:

As of June 30, 2022:	8,485,289
As of March 31, 2022:	8,485,061
 3. Average number of shares outstanding:

For the three months ended June 30, 2022:	271,532,359
For the three months ended June 30, 2021:	271,526,825

This consolidated financial report is not subject to audit procedures by certified public accountants or an auditing firm.

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 "SUPPLEMENT INFORMATION (CONSOLIDATED)", "1. Overview of operating results", "(3) Outlook for the fiscal year ending March 31, 2023" on page 3.
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 profit attributable to owners of the parent per share after certain adjustments.

The Board of Directors plans to meet in April 2023 for a report on earnings for the year ending March 31, 2023. 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 profit attributable to owners of the parent. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2023.

The consolidated dividend payout ratio is calculated as annual dividends per share divided by consolidated profit attributable to owners of the parent per share (after adjustments for special circumstances) and multiplied by 100.



SUPPLEMENT INFORMATION (CONSOLIDATED)

1. Overview of operating results

(1) Overview of operating results of the three month ended June 30, 2022

Looking at the international economic situation during the first quarter of the consolidated fiscal year under review, the outlook remains uncertain due to such factors as the growing tension in Ukraine and the accompanying sharp rise in energy prices and rising prices due to raw material shortages, amid differences between countries regarding their responses to the COVID-19 pandemic.

In the first quarter, our consolidated net revenue increased 5.4% year on year to 195,348 million yen due to strong sales in Japan, Oceania, and Central and South America, as well as the impact of the yen's depreciation against local currencies. In terms of profit, operating profit decreased by 46.3% year on year to 15,228 million yen (an operating profit ratio of 7.8%) due to a worsening cost ratio as a result of the impact of foreign exchange rates, soaring raw material prices and the impact of the temporary suspension of operations at our main plant in China due to the lockdowns, along with increase in Selling, general, administrative and others expense. Profit before income taxes decreased by 47.4% to 15,719 million yen (profit before income taxes ratio: 8.0%) and profit attributable to owners of the parent decreased by 51.1% to 10,563 million yen (ratio of profit attributable to owners of the parent: 5.4%).

Revenue results by region were as follows:

In Japan, sales of both power tools and outdoor power equipment, mainly lithium-ion battery products, increased 4.5% year on year to 31,414 million yen with efforts to expand sales as stay-at-home demand subsided.

In Europe, business confidence dropped due to rising energy and raw material prices, but sales of cordless outdoor power equipment were strong, along with the yen weakening against local currencies, resulting in a 3.1% year on year increase to 94,204 million yen.

In North America, sales to home centers declined due to a slowdown in stay-at-home demand, resulting in a 2.7% year on year decrease to 27,850 million yen.

In Asia, despite the impact of lockdowns in China, the economy is on a recovery track in countries and regions where deregulation is progressing, resulting in a 13.4% year on year increase to 11,592 million yen.

In Central and South America, amid accelerating inflation in each country, we aggressively pursued region and customer-focused sales activities, resulting in a 23.7% year on year increase to 11,977 million yen.

In Oceania, despite negative economic factors such as material shortages and rising raw material prices, sales activities that reliably captured demand for tools at building and construction sites resulted in a 24.2% year on year increase to 14,970 million yen.

In the Middle East and Africa, despite continuing unstable political and economic conditions, sales increased 2.2% year on year to 3,341 million yen on aggressive sales activities with meticulous attention to detail, as well as the depreciation of the yen against local currencies.

(2) Overview of financial situation as of June 30, 2022

Total assets increased 104,614 million yen from the end of the previous fiscal year to 1,112,111 million yen. This increase was mainly due to the rise in "Inventories."

Total liabilities increased 65,016 million yen from the end of the previous fiscal year to 319,983 million yen. This increase was mainly due to the rise in "Borrowings."

Total equity increased 39,598 million yen from the end of the previous fiscal year to 792,128 million yen. This increase was mainly due to the change in exchange differences on translating foreign operations included in "Other components of equity."

(3) Outlook for the fiscal year ending March 31, 2023

There are uncertainties about the business environments surrounding us and developments in exchange markets. Therefore, we have not reviewed the forecast of its consolidated financial performance for the year ending March 31, 2023 announced on April 27, 2022.



2. Consolidated Financial Statements (Unaudited)
(1) Consolidated Statement of Financial Position

	Yen (millions)			
	As of March 31, 2022		As of June 30, 2022	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	71,057		108,332	
Trade and other receivables	117,541		114,950	
Inventories	475,128		523,678	
Other financial assets.....	5,281		6,093	
Other current assets	15,952		19,653	
Total current assets.....	<u>684,959</u>	68.0%	<u>772,706</u>	69.5%
NON-CURRENT ASSETS:				
Property, plant and equipment, at cost.....	243,636		258,978	
Goodwill and intangible assets	10,085		10,212	
Other financial assets.....	41,545		41,751	
Retirement benefit assets	11,286		11,213	
Deferred tax assets.....	12,238		13,458	
Other non-current assets	3,748		3,793	
Total non-current assets.....	<u>322,538</u>	32.0%	<u>339,405</u>	30.5%
Total assets	<u>1,007,497</u>	100.0%	<u>1,112,111</u>	100.0%

	Yen (millions)			
	As of March 31, 2022		As of June 30, 2022	
		Composition ratio		Composition ratio
LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES:				
Trade and other payables	67,274		76,169	
Borrowings	79,674		136,563	
Other financial liabilities.....	9,888		14,402	
Income taxes payable.....	14,767		7,862	
Provisions	4,381		4,700	
Other current liabilities	48,181		44,291	
Total current liabilities.....	<u>224,165</u>	22.2%	<u>283,987</u>	25.6%
NON-CURRENT LIABILITIES:				
Retirement benefit liabilities	3,160		3,319	
Other financial liabilities.....	13,954		15,920	
Provisions	1,595		1,663	
Deferred tax liabilities.....	11,888		14,894	
Other non-current liabilities.....	<u>205</u>		<u>200</u>	
Total non-current liabilities.....	<u>30,802</u>	3.1%	<u>35,996</u>	3.2%
Total liabilities	<u>254,967</u>	<u>25.3%</u>	<u>319,983</u>	<u>28.8%</u>
EQUITY				
Share Capital.....	23,805		23,805	
Capital Surplus.....	45,585		45,594	
Retained earnings.....	640,577		634,440	
Treasury shares	(11,540)		(11,541)	
Other components of equity.....	<u>47,917</u>		<u>93,442</u>	
Total equity attributable to owners of the parent ..	<u>746,344</u>	74.1%	<u>785,740</u>	70.7%
NON-CONTROLLING INTEREST	<u>6,186</u>	0.6%	<u>6,388</u>	0.5%
Total equity	<u>752,530</u>	<u>74.7%</u>	<u>792,128</u>	<u>71.2%</u>
Total liabilities and equity	<u>1,007,497</u>	<u>100.0%</u>	<u>1,112,111</u>	<u>100.0%</u>



(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income
Consolidated Statements of Profit or Loss

	Yen (millions)			
	For the three months ended June 30, 2021		For the three months ended June 30, 2022	
	Ratio to revenue		Ratio to revenue	
REVENUE.....	185,297	100.0%	195,348	100.0%
Cost of sales.....	(122,933)	(66.3%)	(139,075)	(71.2%)
GROSS PROFIT.....	62,364	33.7%	56,273	28.8%
Selling, general, administrative and others, net	(33,982)	(18.4%)	(41,045)	(21.0%)
OPERATING PROFIT	28,382	15.3%	15,228	7.8%
Financial income.....	1,623		836	
Financial expenses.....	(140)		(345)	
PROFIT BEFORE INCOME TAXES	29,865	16.1%	15,719	8.0%
Income tax expenses.....	(8,049)		(5,283)	
PROFIT	21,816	11.8%	10,436	5.3%
Profit attributable to:				
Owners of the parent.....	21,612	11.7%	10,563	5.4%
Non-controlling interests	204	0.1%	(127)	(0.1%)

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the three months ended June 30, 2021	For the three months ended June 30, 2022
PROFIT	21,816	10,436
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Items that will not be reclassified to profit (loss)		
Equity financial goods measured at fair value		
through other comprehensive income (loss).....	(485)	(534)
Total of items that will not be reclassified to profit (loss)	(485)	(534)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	8,130	46,523
Total of items that may be reclassified to profit (loss)	8,130	46,523
Total other comprehensive income (loss), net of tax	7,645	45,989
COMPREHENSIVE INCOME	29,461	56,425
Comprehensive income attributable to:		
Owners of the parent.....	29,173	56,223
Non-controlling interests	288	202



(3) Consolidated Statement of Changes in Equity

	Yen (millions)							
	For the three months ended June 30, 2021							
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
Share capital	Capital Surplus	Retained earnings	Treasury shares	Other components of equity	Total			
Balance at April 1, 2021	23,805	45,559	588,644	(11,543)	11,390	657,855	5,471	663,326
Profit for the period			21,612			21,612	204	21,816
Other comprehensive income					7,561	7,561	84	7,645
Comprehensive income	-	-	21,612	-	7,561	29,173	288	29,461
Dividends paid			(16,020)			(16,020)		(16,020)
Purchase of treasury shares				(2)		(2)		(2)
Share-based payment transaction		10				10		10
Total amounts of transactions with owners	-	10	(16,020)	(2)	-	(16,012)	-	(16,012)
Balance at June 30, 2021	23,805	45,569	594,236	(11,545)	18,951	671,016	5,759	676,775

	Yen (millions)							
	For the three months ended June 30, 2022							
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
Share capital	Capital Surplus	Retained earnings	Treasury shares	Other components of equity	Total			
Balance at April 1, 2022	23,805	45,585	640,577	(11,540)	47,917	746,344	6,186	752,530
Profit for the period			10,563			10,563	(127)	10,436
Other comprehensive income					45,660	45,660	329	45,989
Comprehensive income	-	-	10,563	-	45,660	56,223	202	56,425
Dividends paid			(16,835)			(16,835)		(16,835)
Purchase of treasury shares				(1)		(1)		(1)
Share-based payment transaction		9				9		9
Transfer from other components of equity to retained earnings			135		(135)	-		-
Total amounts of transactions with owners	-	9	(16,700)	(1)	(135)	(16,827)	-	(16,827)
Balance at June 30, 2022	23,805	45,594	634,440	(11,541)	93,442	785,740	6,388	792,128



(4) Consolidated Statements of Cash Flows

	Yen (millions)	
	For the three months ended June 30, 2021	For the three months ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit	21,816	10,436
Depreciation and amortization	4,727	5,528
Income tax expenses	8,049	5,283
Financial income and expenses	(1,483)	(491)
Loss (gain) on sales and retirement of property, plant and equipment	(84)	266
Decrease (increase) in trade and other receivables	(4,235)	8,819
Decrease (increase) in inventories	(35,484)	(10,016)
Increase (decrease) in trade and other payables	726	4,131
Increase (decrease) in retirement benefit assets and liabilities	3	87
Decrease (increase) in guarantee deposits	(1,115)	-
Other	(2,705)	(576)
Subtotal	(9,785)	23,467
Dividends received	446	448
Interest received	129	182
Interest paid	(141)	(332)
Income taxes paid	(9,369)	(12,091)
Cash flows from operating activities	(18,720)	11,674
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of non-current assets	(14,279)	(11,580)
Proceeds from sales of non-current assets	118	70
Purchase of investments	(243)	(0)
Proceeds from sales and redemption of investments	204	803
Payments into time deposits	(5,384)	(330)
Proceeds from withdrawal of time deposits	11,088	908
Other	(58)	(230)
Cash flows from investing activities	(8,554)	(10,359)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	(1,069)	55,468
Purchase and sales of treasury shares, net	(2)	(1)
Cash dividends paid	(16,020)	(16,835)
Repayment of lease liabilities	(836)	(1,130)
Other	1,042	1,075
Cash flows from financing activities	(16,885)	38,577
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,538	(2,617)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(42,621)	37,275
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD ...	148,640	71,057
CASH AND CASH EQUIVALENTS, END OF PERIOD	106,019	108,332



(5) Notes to Consolidated Financial Statements

Notes on the assumptions for a going concern: None

Segment Information

	Yen (millions)							
	For the three months ended June 30, 2021							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	34,450	92,327	29,147	6,910	162,834	22,463	-	185,297
Inter-segment	87,096	4,685	1,487	94,730	187,998	85	(188,083)	-
Total	<u>121,546</u>	<u>97,012</u>	<u>30,634</u>	<u>101,640</u>	<u>350,832</u>	<u>22,548</u>	<u>(188,083)</u>	<u>185,297</u>
Operating profit	9,392	11,460	1,584	3,970	26,406	2,309	(333)	28,382

	Yen (millions)							
	For the three months ended June 30, 2022							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	35,734	95,084	28,512	8,203	167,533	27,815	-	195,348
Inter-segment	64,297	4,372	1,316	57,623	127,608	177	(127,785)	-
Total	<u>100,031</u>	<u>99,456</u>	<u>29,828</u>	<u>65,826</u>	<u>295,141</u>	<u>27,992</u>	<u>(127,785)</u>	<u>195,348</u>
Operating profit (loss)...	5,796	6,251	(232)	3,386	15,201	2,061	(2,034)	15,228



3. SUPPORT DOCUMENTATION (CONSOLIDATED)

(1) Consolidated Financial Results and Forecast

	Yen (millions)			
	For the three months ended June 30, 2021		For the three months ended June 30, 2022	
		(%)		(%)
Revenue	185,297	45.9	195,348	5.4
Domestic	30,053	18.7	31,414	4.5
Overseas	155,244	52.7	163,934	5.6
Operating profit	28,382	82.3	15,528	(46.3)
Profit before income taxes	29,865	81.3	15,719	(47.4)
Profit attributable to owners of the parent	21,612	87.6	10,563	(51.1)
Profit attributable to owners of the parent per share (Yen)	79.59		38.90	
Number of Employees	19,210		20,107	

	Yen (millions)			
	For the year ended March 31, 2022		For the year ending March 31, 2023 (Forecast)	
		(%)		(%)
Revenue	739,260	21.5	740,000	0.1
Domestic	118,050	4.4	120,000	1.7
Overseas	621,210	25.4	620,000	(0.2)
Operating profit	91,728	3.7	85,000	(7.3)
Profit before income taxes	92,483	6.1	83,000	(10.3)
Profit attributable to owners of the parent	64,770	4.4	59,000	(8.9)
Profit attributable to owners of the parent per share (Yen)	238.54		217.29	
Number of Employees	20,233		-	

Notes:

1. Please refer to 1. Overview of operating results Section 3 “Outlook for the fiscal year ending March 31, 2023” on page 3.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, and profit attributable to owners of the parent compared to the corresponding period of the previous year.



(2) Consolidated Revenue by Geographic Area

	Yen (millions)					
	For the three months ended June 30, 2021		For the three months ended June 30, 2022		For the year ended March 31, 2022	
		(%)		(%)		(%)
Japan	30,053	18.7	31,414	4.5	118,050	4.4
Europe.....	91,397	57.1	94,204	3.1	352,470	24.7
North America	28,618	44.1	27,850	(2.7)	112,248	23.4
Asia.....	10,225	13.6	11,592	13.4	49,196	25.1
Central and South America	9,680	133.1	11,977	23.7	41,765	42.0
Oceania	12,056	39.3	14,970	24.2	51,579	24.9
The Middle East and Africa	3,268	77.4	3,341	2.2	13,952	20.5
Total.....	185,297	45.9	195,348	5.4	739,260	21.5

Notes: The table above sets forth Makita's consolidated revenue by geographic area based on the customer's location for the periods presented. Accordingly, it differs from "Segment Information" on page 9.

The table shows the changes in the percentage ratio of revenue compared to the corresponding period of the previous year.

(3) Exchange Rates

	Yen			
	For the three months ended June 30, 2021	For the three months ended June 30, 2022	For the year ended March 31, 2022	For the year ending March 31, 2023 (Forecast)
USD/JPY	109.52	129.73	112.39	120
EUR/JPY	131.94	138.26	130.55	130
RMB/JPY	16.96	19.60	17.51	18.9

(4) Production Ratio (unit basis)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022	For the year ended March 31, 2022
	Composition ratio	Composition ratio	Composition ratio
Domestic.....	8.0%	9.2%	7.0%
Overseas	92.0%	90.8%	93.0%

(5) Consolidated Capital Expenditures, Depreciation and Amortization, and R&D costs

	Yen (millions)			
	For the three months ended June 30, 2021	For the three months ended June 30, 2022	For the year ended March 31, 2022	For the year ending March 31, 2023 (Forecast)
Capital expenditures	14,280	11,580	59,937	40,000
Depreciation and amortization...	3,974	4,481	17,639	20,000
R&D costs	3,433	3,703	14,145	15,000