

MAKITA CORPORATION

(Stock code: 6586)

June 2, 2026

(Measures for electronic provision have commenced on May 28, 2026)

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

To the Shareholders of
MAKITA CORPORATION

NOTICE OF THE 114TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are respectfully requested to attend the 114th 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 114th 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

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 Corporation’s name or stock code, and select “Basic information” then “Documents for public inspection/PR information” to view the matters.

Makita Corporation



Tokyo Stock Exchange



1. **Date and Time:** 10 a.m., Wednesday, June 24, 2026

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 114th period (from April 1, 2025 to March 31, 2026) and the Audit Reports on such Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee
2. The Financial Statements for the 114th period

Items to be Resolved:

- No.1** Appropriation of Surplus
- No.2** Election of 10 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- No.3** Payment of Bonus to Directors

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 23, 2026.

Notes: 1. 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.

2. Any updates to the matters subject to measures for electronic provision will be posted on each website on which the matters are posted.

Summary of Items to be Resolved;

No.1 Appropriation of Surplus

We propose 130 yen per share of common stock as year-end dividends to shareholders.

No.2 Election of 10 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

We would like to request the election of the following 10 Directors.

Candidate Number	Name		Candidate Number	Name	
1	Munetoshi Goto	Reelection Man	6	Yukihiro Otsu	Reelection Man
2	Tetsuhisa Kaneko	Reelection Man	7	Yoshihisa Inuzuka	Reelection Man
3	Takashi Omote	Reelection Man	8	Hideyuki Kawase	Reelection Man
4	Takashi Tsuchiya	Reelection Man	9	Takahiro Iwase	Reelection Man
5	Masaki Yoshida	Reelection Man	10	Takashi Ando	Reelection Man

No.3 Payment of Bonus to Directors

At end of this period, the Corporation has 14 Directors. We would like to pay Directors' bonuses to 8 Directors in the amount of 216 million yen considering performance during this period. This is with the exception of 6 Directors who are Audit & Supervisory Committee Members and Outside Directors.

REFERENCE DOCUMENT

Propositions and Explanatory Information

Agenda Item No. 1: Appropriation of Surplus

The Corporation's basic policy on the distribution of profits has been the total return ratio at 35% or greater, with a lower limit on annual cash dividends of 20 yen per share. (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.) However, from the viewpoint of strengthening shareholder returns and improvement in capital efficiency, we have reviewed this policy and decided to adopt a consolidated dividend payout ratio of 50% or greater; however, in the event special circumstances arise, however, in the event special circumstances arise, with such factors taken into account, starting from the year ended March 31, 2026.

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 150 yen per share that include interim dividends in the amount of 20 yen per share, and the consolidated dividend payout ratio is 50.0 %.

In this period, we repurchased treasury shares (total purchase price: 55,924,512,100 yen, total number of shares: 10,819,100). As a result of this repurchase, total return ratio is 120.4%.

1. Matters on allocation of dividends to shareholders and total amount of allocation
 - 130 yen per share of common stock
 - Total amount: 33,593,933,360 yen
2. Effective date of dividend payment
 - June 25, 2026

Note: The details of the above basic policy for profit distribution is described in "5. Policy on Determination of Dividends from Surplus, etc." (page 27).

Agenda Item No.2: Election of 10 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The term of offices of all 10 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 10 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	Munetoshi Goto	<u>Reelection</u> <u>Man</u>	President and Representative Director	12/12 (100%)
2	Tetsuhisa Kaneko	<u>Reelection</u> <u>Man</u>	Director, Managing Corporate Officer and General Manager of Research and Development Headquarters	12/12 (100%)
3	Takashi Omote	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of International Sales Headquarters	12/12 (100%)
4	Takashi Tsuchiya	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Domestic Sales Headquarters	11/12 (92%)
5	Masaki Yoshida	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Production Headquarters	12/12 (100%)
6	Yukihiro Otsu	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Administration Headquarters	12/12 (100%)
7	Yoshihisa Inuzuka	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Purchasing Headquarters	12/12 (100%)
8	Hideyuki Kawase	<u>Reelection</u> <u>Man</u>	Director, Corporate Officer General Manager of Quality Headquarters	12/12 (100%)
9	Takahiro Iwase	<u>Reelection</u> <u>Outside</u> <u>Independent</u> <u>Man</u>	Outside Director	12/12 (100%)
10	Takashi Ando	<u>Reelection</u> <u>Outside</u> <u>Independent</u> <u>Man</u>	Outside Director	9/10 (90%)

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 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>	479,944
<p>[Reason for nomination as candidate for Director] 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>			
2	<p>Reelection Man Tetsuhisa Kaneko (April 6, 1955)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1981 Joined the Corporation</p> <p>April 2004 General Manager of Technical Research Department</p> <p>August 2005 General Manager of Production Department 2</p> <p>October 2006 General Manager of Production Department 1</p> <p>June 2007 Director, General Manager of Purchasing Headquarters</p> <p>June 2009 Director, Corporate Officer, General Manager of Purchasing Headquarters</p> <p>May 2010 Director, Corporate Officer, General Manager of Production Headquarters (in charge of China Plant)</p> <p>June 2015 Director, Corporate Officer, General Manager of Production Headquarters</p> <p>June 2017 Director, Corporate Officer, General Manager of Research and Development Headquarters</p> <p>June 2024 Director, Managing Corporate Officer and General Manager of Research and Development(present)</p>	28,588
<p>[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, General Manager of Production Headquarters, and General Manager of Research and Development Headquarters of the Corporation. He serves as Managing Corporate Officer since June 2024 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.</p>			
3	<p>Reelection Man Takashi Omote (February 10, 1959)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1982 Joined the Corporation</p> <p>January 1995 President of Makita Mexico, S.A. de C.V.</p> <p>March 2001 President of Makita do Brasil Ferramentas Elétricas Ltda.</p> <p>June 2013 Corporate Officer of the Corporation (in charge of Central and South America Sales)</p> <p>June 2017 Director, Corporate Officer, General Manager of International Sales Headquarters (present)</p>	12,917
<p>[Reason for nomination as candidate for Director] 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 has served 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>			

Candidate Number	Name (Date of birth)	Brief personal background, title and position and Important concurrent posts	Number of the Corporation's shares held
4	<p><u>Reelection</u> <u>Man</u> Takashi Tsuchiya (September 1, 1957)</p> <p>[Attendance rate of the Board of Directors meetings] 11/12 (92%)</p>	<p>March 1982 Joined the Corporation</p> <p>April 2001 Manager of Shizuoka Branch Office</p> <p>October 2003 Manager of Tokyo Branch Office</p> <p>April 2010 General Manager of Sales Administration Department</p> <p>June 2013 Corporate Officer, General Manager of Domestic Sales Headquarters (in charge of Tokyo Sales Department)</p> <p>June 2015 Director, Corporate Officer, General Manager of Domestic Sales Headquarters</p> <p>April 2024 Director, Corporate Officer, General Manager of Domestic Sales Headquarters and in charge of Osaka Sales Department</p> <p>June 2025 Director, Corporate Officer, General Manager of Domestic Sales Headquarters (present)</p> <p>[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.</p>	22,522
5	<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 Joined the Corporation</p> <p>October 2007 General Manager of Production Control Department</p> <p>April 2010 General Manager of Production Department 2</p> <p>April 2011 General Manager of Production Development Department</p> <p>February 2012 Vice President of Makita (China) Co., Ltd.</p> <p>June 2015 Director, Corporate Officer, Assistant General Manager of Production Headquarters of the Corporation (in charge of China Plant)</p> <p>April 2018 Director, Corporate Officer, Assistant General Manager of Production Headquarters</p> <p>June 2021 Director, Corporate Officer, General Manager of Production Headquarters (present)</p> <p>[Reason for nomination as candidate for Director] 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>	15,863
6	<p><u>Reelection</u> <u>Man</u> Yukihiro Otsu (August 27, 1960)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1983 Joined the Corporation</p> <p>July 1996 Chief Financial Officer of Makita U.S.A., Inc.</p> <p>April 2009 Assistant Manager of Finance Department of the Corporation</p> <p>December 2009 Vice President of Makita (China) Co., Ltd.</p> <p>October 2013 General Manager of Accounting Department of the Corporation</p> <p>June 2017 Director, Corporate Officer, General Manager of Administration Headquarters (present)</p> <p>[Reason for nomination as candidate for Director] Mr. Yukihiro 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>	13,185

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 style="text-align: center;">Reelection Man</p> <p>Yoshihisa Inuzuka (February 15, 1961)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1984 Joined the Corporation</p> <p>April 2009 General Manager of Production Department 2</p> <p>April 2010 General Manager of Production Development Department</p> <p>March 2011 Plant Manager of Makita do Brasil Ferramentas Eléctricas Ltda.</p> <p>April 2016 General Manager of Research & Development Planning Department of the Corporation</p> <p>June 2021 Corporate Officer, Assistant General Manager of Research and Development Headquarters</p> <p>June 2024 Director, Corporate Officer, General Manager of Purchasing Headquarters (present)</p>	8,110
	<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Yoshihisa Inuzuka has experience of working at the production subsidiary in U.K. and the production and sales subsidiary in Brazil, and has held important positions in the production division and development division. He served as Assistant General Manager of Research and Development Headquarters since June 2021 and has served as General Manager of Purchasing Headquarters since June 2024, 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.</p>		
8	<p style="text-align: center;">Reelection Man</p> <p>Hideyuki Kawase (July 31, 1963)</p> <p>[Attendance rate of the Board of Directors meetings] 12/12 (100%)</p>	<p>March 1986 Joined the Corporation</p> <p>April 2012 President of SC Makita EU S.R.L. (Romania)</p> <p>March 2017 General Manager of Production Control Department of the Corporation</p> <p>April 2018 President of Makita (China) Co., Ltd.</p> <p>June 2021 Corporate Officer, Assistant General Manager of Production Headquarters of the Corporation (in charge of China Plant)</p> <p>March 2024 Corporate Officer, Assistant General Manager of Production Headquarters</p> <p>June 2024 Director, Corporate Officer, General Manager of Quality Headquarters (present)</p>	12,253
	<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hideyuki Kawase has engaged in duties mainly in the production division of the Corporation, has experience of working at the production subsidiary in the U.S., and has served as the head of the production subsidiary in Romania and China, a core facility of the production division. He served as Assistant General Manager of Production Headquarters since June 2021 and has served as General Manager of Quality Headquarters since June 2024, and has a deep understanding of the business and management mainly in the area of production and quality 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
9	<p style="text-align: center;"> Reelection Outside Independent Man </p> <p style="text-align: center;">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 & 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 & Supervisory Board Member of Chuo Spring Co., Ltd.</p> <p>July 2020 Chairman of Aichi Prefectural Public Safety Commission</p> <p>March 2021 Outside Audit & Supervisory Board Member of DMG MORI CO., LTD. (present)</p> <p>June 2021 Outside Director of the Corporation (present) (Important Concurrent Posts) Outside Audit & Supervisory Board Member of DMG MORI CO., LTD.</p>	1,175
<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, since his appointment as Outside Director of the Corporation, he has provided appropriate supervision and advice related to the Corporation's management from an independent perspective. The Corporation proposes his appointment as Outside Director because we expect him to contribute to the enhancement of the corporate value of the Corporation over the medium to long term by providing supervision and advice utilizing this wealth.</p>			
10	<p style="text-align: center;"> Reelection Outside Independent Man </p> <p style="text-align: center;">Takashi Ando (February 27, 1955)</p> <p>[Attendance rate of the Board of Directors meetings] 9/10 (90%)</p>	<p>April 1978 Joined Nagoya Railroad Co., Ltd. ("Nagoya Railroad")</p> <p>June 2008 Director of Nagoya Railroad</p> <p>June 2011 Managing Director of Nagoya Railroad</p> <p>June 2013 Senior Managing Director, Representative Director of Nagoya Railroad</p> <p>June 2015 President, Representative Director of Nagoya Railroad</p> <p>June 2019 President, Representative Director, Chief Executive Officer of Nagoya Railroad</p> <p>June 2021 Chairman, Representative Director of Nagoya Railroad (present)</p> <p>June 2024 Outside Director of CHUBU-NIPPON BROADCASTING CO., LTD. (present) (Important Concurrent Posts) Chairman, Representative Director of Nagoya Railroad Co., Ltd. Outside Director of CHUBU-NIPPON BROADCASTING CO., LTD.</p>	—
<p>[Reason for nomination as candidate for Outside Director and outline of the expected role] Mr. Takashi Ando has participated in the management of Nagoya Railroad Co., Ltd., for many years and has a thorough knowledge of corporate management, since his appointment as Outside Director of the Corporation, he has provided appropriate supervision and advice related to the Corporation's management from an independent perspective. The Corporation proposes his appointment as Outside Director because we expect him to contribute to the enhancement of the corporate value of the Corporation over the medium to long term by providing supervision and advice utilizing this wealth.</p>			

- Notes: 1. There is no special interest between the above candidates and the Corporation.
2. 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 434 million yen, which constituted less than 0.14% 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 5 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.
3. The matters concerning Outside Director candidate Mr. Takashi Ando are as follows:
- (i) Mr. Takashi Ando serves as Chairman and Representative Director at Nagoya Railroad Co., Ltd. Makita outsources transportation services to Nagoya Railroad Co., Ltd. and its corporate group. This year, such outsourcing costs amounted to 168 million yen, which is only 0.02% of the consolidated net sales of the Nagoya Railroad Group.
 - (ii) Mr. Takashi Ando is currently an Outside Director of the Corporation, and his term of office will be 1 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. Takashi Ando 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. Takashi Ando is appointed to be an Outside Director, the Corporation will extend such liability limitation agreement.
 - (iv) The Corporation has designated Mr. Takashi Ando 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. Takashi Ando 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, 2026, which is during the term of office of each candidate.
6. The Corporation received a recommendation from the Fair Trade Commission on December 16, 2025, based on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, while Mr. Takahiro Iwase and Mr. Takashi Ando were serving as Outside Directors. Although neither of them was aware of this matter in advance, they have been providing proposals from the perspective of legal compliance at the Board of Directors meetings and on other occasions. Furthermore, after becoming aware of this matter, they have fulfilled their duties by investigating the facts, and providing advice on measures to prevent recurrence, etc.

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	Munetoshi Goto	●	●	●	●	●		●	●		
	Tetsuhisa Kaneko		●	●		●	●				
	Takashi Omote		●	●	●						
	Takashi Tsuchiya		●		●						
	Masaki Yoshida		●	●			●		●		
	Yukihiro Otsu	●	●	●				●	●	●	●
	Yoshihisa Inuzuka		●	●		●	●				
	Hideyuki Kawase		●	●			●	●			
	Takahiro Iwase Outside Independent	●	●	●		●	●				
	Takashi Ando Outside Independent	●	●								●
Directors who are Audit & Supervisory Committee Members	Koji Tsuzuki			●				●	●	●	●
	Koji Nishikawa Outside Independent	●								●	
	Ayumi Ujihara Outside Independent									●	
	Minae Fukumoto Outside Independent										●

Agenda Item No. 3: Payment of Bonus to Directors

Bonus to Directors of the Corporation is linked to consolidated business result. As with the basic policy for profit distributions, bonuses are based on the profit attributable to owners of the parent per share (Basic) after certain adjustments reflecting special circumstances, and the total amount is determined accordingly.

At end of this period, the Corporation has 14 Directors. In accordance with above policy, we would like to pay Directors' bonuses to 8 Directors in the amount of 216 million yen. 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 22 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, 2025 to March 31, 2026)

1. Matters on the Current Status of Makita

(1) Progress and Results of Operations

Looking at the international economic situation during the fiscal year under review, uncertainty remains high due to U.S. tariff measures and the deteriorating situation in Iran. While the recovery of the construction market continues to lag due to persistently high interest rates in many regions, demand remains solid in the non-residential sector, particularly for large-scale urban development and infrastructure projects.

In this situation, Makita has focused on expanding its lineup of cordless products, including power tools and outdoor power equipment in the durable high-power “40Vmax Lithium-ion Battery” (XGT) series, and has introduced new products designed to help us further expand our market and increase our market share, such as a cordless impact wrench that delivers torque equivalent to that of a pneumatic model and a high-powered cordless blower equivalent to a 65mL engine-powered model.

With respect to production, we have accelerated manufacturing bases and supply chain diversification in response to geopolitical risks. While we work to increase the level of the community-based and customer-oriented service framework, we strive to deepen and develop the non-residential market centered on high-power XGT series.

In Makita’s consolidated business results for this period, although sales growth was sluggish because of U.S. tariff chaos, slow demand for housing and restrained investment in the construction and building market, consolidated revenue increased 3.2% year on year to 777,600 million yen, due to the impact of depreciation in the yen against local currencies.

Revenue results by region were as follows:

In Japan, XGT series and outdoor power equipment underpinned sales, despite a challenging demand environment, including construction and building materials prices remaining at high levels and a decline in housing starts. As a result, revenue was 132,136 million yen, up 3.9% year on year.

In Europe, although the construction and building market remained sluggish due to continued high interest rates, and the yen depreciated against the local currencies. As a result, revenue was 390,110 million yen, up 4.9% year on year.

In North America, amid uncertainty about the economic outlook, housing investment was weak due to high interest rates and slowdown in labor market, and the market competition intensified. As a result, revenue was 78,662 million yen, down 6.3% year on year.

In Asia, demand for tools remained weak overall as the prolonged property recession in China has spread to neighboring countries, we have made efforts to expand sales of high-value-added products for non-residential sectors such as infrastructure and manufacturing industries. As a result, revenue was 47,730 million yen, up 6.0% year on year.

In Central and South America, sales continued to be strong in the major countries, and we made efforts to expand sales of cordless products, particularly XGT series and cordless outdoor power equipment in various countries. As a result, revenue was 52,986 million, up 4.5% year on year. In Oceania, despite the ongoing sluggish construction and building market, revenue was 56,651 million yen, up 1.5% year on year due to the expansion of sales of cordless products with a focus on XGT series.

In the Middle East and Africa, construction and building demand remained strong primarily in oil-producing countries. As a result, revenue was 19,325 million yen, up 3.2% year on year.

Overall, overseas revenue accounted for 83.0% of total revenue.

In terms of profit, while the cost of sales ratio improved due to the impact of foreign exchange and ongoing cost reduction measures, operating profit decreased by 2.2% year on year to 104,705 million yen (an operating profit ratio: 13.5%) due to an increase in sales personnel and advertising expenses. Profit before income taxes decreased by 0.4% to 108,017 million yen (profit before income taxes ratio: 13.9%) and profit attributable to owners of the parent increased by 0.1% to 79,414 million yen (ratio of profit attributable to owners of the parent: 10.2%).

(Initiatives toward carbon neutrality)

The impact of climate change on society, such as frequent wind and flood disasters, is becoming more serious, and companies are playing an increasingly important role in realizing a decarbonized society. Makita 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 2026, more solar panels were added to an existing system at China plant, 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



(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 21,532 million yen for its capital expenditures. These funds used by the Corporation amounted to 7,336 million yen. This reflected mainly capital expenditures for buildings for the warehouse building at Okazaki Plant. These funds also used by the subsidiaries amounted to 14,196 million yen. This reflected mainly capital expenditures for buildings at the Australia and Singapore sales subsidiaries.

(4) Changes in Financial Position and Results of Operations

Description	111th period (ended March 31, 2023)	112th period (ended March 31, 2024)	113th period (ended March 31, 2025)	114th period (ended March 31, 2026)
Revenue (Millions of Yen)	764,702	741,391	753,130	777,600
Operating profit (Millions of Yen)	28,246	66,169	107,038	104,705
Profit before income taxes (Millions of Yen)	23,887	64,017	108,477	108,017
Profit attributable to owners of the parent (Millions of Yen)	11,705	43,691	79,338	79,414
Profit attributable to owners of the parent per share (Basic) (Yen)	43.11	162.13	294.90	299.95
Total assets (Millions of Yen)	1,099,351	1,055,808	1,106,525	1,181,185
Equity attributable to owners of the parent (Millions of Yen)	769,247	868,156	926,005	997,340
Ratio of profit attributable to owners of the parent to total equity attributable to owners of the parent (ROE) (%)	1.5	5.3	8.8	8.3

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.

(5) Significant Subsidiaries

Company Name	Capital (Thousands)	Proportion of Ownership and Voting interest (%)	Principal Business
Makita U.S.A., Inc.	USD 161,400	100.0	Sales of power tools
Makita (U.K.) Ltd.	GBP 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 (Australia) Pty. Ltd.	AUD 13,000	100.0	Sales of power tools
Makita (China) Co., Ltd.	USD 80,000	100.0	Production and sales of power tools
Makita do Brasil Ferramentas Elétricas Ltda.	BRL 917,567	99.9	Production and sales of power tools
Makita (Kunshan) Co., Ltd.	USD 25,000	100.0	Production 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.

(6) 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.

(7) Principal Sales Offices and Plants

1. The Corporation

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

2. Subsidiaries

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

(8) Employees

1. Employees of Makita

Number of Employees	Increase / Decrease
17,586	55 (Decrease)

2. Employees of the Corporation

Number of Employees	Increase / Decrease	Average Age	Average Years of Service
3,435	4 (Increase)	39.8	16.5

3. Promoting women employees of the Corporation

	The period ended March 31, 2025	The period ended March 31, 2025
Ratio of the women managers	1.6% (5 persons)	2.0% (6 persons)

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

(Initiatives of promotion of women employees in the Corporation)

We are implementing the following initiatives to promote women's advancement.

[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
- Prepare systems that facilitate flexible work styles, such as the expansion of the short working hour system for child care

Besides these initiatives, we made positive efforts to improve the system related to the ease of working, such as examining the introduction of a staggered working hours system to provide support for special caregiving, fertility treatment, and childcare operational from April 1, 2026.

Additionally, we held a "mid-career planning seminar for women" as last year for our female employees with the aim of providing them with an opportunity to reexamine their own strengths in order to utilize them to advance their careers going forward.

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 21,602,648 shares)

(3) Number of Shareholders: 17,327

(4) Major Shareholders:

Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	35,518	13.74
Custody Bank of Japan, Ltd. (Trust account)	12,641	4.89
Maruwa, Ltd.	8,808	3.40
MUFG Bank, Ltd.	8,426	3.26
Sumitomo Mitsui Banking Corporation	5,800	2.24
Makita Cooperation Companies' Investment Association	5,778	2.23
Nippon Life Insurance Company	5,353	2.07
National Mutual Insurance Federation of Agricultural Cooperatives	5,102	1.97
State Street Bank and Trust Company 505001	5,020	1.94
The Bank of New York Mellon as Depository Bank for DR Holders	4,496	1.73

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)	6,760 shares	8

3. Directors of the Corporation

(1) Directors

1. Directors

Title	Name	Position at the Corporation and Important Concurrent Posts
President*	Munetoshi Goto	
Director Managing Corporate Officer	Tetsuhisa Kaneko	General Manager of Research and Development 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 Corporate Officer	Yoshihisa Inuzuka	General Manager of Purchasing Headquarters
Director Corporate Officer	Hideyuki Kawase	General Manager of Quality Headquarters
Director	Takahiro Iwase	Outside Audit & Supervisory Board Member of DMG MORI CO., LTD.
Director	Takashi Ando	Chairman, Representative Director of Nagoya Railroad Co., Ltd. Outside Director of CHUBU-NIPPON BROADCASTING CO., LTD.
Director (Standing Audit & Supervisory Committee Member)	Koji Tsuzuki	
Director (Audit & Supervisory Committee Member)	Koji Nishikawa	Representative of Nishikawa Koji Accounting Firm
Director (Audit & Supervisory Committee Member)	Ayumi Ujihara	Representative of Ayumi Ujihara CPA Office Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. Partner of Kagayaki Audit Corporation Outside Director (Audit & Supervisory Committee Member) of Riken Vitamin Co., Ltd.
Director (Audit & Supervisory Committee Member)	Minae Fukumoto	Attorney at Law (Fukumoto Law Firm)

The Nomination and Compensation Committee Members:

Mr. Takahiro Iwase **, Mr. Takashi Ando, Mr. Koji Nishikawa, Mr. Munetoshi Goto, Mr. Yukihiro Otsu

(** denotes Chairman of the Committee.)

Notes: 1. * denotes Representative Director.

2. In order to promote swift execution of group strategies and strengthen the business affairs of Makita, the Corporation has introduced the Corporate Officer System. Corporate officers consist of 17 members including Directors.
3. Mr. Takahiro Iwase, Mr. Takashi Ando, Mr. Koji Nishikawa, Ms. Ayumi Ujihara and Ms. Minae Fukumoto are Outside Directors.
4. In order to enhance the effectiveness of the audit and supervisory function, 1 Standing Audit & Supervisory Committee Member is selected.
5. 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.
6. Ms. Ayumi Ujihara, a Director (Audit & Supervisory Committee Member), is a certified public accountant, and has a substantial amount of expertise in finance and accounting.
7. The Corporation has designated Mr. Takahiro Iwase and Mr. Takashi Ando each a Director, and Mr. Koji Nishikawa, Ms. Ayumi Ujihara and Ms. Minae Fukumoto 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.
8. 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)	345	100	11	216	8	29	8
Directors (Audit & Supervisory Committee Members)	35	35	6	-	-	-	-
Total	380	135	17	216	8	29	8

Notes: 1. The aggregate amount of base compensation includes the amount of 29 million yen paid to Outside Executives (3 Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), 4 Outside Directors (Audit & Supervisory Committee Members)).

2. Other than the above, the amount of 117 million yen was paid to 6 Directors who concurrently serve as employees as employee salaries (including bonuses).

3. 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.

4. 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 299.95 yen.

5. 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 3 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 23).

6. 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: Outside Director Takahiro Iwase, Outside Director Takashi Ando, Outside Director (Audit & Supervisory Committee Member) Koji Nishikawa, President and Representative Director Munetoshi Goto, and Director, Corporate Officer Yukihiro Otsu. The Chairman of the Committee is Outside Director Takahiro Iwase.

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 18).

(5) Outside Directors

1. Relation between the Corporation and other organizations where Outside directors hold important concurrent posts

Mr. Takashi Ando serves as Chairman and Representative Director at Nagoya Railroad Co., Ltd. Makita outsources transportation services to Nagoya Railroad Co., Ltd. and its corporate group. This year, such outsourcing costs amounted to 168 million yen, which is only 0.02% of the consolidated net sales of the Nagoya Railroad Group.

There are no material transactions or other relationships requiring disclosure between the Corporation and the organizations where the other outside directors hold important concurrent posts as described in “(1) 1.directors”.

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	Takahiro Iwase	100% (12/12)	-	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. So, he contributed to enhancement of the supervisory function for the management and decision-making from various viewpoints at the Board of Directors, and performed his appropriate role as Outside Director. 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 & Supervisory Committee members).
Director	Takashi Ando	90% (9/10)	-	He has a thorough experience of corporate management and broad insight because he has participated in the management of Nagoya Railroad Co., Ltd. for many years, and expressed his opinions from the perspective at the Board of Directors of the Corporation. So, he contributed to enhancement of the supervisory function for the management and decision-making from various viewpoints at the Board of Directors, and performed his appropriate role as Outside Director. 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 & Supervisory Committee members).

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 (Audit & Supervisory Committee Member)	Koji Nishikawa	100% (12/12)	100% (14/14)	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 & Supervisory Committee. So, he contributed to enhancement of the audit and supervisory function for the management and decision-making from various viewpoints at the Board of Directors, and performed his appropriate role as Outside Director who is Audit & 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 & Supervisory Committee members).
Director (Audit & Supervisory Committee Member)	Ayumi Ujihara	100% (12/12)	100% (14/14)	She has extensive knowledge and expertise in finance and accounting and global corporate audits as a certified public accountant and expressed her opinions from the perspective at the Board of Directors and the Audit & Supervisory Committee. So, she contributed to enhancement of the audit and supervisory function for the management and decision-making from various viewpoints at the Board of Directors, and performed her appropriate role as Outside Director who is Audit & Supervisory Committee Member.
Director (Audit & Supervisory Committee Member)	Minae Fukumoto	100% (10/10)	100% (10/10)	She has extensive knowledge and expertise gained through his practice as attorney at law, and expressed her opinions from the perspective at the Board of Directors and the Audit & Supervisory Committee. So, she contributed to enhancement of the audit and supervisory function for the management and decision-making from various viewpoints at the Board of Directors, and performed her appropriate role as Outside Director who is Audit & Supervisory Committee Member.

Notes: The Corporation received a recommendation from the Fair Trade Commission on December 16, 2025, based on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors. Although Mr. Takahiro Iwase, Mr. Takashi Ando, Mr. Koji Nishikawa, Ms. Ayumi Ujihara, and Ms. Minae Fukumoto were not aware of the matter in advance, they have been providing proposals from the perspective of legal compliance at the Board of Directors meetings and on other occasions. Furthermore, after becoming aware of this matter, they have fulfilled their duties by investigating the facts, and providing advice on measures to prevent recurrence, etc.

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	138
2. Total amount of cash and other financial benefits payable by the Corporation and its subsidiaries to the Accounting Auditor	156

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 June 25, 2025, 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. All significant subsidiaries of the Corporation are conducted by member firms of KPMG International.

(3) Contents of Non-Audit Services

The Corporation has engaged, and paid a consideration to, the Accounting Auditor to provide support services to comply with the Corporate Sustainability Reporting Directive, Sustainability Standards Board of Japan and European Union Deforestation Regulation, which are services other than the services provided for under Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan (i.e., Non-Audit Services).

(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 policy on the distribution of profits has been the total return ratio at 35% or greater, with a lower limit on annual cash dividends of 20 yen per share. (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.) However, from the viewpoint of strengthening shareholder returns and improvement in capital efficiency, we have reviewed this policy and decided to adopt a consolidated dividend payout ratio of 50% or greater; however, in the event special circumstances arise, with such factors taken into account, starting from the year ended March 31, 2026.

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.

The Corporation's basic policy is to distribute dividends from surplus twice a year, in the form of interim and year-end dividends.

The decision-making organs for these dividends from surplus are the General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends.

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, 2026)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	808,192	Current liabilities	138,980
Cash and cash equivalents	257,385	Trade and other payables	55,358
Trade receivables and other receivables	122,018	Borrowings	2,384
Inventories	375,829	Other financial liabilities	4,865
Other financial assets	33,686	Income taxes payable	14,585
Other current assets	19,273	Provisions	6,766
Non-current assets	372,993	Other current liabilities	55,022
Property, plant and equipment	278,067	Non-current liabilities	37,664
Goodwill and intangible assets	9,619	Retirement benefit liability	3,420
Other financial assets	44,414	Other financial liabilities	15,165
Retirement benefit asset	13,548	Provisions	1,985
Deferred tax assets	22,153	Deferred tax liabilities	16,290
Other non-current assets	5,193	Income taxes payable	182
		Other non-current liabilities	621
		Total liabilities	176,644
		(Equity)	
		Share capital	23,805
		Capital surplus	45,432
		Retained earnings	779,488
		Treasury shares	(76,727)
		Other components of equity	225,342
		Total equity attributable to owners of the parent	997,340
		Non-controlling interests	7,201
		Total equity	1,004,541
Total assets	1,181,185	Total liabilities and equity	1,181,185

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

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2025 to March 31, 2026)

(Millions of Yen)

REVENUE	777,600
Cost of sales	(493,630)
GROSS PROFIT	283,971
Selling and general administrative expenses	(179,266)
OPERATING PROFIT	104,705
Finance income	6,896
Finance costs	(3,584)
PROFIT BEFORE TAX	108,017
Income tax expense	(28,579)
PROFIT FOR CURRENT YEAR	79,438
Attributable to:	
Owners of the parent	79,414
Non-controlling interests	24

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

BALANCE SHEET

(As of March 31, 2026)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	247,039	Current liabilities	122,646
Cash and deposits	106,248	Accounts payable - trade	51,815
Notes receivable – trade	17	Short-term borrowings	46,748
Accounts receivable – trade	77,423	Accounts payable - other	4,637
Merchandise and finished goods	32,752	Accrued expenses	8,250
Work-in-process	2,008	Income taxes payable	8,130
Raw materials and supplies	13,334	Provision for bonuses for directors (and other officers)	216
Short-term loans receivable	7,232	Provision Allowance for product warranties	529
Other	8,031	Other	2,321
Allowance for doubtful accounts	(7)	Non-current liabilities	5,277
Non-current assets	393,649	Deferred tax liabilities	5,011
Tangible fixed assets	89,936	Provision for retirement benefits	228
Buildings	53,045	Long-term income taxes payable	4
Structures	3,154	Other	33
Machinery and equipment	7,853	Total liabilities	127,923
Vehicles and transportation equipment	146	(Net assets)	
Tools, furniture and fixtures	4,767	Shareholders' equity	491,236
Land	19,186	Share capital	24,206
Construction in progress	1,785	Capital surplus	48,138
Intangible fixed assets	2,420	Legal capital surplusAdditional paid-in capital	47,525
Software	1,215	Other capital surplus	612
Industrial property rights	78	Retained earnings	495,620
Other	1,126	Legal retained earningsLegal reserve	5,669
Investment and other assets	301,293	Other retained earnings	489,950
Investment securities	41,516	Reserve for dividend	750
Shares of subsidiaries and associates	140,700	Reserve for research and developmentReserve for technical research	1,500
Investments in capital of subsidiaries and associates	101,826	Reserve for tax purpose reduction entry	2,233
Guarantee depositsLease deposits	850	Reserve for advanced depreciation	85,000
Prepaid pension cost	13,936	General reserves	400,467
Other	2,465	Retained earnings carried forward	400,467
		Treasury shares	(76,727)
		Valuation and translation adjustments	21,530
		Valuation difference on available-for-sale securities	21,530
		Total net assets	512,766
Total assetsTotal assets	640,689	Total liabilities and net assets	640,689

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

STATEMENT OF INCOME

(From April 1, 2025 to March 31, 2026)

(Millions of Yen)

Net sales		467,662
Cost of sales		373,088
Gross profit		94,574
Selling, general and administrative expenses		54,664
Operating profit		39,910
Non-operating income		
Interest and dividend income	36,036	
Other non-operating income	817	36,853
Non-operating expenses		
Interest expenses	109	
Foreign exchange losses	1,429	
Other non-operating expenses	17	1,555
Ordinary income		75,208
Extraordinary income		
Gain on sales of non-current assets	1	
Gain on sale of investment securities	1,205	1,206
Extraordinary losses		
Loss on sale and retirement of non-current assets	845	
Loss on sale of investment securities	1	
Loss on valuation of investment securities	1,029	1,875
Profit before income taxes		74,539
Income taxes - current		12,146
Income taxes - deferred		(134)
Profit		62,527

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

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

Accounting Audit Report of Accounting Auditor on Consolidated Financial Statements

Independent Auditor's Report

May 15, 2026

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, 2026 and for the year from April 1, 2025 to March 31, 2026 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 in Japan (including those that are relevant to our audit of the consolidated financial statements of public interest entities), 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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, actions taken to eliminate threats or safeguards applied.

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.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies 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 15, 2026

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, 2026 and for the year from April 1, 2025 to March 31, 2026 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 in Japan (including those that are relevant to our audit of the financial statements of public interest entities), 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, actions taken to eliminate threats or safeguards applied.

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.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan.

AUDIT REPORT

The Audit & Supervisory Committee, having audited regarding the performance of duties of Directors during the 114th period, from April 1, 2025 to March 31, 2026, 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). 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 19, 2026

Audit & Supervisory Committee
Makita Corporation

Koji Tsuzuki(Seal)
Standing Audit & Supervisory Committee Member

Koji Nishikawa (Seal)
Audit & Supervisory Committee Member

Ayumi Ujihara (Seal)
Audit & Supervisory Committee Member

Minae Fukumoto (Seal)
Audit & Supervisory Committee Member

Notes: Mr. Koji Nishikawa, Ms. Ayumi Ujihara and Ms. Minae Fukumoto, 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 114th Ordinary General Meeting of Shareholders Originally Issued in Japanese Language)

June 2, 2026

**THE OTHER MATERIALS REGARDING MEASURES FOR ELECTRONIC PROVISION OF
THE 114TH 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 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.
- (ii) Corporate Officers in charge of operation (17 officers as of March 31, 2026, including 4 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 meets with Accounting Auditors and exchanges information every quarter.
- (ii) The Audit & Supervisory Committee has 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, 2025 to March 31, 2026)

(Millions of Yen)

	Equity attributable to owners of the parent					Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
Balance on April 1, 2025	23,805	46,014	732,556	(21,470)	145,101	926,005
Profit for current year			79,414			79,414
Other comprehensive income, net of income taxes					77,264	77,264
Total comprehensive income	—	—	79,414	—	77,264	156,678
Dividends			(29,504)			(29,504)
Purchase of treasury shares				(55,928)		(55,928)
Share-based payment transactions		(581)		671		90
Transfer from other components of equity to retained earnings			(2,977)		2,977	—
Others			(1)			(1)
Total transactions with owners	—	(581)	(32,481)	(55,257)	2,977	(85,343)
Balance on March 31, 2026	23,805	45,432	779,488	(76,727)	225,342	997,340

	Non-controlling interest	Total equity
Balance on April 1, 2025	6,490	932,495
Profit for current year	24	79,438
Other comprehensive income, net of income taxes	686	77,950
Total comprehensive income	710	157,388
Dividends		(29,504)
Purchase of treasury shares		(55,928)
Share-based payment transactions		90
Transfer from other components of equity to retained earnings		—
Other		(1)
Total transactions with owners	—	(85,343)
Balance on March 31, 2026	7,201	1,004,541

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 (Australia) Pty. Ltd., Makita (China) Co., Ltd., Makita do Brasil Ferramentas Eléctricas Ltda., Makita (Kunshan) Co., Ltd., SC Makita EU S.R.L. (Romania)

3. Accounting Policies

(1) Valuation of Financial Instruments

I. 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.

II. 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 expectation 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.

III. 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.

IV. 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.

(2) 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.

(3) Depreciation Method of Significant Depreciable Assets

I. 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 20 years

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

II. 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:	8 to 17 years

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

III. 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. In other cases, the right-of-use assets are depreciated by using the straight-line method over the shorter of the estimated useful life or the lease term.

(4) 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 or 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.

(5) 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.

(6) 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.

(7) Translation

I. 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.

II. 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 at the exchange of the reporting date in accordance with the

hyperinflation accounting.

(8) 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.

4. Changes in accounting policy:

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

IFRS	Title	Outline of new standards
IAS 21	The Effects of Changes in Foreign Exchange Rates	Provisions for determining the appropriate exchange rate when a currency lacks exchangeability

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

Notes to Accounting Estimates

The following items have balance amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2026 under the accounting estimates and may have a significant impact on the consolidated financial statements for the fiscal year ended March 31, 2027.

- Measurement of defined benefit obligation

The amount of defined benefit obligation recorded in the consolidated financial statements for the fiscal year ended March 31, 2026 is 29,361 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 are 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, 2026 is 22,153 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, 2026 is 375,829 million yen, which is recorded after subtracting the book value devaluation of 44,623 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

1. Allowance for doubtful receivables directly deducted from assets
Trade and other receivables: 1,598 million yen
2. Accumulated depreciation of property, plant and equipment: 270,379 million yen
Accumulated depreciation includes accumulated impairment losses.

Notes to Consolidated Statement of Changes in Equity

1. Matter regarding shares issued

Type of shares	Beginning of the period	Increase	Decrease	End of the period
Common shares	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 25, 2025	Common shares	24,214	90	March 31, 2025	June 26, 2025
Board of Directors held on October 31, 2025	Common shares	5,290	20	September 30, 2025	November 28, 2025

(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 to be held on June 24, 2026	Common shares	Retained earnings	33,594	130	March 31, 2026	June 25, 2026

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, and 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, Makita 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. Makita 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, Makita 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, 2026 are as follows.

(Millions of Yen)		
	Carrying amount	Fair value
Financial assets measured at amortized cost	310	296
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 in active market for identical assets and liabilities

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

Level 3: Fair value measured with 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.

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	310	—	296	—	296

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.

(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				
Shares	40,447	—	1,726	42,173
Financial assets measured at fair value through profit or loss				
Derivative assets	—	1,595	—	1,595
Others	—	—	438	438
Total	40,447	1,595	2,164	44,206
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	925	—	925
Total	—	925	—	925

Notes: 1. There were no reclassifications between Level 1 and Level 2 during the consolidated fiscal year ended March 31, 2026.

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 and investment for a Limited Liability Investment Partnership. In accordance with the Group’s accounting policies, the fair value is measured using the most recently available data.

Reconciliation of the financial instruments categorized as Level 3 from the balance at beginning of the period to the balance at end of the period

Changes of the financial instruments categorized as Level 3 from the balance at beginning of the period to the balance at end of the period are as follows:

	(Millions of Yen)
	The consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Balance at beginning of the period	1,678
Gains and losses recognized in profit or loss	(71)
Gains and losses recognized in other comprehensive income	52
Purchases	510
Sales	(5)
Balance at end of the period	2,164

- Notes: 1. Gains and losses included in profit or loss relate to the financial assets measured at fair value through the profit or loss as of the last day of the reporting period. These gains and losses are included in “Finance income” and “Finance costs” in the consolidated statement of income.
2. Gains and losses included in other comprehensive income relate to the equity instruments measured at fair value through other comprehensive income as of the reporting date. These gains and losses are included in “net changes in the fair value of the equity instruments measured at fair value through other comprehensive income.”

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, 2025 To March 31, 2026)
Power tools	409,912
Outdoor power equipments, household and other products	190,058
Parts, Repairs, and accessories	177,630
Total	777,600

(ii) Revenue by region

Details of revenue by region are as follows:

(Millions of Yen)

	The consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Japan	132,136
Europe	390,110
North America (United States)	78,662 (68,450)
Asia	47,730
Others	128,963
Total	777,600

Note: Revenue is classified as countries or regions on the basis of the location of customers.

(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 "3. Accounting Policies (8) 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	3,859.45 yen
Profit attributable to owners of the parent per share (Basic)	299.95 yen

Notes to Significant Subsequent Events:

None.

STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at April 1, 2025	24,206	47,525	272	47,797
Changes during this period				
Reversal of reserve for tax purpose reduction entry				
Dividends of surplus				
Net income				
Purchase of treasury shares				
Disposal of treasury shares			340	340
Net change of items other than shareholders' equity				
Total changes during this period	—	—	340	340
Balance at March 31, 2026	24,206	47,525	612	48,138

	Shareholders' equity								
	Retained earnings							Treasury shares	Total shareholders' equity
	Other retained earnings						Total retained earnings		
	Legal reserve	Reserve for dividend	Reserve for research and development	Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward			
Balance at April 1, 2025	5,669	750	1,500	2,270	85,000	367,407	462,596	(21,470)	513,129
Changes during this period									
Reversal of reserve for tax purpose reduction entry				(37)		37			
Dividends of surplus						(29,504)	(29,504)		(29,504)
Net income						62,527	62,527		62,527
Purchase of treasury shares								(55,928)	(55,928)
Disposal of treasury shares								671	1,011
Net change of items other than shareholders' equity									
Total changes during this period	—	—	—	(37)	—	33,060	33,023	(55,257)	(21,893)
Balance at March 31, 2026	5,669	750	1,500	2,233	85,000	400,467	495,620	(76,727)	491,236

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2025	14,428	14,428	527,557
Changes during this period			
Reversal of reserve for tax purpose reduction entry			
Dividends of surplus			(29,504)
Net income			62,527
Purchase of treasury shares			(55,928)
Disposal of treasury shares			1,011
Net change of items other than shareholders' equity	7,101	7,101	7,101
Total changes during this period	7,101	7,101	(14,792)
Balance at March 31, 2026	21,530	21,530	512,766

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: (Excluding lease assets)	Straight-line method Useful life: Buildings: 31 to 50 years Machinery and equipment: 5 to 10 years
Intangible fixed assets: (Excluding lease assets)	Straight-line method 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 8 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.

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.

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 48,094 million yen, which is recorded after subtracting the book value devaluation of 1,731 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	37,372	million yen
Structures	3,683	million yen
Machinery and equipment	15,659	million yen
Vehicles and transportation equipment	310	million yen
Tools, furniture and fixtures	28,753	million yen
Total	<u>85,776</u>	<u>million yen</u>

2. Guarantee:

Guarantee for borrowing from financial institution

Maximum amount of guarantee for Makita U.S.A., Inc.
(50 million U.S. dollars) 7,994 million yen

Maximum amount of guarantee for Makita Engineering
Germany GmbH (1.35 million euros) 248 million yen

3. Receivables and payables for affiliates:

Short-term receivables	63,271	million yen
Short-term payables	93,049	million yen

Notes to Statement of Income

Transactions with affiliates

Amount of operating transactions

Sales 313,320 million yen

Purchases, etc. 291,422 million yen

Amount of non-operating transactions

Non-operating income 35,224 million yen

Non-operating expenses 108 million yen

Notes to Statement of Changes in Net Assets

1. Matter regarding treasury shares

Type of shares	Beginning of the period	Increase	Decrease	End of the period
Common shares	10,976,752 shares	10,819,764 shares	193,868 shares	21,602,648 shares

(Reasons for the change)

The reason for the increase is as follows:

Purchase of treasury shares 10,819,100 shares

Purchase of shares constituting less than a full unit 664 shares

The reason for the decrease is as follows:

Additional purchase of shares constituting less than a full unit 90 shares

Allotment of restricted shares 193,778 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	2,246	million yen
Inventories	1,161	million yen
Accrued enterprise taxes	553	million yen
Loss on valuation of investment securities	868	million yen
Excess in depreciation	3,172	million yen
Loss on impairment of fixed assets	87	million yen
Other	1,273	million yen
Subtotal	9,360	million yen
Valuation allowance	(568)	million yen
Total	8,792	million yen
Deferred tax liabilities		
Prepaid pension cost	(4,263)	million yen
Net unrealized gains on securities	(8,545)	million yen
Reserve for advanced depreciation of fixed assets	(995)	million yen
Total	(13,803)	million yen
Net amount of deferred tax liabilities	(5,011)	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	(13.3%)
Withholding tax on foreign dividends	4.2%
Tax sparing for experiment and research expenses	(1.9%)
Global Minimum Tax	0.0%
Transfer pricing adjustment-related matters	(3.3%)
Other	0.2%
Effective income tax rate after the adoption of tax effect accounting	16.1%

Notes to Fixed Assets Used through Leases

Operating leases

Lease commitments under non-cancelable operating leases		
Within 1 year	348	million yen
Over 1 year	2,684	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)		Persons equivalent to directors
Corporate name	TOA Co., Ltd. (Note 1)	Maruwa, Ltd. (Note 2)	Masahiko Goto (Note 4)
Principal business or position	Design, production and distribution of automatic regulators	Real estate business	Honorary Chairman
Owning and owned ratio of voting rights (%)	Direct owned ratio: 0.0	Direct owned ratio: 3.4	Direct owned ratio: 0.9
Relationship	Purchase of production equipment Interlocking Directors (Number of directors: 2)	Advertising Interlocking Directors (Number of directors: 2)	Honorary Chairman
Principal transactions	Purchase of production equipment (Note 3)	Advertising (Note 3)	Payment of remuneration for Honorary Chairman
Transaction amount (Millions of Yen)	62	2	15
Account title	Other payable	-	Accrued expenses
Balance at end of the period (Millions of Yen)	1	-	1

Terms of transactions and the policy to decide the terms.

- (Note 1) Masahiko Goto, Honorary Chairman (Former 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, Honorary Chairman (Former 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.
- (Note 4) Mr. Masahiko Goto is a former Representative Director of the Corporation, and because we believe that it will be beneficial to businesses of the Corporation for him to provide advice and support to the current management, based on his management experience for a long period, we have appointed him as Honorary Chairman. The amount of remuneration has been determined upon discussion by the Nomination and Compensation Committee, taking into consideration the details of his commissioned duties.

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 Borrowing of funds Interlocking Directors (Number of directors: 3)	
Detail of transaction	Debt guarantee (Note 1)	Borrowing of funds (Note 2)
Transaction amount (Millions of Yen)	7,994	31,318
Account title	-	Short-term borrowings
Balance at end of the period (Millions of Yen)	-	31,976

Attribute	Subsidiaries	
Corporate name	Makita (U.K.) Ltd.,	
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0	
Relationship	Borrowing of funds Interlocking Directors (Number of directors: 1)	
Detail of transaction	Borrowing of funds (Note 3)	
Transaction amount (Millions of Yen)	14,863	
Account title	Short-term borrowings	
Balance at end of the period (Millions of Yen)	14,772	

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: 3)	Purchase of merchandise and finished goods, etc. Interlocking Directors (Number of directors: 3)
Detail of transaction	Purchase of merchandise and finished goods, etc. (Note 4)	Purchase of merchandise and finished goods, etc. (Note 4)
Transaction amount (Millions of Yen)	117,625	141,793
Account title	Trade payable	Trade payable
Balance at end of the period (Millions of Yen)	17,909	20,699

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 (50 million U.S. dollars).
- (Note 2) For Makita U.S.A., Inc., the Corporation has borrowed of funds, and the amount shown in “Transaction amount” represents the amount of borrow (200 million U.S. dollars).
- (Note 3) For Makita (U.K.) Ltd., the Corporation has borrowed of funds, and the amount shown in “Transaction amount” represents the amount of borrow (70 million British pounds).
- (Note 4) The price of goods and other terms of transactions are determined upon negotiation, considering the prevailing market prices.

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 1,984.27 yen

Net income per share 236.17 yen

Notes to Significant Subsequent Events:

None.

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.