



Makita Corporation

Consolidated Financial Results for the three months ended June 30, 2023 (IFRS Financial Information)

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



CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2023 (Unaudited)

July 31, 2023

Makita Corporation

Stock code: 6586

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

Munetoshi Goto, President, Representative Director

1. Summary operating results of the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the three months ended June 30, 2022		For the three months ended June 30, 2023	
		(%)		(%)
Revenue	195,348	5.4	184,455	(5.6)
Operating profit	15,228	(46.3)	16,311	7.1
Profit before income taxes	15,719	(47.4)	16,045	2.1
Profit	10,436	(52.2)	11,167	7.0
Profit attributable to owners of the parent	10,563	(51.1)	11,185	5.9
Comprehensive income	56,425	91.5	52,693	(6.6)
	Yen			
Profit attributable to Owners of the parent per share				
(Basic).....	38.90		41.30	
(Diluted)	-		-	

Notes:

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

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2023	As of June 30, 2023
Total assets.....	1,099,351	1,080,933
Total equity	775,699	816,801
Equity attributable to owners of the parent.....	769,247	809,902
Ratio of equity attributable to owners of the parent to total assets (%).....	70.0%	74.9%

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

2. Dividend Information

	Yen	
	For the year ended March 31, 2023	For the year ending March 31, 2024 (Forecast)
Cash dividend per share:		
Interim.....	10.00	10.00
Year-end	11.00	(Note)
Total	21.00	(Note)

Notes:

- The forecast for cash dividend announced on April 27, 2023 has not been revised.
- The projected amount of dividends for the year ending March 31, 2024 has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecast, and other significant matters" on page 2.



3. Consolidated Financial Forecast for the year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

	Yen (millions)	
	For the year ending March 31, 2024	
		(%)
Revenue.....	680,000	(11.1)
Operating profit.....	55,000	94.7
Profit before income taxes.....	47,000	96.8
Profit attributable to owners of the parent.....	33,300	184.5
	Yen	
Profit attributable to Owners of the parent per share(Basic)		122.63

Notes:

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

4. Others

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

(2) Changes in accounting policies and accounting estimates:

- Changes in accounting policies required by IFRS: Yes
- Changes in accounting policies other than 1: None
- Changes in accounting estimate: None

(3) Number of shares outstanding (common stock)

1. Number of shares issued (including treasury shares):	As of June 30, 2023:	280,017,520
	As of March 31, 2023:	280,017,520
2. Number of treasury shares:	As of June 30, 2023:	10,674,514
	As of March 31, 2023:	8,475,674
3. Average number of shares outstanding:	For the three months ended June 30, 2023:	270,831,718
	For the three months ended June 30, 2022:	271,532,359

Makita's earnings releases (KESSAN TANSHIN) are not subject to an audit.

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

- The financial forecast given above is based on information as available at the present time, and includes potential risks and uncertainties. As a consequence of the factors above and other, actual results may vary from the forecasts provided above. Regarding the assumptions for the forecasts and other matters, refer to "SUPPLEMENT INFORMATION (CONSOLIDATED)", "1. Overview of operating results", "(3) Outlook for the fiscal year ending March 31, 2024" on page 3.
- Makita's basic policy on the distribution of profits is to maintain the total return ratio(*) at 35% or greater, with a lower limit on annual cash dividends of 20 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on profit attributable to owners of the parent per share after certain adjustments.

The Board of Directors plans to meet in April 2024 for a report on earnings for the year ending March 31, 2024. At the time, in accordance with the basic policy regarding profit distribution mentioned above, the Board of Directors plans to propose a dividend equivalent to at least 35% of total return attributable to owners of the parent. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2024.

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



SUPPLEMENT INFORMATION (CONSOLIDATED)

1. Overview of operating results

(1) Overview of operating results of the three month ended June 30, 2023

Looking at the international economic situation during the first quarter of the current fiscal year, business confidence deteriorated with the prolonged conflict in Ukraine, high raw material, energy prices, and continued monetary tightening in various countries due to high inflation.

In the Group's consolidated business results for the first quarter of the current fiscal year, sales remained weak due to slowing demand for housing and reduced investment in the building and construction market owing to monetary tightening in various countries, and consolidated revenue decreased by 5.6% year on year to 184,455 million yen. In terms of profit, operating profit increased by 7.1% year on year to 16,311 million yen (an operating profit ratio of 8.8%) because of the impact of foreign exchange rates and a decrease in selling, general, and administrative expenses. Profit before income taxes increased by 2.1% year on year to 16,045 million yen (profit before income taxes ratio of 8.7%) and profit attributable to owners of the parent increased by 5.9% year on year to 11,185 million yen (a ratio of profit attributable to owners of the parent of 6.1%).

Revenue results by region were as follows:

Revenue by region shows revenue in each market and differs from revenue in Segment Information (based on the source of shipments).

In Japan, housing starts remained weak and sales were at a high level in the same period of the previous fiscal year. As a result, revenue decreased by 4.6% year on year to 29,978 million yen.

In Europe, although the increases in energy and raw material prices began to subside, there was no improvement in market conditions, and sales declined. As a result, revenue decreased by 5.3% year on year to 89,249 million yen.

In North America, high inflation and the associated monetary tightening continued and the economy slowed further. As a result, revenue decreased by 10.9% year on year to 24,822 million yen.

In Asia, amid a slowdown in the Chinese economy, demand for tools remained weak overall although there were strengths and weaknesses from country to country. As a result, revenue decreased by 4.1% year on year to 11,115 million yen.

In Central and South America, there was increased uncertainty concerning the future due to continued monetary tightening in various countries. As a result, revenue decreased by 6.4% year on year to 11,209 million yen.

In Oceania, the outlook remained uncertain as a result of monetary tightening due to high inflation and sales of outdoor power equipment declined due to unfavorable weather conditions. As a result, revenue decreased by 3.9% year on year to 14,391 million yen.

In the Middle East and Africa, demand for construction and refurbishment remained strong overall. As a result, revenue increased by 10.5% year on year to 3,691 million yen.

(2) Overview of financial situation as of June 30, 2023

Total assets decreased 18,418 million yen from the end of the previous fiscal year to 1,080,933 million yen. This decrease was mainly due to the decrease in "Cash and cash equivalents."

Total liabilities decreased 59,520 million yen from the end of the previous fiscal year to 264,132 million yen. This decrease was mainly due to the reduction in "Borrowings."

Total equity increased 41,102 million yen from the end of the previous fiscal year to 816,801 million yen. This increase was mainly due to the change in exchange differences on translating foreign operations included in "Other components of equity."

(3) Outlook for the fiscal year ending March 31, 2024

There are uncertainties about the business environments surrounding us and developments in exchange markets. Therefore, we have not reviewed the forecast of its consolidated financial performance for the year ending March 31, 2024 announced on April 27, 2023.



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

	Yen (millions)			
	As of March 31, 2023		As of June 30, 2023	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	162,720		137,678	
Trade and other receivables	110,884		109,785	
Inventories	453,752		445,975	
Other financial assets.....	6,970		5,111	
Other current assets	19,113		21,167	
Total current assets.....	<u>753,439</u>	68.5%	<u>719,716</u>	66.6%
NON-CURRENT ASSETS:				
Property, plant and equipment, at cost.....	265,638		276,507	
Goodwill and intangible assets	10,427		10,444	
Other financial assets.....	36,607		39,903	
Retirement benefit assets	12,157		12,141	
Deferred tax assets.....	17,901		18,761	
Other non-current assets	3,182		3,461	
Total non-current assets.....	<u>345,912</u>	31.5%	<u>361,217</u>	33.4%
Total assets	<u>1,099,351</u>	100.0%	<u>1,080,933</u>	100.0%

	Yen (millions)			
	As of March 31, 2023		As of June 30, 2023	
		Composition ratio		Composition ratio
LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES:				
Trade and other payables	41,767		40,685	
Borrowings	186,390		124,725	
Other financial liabilities.....	7,504		10,710	
Income taxes payable.....	3,757		5,395	
Provisions	4,623		4,961	
Other current liabilities	47,552		41,923	
Total current liabilities.....	<u>291,593</u>	26.5%	<u>228,399</u>	21.1%
NON-CURRENT LIABILITIES:				
Retirement benefit liabilities	2,830		3,062	
Other financial liabilities.....	14,835		16,562	
Provisions	1,618		1,721	
Deferred tax liabilities.....	12,576		14,186	
Other non-current liabilities.....	<u>200</u>		<u>202</u>	
Total non-current liabilities.....	<u>32,059</u>	2.9%	<u>35,733</u>	3.3%
Total liabilities	<u>323,652</u>	29.4%	<u>264,132</u>	24.4%
EQUITY				
Share Capital.....	23,805		23,805	
Capital Surplus.....	45,606		45,614	
Retained earnings.....	629,314		637,512	
Treasury shares	(11,528)		(20,140)	
Other components of equity.....	<u>82,050</u>		<u>123,111</u>	
Total equity attributable to owners of the parent ..	<u>769,247</u>	70.0%	<u>809,902</u>	74.9%
NON-CONTROLLING INTEREST	<u>6,452</u>	0.6%	<u>6,899</u>	0.7%
Total equity	<u>775,699</u>	70.6%	<u>816,801</u>	75.6%
Total liabilities and equity	<u>1,099,351</u>	100.0%	<u>1,080,933</u>	100.0%



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

	Yen (millions)			
	For the three months ended June 30, 2022		For the three months ended June 30, 2023	
	Ratio to revenue		Ratio to revenue	
REVENUE.....	195,348	100.0%	184,455	100.0%
Cost of sales.....	(139,075)	(71.2%)	(127,501)	(69.1%)
GROSS PROFIT.....	56,273	28.8%	56,954	30.9%
Selling, general, administrative and others, net	(41,045)	(21.0%)	(40,643)	(22.1%)
OPERATING PROFIT	15,228	7.8%	16,311	8.8%
Financial income.....	836		1,131	
Financial expenses.....	(345)		(1,397)	
PROFIT BEFORE INCOME TAXES	15,719	8.0%	16,045	8.7%
Income tax expenses	(5,283)		(4,878)	
PROFIT	10,436	5.3%	11,167	6.1%
Profit attributable to:				
Owners of the parent.....	10,563	5.4%	11,185	6.1%
Non-controlling interests	(127)	(0.1%)	(18)	(0.0%)

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the three months ended June 30, 2022	For the three months ended June 30, 2023
PROFIT	10,436	11,167
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Items that will not be reclassified to profit (loss)		
Equity financial goods measured at fair value		
through other comprehensive income (loss).....	(534)	1,616
Total of items that will not be reclassified to profit (loss)	(534)	1,616
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	46,523	39,910
Total of items that may be reclassified to profit (loss)	46,523	39,910
Total other comprehensive income (loss), net of tax	45,989	41,526
COMPREHENSIVE INCOME	56,425	52,693
Comprehensive income attributable to:		
Owners of the parent.....	56,223	52,246
Non-controlling interests	202	447



(3) Consolidated Statement of Changes in Equity

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

Yen (millions)								
For the three months ended June 30, 2023								
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
	Share capital	Capital Surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2023	23,805	45,606	629,314	(11,528)	82,050	769,247	6,452	775,699
Profit for the period			11,185			11,185	(18)	11,167
Other comprehensive income					41,061	41,061	465	41,526
Comprehensive income	-	-	11,185	-	41,061	52,246	447	52,693
Dividends paid			(2,987)			(2,987)		(2,987)
Purchase of treasury shares				(8,612)		(8,612)		(8,612)
Share-based payment transaction		8				8		8
Total amounts of transactions with owners	-	8	(2,987)	(8,612)	-	(11,591)	-	(11,591)
Balance at June 30, 2023	23,805	45,614	637,512	(20,140)	123,111	809,902	6,899	816,801



(4) Consolidated Statements of Cash Flows

	Yen (millions)	
	For the three months ended June 30, 2022	For the three months ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit.....	10,436	11,167
Depreciation and amortization.....	5,528	7,146
Income tax expenses.....	5,283	4,878
Financial income and expenses.....	(491)	266
Loss (gain) on sales and retirement of property, plant and equipment.....	266	124
Decrease (increase) in trade and other receivables.....	8,819	8,252
Decrease (increase) in inventories.....	(10,016)	38,252
Increase (decrease) in trade and other payables.....	4,131	(2,934)
Increase (decrease) in retirement benefit assets and liabilities.....	87	55
Other.....	(576)	(11,321)
Subtotal.....	<u>23,467</u>	<u>55,885</u>
Dividends received.....	448	330
Interest received.....	182	799
Interest paid.....	(332)	(1,123)
Income taxes paid.....	(12,091)	(3,622)
Cash flows from operating activities.....	<u>11,674</u>	<u>52,269</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of non-current assets.....	(11,580)	(6,063)
Proceeds from sales of non-current assets.....	70	227
Purchase of investments.....	(0)	(10)
Proceeds from sales and redemption of investments.....	803	-
Payments into time deposits.....	(330)	(693)
Proceeds from withdrawal of time deposits.....	908	415
Other.....	(230)	(130)
Cash flows from investing activities.....	<u>(10,359)</u>	<u>(6,254)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings.....	55,468	(65,670)
Purchase and sales of treasury shares, net.....	(1)	(8,612)
Cash dividends paid.....	(16,835)	(2,987)
Repayment of lease liabilities.....	(1,130)	(952)
Other.....	1,075	201
Cash flows from financing activities.....	<u>38,577</u>	<u>(78,020)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.....	(2,617)	6,963
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	<u>37,275</u>	<u>(25,042)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD ...	<u>71,057</u>	<u>162,720</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	<u>108,332</u>	<u>137,678</u>

(5) Notes to Consolidated Financial Statements

Notes on the assumptions for a going concern: None

Changes in accounting policy:

The Group has applied the following standards and interpretations from the current fiscal year as follows:

IFRS	Title	Time of compulsory application (fiscal year starting after that)	Fiscal year in which it applies to the Group	Overview
IAS 12	Income Taxes	January 1,2023	Fiscal year ending March 2024	Disclosure of income taxes arising from tax laws enacted or substantially enacted to introduce the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD).

The application of the standard, etc. has no material impact on the condensed quarterly consolidated financial statements.

Segment Information

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

	Yen (millions)							
	For the three months ended June 30, 2023							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	34,279	90,140	25,581	8,062	158,062	26,393	-	184,455
Inter-segment	40,946	2,127	860	55,430	99,363	77	(99,440)	-
Total	<u>75,225</u>	<u>92,267</u>	<u>26,441</u>	<u>63,492</u>	<u>257,425</u>	<u>26,470</u>	<u>(99,440)</u>	<u>184,455</u>
Operating profit (loss)...	7,417	2,956	(3,262)	6,207	13,318	1,062	1,931	16,311



3. SUPPORT DOCUMENTATION (CONSOLIDATED)

(1) Consolidated Financial Results and Forecast

	Yen (millions)			
	For the three months ended June 30, 2022		For the three months ended June 30, 2023	
		(%)		(%)
Revenue	195,348	5.4	184,455	(5.6)
Domestic	31,414	4.5	29,978	(4.6)
Overseas	163,934	5.6	154,477	(5.8)
Operating profit	15,528	(46.3)	16,311	7.1
Profit before income taxes	15,719	(47.4)	16,045	2.1
Profit attributable to owners of the parent	10,563	(51.1)	11,185	5.9
Profit attributable to owners of the parent per share (Yen)	38.90		41.30	
Number of Employees	20,107		18,290	

	Yen (millions)			
	For the year ended March 31, 2023		For the year ending March 31, 2024 (Forecast)	
		(%)		(%)
Revenue	764,702	3.4	680,000	(11.1)
Domestic	122,978	4.2	122,000	(0.8)
Overseas	641,724	3.3	558,000	(13.0)
Operating profit	28,246	(69.2)	55,000	94.7
Profit before income taxes	23,887	(74.2)	47,000	96.8
Profit attributable to owners of the parent	11,705	(81.9)	33,300	184.5
Profit attributable to owners of the parent per share (Yen)	43.11		122.63	
Number of Employees	18,804		-	

Notes:

1. Please refer to 1. Overview of operating results Section 3 “Outlook for the fiscal year ending March 31, 2024” on page 3.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, and profit attributable to owners of the parent compared to the corresponding period of the previous year.



(2) Consolidated Revenue by Geographic Area

	Yen (millions)					
	For the three months ended June 30, 2022		For the three months ended June 30, 2023		For the year ended March 31, 2023	
		(%)		(%)		(%)
Japan	31,414	4.5	29,978	(4.6)	122,978	4.2
Europe.....	94,204	3.1	89,249	(5.3)	348,994	(1.0)
North America	27,850	(2.7)	24,822	(10.9)	119,064	6.1
Asia.....	11,592	13.4	11,115	(4.1)	53,276	8.3
Central and South America.....	11,977	23.7	11,209	(6.4)	47,256	13.1
Oceania.....	14,970	24.2	14,391	(3.9)	58,593	13.6
The Middle East and Africa.....	3,341	2.2	3,691	(10.5)	14,541	4.2
Total.....	195,348	5.4	184,455	(5.6)	764,702	3.4

Notes: 1. The table above sets forth Makita's consolidated revenue by geographic area based on the customer's location for the periods presented. Accordingly, it differs from "Segment Information" on page 9.

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

(3) Exchange Rates

	Yen			
	For the three months ended June 30, 2022	For the three months ended June 30, 2023	For the year ended March 31, 2023	For the year ending March 31, 2024 (Forecast)
USD/JPY	129.73	137.49	135.50	130
EUR/JPY	138.26	149.58	140.99	140
RMB/JPY	19.60	19.56	19.75	19.0

(4) Production Ratio (unit basis)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023	For the year ended March 31, 2023
	Composition ratio	Composition ratio	Composition ratio
Domestic.....	9.2%	8.9%	7.9%
Overseas	90.8%	91.1%	92.1%

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

	Yen (millions)			
	For the three months ended June 30, 2022	For the three months ended June 30, 2023	For the year ended March 31, 2023	For the year ending March 31, 2024 (Forecast)
Capital expenditures	11,580	6,063	39,088	30,000
Depreciation and amortization...	4,481	6,102	21,725	23,700
R&D costs	3,703	3,686	14,903	15,500