

## MAKITA CORPORATION

(Stock code: 6586)

June 6, 2023

(Measures for electronic provision have commenced on June 1, 2023)

To the Shareholders of  
MAKITA CORPORATION

### **NOTICE OF THE 111TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are respectfully requested to attend the 111th Ordinary General Meeting of Shareholders of MAKITA CORPORATION, which is hereby announced.

We have taken measures for the electronic convocation of this General Meeting of Shareholders, and the matters subject to measures for electronic convocation as the “Notice of the 111<sup>th</sup> Ordinary General Meeting of Shareholders”, have been posted on the website shown below.

- The website of the Corporation: [https://www.makita.biz/ir/event/event\\_03.html](https://www.makita.biz/ir/event/event_03.html)

In addition to the above, the information is also made available on the following website on the Internet.

- The website of the Tokyo Stock Exchange (Listed Company Search):  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website above, search by entering the Company’s name or securities code, and select “Basic information” then “Documents for public inspection/PR information” to view the matters.

Makita Corporation



Tokyo Stock Exchange



Instead of attending the meeting, you may exercise your voting rights by mail or via the Internet in advance. Please review the matters subject to measures for electronic convocation and exercise the rights by 5 p.m., Tuesday, June 27, 2023.

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

1. **Date and Time:** 10 a.m., Wednesday, June 28, 2023

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 111th period (from April 1, 2022 to March 31, 2023) and the Audit Reports on such Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee
2. The Financial Statements for the 111th period

**Items to be Resolved:**

- No.1** Appropriation of Surplus
- No.2** Election of 11 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- No.3** Election of 4 Directors Who Are Audit & Supervisory Committee Members
- No.4** Payment of Bonus to Directors

NOTE: The following matters among the matters subject to measures for the electronic convocation are not included in the paper copy to be sent to shareholders who have requested it as provided by laws and regulations and Article 14 of the Corporation's Articles of Incorporation. The documents audited by the Accounting Auditor and the Audit & Supervisory Committee in preparing their audit reports included these matters.

- "Systems to ensure that Corporation's operation will be conducted appropriately" and "Implementation status of systems necessary for ensuring that the Corporation's operations are conducted appropriately" in the business report.
- "Consolidated Statement of Charge in Equity" and "Notes to Consolidated Financial Statement" in the consolidated financial statements.
- "Statement of Charges in Net Assets" and "Notes to Non-consolidated Financial Statement" in the financial statements.

## 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 total return ratio of at least 35% of profit, with a minimum amount for annual total dividends at 20 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 per share (Basic) 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 this period under review shall amount to 21 yen per share that include interim dividends in the amount of 10 yen per share, and the consolidated dividend payout ratio is 48.7 %.

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

11 yen per share of common stock

Total amount: 2,986,960,306 yen

2. Effective date of dividend payment

June 29, 2023

Notes: The details of the above basic policy for profit distribution is described in “5. Policy on Determination of Dividends from Surplus” (page 31).

**Agenda Item No.2: Election of 11 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)**

The term of offices of all 11 Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply throughout this proposal) in office will have expired at the conclusion of this General Meeting of Shareholders, and we would like to request the election of 11 Directors.

Nomination of the candidates for Directors was consulted to the Nomination and Compensation Committee and determined at the Board of Directors based on the report.

The Audit & Supervisory Committee discussed this proposal and concluded that there are no special matters that should be stated at the General Meeting of Shareholders in accordance with the provisions of the Companies Act.

The candidates are as follows:

Candidate Number	Name		Current positions and responsibilities at the Corporation	Attendance rate of the Board of Directors meetings
1	Masahiko Goto	<u>Reelection</u> <u>Man</u>	Chairman and Representative Director	12/12 (100%)
2	Munetoshi Goto	<u>Reelection</u> <u>Man</u>	President and Representative Director	12/12 (100%)
3	Shinichiro Tomita	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Purchasing Headquarters	12/12 (100%)
4	Tetsuhisa Kaneko	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Research and Development Headquarters	12/12 (100%)
5	Tomoyuki Ota	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Quality Headquarters	12/12 (100%)
6	Takashi Tsuchiya	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Domestic Sales Headquarters	12/12 (100%)
7	Masaki Yoshida	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Production Headquarters	12/12 (100%)
8	Takashi Omote	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of International Sales Headquarters	12/12 (100%)
9	Yukihiro Otsu	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Administration Headquarters	12/12 (100%)
10	Masahiro Sugino	<u>Reelection</u> <u>Outside</u> <u>Independent</u> <u>Man</u>	Outside Director	12/12 (100%)
11	Takahiro Iwase	<u>Reelection</u> <u>Outside</u> <u>Independent</u> <u>Man</u>	Outside Director	12/12 (100%)

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> <u>Man</u> Masahiko Goto (November 16, 1946)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1971 Joined the Corporation</p> <p>May 1984 Director, Manager of Corporate Planning Department</p> <p>July 1987 Managing Director, General Manager of Administration Headquarters</p> <p>May 1989 President and Representative Director</p> <p>June 2013 Chairman and Representative Director (present)</p> <p>March 2022 Outside Director of HOSHIZAKI CORPORATION (present)</p> <p>(Important Concurrent Posts) Outside Director of HOSHIZAKI CORPORATION</p>	2,566,552
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Masahiko Goto has been engaged in the management of the Corporation for many years serving as President as well as Chairman, and has contributed to the enhancement of corporate value. The Corporation proposes his appointment as Director because we believe that his wealth of experience and broad insight are indispensable for the management of the Corporation.</p>			
2	<p><u>Reelection</u> <u>Man</u> Munetoshi Goto (April 26, 1975)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>April 1999 Joined the Corporation</p> <p>April 2012 General Manager of International Sales Administration Department</p> <p>June 2013 Director, Corporate Officer, General Manager of International Sales Headquarters</p> <p>June 2017 President and Representative Director (present)</p>	472,818
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Munetoshi Goto has a deep understanding of the overall business and management of the Corporation, with experience of serving as General Manager of International Sales Headquarters since June 2013, as well as experience in domestic sales, development, and overseas sales subsidiaries. In addition, he is leading the growth of the Corporation as President since June 2017. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight as well as his great leadership are indispensable for the management of the Corporation.</p>			
3	<p><u>Reelection</u> <u>Man</u> Shinichiro Tomita (January 11, 1951)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1974 Joined the Corporation</p> <p>October 2000 General Manager of Plant Engineering-maintenance Department</p> <p>October 2001 General Manager of Production Engineering Department</p> <p>September 2003 President of Makita (China) Co., Ltd.</p> <p>June 2007 Director, Assistant General Manager of Production Headquarters of the Corporation (in charge of China Plant)</p> <p>June 2009 Director, Corporate Officer, General Manager of Research and Development Headquarters (in charge of Product Development)</p> <p>May 2010 Director, Corporate Officer, General Manager of Purchasing Headquarters (present)</p>	19,595
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Shinichiro Tomita has held important positions in the production division, and has served as the head of the production subsidiary in China, a core facility of the production division, and General Manager of Research and Development Headquarters of the Corporation. He currently serves as General Manager of Purchasing Headquarters and has a deep understanding of the business and management mainly in the areas of purchasing, production, and development of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.</p>			

Candidate Number	Name (Date of birth)	Brief personal background, title and position and Important concurrent posts			Number of the Corporation's shares held
4	<u>Reelection</u> <u>Man</u> Tetsuhisa Kaneko (April 6, 1955)  [Attendance rate of the Board of Directors meetings] 12/12 (100%)	March	1981	Joined the Corporation	25,195
		April	2004	General Manager of Technical Research Department	
		August	2005	General Manager of Production Department 2	
		October	2006	General Manager of Production Department 1	
		June	2007	Director, General Manager of Purchasing Headquarters	
		June	2009	Director, Corporate Officer, General Manager of Purchasing Headquarters	
		May	2010	Director, Corporate Officer, General Manager of Production Headquarters (in charge of China Plant)	
		June	2015	Director, Corporate Officer, General Manager of Production Headquarters	
		June	2017	Director, Corporate Officer, General Manager of Research and Development Headquarters (present)	
		[Reason for nomination as candidate for Director] Mr. Tetsuhisa Kaneko has held important positions in the development division, and has served as the head of the production subsidiary in China, a core facility of the production division, General Manager of Purchasing Headquarters, and General Manager of Production Headquarters of the Corporation. He currently serves as General Manager of Research and Development Headquarters and has a deep understanding of the business and management mainly in the areas of development, production, and purchasing of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.			
5	<u>Reelection</u> <u>Man</u> Tomoyuki Ota (March 22, 1956)  [Attendance rate of the Board of Directors meetings] 12/12 (100%)	March	1978	Joined the Corporation	20,095
		October	2003	General Manager of Production Department 1	
		August	2005	General Manager of Products & Engineering Administration Department	
		July	2012	General Manager of Products & Engineering Administration Department and General Manager of Product Design & Development Department 1	
		June	2013	Director, Corporate Officer, Assistant General Manager of Research and Development Headquarters	
		June	2021	Director, Corporate Officer, General Manager of Quality Headquarters (present)	
		[Reason for nomination as candidate for Director] Mr. Tomoyuki Ota has experience of working at overseas production subsidiaries (in the U.S.), and has held important positions in the production division, and has served as Assistant General Manager of Research and Development Headquarters. He currently serves as General Manager of Quality Headquarters and has a deep understanding of the business and management mainly in the areas of quality, development, and production of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.			
6	<u>Reelection</u> <u>Man</u> Takashi Tsuchiya (September 1, 1957)  [Attendance rate of the Board of Directors meetings] 12/12 (100%)	March	1982	Joined the Corporation	20,795
		April	2001	Manager of Shizuoka Branch Office	
		October	2003	Manager of Tokyo Branch Office	
		April	2010	General Manager of Sales Administration Department	
		June	2013	Corporate Officer, General Manager of Domestic Sales Headquarters (in charge of Tokyo Sales Department)	
		June	2015	Director, Corporate Officer, General Manager of Domestic Sales Headquarters (present)	
		[Reason for nomination as candidate for Director] Mr. Takashi Tsuchiya has held important positions mainly in the domestic sales operations of the Corporation. He has served as General Manager of Domestic Sales Headquarters in charge of Tokyo Sales Department as Corporate Officer since June 2013. He currently serves as General Manager of Domestic Sales Headquarters as Director and Corporate Officer, and has a deep understanding of the business and management mainly in the area of domestic sales of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.			

Candidate Number	Name (Date of birth)	Brief personal background, title and position and Important concurrent posts		Number of the Corporation's shares held
7	<p><u>Reelection</u> <u>Man</u> Masaki Yoshida (June 17, 1962)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1985</p> <p>October 2007</p> <p>April 2010</p> <p>April 2011</p> <p>February 2012</p> <p>June 2015</p> <p>April 2018</p> <p>June 2021</p>	<p>Joined the Corporation</p> <p>General Manager of Production Control Department</p> <p>General Manager of Production Department 2</p> <p>General Manager of Production Development Department</p> <p>Vice President of Makita (China) Co., Ltd.</p> <p>Director, Corporate Officer, Assistant General Manager of Production Headquarters of the Corporation (in charge of China Plant)</p> <p>Director, Corporate Officer, Assistant General Manager of Production Headquarters of the Corporation</p> <p>Director, Corporate Officer, General Manager of Production Headquarter (present)</p>	12,915
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Masaki Yoshida has engaged in duties mainly in the production division of the Corporation, and has served as the head of the production subsidiary in China, a core facility of the production division. He served as Assistant General Manager of Production Headquarters since June 2015 and has served as General Manager of Production Headquarters since June 2021, and has a deep understanding of the business and management mainly in the area of production of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.</p>				
8	<p><u>Reelection</u> <u>Man</u> Takashi Omote (February 10, 1959)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1982</p> <p>January 1995</p> <p>March 2001</p> <p>June 2013</p> <p>June 2017</p>	<p>Joined the Corporation</p> <p>President of Makita Mexico, S.A. de C.V.</p> <p>President of Makita do Brasil Ferramentas Elétricas Ltda.</p> <p>Corporate Officer of the Corporation (in charge of Central and South America Sales)</p> <p>Director, Corporate Officer, General Manager of International Sales Headquarters (present)</p>	10,835
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Takashi Omote has engaged in duties mainly in the international sales operations of the Corporation, and has experience of working for many years at overseas sales subsidiaries (in Brazil and Mexico). He was placed in charge of Central and South America Sales in June 2013, and serves as General Manager of International Sales Headquarters since June 2017. As such, he has a deep understanding of the business and management mainly in the area of overseas sales of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.</p>				
9	<p><u>Reelection</u> <u>Man</u> Yukihiko Otsu (August 27, 1960)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1983</p> <p>April 2009</p> <p>December 2009</p> <p>October 2013</p> <p>June 2017</p>	<p>Joined the Corporation</p> <p>Assistant Manager of Finance Department</p> <p>Vice President of Makita (China) Co., Ltd.</p> <p>General Manager of Accounting Department of the Corporation</p> <p>Director, Corporate Officer, General Manager of Administration Headquarters (present)</p>	10,435
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Yukihiko Otsu has held important positions in the finance division of the Corporation, and has a wealth of experience in the administration divisions of overseas subsidiaries including the production subsidiary in China, a core facility of the production division. He serves as General Manager of Administration Headquarters since June 2017 and has a deep understanding of the business and management mainly in the area of administration of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.</p>				

Candidate Number	Name (Date of birth)	Brief personal background, title and position and Important concurrent posts	Number of the Corporation's shares held
10	<p style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">Reelection</span>  <span style="border: 1px solid black; padding: 2px;">Outside</span>  <span style="border: 1px solid black; padding: 2px;">Independent</span>  <span style="border: 1px solid black; padding: 2px;">Man</span> </p> <p>Masahiro Sugino (November 18, 1944)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>April 1967 Jointed Ina Seito Co., Ltd. (present; LIXIL Corporation)</p> <p>January 1992 Director of INAX Corporation (“INAX”, past; Ina Seito Co., Ltd.)</p> <p>January 1996 Managing Director of INAX</p> <p>January 2000 Senior Managing Director of INAX</p> <p>October 2001 President and Representative Director of INAX</p> <p>June 2007 Chairman and Representative Director of INAX</p> <p>June 2007 President and Representative Director of JS Group Corporation (present; LIXIL Corporation)</p> <p>April 2011 President and Representative Director of LIXIL Corporation</p> <p>June 2011 Director and Advisor of LIXIL Corporation</p> <p>June 2013 Advisor of LIXIL Corporation</p> <p>June 2015 Outside Director of the Corporation (present)</p> <p>June 2017 Outside Director of MISAWA HOMES CO., LTD.</p> <p>February 2018 Outside Director of KITAKEI CO., LTD. (present)</p> <p>July 2018 Special Advisor of LIXIL Corporation</p> <p>January 2020 Advisor of LIXIL Corporation (present)</p> <p>(Important Concurrent Posts) Advisor of LIXIL Corporation Outside Director of KITAKEI CO., LTD.</p>	-
<p>[Reason for nomination as candidate for Outside Director and outline of the expected role] Mr. Masahiro Sugino has participated in the management of LIXIL Group, including INAX, for many years and has a thorough knowledge of corporate management, with which he currently provides useful opinions on the management of the Corporation from a broad perspective. The Corporation proposes his appointment as Outside Director because we expect him to utilize his wealth of experience and broad insight for the management of the Corporation from an independent perspective.</p>			
11	<p style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">Reelection</span>  <span style="border: 1px solid black; padding: 2px;">Outside</span>  <span style="border: 1px solid black; padding: 2px;">Independent</span>  <span style="border: 1px solid black; padding: 2px;">Man</span> </p> <p>Takahiro Iwase (May 28, 1952)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>April 1977 Joined Toyota Motor Co., Ltd. (present; TOYOTA MOTOR CORPORATION, “TOYOTA”)</p> <p>June 2005 Managing Officer of TOYOTA</p> <p>June 2009 Senior Managing Director of TOYOTA Outside Audit &amp; Supervisory Board Member of Chuo Spring Co., Ltd.</p> <p>April 2011 Vice Chairman of the Board of Directors of Toyota Motor Asia Pacific Pte. Ltd.</p> <p>June 2011 Senior Managing Officer of TOYOTA</p> <p>June 2014 President of TOYOTA AUTO BODY CO., LTD.</p> <p>April 2016 Standing Counselor of Aichi Steel Corporation (“AICHI STEEL”)</p> <p>June 2016 Chairman and Representative Director of AICHI STEEL</p> <p>June 2017 Outside Audit &amp; Supervisory Board Member of Chuo Spring Co., Ltd.</p> <p>July 2020 Chairman of Aichi Prefectural Public Safety Commission</p> <p>March 2021 External Auditor of DMG MORI CO., LTD. (present)</p> <p>June 2021 Outside Director of the Corporation (present)</p> <p>(Important Concurrent Posts) External Auditor of DMG MORI CO., LTD.</p>	500
<p>[Reason for nomination as candidate for Outside Director and outline of the expected role] Mr. Takahiro Iwase has participated in the management of core companies of the Toyota Group, including TOYOTA MOTOR CORPORATION, for many years and has a thorough knowledge of corporate management, with which he currently provides useful opinions on the management of the Corporation from a broad perspective. The Corporation proposes his appointment as Outside Director because we expect him to utilize his wealth of experience and broad insight for the management of the Corporation from an independent perspective.</p>			



- Notes: 1. There is no special interest between the above candidates and the Corporation.
2. The matters concerning Outside Director candidate Mr. Masahiro Sugino are as follows:
- (i) Mr. Masahiro Sugino served as an executive officer of LIXIL Corporation. Makita sells products to LIXIL Corporation and its corporate group. This year, such sales amounted to 3 million yen, which constituted less than 0.01% of our consolidated revenue.
  - (ii) Mr. Masahiro Sugino is currently an Outside Director of the Corporation, and his term of office will be 8 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. Masahiro Sugino 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. Masahiro Sugino is appointed to be an Outside Director, the Corporation will extend such liability limitation agreement.
  - (iv) The Corporation has designated Mr. Masahiro Sugino as an “Independent Director” 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. Masahiro Sugino is elected, the Corporation intends to appoint him again as an Independent Director.
3. The matters concerning Outside Director candidate Mr. Takahiro Iwase are as follows:
- (i) Mr. Takahiro Iwase served as an executive officer of Aichi Steel Corporation. Makita purchases components from Aichi Steel Corporation and its corporate group. This year, such purchase amounted to 777 million yen, which constituted less than 0.27% of the consolidated net sales of the Aichi Steel Group.
  - (ii) Mr. Takahiro Iwase is currently an Outside Director of the Corporation, and his term of office will be 2 year 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. Takahiro Iwase 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. Takahiro Iwase is appointed to be an Outside Director, the Corporation will extend such liability limitation agreement.
  - (iv) The Corporation has designated Mr. Takahiro Iwase as an “Independent Director” as required by the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and make required notification therefore to these stock exchanges. If Mr. Takahiro Iwase is elected, the Corporation intends to appoint him again as an Independent Director.
4. The number of the Corporation’s shares held by candidates for Directors represents the actual number of shares each candidate holds, including those vested to him in Makita’s stock ownership plan for the Executives.
5. The Corporation has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with all Directors and Corporate Officers as well as officers of the subsidiaries (with regard to overseas subsidiaries, this is limited to officers temporarily transferred from the Corporation and officers concurrently serving at the Corporation and overseas subsidiaries) as the insured to ensure that executives can fully perform their expected roles in the course of their duties and to hire excellent talents. If this proposal is approved as originally proposed and each candidate is appointed as Director, etc., they will be the insured under the said insurance contract. The said insurance contract covers damages caused as a result of the insured executives, etc. assuming responsibilities regarding the execution of their duties or receiving claims pertaining to the pursuit of such responsibilities. Provided, however, that there are certain exemptions; for example, the insurance contract does not cover damages caused as a result of any conduct committed with his or her knowledge that the conduct is in violation of laws and regulations. The premiums are paid by the Corporation, including riders. Therefore, the insured does not bear the actual premiums. Also, the said insurance contract will be renewed on June 29, 2023, which is during the term of office of each candidate.

**Agenda Item No.3: Election of 4 Directors Who Are Audit & Supervisory Committee Members**

The term of offices of all 4 Directors who are Audit & Supervisory Committee Members; the same shall apply throughout this proposal) in office will have expired at the conclusion of this General Meeting of Shareholders, and we would like to request the election of 4 Directors who are Audit & Supervisory Committee Members.

The candidates are as follows:

The Audit & Supervisory Committee has agreed to this proposal.

Candidate Number	Name		Current positions at the Corporation	Attendance rate of the Board of Directors meetings	Attendance rate of Audit & Supervisory Committee meetings
1	Mitsuhiko Wakayama	Reelection Man	Director (Standing Audit & Supervisory Committee Member)	12/12 (100%)	14/14 (100%)
2	Shoji Inoue	Reelection Outside Independent Man	Outside Director (Audit & Supervisory Committee Member)	12/12 (100%)	14/14 (100%)
3	Koji Nishikawa	Reelection Outside Independent Man	Outside Director (Audit & Supervisory Committee Member)	12/12 (100%)	14/14 (100%)
4	Ayumi Ujihara	New election Outside Independent Woman	—	—	—

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>[Reelection Man] Mitsuhiko Wakayama (July 6, 1956)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p> <p>[Attendance rate of the Audit &amp; Supervisory Committee meetings] 14/14 (100%)</p>	<p>March 1981 Joined the Corporation</p> <p>October 2007 General Manager of America Sales Department</p> <p>April 2012 General Manager of Latin America Sales Department</p> <p>June 2016 Standing Audit &amp; Supervisory Board Member of the Corporation</p> <p>June 2021 Director (Standing Audit &amp; Supervisory Committee Member) (present)</p>	10,200
<p>[Reason for nomination as candidate for Director who is an Audit &amp; Supervisory Committee Member] Mr. Mitsuhiko 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 Director who is an Audit &amp; Supervisory Committee Member because we believe that his wealth of experience and insight are indispensable for the audit and supervision of the management of the Corporation.</p>			
2	<p>[Reelection Outside Independent Man] Shoji Inoue (July 29, 1957)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p> <p>[Attendance rate of the Audit &amp; Supervisory Committee meetings] 14/14 (100%)</p>	<p>April 1991 Attorney-at-law, admitted and belonging to the Nagoya Bar Association [ present; Aichi Bar Association]</p> <p>April 1991 Joined Katayama Kinji Law Firm</p> <p>July 2009 Established Inoue Shoji Law Firm</p> <p>October 2010 Appointed as a Civil Conciliator at Nagoya Summary Court</p> <p>October 2013 Established Sao &amp; Inoue Law Firm [present; Inoue Shoji Law Firm] (present)</p> <p>June 2015 Outside Director of Meitetsu Transport Co., Ltd.</p> <p>June 2016 Outside Audit &amp; Supervisory Board Member of the Corporation</p> <p>June 2021 Outside Director of Okuma Corporation (present)</p> <p>June 2021 Outside Director of the Corporation (Audit &amp; Supervisory Committee Member) (present)</p> <p>(Important Concurrent Posts) Attorney at Law (Inoue Shoji Law Firm) Outside Director of Okuma Corporation</p>	500
<p>[Reason for nomination as candidate for Outside Director who is an Audit &amp; Supervisory Committee Member and outline of the expected role] 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 Director who is an Audit &amp; Supervisory Committee Member because we expect him to utilize his wealth of experience and insight to audit and supervise the management of the Corporation from an independent perspective.</p>			

Candidate Number	Name (Date of birth)	Brief personal background, title and position and Important concurrent posts	Number of the Corporation's shares held
3	<p style="text-align: center;">Reelection Outside Independent Man</p> <p style="text-align: center;">Koji Nishikawa (November 1, 1957)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p> <p>[Attendance rate of the Audit &amp; Supervisory Committee meetings] 14/14 (100%)</p>	<p>October 1988 Joined Aoyama Audit Corporation</p> <p>August 1992 Registered as a certified public accountant</p> <p>April 2000 Joined ChuoAoyama Audit Corporation (formed by a merger with Chuo Audit Corporation)</p> <p>September 2006 Appointed as Partner of ChuoAoyama Audit Corporation</p> <p>September 2006 Joined PricewaterhouseCoopers Aarata (present; PricewaterhouseCoopers Aarata LLC)</p> <p>July 2018 Appointed as Partner of PricewaterhouseCoopers Aarata</p> <p>July 2018 Representative of Nishikawa Koji Accounting Firm (present)</p> <p>April 2020 Joined Seimei Audit Corporation</p> <p>June 2020 Representative Partner of Seimei Audit Corporation (present)</p> <p>June 2021 Outside Director of the Corporation (Audit &amp; Supervisory Committee Member) (present)</p> <p>(Important Concurrent Posts)</p> <p>Representative of Nishikawa Koji Accounting Firm</p> <p>Representative Partner of Seimei Audit Corporation</p>	200
<p>[Reason for nomination as candidate for Outside Director who is an Audit &amp; Supervisory Committee Member and outline of the expected role]</p> <p>Mr. Koji Nishikawa has extensive knowledge and expertise in corporate accounting audits as a certified public accountant, with which he currently provides useful opinions from the professional perspective. The Corporation proposes his appointment as Outside Director who is an Audit &amp; Supervisory Committee Member because we expect him to utilize his wealth of experience and insight to audit and supervise the management of the Corporation from an independent perspective.</p>			
4	<p style="text-align: center;">New election Outside Independent Woman</p> <p style="text-align: center;">Ayumi Ujihara (September 12, 1961)</p>	<p>April 1984 Joined BROTHER INDUSTRIES, LTD.</p> <p>March 1994 Joined Itoh Accounting Firm</p> <p>April 2000 Joined Tokai Local Finance Bureau (financial securities inspector)</p> <p>July 2003 Joined ChuoAoyama Audit Corporation</p> <p>August 2006 Joined PricewaterhouseCoopers Arata (currently PricewaterhouseCoopers Arata LLC)</p> <p>July 2015 Partner of PricewaterhouseCoopers Arata</p> <p>July 2022 Representative of Ayumi Ujihara CPA office (present)</p> <p>March 2023 Outside Audit &amp; Supervisory Board Member of Yamaha Motor Co., Ltd. (present)</p> <p>May 2023 Partner of Kagayaki Audit Corporation (present)</p> <p>(Important Concurrent Posts)</p> <p>Representative of Ayumi Ujihara CPA office</p> <p>Outside Audit &amp; Supervisory Board Member of Yamaha Motor Co., Ltd.</p> <p>Partner of Kagayaki Audit Corporation</p>	-
<p>[Reason for nomination as candidate for Outside Director who is an Audit &amp; Supervisory Committee Member and outline of the expected role]</p> <p>Ms. Ayumi Ujihara has extensive insight regarding finance and accounting as a certified public accountant and wealth of experience in auditing global companies. The Corporation proposes her appointment as Outside Director who is an Audit &amp; Supervisory Committee Member because we expect her to utilize to audit and supervise the management of the Corporation from an independent perspective.</p>			

Notes: 1. There is no special interest between the above candidates and the Corporation.

2. The matters concerning Director who is an Audit & Supervisory Committee Member candidate Mr. Mitsuhiko Wakayama are as follows:

- (i) 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. Mitsuhiko Wakayama 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. Mitsuhiko Wakayama is appointed to be Director who is an Audit & Supervisory Committee Member, the Corporation will extend such liability limitation agreement.

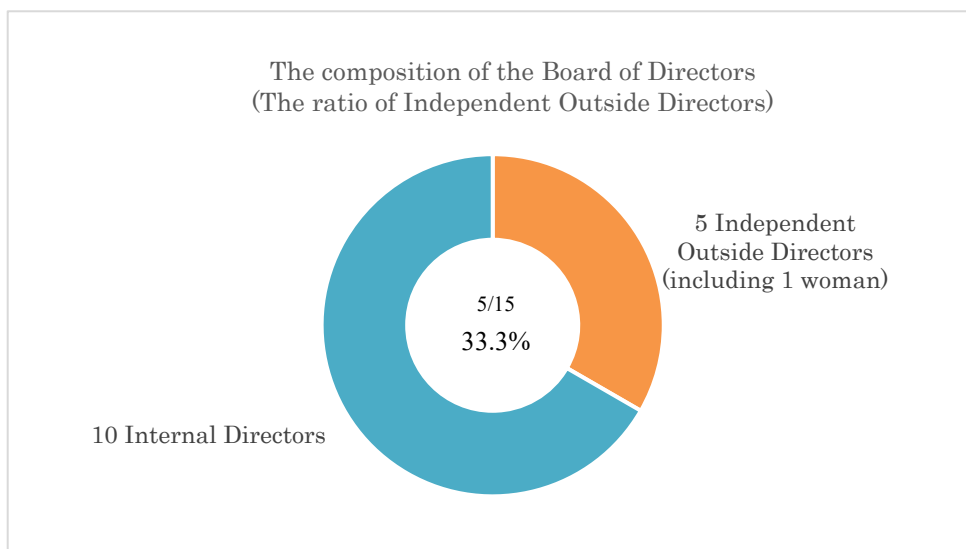
3. The matters concerning Outside Director who is an Audit & Supervisory Committee Member candidate Mr. Shoji Inoue are as follows:

- (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. Shoji 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. Shoji 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 Director who is an Audit & Supervisory Committee Member of the Corporation, and his term of office will be 2 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 who is an Audit & Supervisory Committee Member, 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 Independent Director.
4. The matters concerning Outside Director who is an Audit & Supervisory Committee Member candidate Mr. Koji Nishikawa are as follows:
- (i) Mr. Koji Nishikawa is currently an Outside Director who is an Audit & Supervisory Committee Member of the Corporation, and his term of office will be 2 years at the conclusion of this General Meeting of Shareholders.
  - (ii) 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. Koji Nishikawa 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. Koji Nishikawa is appointed to be an Outside Director who is an Audit & Supervisory Committee Member, the Corporation will extend such liability limitation agreement.
  - (iii) The Corporation has designated Mr. Koji Nishikawa 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. Koji Nishikawa is elected, the Corporation intends to appoint him again as an Independent Director.
5. The matters concerning Director who is an Audit & Supervisory Committee Member candidate Ms. Ayumi Ujihara are as follows:
- (i) With respect to liabilities set forth in Article 423, Paragraph 1 of the Companies Act, the Corporation intends to enter into a liability limitation agreement with Ms. Ayumi Ujihara 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.
  - (ii) The Corporation intends to designate Ms. Ayumi Ujihara as an “Independent Director / Audit & Supervisory Board Member” as required by the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and make required notification therefore to these stock exchanges.
6. The number of the Corporation’s shares held by candidates for Directors who are Audit & Supervisory Committee Members represents the actual number of shares each candidate holds, including those vested to them in Makita’s stock ownership plan for the Executives.
7. The Corporation has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with all Directors and Corporate Officers as well as officers of the subsidiaries (with regard to overseas subsidiaries, this is limited to officers temporarily transferred from the Corporation and officers concurrently serving at the Corporation and overseas subsidiaries) as the insured to ensure that executives can fully perform their expected roles in the course of their duties and to hire excellent talents. If this proposal is approved as originally proposed and each candidate is appointed as Director, etc., they will be the insured under the said insurance contract. The said insurance contract covers damages caused as a result of the insured executives, etc. assuming responsibilities regarding the execution of their duties or receiving claims pertaining to the pursuit of such responsibilities. Provided, however, that there are certain exemptions; for example, the insurance contract does not cover damages caused as a result of any conduct committed with his or her knowledge that the conduct is in violation of laws and regulations. The premiums are paid by the Corporation, including riders. Therefore, the insured does not bear the actual premiums. Also, the said insurance contract will be renewed on June 29, 2023, which is during the term of office of each candidate.

**Reference The composition and expertise of the Board of Directors**

Directors of the Corporation, regardless of age, gender, or nationality, shall be appointed from among those who can contribute to the enhancement of its corporate value. We have appointed Internal Directors (excluding Director who is Audit & Supervisory Committee Member) who have the ability to formulate and execute management strategies based on their own experience and insight, Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) who have a wealth of experience and broad insight in corporate management, and Directors who are Audit & Supervisory Committee Members who have internal and external work experience and a wealth of experience and insight in various fields, including finance, accounting and legal affairs. Moreover, a number of Directors with overseas experience are in office. We, therefore, believe that the Board of Directors as a whole is functioning as an effective organization that ensures an appropriate balance and diversity of knowledge, experience and ability. However, while fulfilling our roles and responsibilities, such as making the appropriate management decisions and overseeing the execution out of operations more effectively, we will continue to consider ensuring diversity in the composition of the Board of Directors, including aspects such as skills, experience, gender and internationality. We also believe that the current Board of Directors is of an appropriate size to enable prompt decision-making.



	Name	The Nomination and Compensation Committee	Expertise								
			Corporate management	Overseas experience	Sales/marketing	Development	Production/procurement/quality	Sustainability	IT/digitalization	Finance & accounting	Legal affairs
Directors	Masahiko Goto	●	●	●	●	●					
	Munetoshi Goto	●	●	●	●	●		●	●		
	Shinichiro Tomita		●	●		●	●				
	Tetsuhisa Kaneko		●	●		●	●				
	Tomoyuki Ota		●	●		●	●	●			
	Takashi Tsuchiya		●		●						
	Masaki Yoshida		●	●			●		●		
	Takashi Omote		●	●	●						
	Yukihiro Otsu		●	●				●	●	●	●
	Masahiro Sugino Outside Independent	●	●		●		●				
	Takahiro Iwase Outside Independent	●	●	●		●	●				
Directors who are Audit & Supervisory Committee Members	Mitsuhiko Wakayama			●	●						
	Shoji Inoue Outside Independent	●		●							●
	Koji Nishikawa Outside Independent									●	
	Ayumi Ujihara Outside Independent									●	

**Agenda Item No. 4: 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.

At end of this period, the Corporation has 15 Directors. In accordance with above policy, we would like to pay Directors' bonuses to 9 Directors in the amount of 60 million yen considering performance during this period. This is with the exception of 6 Directors who are Audit & Supervisory Committee Members and Outside Directors.

An outline of the content of decision-making policy on individual compensation for Directors is described on page 26 of "BUSINESS REPORT". The Corporation deems that the content of this proposal is appropriate pursuant to such policy.

The Audit & Supervisory Committee discussed this proposal and concluded that there are no special matters that should be stated at the General Meeting of Shareholders in accordance with the provisions of the Companies Act.



# **BUSINESS REPORT**

(From April 1, 2022 to March 31, 2023)

## **1. Matters on the Current Status of Makita**

### **(1) Progress and Results of Operations**

Looking at the international economic situation during the year ended March 31, 2023, concerns over a global economic downturn have heightened against the backdrop of factors including high inflation, monetary tightening in various countries and the energy crisis associated with the prolongation of the war in Ukraine.

In this situation, with respect to development, Makita focused on expanding its lineup of cordless products including power tools and outdoor power equipment in the “40Vmax Lithium-ion Battery” series, which offers high power, long life and high durability.

With respect to production, we worked on building a production system and strengthening management functions to flexibly address changes in the demand environment and geopolitical risks, and improve the efficiency of the Group as a whole.

We also work to increase the level of the community-based and customer-oriented service framework in order to further strengthen trusting relationships with customers around the world. We strive to deepen and develop the market centered on cordless products.

Although sales were sluggish in Europe and North America, Makita's consolidated financial results for the fiscal year set a new record high, increased 3.4% year on year to 764,702 million yen due to strong sales in Japan and Oceania, as well as the impact of the yen's depreciation and strong local currencies.

Revenue by region are as follows:

In Japan, although stay-at-home demand subsided, we mainly secured sales of cordless outdoor power equipment and the new XGT series of products, resulting in a 4.2% increase year on year to 122,978 million yen.

In Europe, as sales decreased by 1.0% year on year to 348,994 million yen due to deteriorating business confidence caused by high inflation, monetary tightening, and uncertainty concerning energy supply.

In North America, while sales decreased as stay-at-home demand subsided and monetary tightening created wariness of a recession, revenue increased 6.1% year on year to 119,064 million yen due to the depreciation of the yen against local currencies.

In Asia, although there was market turmoil around China's zero COVID-19 policy and impacts from monetary tightening in various countries, sales were strong in Taiwan and other countries and the depreciation of the yen against local currencies contributed to revenue increasing by 8.3% year-on-year to 53,276 million yen.

In Central and South America, while sales decreased due to accelerating inflation and increased uncertainty concerning the future in each country, revenue increased 13.1% year on year to 47,256 million yen due to the depreciation of the yen against local currencies.

In Oceania, despite negative economic factors such as surging construction material prices and monetary tightening, strong sales of new products and outdoor power equipment resulted in a 13.6% year on year increase to 58,593 million yen.

In the Middle East and Africa, despite continuing unstable political and economic conditions, revenue increased 4.2% year on year to 14,541 million yen due to the depreciation of the yen against local currencies.

Overall, overseas revenue accounted for 83.9% of total revenue.

In terms of profit, operating profit decreased by 69.2% year on year to 28,246 million yen (operating profit ratio 3.7%) due to a worsening cost ratio as a result of the impact of foreign exchange rates and soaring raw material prices, along with an increase in selling, general, administrative and others expense. Profit before income taxes decreased by 74.2% year on year to 23,887 million yen (profit before income taxes ratio: 3.1%), and profit attributable to owners of the parent decreased by 81.9% to 11,705 million yen (ratio of profit attributable to owners of the parent: 1.5%).

(Initiatives toward carbon neutrality)

The impact of climate change on society, such as frequent wind and flood disasters, is becoming more serious, and Makita is playing an increasingly important role in realizing a decarbonized society. We have identified contributing to a decarbonized society as a material issue that should be prioritized and are stepping up our efforts. Therefore, Makita is currently working on the realization of a decarbonized society by focusing on cordless outdoor power equipment that does not emit exhaust gases during use as the next pillar of our future business in addition to power tools. In addition, with the goal of reducing our greenhouse gas (GHG) emissions, we have set targets for reducing GHG emissions from our business activities (Scope 1 and 2) by 50% by FY2030 from the FY2020 level and to net zero by FY2040, and reducing GHG emissions from the entire supply chain (Scope 3) to net zero by FY2050. During the fiscal year ended March 2023, solar panels were installed at the Okinawa Branch in Japan and at multiple overseas locations, including the Thailand Plant, Austria, and Taiwan, and we promoted the use of renewable energy. We will continue to work on the use of renewable energy and energy conservation in our business activities to achieve GHG emission reduction targets.

### (Our website)

Information about Sustainability



Disclosure based on the recommendations of TCFD



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

## (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, next to power tools, Makita will work to develop and market products, mainly cordless outdoor power equipment and cleaning products, as the mainstay of future business. Makita is working to strengthen a multipolar production and procurement system that is not overly dependent on any specific country, region, or supplier. 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.

## (3) Capital Expenditures

During this period, Makita allocated 39,088 million yen for its capital expenditures. These funds used by the Corporation amounted to 10,764 million yen. This reflected mainly capital expenditures for buildings and equipment for logistics center in Okayama Prefecture. These funds also used by the subsidiaries amounted to 28,324 million yen. This reflected mainly capital expenditures for buildings at the Thailand Plant and Finland sales subsidiary.

## (4) Principal Lenders

Lender	Borrowing amount
MUFG Bank, Ltd.	87,009 million yen
Sumitomo Mitsui Banking Corporation	63,487 million yen

**(5) Changes in Financial Position and Results of Operations**

Description	108th period (ended March 31, 2020)	109th period (ended March 31, 2021)	110th period (ended March 31, 2022)	111th period (ended March 31, 2023)
Revenue (Millions of Yen)	492,617	608,331	739,260	764,702
Operating profit (Millions of Yen)	64,046	88,464	91,728	28,246
Profit before income taxes (Millions of Yen)	66,008	87,199	92,483	23,887
Profit attributable to owners of the parent (Millions of Yen)	47,731	62,018	64,770	11,705
Profit attributable to owners of the parent per share (Basic) (Yen)	175.80	228.41	238.54	43.11
Total assets (Millions of Yen)	674,564	812,878	1,007,497	1,099,351
Equity attributable to owners of the parent (Millions of Yen)	571,275	657,855	746,344	769,247
Ratio of profit attributable to owners of the parent to total equity attributable to owners of the parent (ROE) (%)	8.3	10.1	9.2	1.5

- Notes:
1. Changes in Financial Position and Results of Operations are stated under the terms of IFRS.
  2. Profit attributable to owners of the parent per share (Basic) is calculated based on the average number of outstanding shares of common stock during the period.
  3. 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]
  4. Amounts of less than 1 million yen have been rounded.

**(6) 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 158,923	100.0	Sales of power tools
Makita Werkzeug GmbH (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. (Romania)	RON 975,942	100.0	Production of power tools

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

**(7) Principal Operations**

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

**(8) 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 GmbH	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)
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
18,804	1,429 (Decrease)

## 2. Employees of the Corporation

Number of Employees	Increase / Decrease	Average Age	Average Years of Service
3,384	139 (Increase)	39.8	16.4

## 3. Promoting women employees of the Corporation

	The period ended March 31, 2022	The period ended March 31, 2023
Ratio of the women managers	0.7% (2 persons)	1.0% (3 persons)

Notes: Makita as a whole has more than 200 women in management positions.

(Initiatives of promotion of women employees in the Corporation)

We have committed to the following initiatives at our general business owner action plan based on the Act to Promote Women's Participation.

[Medium-to Long-term Initiatives for the Future]

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

In addition, during this term, we made positive efforts to improve the system related to the ease of working, including holding discussions between workers and management regarding the extension of the period during which a childcare reduced-working-hours system rearing can be used and the introduction of an annual leave system with units of an hour.

We will continue to reinforce these initiatives and promote the active participation of women.

## 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 shares of 8,475,674 shares)

(3) Number of Shareholders: 21,924

### (4) Major Shareholders:

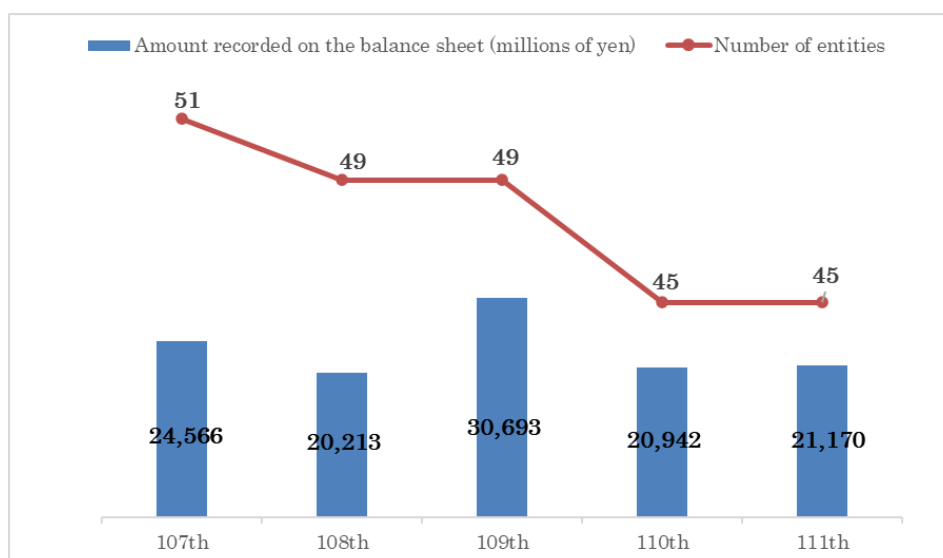
Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	45,605	16.79
Custody Bank of Japan, Ltd. (Trust account)	15,058	5.54
Maruwa, Ltd.	8,638	3.18
MUFG Bank, Ltd.	8,426	3.10
BNYM AS AGT/CLTS NON TREATY JASDEC	6,817	2.51
Makita Cooperation Companies' Investment Association	6,319	2.32
Sumitomo Mitsui Banking Corporation	5,800	2.13
Nippon Life Insurance Company	5,353	1.97
National Mutual Insurance Federation of Agricultural Cooperatives	5,102	1.87
The Bank of New York Mellon as Depository Bank for DR Holders	4,643	1.70

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

### (5) Shares granted to Directors of the Corporation in consideration of the performance of duties in this period:

Classification	Number of shares	Number of recipients
Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	9,720 shares	9

**Reference** Number of entities in which the Corporation is a shareholder, other than those held purely for trading purposes, and amount recorded on the balance sheet



### 3. Directors of the Corporation

#### (1) Directors

##### 1. Directors

Title	Name	Position at the Corporation and Important Concurrent Posts
Chairman*	Masahiko Goto	Outside Director of HOSHIZAKI CORPORATION
President*	Munetoshi Goto	
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	General Manager of Quality Headquarters
Director Corporate Officer	Takashi Tsuchiya	General Manager of Domestic Sales Headquarters
Director Corporate Officer	Masaki Yoshida	General Manager of Production Headquarters
Director Corporate Officer	Takashi Omote	General Manager of International Sales Headquarters
Director Corporate Officer	Yukihiro Otsu	General Manager of Administration Headquarters
Director	Masahiro Sugino	Advisor of LIXIL Corporation Outside Director of KITAKEI CO., LTD.
Director	Takahiro Iwase	Outside Audit & Supervisory Board Member of DMG MORI CO., LTD.
Director (Standing Audit & Supervisory Committee Member)	Mitsuhiko Wakayama	
Director (Standing Audit & Supervisory Committee Member)	Akira Kodama	
Director (Audit & Supervisory Committee Member)	Shoji Inoue	Attorney at Law (Inoue Shoji Law Firm) Outside Director of Okuma Corporation
Director (Audit & Supervisory Committee Member)	Koji Nishikawa	Representative of Nishikawa Koji Accounting Firm Representative Partner of Seimei Audit Corporation

The Nomination and Compensation Committee Members:

Mr. Masahiro Sugino\*\*, Mr. Masahiko Goto, Mr. Munetoshi Goto, Mr. Takahiro Iwase, Mr. Akira Kodama

(\*\* denotes Chairman of the Committee.)

Notes: 1. \* denotes Representative Director.

- 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 19 members including Directors.
- Mr. Masahiro Sugino, Mr. Takahiro Iwase, Mr. Akira Kodama, Mr. Shoji Inoue, and Mr. Koji Nishikawa are Outside Directors.
- In order to enhance the effectiveness of the audit and supervisory function, 2 Standing Audit & Supervisory Committee Members are selected.
- Mr. Akira Kodama, a Director (Standing Audit & Supervisory Committee Member), has a substantial amount of expertise in finance and accounting, through experience working at financial institution for many years.
- Mr. Koji Nishikawa, a Director (Audit & Supervisory Committee Member), is a certified public accountant, and has a substantial amount of expertise in finance and accounting.
- The Corporation has designated Mr. Masahiro Sugino and Mr. Takahiro Iwase each a Director, and Mr. Akira Kodama, Mr. Shoji Inoue, and Mr. Koji Nishikawa each an Audit & Supervisory Committee Member, as the "Independent Director(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.
- The Corporation has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with all Directors and Corporate Officers as well as officers of the subsidiaries (with regard to overseas subsidiaries, this is limited to officers temporarily transferred from the Corporation and officers concurrently serving at the Corporation and overseas subsidiaries). The premiums are paid by the Corporation, including riders. The said insurance contract covers damages caused as a result of the

insured executives, etc. assuming responsibilities regarding the execution of their duties or receiving claims pertaining to the pursuit of such responsibilities. Provided, however, that there are certain exemptions; for example, the insurance contract does not cover damages caused as a result of any conduct committed with his or her knowledge that the conduct is in violation of laws and regulations.

## 2. 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 who are Audit & Supervisory Committee Members and each of the Outside Directors 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.

### (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	Compensation linked to consolidated business result		Nonpecuniary Compensation	
				Bonuses (Millions of Yen)	Number of payment recipients	Restricted Shares Compensation (Millions of Yen)	Number of payment recipients
Directors (Excluding Audit & Supervisory Committee Members)	199	105	11	60	9	34	9
Directors (Audit & Supervisory Committee Members)	41	41	4	-	-	-	-
Total	240	146	15	60	9	34	9

Notes: 1. The aggregate amount of base compensation includes the amount of 36 million yen paid to Outside Executives (2 Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), 3 Outside Directors (Audit & Supervisory Committee Members)).

2. Other than the above, the amount of 139 million yen was paid to 7 Directors who concurrently serve as employees as employee salaries (including bonuses).

3. 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 on June 29, 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 were left to resolutions of the Board of Directors with respect to the Directors. However, at the meeting of the Board of Directors held on January 29, 2021, it was resolved that the determination of the amount, payment method and other related matters of the retirement allowance for Directors be delegated to the Nomination and Compensation Committee at the time of the actual retirement of the eligible Directors.

The amount recorded in the retirement allowance for Directors as of March 31, 2023 is 300 million yen, which will be paid to 1 Director.

4. At the Ordinary General Meeting of Shareholders held on June 25, 2021, it was resolved that the maximum amounts of annual compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) was 240 million yen (excluding the bonus and the amounts paid to Directors who concurrently serve as employees as employee salaries), and that the maximum amounts of annual compensation for Outside Directors was 35 million yen. There were 11 Directors (excluding Directors who are Audit & Supervisory Committee Members, including 2 Outside Directors) after such Meeting. At such Meeting, it also was resolved that the maximum amounts of annual compensation for Directors who are Audit & Supervisory Committee Members was 60 million yen. There were 4 Directors who are Audit & Supervisory Committee Members.

5. The Corporation pays bonuses to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) as compensation linked to consolidated business result, etc.

For the purpose of management of the Corporation in a manner favorable to shareholders, just as in the case of dividend payment, bonuses are based on the profit attributable to owners of the parent per share (Basic) after certain adjustments reflecting special circumstances. After consulting with and receiving an advice from the Nomination and Compensation Committee, the Board of Directors determines the total amount of bonuses



based on a certain formula and submits the total amount of bonuses to the General Meeting of Shareholders. The allocation of bonuses to each Director is determined by the Nomination and Compensation Committee under the authority delegated by a resolution of the Board of Directors, based on performance, positions and other factors. The profit attributable to owners of the parent per share (Basic) after certain adjustments excluding special circumstances in this period is 57.31 yen.

6. The Corporation grants restricted shares compensation to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) as nonpecuniary compensation. The Corporation passed a resolution introducing compensation system by the allotment of restricted shares on the Ordinary General Meeting of Shareholders held on June 25, 2021.

At a time, 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, and that the maximum total number of the restricted shares to be allotted to Eligible Directors in each fiscal year was 100,000 shares. The number of Directors subject to the resolution of this General Meeting of Shareholders is 9 (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors).

The details of such restricted shares compensation are as described in “(4) Restricted Shares Compensation” (page 27).

7. The above restricted shares compensation represents the expenses recorded for this period.

### **(3) Decision-Making Policy on Individual Compensation for Directors and the Delegation of Decision**

#### **1. Matters concerning Decision-Making Policy on Individual Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members)**

After consulting with and receiving an advice from the Nomination and Compensation Committee, at the meeting of the Board of Directors, the amendment of decision-making policy on individual compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply throughout 1. and 2.) was resolved. The compensation for Directors consists of monthly compensation, bonuses and restricted shares compensation, and for the purpose of provision of sound incentives for improving the corporate value over the medium-to-long term, the Corporation appropriately determines the proportion of the monthly compensation, bonuses and restricted shares compensation.

The compensation for individual Directors for this period (excluding bonuses) is based on the decision-making policy resolved by the Board of Directors. The Board of Directors has judged that the compensation for individual Directors has been determined through the procedures specified in the relevant policy, and the content of such compensation is in line with such policy.

#### **2. Matters concerning Delegation of Decision regarding Compensation for Individual Directors**

With respect to monthly compensation and bonuses, decision of the amount of individual compensation for Directors shall be delegated to the Nomination and Compensation Committee pursuant to a resolution by the Board of Directors. The Nomination and Compensation Committee consists of 5 members: Chairman and Representative Director Masahiko Goto, President and Representative Director Munetoshi Goto, Outside Director Masahiro Sugino, Outside Director Takahiro Iwase, and Outside Director (Audit & Supervisory Committee Member) Akira Kodama. The Chairman of the Committee is Outside Director Masahiro Sugino.

The reason that the Board of Directors delegated the decision of the monthly compensation and bonuses for individual Directors to the Nomination and Compensation Committee is to ensure the transparency, objectivity, and fairness of the procedures for decision of the compensation, by entrusting the deliberation and decision to the Nomination and Compensation Committee, whose majority and chairman are an Outside Director independent of the management.

The amount of compensation for individual Directors regarding bonuses in this period is scheduled to be determined by the Nomination and Compensation Committee under the authority delegated by the Board of Directors, through deliberation in a diversified manner, including considering the consistency with the decision-making policy. The Board of Directors has respected such determination and judged that it is in line with the decision-making policy on individual compensation for Directors.

#### **3. Compensation to Directors who are Audit & Supervisory Committee Members**

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

#### **(4) Restricted Shares Compensation**

##### **1. Description of Restricted Shares Compensation**

Restricted shares compensation is introduced to Directors who are Audit & Supervisory Committee Members and Directors (excluding Outside Directors) (hereinafter collectively referred to as the “Eligible Directors”) in order to allow Eligible Directors 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 the corporate value of the Corporation.

The allotment of restricted shares to each Eligible Director is decided based on position, etc. at the Board of Directors after consulting with and receiving an advice from the Nomination and Compensation Committee.

The restricted shares are granted at a certain time each year.

##### **2. Details regarding transfer restrictions**

Eligible Directors to whom the restricted shares have been allotted shall not transfer such allotted shares (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 the Allotted Shares (hereinafter referred to as “Transfer Restrictions”) for a period of 50 years (hereinafter referred to as the “Transfer Restrictions Period”).

##### **3. Gratis acquisition of the restricted shares**

The Corporation shall acquire the restricted shares without compensation if an Eligible Director who has been allotted the Allotted Shares retires as a Director of the Corporation anytime between the initial day of the Transfer Restrictions Period until the day preceding the first subsequent Ordinary General Meeting of Shareholders, except when there are reasons deemed legitimate by the Board of Directors.

In addition, the Corporation 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 “4.” below at the expiration of the Transfer Restrictions Period in “2.” above.

##### **4. Removal of Transfer Restrictions**

The Corporation will remove Transfer Restrictions on all the Allotted Shares upon expiration of the Transfer Restrictions Period if an Eligible Director who has been allotted the restricted shares continues to hold the position of a Director of the Corporation from the initial day of the Transfer Restrictions Period until the day of the first subsequent Ordinary General Meeting of Shareholders.

However, if said Eligible Director has continued to hold the position of a Director of the Corporation upon expiration of the Transfer Restrictions Period, the Transfer Restrictions will not be removed on all the Allotted Shares held by said Eligible Director upon said expiration.

If said Eligible Director retires as a Director of the Corporation before the expiration of the Transfer Restrictions Period for reasons deemed legitimate by the Board of Directors, the number of the Allotted Shares for which the Transfer Restrictions will be removed and the timing of the removal of Transfer Restrictions shall be reasonably adjusted as needed.

##### **5. Delivered Restricted Shares Compensation Status**

This is as described in “2.(5) Shares granted to Directors of the Corporation in consideration of the performance of duties in this period” (page 22).

## (5) Outside Directors

### 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 this period

Classification	Name	Attendance rate of the Board of Directors meetings (total attended / total held)	Attendance rate of the Audit & Supervisory Committee meetings (total attended / total held)	Major activities
Director	Masahiro Sugino	100% (12/12)	-	<p>He has a thorough experience of corporate management, and broad insight because he has participated in the management of LIXIL Group Companies for many years, and expressed his opinions from the perspective at the Board of Directors of the Corporation.</p> <p>So, he contributed to decision-making from various viewpoints at the Board of Directors and enhancement of the supervisory function for the management, and performed his appropriate role as Outside Director.</p> <p>As chairman of the Nomination and Compensation Committee, he contributes to ensuring transparency, objectivity and fairness in the determination of candidates and compensation for Directors (excluding Directors who are Audit &amp; Supervisory Committee members).</p>
Director	Takahiro Iwase	100% (12/12)	-	<p>He has a thorough experience of corporate management and broad insight because he has participated in the management of core companies of the Toyota Group for many years, and expressed his opinions from the perspective at the Board of Directors of the Corporation.</p> <p>So, he contributed to decision-making from various viewpoints at the Board of Directors and enhancement of the supervisory function for the management, and performed his appropriate role as Outside Director.</p> <p>As Member of the Nomination and Compensation Committee, he contributes to ensuring transparency, objectivity and fairness in the determination of compensation for Directors (excluding Directors who are Audit &amp; Supervisory Committee members).</p>

<p>Director (Audit &amp; Supervisory Committee Member)</p>	<p>Akira Kodama</p>	<p>100% (12/12)</p>	<p>100% (14/14)</p>	<p>He has many years of experience at financial institutions and expertise in accounting and so on, and expressed his opinions from the perspective at the Board of Directors and the Audit &amp; Supervisory Committee. So, he contributed to decision-making from various viewpoints at the Board of Directors and enhancement of the supervisory function for the management, and performed his appropriate role as Outside Director who is Standing Audit &amp; Supervisory Committee Member. As Member of the Nomination and Compensation Committee, he contributes to ensuring transparency, objectivity and fairness in the determination of candidates and compensation for Directors (excluding Directors who are Audit &amp; Supervisory Committee members).</p>
<p>Director (Audit &amp; Supervisory Committee Member)</p>	<p>Shoji Inoue</p>	<p>100% (12/12)</p>	<p>100% (14/14)</p>	<p>He has extensive knowledge and expertise gained through his practice as attorney at law, and expressed his opinions from the perspective at the Board of Directors and the Audit &amp; Supervisory Committee. So, he contributed to decision-making from various viewpoints at the Board of Directors and enhancement of the audit and supervisory function for the management, and performed his appropriate role as Outside Director who is Audit &amp; Supervisory Committee Member.</p>
<p>Director (Audit &amp; Supervisory Committee Member)</p>	<p>Koji Nishikawa</p>	<p>100% (12/12)</p>	<p>100% (14/14)</p>	<p>He has extensive knowledge and expertise in corporate accounting audits as a certified public accountant and expressed his opinions from the perspective at the Board of Directors and the Audit &amp; Supervisory Committee. So, he contributed to decision-making from various viewpoints at the Board of Directors and enhancement of the audit and supervisory function for the management, and performed his appropriate role as Outside Director who is Audit &amp; Supervisory Committee Member.</p>

#### 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 this 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 Committee agreed to compensation to Accounting Auditors as stipulated in Article 399, Paragraph 1 of the Companies Act at the Audit & Supervisory Committee held on May 31, 2022, 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. Makita LLC, a subsidiary of the Corporation, has been audited by audit corporation other than the member of the firm of KPMG International, but other 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 Committee shall dismiss such accounting auditor with the consent of all the Audit & Supervisory Committee Members. In the case of such dismissal, the Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee shall report such dismissal and the reasons 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 Committee 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. Policy on Determination of Dividends from Surplus, etc.

The Corporation's basic profit distribution policy has been to pay a minimum annual dividend of 10 yen per share and a consolidated dividend payout ratio of 30% or more (however, if there are special factors, the dividend amount will be determined based on adjusted basic earnings per share after adding or subtracting such factors). However, from the viewpoint of strengthening shareholder returns, we have reviewed this policy and decided to set the minimum annual dividend at 20 yen and the total return ratio (\*) at 35% or more (taking special factors into consideration, if any), starting from the fiscal year ended March 31, 2023. Of these, we will consider purchasing of treasury shares in view of stock price level and free cash flow and so on, in order to increase shareholder returns through the implementation of a flexible capital policy and improvement of capital efficiency.

$$* \text{ Total return ratio} = \frac{\text{Cash dividend per share} + \left( \frac{\text{Total amount of purchased treasury shares during the year}}{\text{Average number of shares outstanding}} \right)}{\text{Profit attributable to owners of the parent per share (Excluding special factors)}} \times 100$$

The Corporation intend to use retained earnings to invest in environmental initiatives, which will become increasingly important, and to expand our business globally, while maintaining a financial structure that can withstand any changes in the business environment.

Despite the fact that the Articles of Incorporation stipulated that, unless otherwise provided for in laws and regulations, the Board of Directors may decide the matters provided for in each item of Article 459, Paragraph 1 of the Companies Act, including dividends from surplus, year-end dividends will continue to be determined at the General Meeting of Shareholders.

## **CONSOLIDATED BALANCE SHEET**

(As of March 31, 2023)

(Millions of Yen)

(Assets)		(Liabilities)	
<b>Current assets</b>	<b>753,439</b>	<b>Current liabilities</b>	<b>291,593</b>
Cash and cash equivalents	162,720	Trade payables and other payables	41,767
Trade receivables and other receivables	110,884	Borrowings	186,390
Inventories	453,752	Other financial liabilities	7,504
Other financial assets	6,970	Income taxes payable	3,757
Other current assets	19,113	Provisions	4,623
<b>Non-current assets</b>	<b>345,912</b>	Other current liabilities	47,552
Property, plant and equipment	265,638	<b>Non-current liabilities</b>	<b>32,059</b>
Goodwill and intangible assets	10,427	Retirement benefit liabilities	2,830
Other financial assets	36,607	Other financial liabilities	14,835
Retirement benefit assets	12,157	Provisions	1,618
Deferred tax assets	17,901	Deferred tax liabilities	12,576
Other non-current assets	3,182	Other non-current liabilities	200
		<b>Total liabilities</b>	<b>323,652</b>
		(Equity)	
		Share capital	23,805
		Additional paid-in capital	45,606
		Retained earnings	629,314
		Treasury shares	(11,528)
		Other components of equity	82,050
		<b>Total equity attributable to owners of the parent</b>	<b>769,247</b>
		<b>Non-controlling interest</b>	<b>6,452</b>
		<b>Total equity</b>	<b>775,699</b>
<b>Total assets</b>	<b>1,099,351</b>	<b>Total liabilities and equity</b>	<b>1,099,351</b>

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



## **CONSOLIDATED STATEMENT OF INCOME**

(From April 1, 2022 to March 31, 2023)

(Millions of Yen)

REVENUE	764,702
Cost of sales	(575,954)
GROSS PROFIT	188,748
Selling, general, administrative and others, net	(160,502)
OPERATING PROFIT	28,246
Financial income	3,316
Financial expenses	(7,675)
PROFIT BEFORE INCOME TAXES	23,887
Income tax expenses	(12,316)
PROFIT	11,571
Profit attributable to:	
Owners of the parent	11,705
Non-controlling interests	(134)

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

## **BALANCE SHEET**

(As of March 31, 2023)

(Millions of Yen)

(Assets)		(Liabilities)	
<b>Current assets</b>	<b>234,863</b>	<b>Current liabilities</b>	<b>185,753</b>
Cash and time deposits	10,741	Accounts payable	31,707
Trade notes receivable	155	Other payable	3,882
Trade accounts receivable	123,319	Accrued expenses	6,811
Finished goods and merchandise	41,609	Allowance for directors' bonuses	60
Work-in-process	1,819	Allowance for product warranties	641
Raw materials and supplies	11,102	Short term borrowings	138,000
Short-term loans receivable	20,401	Other	4,652
Income taxes refund receivable	2,012	<b>Long term liabilities</b>	<b>1,902</b>
Other	23,724	Retirement and termination allowance	240
Allowance for doubtful accounts	(19)	Retirement allowance for directors and audit & supervisory board members	300
<b>Fixed assets</b>	<b>386,794</b>	Long-term deposits payable	178
<b>Tangible fixed assets</b>	<b>93,757</b>	Other	1,184
Buildings	51,632	<b>Total liabilities</b>	<b>187,655</b>
Structures	3,748	(Net assets)	
Machinery and equipment	10,445	<b>Shareholders' equity</b>	<b>425,348</b>
Vehicles and transportation equipment	156	<b>Share capital</b>	<b>24,206</b>
Tools, furniture and fixtures	7,265	<b>Capital surplus</b>	<b>47,722</b>
Land	19,121	Additional paid-in capital	47,525
Construction in progress	1,390	Other capital surplus	197
<b>Intangible fixed assets</b>	<b>2,530</b>	<b>Retained earnings</b>	<b>364,948</b>
Software	1,366	Legal reserve	5,669
Industrial property rights	184	Other retained earnings	359,279
Other	980	Reserve for dividend	750
<b>Investment and other assets</b>	<b>290,507</b>	Reserve for technical research	1,500
Investment securities	23,351	Reserve for advanced depreciation	2,340
Stocks of affiliates	140,574	General reserves	85,000
Investment in affiliates	100,793	Retained earnings carried forward	269,689
Lease deposits	11,544	<b>Treasury shares</b>	<b>(11,528)</b>
Prepaid pension cost	11,205	<b>Valuation and translation adjustments</b>	<b>8,654</b>
Deferred tax assets	3,019	Net unrealized gains on securities	8,654
Other	21	<b>Total net assets</b>	<b>434,002</b>
<b>Total assets</b>	<b>621,657</b>	<b>Total liabilities and net assets</b>	<b>621,657</b>

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

## **STATEMENT OF INCOME**

(From April 1, 2022 to March 31, 2023)

(Millions of Yen)

<b>Net sales</b>		<b>414,948</b>
<b>Cost of sales</b>		<b>366,677</b>
<b>Gross profit</b>		<b>48,271</b>
Selling, general and administrative expenses		50,342
<b>Operating loss</b>		<b>2,071</b>
<b>Non-operating income</b>		
Interest and dividend income	24,547	
Other non-operating income	684	25,231
<b>Non-operating expense</b>		
Interest expenses	55	
Foreign exchange losses	4,134	
Other non-operating expense	4	4,193
<b>Ordinary income</b>		<b>18,967</b>
<b>Extraordinary gain</b>		
Gain on sales of fixed assets	12	
Gain on sale of investment securities	193	205
<b>Extraordinary loss</b>		
Loss on sale and disposal of fixed assets	482	
Loss on valuation of investment securities	2,247	2,729
<b>Income before income taxes</b>		<b>16,443</b>
Income taxes - current		2,390
Income taxes - deferred		(1,398)
<b>Net income</b>		<b>15,451</b>

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

**Independent Auditor's Report**

May 19, 2023

The Board of Directors  
Makita Corporation

KPMG AZSA LLC  
Nagoya Office

Atsushi Fukui  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Ryosuke Okado  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the consolidated financial statements, which comprise 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 ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards (IFRS).

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under IFRS.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language)

Accounting Audit Report of Accounting Auditor on Non-Consolidated Financial Statements

**Independent Auditor's Report**

May 19, 2023

The Board of Directors  
Makita Corporation

KPMG AZSA LLC  
Nagoya Office

Atsushi Fukui  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Ryosuke Okado  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the notes to non-consolidated financial statements, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Makita Corporation ("the Company") as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are

required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## AUDIT REPORT

The Audit & Supervisory Committee, having audited regarding the performance of duties of Directors during the 111th period, from April 1, 2022 to March 31, 2023, does hereby report the approach and results of their audit as follows:

### 1. Auditing Method Employed and Details Thereof

The Audit & Supervisory Committee received reports from Directors, employees, and other related persons on a regular basis regarding the content of the Board of Directors' resolutions concerning the matters set forth in Article 399-13, Paragraph 1, Items 1 (b) and (c), of the Companies Act and the status of establishment and operation of the system (internal control system) established based on such resolutions, requested explanations and expressed opinions as necessary, and conducted its audit in the following manner..

- (i) In conformity with Standards for audit, etc. by the Audit & Supervisory Committee established by the Audit & Supervisory Committee and in accordance with the audit policy and the duties assigned to each Audit & Supervisory Committee Member by the Audit & Supervisory Committee, each Audit & Supervisory Committee Member has had communication with Internal Audit Division and attended 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 Committee 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 Committee 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) The Audit & Supervisory Committee Members also monitored and examined whether the Accounting Auditor maintains its independence and conducts its audits in an appropriate manner. The Audit & Supervisory Committee Members received reports from the Accounting Auditor on the performance of its duties and, when necessary, requested its explanations. The Audit & Supervisory Committee 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 Committee Members requested explanations on such notifications when necessary.

According to the foregoing method, the Audit & Supervisory Committee 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 22, 2023

Audit & Supervisory Committee  
Makita Corporation

Mitsuhiko Wakayama (Seal)  
Standing Audit & Supervisory Committee Member

Akira Kodama (Seal)  
Standing Audit & Supervisory Committee Member

Shoji Inoue (Seal)  
Audit & Supervisory Committee Member

Koji Nishikawa (Seal)  
Audit & Supervisory Committee Member

Notes: Mr. Akira Kodama, Mr. Shoji Inoue, Mr., Mr. Koji Nishikawa, Audit & Supervisory Committee Members, are Outside Directors stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act..

(Summary English Translation of the Materials disclosed via the Internet pursuant to Laws, Regulations, and the Articles of Incorporation regarding the Notice of the 110th Ordinary General Meeting of Shareholders Originally Issued in Japanese Language)

June 6, 2023

**THE OTHER MATERIALS REGARDING MEASURES FOR ELECTRONIC PROVISION OF  
THE 111TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

(Omitted Materials from the Paper Copy)

**Systems and Policies of the Corporation  
Consolidated Statement of Changes in Equity  
Notes to Consolidated Financial Statements  
Statement of Changes in Net Assets  
Notes to Non-consolidated Financial Statements**

**MAKITA CORPORATION**

## **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 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 the Audit & Supervisory Committee.
  - (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 Corporation 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 the Audit & Supervisory Committee, a system shall be established for the Audit & Supervisory Committee 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 Committee

As employees assisting the duties of the Audit & Supervisory Committee, necessary personnel shall be posted to assist the duties of the Audit & Supervisory Committee.

7. Matters to ensure the independence of employees from Directors (excluding Directors who are Audit & Supervisory Committee Members), as stated in the preceding item, and the effectiveness of directions given by Audit & Supervisory Committee to those employees
  - (i) Employees assisting the duties of the Audit & Supervisory Committee shall not work concurrently at other divisions, but shall exclusively follow directions from the Audit & Supervisory Committee.
  - (ii) In order to ensure the independence of such employees from Directors, the consent of the Audit & Supervisory Committee is required for matters concerning the appointment and change of such employees.
  
8. Systems in accordance with which the Directors (excluding Directors who are Audit & Supervisory Committee Members) and employees report to the Audit & Supervisory Committee, other systems concerning reports to the Audit & Supervisory Committee 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 Committee 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 Committee Members selected by the Audit & Supervisory Committee of the Corporation to request reports from Directors, Corporate Officers and employees of Makita when necessary and allows the Audit & Supervisory Committee 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 Committee 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 Committee will be conducted effectively
  - (i) In order to enhance the supervisory function of the Audit & Supervisory Committee 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 Committee will be conducted effectively, audit shall be conducted in accordance with Standards for audit, etc. by the Audit & Supervisory Committee.
  - (ii) Full amount of the compensation to Directors who are Audit & Supervisory Committee Members shall be fixed so that the independence of the the Audit & Supervisory Committee can be secured.
  - (iii) Expenses related to executing the duties of the Audit & Supervisory Committee Members (limited to those related to executing the duties of the Audit & Supervisory Committee) 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 Aichi Center for Removal of Criminal Organization, 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 keeps all officers and employees of Makita informed and provides 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 conducts 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 are held periodically during this period, at which Representative Directors, Directors in charge, Directors who are Standing Audit & Supervisory Committee Members, and General Managers of Internal Audit Division and respective departments of the Corporation meet to detect and extract and examine risks involved in the business activities of Makita.

3. Internal audits

- (i) The Internal Audit Division carries out internal audits of Makita, and reported their results to the Audit & Supervisory Committee 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 approves annual targets set by each department and oversees their progress toward achievement.
- (iii) Corporate Officers in charge of operation (19 officers as of March 31, 2023, including 6 officers overseas) are assigned to major departments in order to operate business systematically and efficiently.

5. Duties of the Audit & Supervisory Committee Members

- (i) The Audit & Supervisory Committee meet Accounting Auditors and exchange information every quarter.
- (ii) The Audit & Supervisory Committee have individual interviews with Directors (excluding Directors who are Audit & Supervisory Committee Members) to exchange information.
- (iii) Expenses necessary for executing the Audit & Supervisory Committee Members' duties (limited to those related to executing the duties of the Audit & Supervisory Committee) are handled promptly at the request of Audit & Supervisory Committee Members.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From April 1, 2022 to March 31, 2023)

(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, 2022	23,805	45,585	640,577	(11,540)	47,917	746,344
Profit for this period			11,705			11,705
Other comprehensive income					30,388	30,388
Comprehensive income	-	-	11,705	-	30,388	42,093
Inflation adjustments			(3,197)		3,524	327
Dividends paid			(19,550)			(19,550)
Purchase of treasury stock				(1)		(1)
Disposal of treasury stock				0		0
Share-based payment transaction		21		13		34
Transfer from other components of equity to retained earnings			(221)		221	-
Total amounts of transactions with owners	-	21	(19,771)	12	221	(19,517)
Balance at March 31, 2023	23,805	45,606	629,314	(11,528)	82,050	769,247

	Non-controlling interest	Total equity
Balance at April 1, 2022	6,186	752,530
Profit for this period	(134)	11,571
Other comprehensive income	400	30,788
Comprehensive income	266	42,359
Inflation adjustments		327
Dividends paid	-	(19,550)
Purchase of treasury stock		(1)
Disposal of treasury stock		0
Share-based payment transaction		34
Transfer from other components of equity to retained earnings		-
Total amounts of transactions with owners	-	(19,517)
Balance at March 31, 2023	6,452	775,699

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

## Notes to Consolidated Financial Statements

### Notes to Important Basic Matters for Preparation of Consolidated Financial Statements

#### 1. Basis of presentation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) pursuant to the provision of Article 120, paragraph 1 of the Regulations on Corporate Accounting. Provided that certain statements and notes required by IFRS are omitted in accordance with the second sentence of said Paragraph.

#### 2. Scope of consolidation

Number of consolidated subsidiaries: 53

Major subsidiaries are as follows:

Makita U.S.A. Inc., Makita (U.K.) Ltd., Makita Werkzeug GmbH. (Germany), Makita France SAS, Makita Oy (Finland), Makita LLC (Russia), Makita (China) Co., Ltd., Makita (Kunshan) Co., Ltd., Makita (Australia) Pty. Ltd., SC Makita EU S.R.L.

#### 3. Valuation of Financial Instruments

##### (1) Non-derivative financial assets

###### (i) Initial recognition and measurement

At initial recognition, Makita classifies financial assets as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. We initially recognize trade receivables and other receivables on the effective date, and other financial assets on the transaction date in which we become a party to the contract of the financial instrument.

All of the financial assets, except financial assets measured at fair value through profit or loss, are initially measured at the amount of fair value added to the transaction cost directly attributable to the financial asset. However, trade receivables without a significant financial component are initially measured at the transaction price.

###### (a) Financial assets measured at amortized cost

We classify financial assets that both of the following conditions are met as financial assets measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### (b) Financial assets measured at fair value through other comprehensive income

An entity may, at initial recognition, make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of a particular investment in an equity instrument not held for trading that would otherwise be measured at fair value and not classified as financial assets measured at amortized cost. Makita determines the designation for each financial instrument.

###### (c) Financial assets measured at fair value through profit or loss

Financial assets, other than financial assets measured at amortized cost or at fair value through other comprehensive income, are classified as financial assets measured at fair value through profit or loss.

###### (ii) Subsequent measurement

###### (a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are, after initial recognition, measured at amortized cost based on the effective interest method. Interest revenue calculated by using the effective interest method is recognized in profit or loss.

###### (b) Financial assets measured at fair value through other comprehensive income

Equity instruments measured at fair value through other comprehensive income are, after initial recognition, measured at fair value, and its subsequent changes are recognized in other comprehensive income. The cumulative amount that is recognized in other comprehensive income is transferred to retained earnings, when the amount is derecognized or when the fair value decreases significantly. In addition, dividends from equity instruments measured at fair value through other comprehensive income are recognized in profit or loss.

###### (c) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are, after initial recognition, measured at fair

value. Gain or loss of valuation arising from changes in fair value, dividends, and interest revenue are recognized in profit or loss.

(iii) Derecognition

Financial assets are derecognized, when the contractual rights to the cash flows from the financial asset expire, or when the contractual rights to receive the cash flows of the financial asset along with almost all of the risks related to the contract and its economic value transferred.

(2) Impairment of financial assets

Makita recognizes allowance for doubtful receivables for expected credit losses related to financial assets measured at amortized cost. Expected credit losses are measured based on discounted present value of the difference between contractual cash flows to be received based on the contract and cash flows to be expected to be received.

If the credit risks related to the financial asset increase significantly after initial recognition, lifetime expected credit losses are recognized in allowance for doubtful receivables. If the risk does not increase significantly after initial recognition, 12-month expected credit losses are recognized in allowance for doubtful receivables. In addition, trade receivables without a significant financial component are classified in accordance with the credit risk of the other party based on the past due information or the internal credit rating, and their allowance for doubtful receivables are necessarily measured at an amount equal to lifetime expected credit losses, with the ratio of past credit losses calculated by the classification multiplied the provision ratio in consideration of expected future economic conditions.

We assess whether credit risks related to financial assets increase significantly after initial recognition or not by comparing the risk of default at initial recognition and the risk of default at each reporting date, taking into consideration the reasonable information with evidence as well as the past due information. If entire or part of a financial asset is judged to be impossible or incredibly difficult to be collected, it is considered to be in default and treated as credit-impaired financial assets.

We directly reduce the gross carrying amount of a financial asset when there is no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Allowance for doubtful receivables and reversal of allowance for doubtful receivables of financial assets are recognized in profit or loss.

(3) Non-derivative financial liabilities

(i) Initial recognition and measurement

At initial recognition, Makita classifies financial liabilities as financial liabilities measured at amortized cost or liabilities measured at fair value through profit or loss. A financial liability is initially recognized on the transaction date in which we become a party to the contract of the financial liability.

All of the financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortized cost are measured at the amount after deduction of the transaction cost directly attributable to the financial liabilities from the fair value.

(ii) Subsequent measurement

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are, after initial recognition, measured at amortized cost based on the effective interest method.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are, after initial recognition, measured at fair value. Gain or loss of valuation arising from changes in fair value are recognized in profit or loss.

(iii) Derecognition

A financial liability is derecognized, when it is extinguished, namely, when the obligation specified in the contract is discharged, cancelled or expired.

(4) Derivatives

Makita uses derivative transactions including foreign exchange contracts in order to hedge the foreign currency risk. Derivatives are initially recognized at fair value and remeasured at fair value after initial recognition. Changes in fair value of derivatives are recognized in profit or loss.



#### 4. Valuation of Inventories

Inventories are measured at the lower of the acquisition cost and the net realizable value. Acquisition costs include all costs of purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. Acquisition costs are calculated by using the weighted average cost formula. Costs of conversion include production overheads based on the normal capacity of production. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

#### 5. Depreciation Method of Significant Depreciable Assets

##### (1) Property, plant and equipment

Property, plant and equipment other than land and construction in progress are depreciated by using the straight-line method, for its depreciable amount that is its acquisition cost less the residual value, over its estimated useful life beginning from the point when the assets are available for use. The estimated useful lives of the major assets are as follows.

Buildings and improvements:	3 to 60 years
Machinery and equipment:	2 to 15 years

Depreciation method, residual value and estimated useful lives are reviewed every year and revised if necessary.

##### (2) Intangible assets

Intangible assets with definite useful lives are amortized by using the straight-line method over each estimated useful life. The estimated useful lives of the major intangible assets are as follows.

Development expenses:	5 years
Software:	2 to 10 years
Industrial property rights:	4 to 17 years

Amortization method, residual value and estimated useful lives are reviewed every year and revised if necessary.

##### (3) Right-of-use assets

After the initial recognition of the right-of-use assets, when the ownership of the underlying asset transfers to Makita or when it is reasonably certain that Makita will exercise a purchase option, the right-of-use assets are depreciated by using the straight-line method over the estimated useful life of the underlying asset. In other cases, the right-of-use assets are depreciated by using the straight-line method over the shorter of the estimated useful life and the lease term.

#### 6. Impairment of Non-financial Assets

We judge at the reporting date whether there are any indications that Makita's non-financial assets except inventories and deferred income taxes may be impaired.

If any of those indications is present, we conduct impairment tests to estimate recoverable amount of the assets. Goodwill, intangible assets with no definite useful life, and intangible assets that are not yet available for use are not amortized, and the impairment tests are conducted every year and every time when indications of impairment are present.

Makita's corporate assets do not generate independent cash inflow, therefore, if there is any indication that the corporate assets may be impaired, the recoverable amount of cash-generating unit to which the corporate assets is attributable is estimated.

A recoverable amount is the higher amount of the fair value less the cost of disposal and the value in use. In calculating value in use, an estimate of the future cash flows is discounted to the present value by using the discount rate before tax that reflects the time value of money and the risk inherent in the asset.

If the carrying amount of each asset or cash-generating unit exceeds the recoverable amount, the impairment loss is recognized in profit or loss, and the carrying amount of the asset is reduced to a recoverable amount. Any impairment loss recognized related to cash-generating units or groups of cash-generating units is allocated to reduce the carrying amount of goodwill allocated to the unit, and then the carrying amount of other assets in the unit is reduced proportionally.

Impairment losses of goodwill are not reversed. As for impairment losses of non-financial assets other than goodwill, the recoverable amount of the asset is estimated if there is no impairment losses or any indication of possibility that the impairment loss is reduced, and the impairment loss is reversed if the recoverable amount exceeds the carrying amount after impairment. In addition, reversal of impairment losses are recognized in profit or loss, within the range

not exceeding the carrying amount when there was no impairment loss recognized in the asset in the past.

## 7. Provisions

Provisions are recognized when Makita has a present legal obligation or constructive obligation as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the provision is measured at the present value of the expenditures that are expected to be required to settle the obligation. Present value is calculated by using the discount rate before tax that reflects the time value of money and the risks inherent in the liability. Rebate of the discounted amount arising from the passage of time is recognized as financial cost.

Warranty provisions are provided to prepare for the expense of after-sales service for the products based on the past actual cost, taking into consideration the defective rate of current products, the malfunction of specific products never manufactured before, the effects of the costs of materials and shipping related to repair of defective products. Warranty provisions are provided as provisions and cost of sales, when the revenue is recognized.

## 8. Post-employment Benefits

Makita has adopted defined benefit pension plans and defined contribution plans for post-employment benefits.

### (i) Defined benefit pension plans

The present value of the defined benefit obligations and the related current service cost and past service cost are calculated by using the projected unit credit method.

A discount rate is calculated based on the market yields of high quality corporate bonds at the reporting date corresponding to a discount period which is determined based on the period until the expected date of future benefit payment in each fiscal year.

Assets and liabilities related to defined benefit pension plans are calculated by the amount of the present value of defined benefit obligations less the fair value of the plan assets. The current service cost and net interest on the net defined benefit liability are recognized in profit or loss. Past service costs are recognized as expense during the period in which they occur.

Remeasurements of the net defined benefit liability or asset are entirely recognized in other comprehensive income in the period in which they occur, and immediately transferred to retained earnings.

### (ii) Defined contribution plans

The contribution payable to defined contribution plans is recognized as expense during the period in which employees render the related service.

## 9. Translation

### (1) Foreign Currency Transactions

Foreign currency transactions are conducted by translating into a functional currency of each company of Makita at the exchange rate as of the transaction date.

Monetary assets and liabilities denominated in foreign currencies as of the reporting date are translated into functional currencies at the exchange rate as of the reporting date.

As for non-monetary assets and liabilities denominated in foreign currencies, those measured at the acquisition cost are translated by using the exchange rate as of the transaction date, and those measured at fair value are translated by using the exchange rate as of the date of calculation of the fair value. The exchange differences arising from the translation or the settlement are recognized in profit or loss. However, the differences arising from the translation of equity instruments measured at fair value whose changes are recognized in other comprehensive income are recognized in other comprehensive income.

### (2) Foreign operations

Assets and liabilities of a foreign operation are translated into Japanese yen at the exchange rate as of the reporting date, and its revenue and expenses are translated at the average exchange rate for the period except the case that the exchange rate changes significantly or the case that currency is the currency of a hyperinflationary economic country. The exchange differences as a result of this are recognized in other comprehensive income. Also, the exchange differences of a foreign operation are recognized in profit or loss during the period in which the foreign operation is disposed. Financial Statements of subsidiaries in a hyperinflationary economy are conducted by translating into a presentation currency of Makita Group at the exchange of the reporting date in accordance with the hyperinflation accounting.

## 10. Revenue Recognition

Makita recognizes revenue by applying the following five steps.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

Makita is engaged mainly in production and sales of power tools and outdoor power equipment, etc. Regarding these products, we have determined that a performance obligation is satisfied when a product is transferred to a customer as the customer has control of the product. Therefore, revenue of these products is recognized at the point of transferring these products. In addition, the revenue is measured at the amount of the promised consideration in a contract with a customer less the amount of a reduction, rebate and returned products.

## Notes to Accounting Estimates

The following items have balance amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2023 under the accounting estimates and may have a significant impact on the consolidated financial statements for the fiscal year ended March 31, 2024.

- Measurement of defined benefit obligation

The amount of defined benefit obligation recorded in the consolidated financial statements for the fiscal year ended March 31, 2023 is 36,722 million yen. Makita has adopted defined benefit pension plans and defined contribution plans for post-employment benefits. The present value of the defined benefit obligations and the related current service cost, etc. are calculated by actuarial assumptions. Actuarial assumptions require estimates and judgement for various factors including discount rates. Actuarial assumptions is decided by estimates and judgement made by management. However, it may be affected by the fluctuation of future uncertain financial condition or by amending or promulgating related laws. In the event that revision is necessary, it may have a significant impact on the amount recognized in the consolidated financial statements from the following consolidated fiscal year.

- Recoverability of deferred tax asset

The amount of deferred tax asset recorded in the consolidated financial statements for the fiscal year ended March 31, 2023 is 17,901 million yen. Deferred tax assets are recognized for the carryforward of unused tax losses, tax credits, and deductible temporary differences, to the extent of that it is probable that future taxable income will be available against such deferred tax assets. Period and amount of taxable income may be affected by the fluctuation of future uncertain financial condition. In the event that the actual period and amount of taxable income are different from the assumption for which the estimation is used, it may have a significant impact on the amount recognized in the consolidated financial statements from the following consolidated fiscal year. In the event of changes in effective tax rate, the balance of deferred tax assets may increase or decrease.

- Valuation of inventories

The amount of inventories recorded in the consolidated financial statements for the fiscal year ended March 31, 2023 is 453,752 million yen, which is recorded after subtracting the book value devaluation of 44,523 million yen due to a decline in net realizable value.

Inventories are measured at the lower of either acquisition cost or the net realizable value. When inventories are measured at the net realizable value, the difference between the acquisition cost is recognized as cost of sales in principle.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. However, for inventories that stay outside of the business cycle process, the net realizable value is calculated by reflecting sales policies, future demand and market trends. If the market environment deteriorates more than expected and the net realizable value falls significantly, it may have a significant impact on the amount recognized in the consolidated financial statements from the following consolidated fiscal year.

## Notes to Consolidated Balance Sheet

- Allowance for doubtful receivables directly deducted from assets  
Trade and other receivables: 1,542 million yen
- Accumulated depreciation of property, plant and equipment: 193,387 million yen  
Accumulated depreciation includes accumulated impairment losses.

## Notes to Consolidated Statement of Changes in Equity

### 1. Matter regarding shares issued

Kind of shares	Beginning of the period	Increase	Decrease	End of the period
Common share	280,017,520 shares	-	-	280,017,520 shares

### 2. Matter regarding dividend distribution

#### (1) Amount of dividend distribution

Resolution	Type of shares	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2022	Common shares	16,835	62	March 31, 2022	June 29, 2022
Board of Directors held on October 28, 2022	Common shares	2,715	10	September 30, 2022	November 28, 2022

#### (2) Dividends that becomes effective during the following period, whose record date falls during the period under review

Scheduled resolution	Type of shares	Dividend resource	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2023	Common shares	Retained earnings	2,987	11	March 31, 2023	June 29, 2023

## Notes to Financial Instruments

### 1. Matter regarding status of financial instruments

In the course of business activities, Makita is exposed to financial risks, such as foreign exchange rate risks, stock price risks, interest rate risks, credit risks, and liquidity risks. We perform risk management activities to reduce such financial risks.

#### (1) Market risk

##### (i) Foreign exchange rate risk management

Makita operates business activities globally and is exposed to risks related to foreign exchange rate fluctuation in purchase and sales transactions denominated in foreign currencies. For foreign currency transactions, we hedge against the foreign exchange rate fluctuation risk through derivative transactions such as settlement and forward exchange contract in a foreign currency bank account to reduce the impact of the exchange rate fluctuation risk. Although we do not apply hedge accounting to these derivative transactions, we have judged that the transactions effectively offset the impact of the exchange rate fluctuation.

##### (ii) Stock price risk management

Makita holds listed stock and is exposed to market price fluctuation risks. To manage the risks, we periodically monitor the market prices and financial conditions of issuing entities and revise our stock holding status appropriately.

#### (2) Interest rate risk

Makita's liabilities with interest include borrowings and lease liabilities, partial borrowings are financed at variable interest rates. Although, we consider that the change of the market interest rate has a minor impact on Makita's profit or loss because all borrowings are short-term. Accordingly, the matter of interest rate risks is immaterial for Makita.

#### (3) Credit risk

Makita is exposed to credit risks causing financial losses due to default by the other party of our financial assets. Trade accounts receivable and trade notes receivable, which are trade receivable, are exposed to the credit risk of

customers.

In order to reduce the risks, we established a credit limit for each partner in accordance with the credit management rules, and our sales management department manages a fixed date and balance of each partner, periodically monitoring the conditions of the major partners to identify doubtful accounts due to worsening financial conditions as soon as possible. In addition, we do not have over-concentration risks of a partner or of a group that the partner belongs to.

The fund management of Makita is exposed to credit risks of depositors or issuers of receivables. We hold cash and cash equivalents and other financial assets of only high-ranked financial institutions in accordance with the guidelines for fund management. Therefore, we believe that credit risks are low.

(4) Liquidity risk

The liquidity risk is a risk that Makita may be unable to repay the obligation related to a financial liability to be settled by cash or other financial assets on the due date.

Although trade payables and other payables, borrowings, and other financial liabilities are exposed to liquidity risks, we manage the risks by maintaining borrowing limits of financial institutions as well as developing and renewing a cash plan in a timely manner.

2. Matter regarding such as fair value of financial instruments

The carrying amount and fair value of the financial instruments as of March 31, 2023 are as follows.

	(Millions of Yen)	
	Carrying amount	Fair value
Financial assets measured at amortized cost	200	200
Debt securities		

(Notes) 1. The table above does not include financial instruments measured at fair value in the consolidated balance sheet and financial instruments whose carrying amounts are reasonable approximations to the fair value.

2. Debt securities of financial assets measured at amortized cost are included in "Other financial assets" in the consolidated balance sheet.

(The fair value hierarchy)

The fair value hierarchy of financial instruments is categorized as follows:

Level 1: Fair value measured with quoted prices for identical assets and liabilities in an active market.

Level 2: Fair value measured with inputs other than quoted prices categorized within Level 1 that are observable, either directly or indirectly, for the asset or liability.

Level 3: Fair value measured using valuation techniques, including inputs not based on observable market data for the asset or liability.

(Measurement of fair value)

(Cash and cash equivalents, trade and other receivables, and trade and other payables)

Since they are settled in a short period, the carrying amounts are reasonable approximations to the fair value.

(Borrowings)

Since all of them are settled within 1 year, the carrying amounts are reasonable approximations to the fair value.

(Other financial assets and other financial liabilities)

Since time deposits due over 3 months of the other financial assets are settled in a short period, the carrying amounts are reasonable approximations to the fair value. Listed stock is determined by exchange market prices as financial assets measured at fair value through other comprehensive income. Debt securities are calculated at an exchange market price or a price presented by a financial institution as financial assets measured at fair value through profit or loss.

Derivatives are calculated as financial assets or financial liabilities measured at fair value through profit or loss, based on such basic conditions observable at the market as exchange rate, etc.

3. Matter regarding the details of the fair value of financial instruments for each appropriate classification

(1) Financial instruments measured at amortized cost

The carrying amount and fair value of financial instruments measured at amortized cost are as follows.

(Millions of Yen)

-	The carrying Amount	The fair value			
		Level 1	Level 2	Level 3	Total
Debt securities	200	200	-	-	200

(Notes) 1. The table above does not include financial instruments whose carrying amounts are reasonable approximations to the fair value.

2. Debt securities of financial assets measured at amortized cost are included in “Other financial assets” in the consolidated balance sheet.

The fair value of Level 1 debt securities is based on quoted prices in active markets where there is sufficient trading volume and frequent trading.

(2) The fair value of financial assets and liabilities measured at fair value on a recurring basis

Details of the financial assets and liabilities measured at fair value on a recurring basis, classified by level in the fair value hierarchy are as follows:

Reclassification between levels in the fair value hierarchy is recognized on the date when the event or change in circumstances occurred that caused the reclassification.

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through other comprehensive income				
Stocks	22,823	-	1,441	24,264
Financial assets measured at fair value through net profit or loss				
Derivative assets	-	2,739	-	2,739
Total	22,823	2,739	1,441	27,003
Financial liabilities				
Financial liabilities measured at fair value through net profit or loss				
Derivative liabilities	-	5,114	-	5,114
Total	-	5,114	-	5,114

(Notes) 1. There were no reclassifications between Level 1 and Level 2 during the consolidated fiscal year ended March 31, 2023.

2. Financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss are included in “Other financial assets” in the consolidated balance sheet. Financial liabilities measured at fair value through profit or loss are included in “Other financial liabilities” in the consolidated balance sheet.

Financial assets classified as Level 1 are mainly marketable publicly listed stocks. Publicly listed stocks are based on quoted prices in active markets where there is sufficient trading volume and frequent trading.

Financial assets and liabilities classified as Level 2 are derivatives. Derivatives are mainly exchange contracts and are calculated based on the basic terms observable in the market such as exchange rates.

Financial assets classified as Level 3 are primarily unlisted stocks. In accordance with the Group’s accounting policies, the fair value is measured using the most recently available data. There were no significant changes from the previous year in respect of the financial assets classified as Level 3.

## Notes to Revenue Recognition

### (1) The breakdown of revenue

Makita has conducted the business activities in single business field of the production and sales of power tools and outdoor power equipment, etc. The details of the revenue are as follows. Our revenue arises from contracts with our customers.

#### (i) Revenue by each product and services

Details of revenue by each product and services are as follows:

(Millions of Yen)

	The consolidated fiscal year (From April 1, 2022 To March 31, 2023)
Power tools	419,012
Outdoor power equipments, household and other products	195,828
Parts, Repairs, and accessories	149,862
Total	764,702

\*Amounts less than 1 million yen have been rounded.

#### (ii) Revenue by region

Details of revenue by region are as follows:

(Millions of Yen)

	The consolidated fiscal year (From April 1, 2022 To March 31, 2023)
Japan	122,978
Europe	348,994
North America (United States)	119,064 (105,083)
Asia	53,276
Others	120,390
Total	764,702

(Notes) Revenue is classified as countries or regions on the basis of the location of customers.

Amounts less than 1 million yen have been rounded.

### (2) Basic information for understanding revenue

The content and time of revenue recognition of the performance obligations based on the contract with a customer in Makita's major business is stated in "10. Revenue Recognition" of Notes to Important Basic Matters for Preparation of Consolidated Financial Statements.

## Notes to Information Per Share

Equity attributable to owners of the parent per share	2,832.89 yen
Profit attributable to owners of the parent per share (Basic)	43.11 yen

## Notes to Significant Subsequent Events:

### Repurchase of treasury shares

Makita hereby announces that it has resolved, at a meeting of the Board of Directors held on April 27, 2023, to repurchase treasury shares pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act and Makita's Article of Incorporation. Details of the repurchase are as follows:

#### 1. Reason for the repurchase of treasury shares

- To flexibly return profits to shareholders based on Makita's basic profit distribution policy
2. Details of matters related to the repurchase
- (1) Class of shares to be repurchased Common shares
  - (2) Total number of shares to be repurchased  
Up to 3,100,000 shares (1.14% of total number of issued shares (excluding treasury shares))
  - (3) Total purchase price for repurchase of shares Up to 10 billion yen
  - (4) Period of repurchase May 15, 2023 to August 31, 2023
- (Reference) The status of treasury shares as of March 31, 2023:
- Total number of issued shares (excluding treasury shares) 271,541,846 shares
  - Number of treasury shares 8,475,674shares

\*Amounts less than 1 million yen have been rounded.



## STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at April 1, 2022	24,206	47,525	176	47,701
Changes during this period				
Provision of reserve for advanced depreciation				
Reversal of reserve for advanced depreciation				
Dividends paid				
Net income				
Purchase of treasury shares				
Disposal of treasury shares			21	21
Net change of items other than shareholders' equity				
Total changes during this period			21	21
Balance at March 31, 2023	24,206	47,525	197	47,722

	Shareholders' equity								
	Retained earnings							Treasury shares	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, 2022	5,669	750	1,500	2,372	85,000	273,757	369,048	(11,540)	429,415
Changes during this period									
Provision of reserve for advanced depreciation				4		(4)			
Reversal of reserve for advanced depreciation				(36)		36			
Dividends paid						(19,551)	(19,551)		(19,551)
Net income						15,451	15,451		15,451
Purchase of treasury shares								(1)	(1)
Disposal of treasury shares								13	34
Net change of items other than shareholders' equity									
Total changes during this period				(32)		(4,068)	(4,100)	12	(4,067)
Balance at March 31, 2023	5,669	750	1,500	2,340	85,000	269,689	364,948	(11,528)	425,348

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities	Total valuation and translation adjustments	
Balance at April 1, 2022	7,104	7,104	436,519
Changes during this period			
Provision of reserve for advanced depreciation			
Reversal of reserve for advanced depreciation			
Dividends paid			(19,551)
Net income			15,451
Purchase of treasury shares			(1)
Disposal of treasury shares			34
Net change of items other than shareholders' equity	1,550	1,550	1,550
Total changes during this period	1,550	1,550	(2,517)
Balance at March 31, 2023	8,654	8,654	434,002

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

## Notes to Non-consolidated Financial Statements

### Notes to Significant Accounting Policies

#### 1. Valuation of securities

Held-to-maturity securities: Amortized cost (straight-line method)

Stocks of subsidiaries: At moving-average cost

Other securities

Other than stocks having no fair market value: Fair market value as of the end of the period  
(Valuation differences are presented as valuation and translation adjustments in net assets.

The cost of securities sold is calculated based on the moving-average method.)

Stocks having no fair market value: At moving-average cost

#### 2. Valuation of net assets and liabilities accrued from derivative transactions:

Fair market value as of the end of the period

#### 3. Valuation of inventories

Inventories are valued at the lower of cost based (the balance sheet amount is computed using the method of devaluing the book price to reflect declines in profitability).

Finished goods, merchandise, work in process, and raw materials:

At average cost

Supplies: At latest purchase cost

#### 4. Depreciation method of fixed assets

Tangible fixed assets: Straight-line method

(Excluding lease assets) Useful life:

Buildings: 31 to 50 years

Machinery and equipment: 5 to 10 years

Intangible fixed assets: Straight-line method

(Excluding lease assets) Software for internal use is depreciated on the straight-line method over its estimated useful life (5 years).

Industrial property rights are depreciated on the straight-line method over 4 to 17 year period.

Lease assets: Lease assets relating to finance lease transactions, excluding those whose ownership is transferred to the lessee upon lease expiration, are depreciated by the straight-line method over the lease term with no residual value, the lease term being regarded as the useful life.

## 5. Allowances

Allowance for doubtful accounts:	The allowance for doubtful accounts is reserved based on the historical write-off ratio for accounts receivable. For accounts receivable that are difficult to collect, individually estimated write-off amounts are reserved.
Allowance for directors' bonuses:	In preparation for the anticipated payment of directors' bonuses, we appropriate the amount estimated to pay for the period.
Allowance for product warranties:	In preparation for the payment of product after-service and free post-sale repair services, we appropriate the projected amount based on actual payment in the past.
Retirement and termination allowance:	To be prepared for employee retirement, retirement and termination allowance and prepaid pension cost are reserved based on projected benefit obligations and plan assets at the balance sheet date. In calculating the projected benefit obligations, the Corporation adopted the benefit formula basis as the method for attributing the expected benefit to the period up to the end of the period. Past service costs are amortized by the straight-line method over the average remaining employment period. Actuarial differences are amortized starting immediately after the year of accrual by the straight-line method over the average remaining employment period.
Retirement allowance for Directors and Audit & Supervisory Board Members:	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 on June 29, 2006. The balance of the period end is the amount of the reserve for the period of office served until abolition of the plan by those current directors (excluding outside directors) who served until June 29, 2006.

## 6. Income and Expense

The Corporation is primarily involved in the production and sales of power tools and outdoor power equipment, etc. Regarding these products, the Corporation has determined that the performance obligation is satisfied when the product is delivered to a customer, as the customer has control of the product. Therefore, revenue in respect of these products is recognized at the point in time of delivery of these products. In addition, the revenue is measured at the amount of the promised consideration in the contract with a customer less the amount of any reduction, rebate or returned products.

### Changes in Accounting Policies

The Corporation applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021, the "Implementation Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the fiscal year ended March 31, 2023, and in the future the Corporation will apply the new accounting policy specified in the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. It does not have any impact on the financial statements.

### Notes to Accounting Estimate

The following item has balance amount recorded in the financial statements for the period under the accounting estimates and may have a significant impact on the financial statements for the following period.

- Valuation of inventories

The amount of inventories recorded in the financial statements for the period is 54,530 million yen, which is recorded after subtracting the book value devaluation of 1,494 million yen due to a decline in profitability.

Inventories are valued at the lower of cost based (the balance sheet amount is computed using the method of devaluing the book price to reflect declines in profitability). If the true cash value (calculated by deducting the estimated direct selling expense from the estimated selling price) is lower than the acquisition cost, inventories are measured at the true cash value and the difference between the acquisition cost is recognized as cost of sales in principle. For inventories that stay outside of the business cycle process, the book value thereof is devaluated, in consideration of sales policies, future demand and market trends. If the market environment deteriorates more than expected and profitability fall significantly, it may have a significant impact on the amount recognized in the consolidated financial statements from the following

period.

## Notes to Balance Sheet

### 1. Accumulated depreciation on tangible fixed assets:

Buildings	33,798	million yen
Structures	3,116	million yen
Machinery and equipment	12,947	million yen
Vehicles and transportation equipment	281	million yen
Tools, furniture and fixtures	29,100	million yen
Total	79,242	million yen

### 2. Guarantee:

Guarantee for borrowing from financial institution		
Maximum amount of guarantee for Makita U.S.A. Inc. (100 million U.S. dollars)	13,353	million yen
Maximum amount of guarantee for Makita d. o. o (10 million euros)	1,457	million yen
Guarantee for trade accounts payable		
Maximum amount of guarantee for Makita U.S.A. Inc. (30 million U.S. dollars)	4,006	million yen
Maximum amount of guarantee for Makita Corp. of America (10 million U.S. dollars)	1,335	million yen

### 3. Receivables and payables for affiliates:

Short-term receivables	142,017	million yen
Short-term payables	26,568	million yen

## Notes to Statement of Income

Transactions with affiliates		
Amount of operating transactions		
Sales	266,025	million yen
Purchases, etc.	273,483	million yen
Amount of non-operating transactions	24,244	million yen

## Notes to Statement of Changes in Net Assets

### 1. Matter regarding treasury shares

Kind of shares	Beginning of the period	Increase	Decrease	End of the period
Common share	8,485,061 shares	465 shares	9,852 shares	8,475,674 shares

(Reasons for the change)

The reason for the increase is as follows:

Purchase of shares constituting less than a full unit	465	shares
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The reason for the decrease is as follows:

Allotment of restricted shares	9,720	shares
Sales of shares constituting less than a full unit	132	shares

## Notes to Tax Effect Accounting

1. The main reasons for deferred income tax assets and liabilities are as follows:

Deferred tax assets		
Accrued expenses	1,768	million yen
Inventories	1,040	million yen
Accrued enterprise taxes	(30)	million yen
Loss on valuation of investment securities	455	million yen
Excess in depreciation	3,289	million yen
Retirement allowance for directors and audit & supervisory board members	91	million yen
Loss on impairment of fixed assets	84	million yen
Tax loss carry-forward	3,238	million yen
Other	380	million yen
Subtotal	10,375	million yen
Valuation allowance	(372)	million yen
Total	10,003	million yen
Deferred tax liabilities		
Prepaid pension cost	(3,311)	million yen
Net unrealized gains on securities	(2,611)	million yen
Reserve for advanced depreciation of fixed assets	(1,012)	million yen
Other	(50)	million yen
Total	(6,984)	million yen
Net amount of deferred tax liabilities	3,019	million yen

2. Major items causing the significant difference between the statutory income tax rates applicable to the Corporation and the effective income tax rates after the adoption of tax effect accounting are as follows:

Statutory income tax rate	30.2%
(Reconciliations)	
Dividend income and other permanently non-taxable income	(38.3%)
Withholding tax on foreign dividends	12.5%
Tax sparing	(0.2%)
Items that are not counted as a deduction permanently such as entertainment expenses	0.6%
Inhabitant tax on per capita basis	0.6%
Other	0.6%
Effective income tax rate after the adoption of tax effect accounting	6.0%

## Notes to Fixed Assets Used through Leases

Operating leases

Lease commitments under non-cancelable operating leases

Within 1 year	391	million yen
Over 1 year	3,195	million yen

## Notes to Transactions with Related Parties

### 1. Directors and primary individual shareholders

Attribute	Companies which directors and their relatives own the majority of voting rights (including the subsidiaries of such companies)	
Corporate name	TOA Co., Ltd. (Note 1)	Maruwa, Ltd. (Note 2)
Principal business or position	Design, production and distribution of automatic regulators	Real estate business
Owning and owned ratio of voting rights (%)	Direct owned ratio: 0.0	Direct owned ratio: 3.2
Relationship	Purchase of production equipment Interlocking Directors (Number of directors: 2)	Advertising Interlocking Directors (Number of directors: 2)
Principal transactions	Purchase of production equipment (Note 3)	Advertising (Note 3)
Transaction amount (Millions of Yen)	78	2
Account title	Other payable	-
Balance at end of the period (Millions of Yen)	19	-

#### Terms of transactions and the policy to decide the terms

- (Note 1) Masahiko Goto, Chairman and Representative Director of the Corporation, Munetoshi Goto, President and Representative Director of the Corporation, and their relatives own 100% of voting rights of TOA Co., Ltd.
- (Note 2) Masahiko Goto, Chairman and Representative Director of the Corporation, Munetoshi Goto, President and Representative Director of the Corporation, and their relatives own 68.1% of voting rights of Maruwa, Ltd.
- (Note 3) The prices of the transactions with TOA Co., Ltd. and Maruwa, Ltd. are determined upon negotiation, considering the prevailing market prices.

## 2. Subsidiaries

Attribute	Subsidiaries		
Corporate name	Makita U.S.A. Inc.		
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0		
Relationship	Debt guarantee Sale of merchandise and finished goods Subscription of additional increase of capital Interlocking Directors (Number of directors: 3)		
Detail of transaction	Debt guarantee (Note 1)	Sale of merchandise and finished goods (Note 2)	Capital increase (Note 3)
Transaction amount (Millions of Yen)	17,359	38,002	25,817
Account title	-	Trade receivable	-
Balance at end of the period (Millions of Yen)	-	31,989	-

Attribute	Subsidiaries		
Corporate name	Makita Werkzeug GmbH. (Germany)		
Owning and owned ratio of voting rights (%)	Direct owning ratio:1.0 Indirect owning ratio:99.0		
Relationship	Sale of merchandise and finished goods Interlocking Directors (Number of directors: 3)		
Detail of transaction	Sale of merchandise and finished goods (Note 2)		
Transaction amount (Millions of Yen)	33,162		
Account title	Trade receivable		
Balance at end of the period (Millions of Yen)	9,663		

Attribute	Subsidiaries
Corporate name	Makita Oy (Finland)
Owning and owned ratio of voting rights (%)	Indirect owning ratio:100.0
Relationship	Sale of merchandise and finished goods Interlocking Directors (Number of directors: 2)
Detail of transaction	Sale of merchandise and finished goods (Note 2)
Transaction amount (Millions of Yen)	17,348
Account title	Trade receivable
Balance at end of the period (Millions of Yen)	7,240

Attribute	Subsidiaries
Corporate name	Makita (Australia) Pty. Ltd.
Owning and owned ratio of voting rights (%)	Direct owning ratio:100.0
Relationship	Sale of merchandise and finished goods
Detail of transaction	Sale of merchandise and finished goods (Note 2)
Transaction amount (Millions of Yen)	33,457
Account title	Trade receivable
Balance at end of the period (Millions of Yen)	7,466



Attribute	Subsidiaries
Corporate name	Makita Werkzeug GmbH. (Austria)
Owning and owned ratio of voting rights (%)	Indirect owning ratio:100.0
Relationship	Sale of merchandise and finished goods Interlocking Directors (Number of directors: 2)
Detail of transaction	Sale of merchandise and finished goods (Note 2)
Transaction amount (Millions of Yen)	13,821
Account title	Trade receivable
Balance at end of the period (Millions of Yen)	9,017

Attribute	Subsidiaries
Corporate name	Makita EU S.R.L. (Romania)
Owning and owned ratio of voting rights (%)	Direct owning ratio:100.0
Relationship	Loan of funds Interlocking Directors (Number of directors: 1)
Detail of transaction	Collection of loans receivable (Notes 4)
Transaction amount (Millions of Yen)	1,556
Account title	Loans receivable to affiliates
Balance at end of the period (Millions of Yen)	10,929

Attribute	Subsidiaries	
Corporate name	Makita (China) Co., Ltd.	Makita (Kunshan) Co., Ltd.
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0	Direct owning ratio: 100.0
Relationship	Purchase of merchandise and finished goods, etc. Interlocking Directors (Number of directors: 4)	Purchase of merchandise and finished goods, etc. Interlocking Directors (Number of directors: 4)
Detail of transaction	Purchase of merchandise and finished goods, etc. (Note 2)	Purchase of merchandise and finished goods, etc. (Note 2)
Transaction amount (Millions of Yen)	107,081	151,128
Account title	Trade payable	Trade payable
Balance at end of the period (Millions of Yen)	13,469	10,903

Terms of transactions and the policy to decide the terms

(Note 1) For Makita U.S.A. Inc., the Corporation has guaranteed its debt, and the amount shown in “Transaction amount” represents the maximum amount of guarantee (130 million U.S. dollars).

(Note 2) The price of goods and other terms of transactions are determined upon negotiation, considering the prevailing market prices.

(Note 3) Investment by way of capital increase was made.

(Note 4) The lending interest rate in loan of funds is reasonably determined in consideration with market interest rate. The Corporation has not taken collateral.

#### Notes to Revenue Recognition

It is omitted as described in “Notes to Revenue Recognition” of the Notes to the Consolidated Financial Statements.

#### Notes to Information Per Share

Net assets per share 1,598.29 yen

Net income per share 56.90 yen

#### Notes to Significant Subsequent Events:

Repurchase of treasury shares

It is omitted as described in “Notes to Significant Subsequent Events” of the Notes to the Consolidated Financial Statements.

#### Notes to Company to which Consolidated Dividend Regulations Apply

The Corporation is a company to which consolidated dividend regulations apply.

\*Amounts less than 1 million yen have been rounded.