Summary English Translation of the Notice of the 112th Ordinary General Meeting of Shareholders Originally Issued in Japanese Language)

MAKITA CORPORATION

(Stock code: 6586)
June 4, 2024
(Measures for electronic provision have commenced on May 30, 2024)

To the Shareholders of
MAKITA CORPORATION

NOTICE OF THE 112TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are respectfully requested to attend the 112th 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 112th 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 securities code, and select "Basic information" then "Documents for public inspection/PR information" to view the matters.

Makita Corporation　　　　Tokyo Stock Exchange

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

1. Date and Time: 10 a.m., Wednesday, June 26, 2024

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 112th period (from April 1, 2023 to March 31, 2024) and the Audit Reports on such Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee
2. The Financial Statements for the 112th 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 25, 2024.

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 47 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	New election Man
3	Takashi Tsuchiya	Reelection Man	8	Hideyuki Kawase	New election Man
4	Masaki Yoshida	Reelection Man	9	Masahiro Sugino	Reelection Man
5	Takashi Omote	Reelection Man	10	Takahiro Iwase	Reelection Man

No.3 Payment of Bonus to Directors

At end of this period, the Corporation has 15 Directors. We would like to pay Directors' bonuses to 9 Directors in the amount of 154 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 has its basic policy for profit distribution to propose the dividends with total return ratio of at least 35% of profit, with a minimum amount for annual total dividends at 20 yen per share; provided, however, that if special circumstances arise, the amount of dividends will be determined based on profit attributable to owners of the parent per share (Basic) after certain adjustments reflecting such circumstances.

In accordance with this basic policy for profit distribution, and based on our comprehensive review of the consolidated business result for this period and forecasts and plans of our future businesses, we propose year-end dividends to shareholders as follows.

As this dividend, the total dividends for this period under review shall amount to 57 yen per share that include interim dividends in the amount of 10 yen per share, and the consolidated dividend payout ratio is 35.2 %.

In this period, we repurchased treasury shares (total purchase price: 9,999,789,600 yen, total number of shares: 2,532,400). As a result of this repurchase, total return ratio is 58.0%.

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

    47 yen per share of common stock

    Total amount: 12,644,123,253 yen

2. Effective date of dividend payment

    June 27, 2024

Note: The details of the above basic policy for profit distribution is described in “5. Policy on Determination of Dividends from Surplus, etc.” (page 28).

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

The term of offices of all 11 Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply throughout this proposal) in office will have expired at the conclusion of this General Meeting of Shareholders, and we would like to request the election of 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	Reelection Man	President and Representative Director	12/12 (100%)
2	Tetsuhisa Kaneko	Reelection Man	Director, Corporate Officer General Manager of Research and Development Headquarters	12/12 (100%)
3	Takashi Tsuchiya	Reelection Man	Director, Corporate Officer General Manager of Domestic Sales Headquarters	12/12 (100%)
4	Masaki Yoshida	Reelection Man	Director, Corporate Officer General Manager of Production Headquarters	12/12 (100%)
5	Takashi Omote	Reelection Man	Director, Corporate Officer General Manager of International Sales Headquarters	12/12 (100%)
6	Yukihiro Otsu	Reelection Man	Director, Corporate Officer General Manager of Administration Headquarters	12/12 (100%)
7	Yoshihisa Inuzuka	New election Man	Corporate Officer, Assistant General Manager of Research and Development Headquarters	-
8	Hideyuki Kawase	New election Man	Corporate Officer, Assistant General Manager of Production Headquarters	-
9	Masahiro Sugino	Reelection Outside Independent Man	Outside Director	12/12 (100%)
10	Takahiro Iwase	Reelection Outside Independent Man	Outside Director	12/12 (100%)

<table>
<tr><th>Candidate Number</th><th>Name
(Date of birth)</th><th>Brief personal background, title and position and Important concurrent posts</th><th>Number of the Corporation’s shares held</th></tr>
<tr><td rowspan="2">1</td><td>Reelection
Man
Munetoshi Goto
(April 26, 1975)

[Attendance rate of the Board of Directors meetings]
12/12
(100%)</td><td>April 1999 Joined the Corporation
April 2012 General Manager of International Sales Administration Department
June 2013 Director, Corporate Officer, General Manager of International Sales Headquarters
June 2017 President and Representative Director (present)</td><td rowspan="2">475,377</td></tr>
<tr><td colspan="2">[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.</td></tr>
<tr><td rowspan="2">2</td><td>Reelection
Man
Tetsuhisa Kaneko
(April 6, 1955)

[Attendance rate of the Board of Directors meetings]
12/12
(100%)</td><td>March 1981 Joined the Corporation
April 2004 General Manager of Technical Research Department
August 2005 General Manager of Production Department 2
October 2006 General Manager of Production Department 1
June 2007 Director, General Manager of Purchasing Headquarters
June 2009 Director, Corporate Officer, General Manager of Purchasing Headquarters
May 2010 Director, Corporate Officer, General Manager of Production Headquarters (in charge of China Plant)
June 2015 Director, Corporate Officer, General Manager of Production Headquarters
June 2017 Director, Corporate Officer, General Manager of Research and Development Headquarters (present)</td><td rowspan="2">25,812</td></tr>
<tr><td colspan="2">[Reason for nomination as candidate for Director]
Mr. Tetsuhisa Kaneko has held important positions in the development division, and has served as the head of the production subsidiary in China, a core facility of the production division, General Manager of Purchasing Headquarters, and General Manager of Production Headquarters of the Corporation. He currently serves as General Manager of Research and Development Headquarters and has a deep understanding of the business and management mainly in the areas of development, production, and purchasing of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.</td></tr>
<tr><td rowspan="2">3</td><td>Reelection
Man
Takashi Tsuchiya
(September 1, 1957)

[Attendance rate of the Board of Directors meetings]
12/12
(100%)</td><td>March 1982 Joined the Corporation
April 2001 Manager of Shizuoka Branch Office
October 2003 Manager of Tokyo Branch Office
April 2010 General Manager of Sales Administration Department
June 2013 Corporate Officer, General Manager of Domestic Sales Headquarters (in charge of Tokyo Sales Department)
June 2015 Director, Corporate Officer, General Manager of Domestic Sales Headquarters (present)</td><td rowspan="2">21,412</td></tr>
<tr><td colspan="2">[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.</td></tr>
</table>

<table>
<tr><th>Candidate Number</th><th>Name
(Date of birth)</th><th>Brief personal background, title and position and Important concurrent posts</th><th>Number of the Corporation's shares held</th></tr>
<tr><td rowspan="2">4</td><td>Reelection
Man
Masaki Yoshida
(June 17, 1962)

[Attendance rate of the Board of Directors meetings]
12/12
(100%)</td><td>March 1985 Joined the Corporation
October 2007 General Manager of Production Control Department
April 2010 General Manager of Production Department 2
April 2011 General Manager of Production Development Department
February 2012 Vice President of Makita (China) Co., Ltd.
June 2015 Director, Corporate Officer, Assistant General Manager of Production Headquarters of the Corporation (in charge of China Plant)
April 2018 Director, Corporate Officer, Assistant General Manager of Production Headquarters
June 2021 Director, Corporate Officer, General Manager of Production Headquarters (present)</td><td rowspan="2">13,932</td></tr>
<tr><td colspan="2">[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.</td></tr>
<tr><td rowspan="2">5</td><td>Reelection
Man
Takashi Omote
(February 10, 1959)

[Attendance rate of the Board of Directors meetings]
12/12
(100%)</td><td>March 1982 Joined the Corporation
January 1995 President of Makita Mexico, S.A. de C.V.
March 2001 President of Makita do Brasil Ferramentas Elétricas Ltda.
June 2013 Corporate Officer of the Corporation (in charge of Central and South America Sales)
June 2017 Director, Corporate Officer, General Manager of International Sales Headquarters (present)</td><td rowspan="2">11,452</td></tr>
<tr><td colspan="2">[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 serves as General Manager of International Sales Headquarters since June 2017. As such, he has a deep understanding of the business and management mainly in the area of overseas sales of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.</td></tr>
<tr><td rowspan="2">6</td><td>Reelection
Man
Yukihiro Otsu
(August 27, 1960)

[Attendance rate of the Board of Directors meetings]
12/12
(100%)</td><td>March 1983 Joined the Corporation
April 2009 Assistant Manager of Finance Department
December 2009 Vice President of Makita (China) Co., Ltd.
October 2013 General Manager of Accounting Department of the Corporation
June 2017 Director, Corporate Officer, General Manager of Administration Headquarters (present)</td><td rowspan="2">11,452</td></tr>
<tr><td colspan="2">[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.</td></tr>
</table>

<table>
<tr><th>Candidate Number</th><th>Name
(Date of birth)</th><th>Brief personal background, title and position and Important concurrent posts</th><th>Number of the Corporation’s shares held</th></tr>
<tr><td rowspan="2">7</td><td>New election
Man
Yoshihisa Inuzuka
(February 15, 1961)</td><td>March 1984 Joined the Corporation
April 2009 General Manager of Production Department 2
April 2010 General Manager of Production Development Department
March 2011 Plant Manager of Makita do Brasil Ferramentas Elétricas Ltda.
April 2016 General Manager of Research & Development Planning Department of the Corporation
June 2021 Corporate Officer, Assistant General Manager of Research and Development Headquarters (present)</td><td rowspan="2">7,000</td></tr>
<tr><td colspan="2">[Reason for nomination as candidate for Director]
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 currently serves as Assistant General Manager of Research and Development Headquarters and has a deep understanding of the business and management mainly in the areas of development and production of the Corporation. The Corporation proposes his appointment as Director because we believe that his wealth of experience and insight are indispensable for the management of the Corporation.</td></tr>
<tr><td rowspan="2">8</td><td>New election
Man
Hideyuki Kawase
(July 31, 1963)</td><td>March 1986 Joined the Corporation
April 2012 President of SC Makita EU S.R.L. (Romania)
April 2018 President of Makita (China) Co., Ltd.
June 2021 Corporate Officer, Assistant General Manager of Production Headquarters of the Corporation (in charge of China Plant)
March 2024 Corporate Officer, Assistant General Manager of Production Headquarters (present)</td><td rowspan="2">10,000</td></tr>
<tr><td colspan="2">[Reason for nomination as candidate for Director]
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 currently served as Assistant General Manager of Production Headquarters, 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.</td></tr>
</table>

Candidate Number	Name (Date of birth)	Brief personal background, title and position and Important concurrent posts	Number of the Corporation's shares held
9	Reelection Outside Independent Man Masahiro Sugino (November 18, 1944) [Attendance rate of the Board of Directors meetings] 12/12 (100%)	April 1967 Jointed Ina Seito Co., Ltd. (present; LIXIL Corporation) January 1992 Director of INAX Corporation ("INAX", past; Ina Seito Co., Ltd.) January 1996 Managing Director of INAX January 2000 Senior Managing Director of INAX October 2001 President and Representative Director of INAX June 2007 Chairman and Representative Director of INAX June 2007 President and Representative Director of JS Group Corporation (present; LIXIL Corporation) April 2011 President and Representative Director of LIXIL Corporation June 2011 Director and Advisor of LIXIL Corporation June 2013 Advisor of LIXIL Corporation June 2015 Outside Director of the Corporation (present) June 2017 Outside Director of MISAWA HOMES CO., LTD. February 2018 Outside Director of KITAKEI CO., LTD. (present) July 2018 Special Advisor of LIXIL Corporation January 2020 Advisor of LIXIL Corporation (present) (Important Concurrent Posts) Advisor of LIXIL Corporation Outside Director of KITAKEI CO., LTD.	—
	[Reason for nomination as candidate for Outside Director and outline of the expected role] Mr. Masahiro Sugino has participated in the management of LIXIL Group, including INAX, for many years and has a thorough knowledge of corporate management, with which he currently provides useful opinions on the management of the Corporation from a broad perspective. The Corporation expect him to utilize his wealth of experience and broad insight for the management of the Corporation from an independent perspective. He is an Outside Director of the Corporation since June 2015, and his term of office will be 9 years at the conclusion of this General Meeting of Shareholders. Although the Corporation set, in principle, a maximum term of office of 8 years as the standard for the independence of Outside Director, considering his understanding of the business of the Corporation and his contribution to the Board of Directors, we believe that his presence is essential to increase the corporate value of the Corporation. Therefore, the Corporation proposes his continued appointment as Outside Director.		
10	Reelection Outside Independent Man Takahiro Iwase (May 28, 1952) [Attendance rate of the Board of Directors meetings] 12/12 (100%)	April 1977 Joined Toyota Motor Co., Ltd. (present; TOYOTA MOTOR CORPORATION, "TOYOTA") June 2005 Managing Officer of TOYOTA June 2009 Senior Managing Director of TOYOTA Outside Audit & Supervisory Board Member of Chuo Spring Co., Ltd. April 2011 Vice Chairman of the Board of Directors of Toyota Motor Asia Pacific Pte. Ltd. June 2011 Senior Managing Officer of TOYOTA June 2014 President of TOYOTA AUTO BODY CO., LTD. April 2016 Standing Counselor of Aichi Steel Corporation ("AICHI STEEL") June 2016 Chairman and Representative Director of AICHI STEEL June 2017 Outside Audit & Supervisory Board Member of Chuo Spring Co., Ltd. July 2020 Chairman of Aichi Prefectural Public Safety Commission March 2021 External Auditor of DMG MORI CO., LTD. (present) June 2021 Outside Director of the Corporation (present) (Important Concurrent Posts) External Auditor of DMG MORI CO., LTD.	1,100
	[Reason for nomination as candidate for Outside Director and outline of the expected role] Mr. Takahiro Iwase has participated in the management of core companies of the Toyota Group, including TOYOTA MOTOR CORPORATION, for many years and has a thorough knowledge of corporate management, with which he currently provides useful opinions on the management of the Corporation from a broad perspective. The Corporation proposes his appointment as Outside Director because we expect him to utilize his wealth of experience and broad insight for the management of the Corporation from an independent perspective.		

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

2. The matters concerning Outside Director candidate Mr. Masahiro Sugino are as follows:
   - (i) Mr. Masahiro Sugino served as an executive officer of LIXIL Corporation. Makita sells products to LIXIL Corporation and its corporate group. This year, such sales amounted to 3 million yen, which constituted less than 0.01% of our consolidated revenue.
   - (ii) Mr. Masahiro Sugino is currently an Outside Director of the Corporation, and his term of office will be 9 years at the conclusion of this General Meeting of Shareholders.
   - (iii) With respect to liabilities set forth in Article 423, Paragraph 1 of the Companies Act, the Corporation has entered into a liability limitation agreement with Mr. Masahiro Sugino which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Companies Act. If Mr. Masahiro Sugino is appointed to be an Outside Director, the Corporation will extend such liability limitation agreement.
   - (iv) The Corporation has designated Mr. Masahiro Sugino as an “Independent Director” as required by the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and made required notification therefore to these stock exchanges. If Mr. Masahiro Sugino is elected, the Corporation intends to appoint him again as an Independent Director.

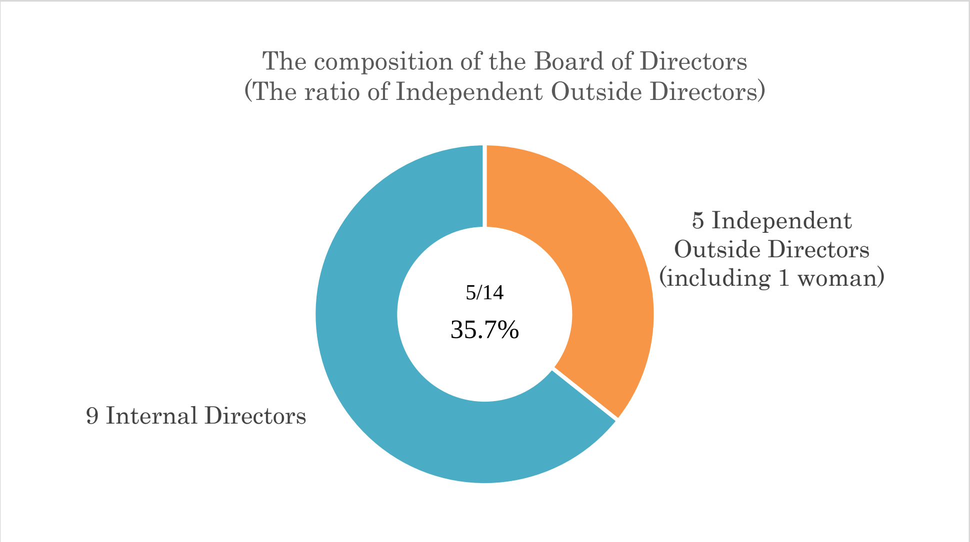
3. The matters concerning Outside Director candidate Mr. Takahiro Iwase are as follows:
   - (i) Mr. Takahiro Iwase served as an executive officer of Aichi Steel Corporation. Makita purchases components from Aichi Steel Corporation and its corporate group. This year, such purchase amounted to 520 million yen, which constituted less than 0.18% 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 3 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 enterd into a liability limitation agreement with Mr. Takahiro Iwase which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Companies Act. If Mr. Takahiro Iwase is appointed to be an Outside Director, the Corporation will extend such liability limitation agreement.
   - (iv) The Corporation has designated Mr. Takahiro Iwase as an “Independent Director” as required by the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and make required notification therefore to these stock exchanges. If Mr. Takahiro Iwase is elected, the Corporation intends to appoint him again as an Independent Director.

4. The number of the Corporation’s shares held by candidates for Directors represents the actual number of shares each candidate holds, including those vested to him in Makita’s stock ownership plan for the Executives.

5. The Corporation has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with all Directors and Corporate Officers as well as officers of the subsidiaries (with regard to overseas subsidiaries, this is limited to officers temporarily transferred from the Corporation and officers concurrently serving at the Corporation and overseas subsidiaries) as the insured to ensure that executives can fully perform their expected roles in the course of their duties and to hire excellent talents. If this proposal is approved as originally proposed and each candidate is appointed as Director, etc., they will be the insured under the said insurance contract. The said insurance contract covers damages caused as a result of the insured executives, etc. assuming responsibilities regarding the execution of their duties or receiving claims pertaining to the pursuit of such responsibilities. Provided, however, that there are certain exemptions; for example, the insurance contract does not cover damages caused as a result of any conduct committed with his or her knowledge that the conduct is in violation of laws and regulations. The premiums are paid by the Corporation, including riders. Therefore, the insured does not bear the actual premiums. Also, the said insurance contract will be renewed on June 29, 2024, which is during the term of office of each candidate.

Reference The composition and expertise of the Board of Directors

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



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

Agenda Item No. 3: Payment of Bonus to Directors

Bonus to Directors of the Corporation is, as with the basic policy for profit distributions, linked to consolidated business result.

At end of this period, the Corporation has 15 Directors. In accordance with above policy, we would like to pay Directors' bonuses to 9 Directors in the amount of 154 million yen considering performance during this period. This is with the exception of 6 Directors who are Audit & Supervisory Committee Members and Outside Directors.

An outline of the content of decision-making policy on individual compensation for Directors is described on page 23 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, 2023 to March 31, 2024)

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, economic growth slowed worldwide, with housing investment remaining sluggish due to persistently high interest rates while monetary tightening policies were implemented in various countries to control inflation. In addition, Russia's invasion of Ukraine and unrest in the Middle East could lead to further price increases and economic downturns, and the outlook continues to remain uncertain.

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, long-life "40Vmax Lithium-ion Battery" (XGT) series, and has introduced new products in new categories, such as robotic lawnmowers and cordless sweepers.

With respect to production, we worked to eliminate waste and reduce costs in all manufacturing processes and to expand initiatives at individual plants to other plants, thereby improving the efficiency of the Group as a whole.

We also work to increase the level of the community-based and customer-oriented service framework in order to further strengthen trusting relationships with customers around the world. We strive to deepen and develop the market centered on "40Vmax Lithium-ion Battery" series.

For the fiscal year, sales fell in many areas and consolidated revenue came to 741,391 million yen, down 3.0% year over year. This was because of weak demand for housing due to monetary tightening in overseas market and restrained investment in the building and construction markets.

Revenue by region are as follows:

In Japan, although the demand environment continues to stagnate, public facility-related construction demand remained comparatively strong, and as a result of striving for the expansion of sales of outdoor power equipment, mainly for professionals, sales were 123,222 million yen, an increase of 0.2% year on year.

In Europe, while the construction market remains lackluster due to high interest rates and demand is still weak, the deprecation of the yen against local currencies contributed to revenue increasing by 2.1% to 356,491 million.

In North America, although consumer spending overall remained comparatively strong, housing-related demand was sluggish as the high interest rate environment continued, and sales decreased, centered mainly on home improvement stores, ending at 93,677 million yen, a decrease of 21.3% year on year.

In Asia, demand for tools generally remained weak due to the continued slump in the real estate market in China and other countries. As a result, sales fell 13.4% year on year to 46,133 million yen.

In Central and South America, despite the challenging demand environment, we made efforts to expand sales of the 40Vmax series, which we are focusing on in various countries, and sales were up 5.2% year on year to 49,697 million yen due to the depreciation of the yen against local currencies.

In Oceania, consumption remains stagnant due to continuing inflation and high interest rates, and housing investment trended at a low level, resulting in sales of 56,340 million yen, a decrease of 3.8% year on year.

In the Middle East and Africa, although there were variations depending on the country, demand for construction and architecture remained steady overall, and sales were up 8.9% year on year to 15,831 million yen.

Overall, overseas revenue accounted for 83.4% of total revenue.

In terms of profit, operating profit increased by 134.3% year on year to 66,169 million yen (operating profit ratio: 8.9%) driven by an improvement in the cost ratio due to the impact of reduction of transportation cost and foreign exchange rates. Profit before income taxes increased by 168.0% to 64,017 million yen (profit before income taxes ratio: 8.6%) and profit attributable to owners of the parent increased by 273.3% to 43,691 million yen (ratio of profit attributable to owners of the parent: 5.9%).

(Initiatives toward carbon neutrality)

The impact of climate change on society, such as frequent wind and flood disasters, is becoming more serious, and Makita is playing an increasingly important role in realizing a decarbonized society. We have identified contributing to a decarbonized society as a material issue that should be prioritized and are stepping up our efforts. Therefore, Makita is currently working on the realization of a decarbonized society by focusing on cordless outdoor power equipment that does not emit exhaust gases during use as the next pillar of our future business in addition to power tools. In addition, with the goal of reducing our greenhouse gas (GHG) emissions, we have set targets for reducing GHG emissions from our business activities (Scope 1 and 2) by 50% by FY2030 from the FY2020 level and to net zero by FY2040, and reducing GHG emissions from the entire supply chain (Scope 3) to net zero by FY2050. During the fiscal year ended March 2024, solar panels were installed at the shipping warehouse at Okazaki Plant and the development and experiment building at the head office of the Corporation in Japan and at multiple overseas locations, including Estonia, 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 17,851 million yen for its capital expenditures. These funds used by the Corporation amounted to 6,191 million yen. This reflected mainly capital expenditures for buildings and equipment for the warehouse building at Okazaki Plant. These funds also used by the subsidiaries amounted to 11,660 million yen. This reflected mainly capital expenditures for buildings at the Romania and Finland sales subsidiaries.

(4) Principal Lenders

Lender	Borrowing amount
MUFG Bank, Ltd.	10,673million yen
Sumitomo Mitsui Banking Corporation	336 million yen

(5) Changes in Financial Position and Results of Operations

Description	109th period (ended March 31, 2021)	110th period (ended March 31, 2022)	111th period (ended March 31, 2023)	112th period (ended March 31, 2024)
Revenue (Millions of Yen)	608,331	739,260	764,702	741,391
Operating profit (Millions of Yen)	88,464	91,728	28,246	66,169
Profit before income taxes (Millions of Yen)	87,199	92,483	23,887	64,017
Profit attributable to owners of the parent (Millions of Yen)	62,018	64,770	11,705	43,691
Profit attributable to owners of the parent per share (Basic) (Yen)	228.41	238.54	43.11	162.13
Total assets (Millions of Yen)	812,878	1,007,497	1,099,351	1,055,808
Equity attributable to owners of the parent (Millions of Yen)	657,855	746,344	769,247	868,156
Ratio of profit attributable to owners of the parent to total equity attributable to owners of the parent (ROE) (%)	10.1	9.2	1.5	5.3

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.

(6) Significant Subsidiaries

Company Name	Capital (Thousands)		Proportion of Ownership and Voting interest (%)	Principal Business
Makita U.S.A. Inc.	USD	161,400	100.0	Sales of power tools
Makita (U.K.) Ltd.	GBP	158,923	100.0	Sales of power tools
Makita Werkzeug GmbH (Germany)	EUR	7,669	100.0*	Sales of power tools
Makita France SAS	EUR	12,436	55.0*	Sales of power tools
Makita Oy (Finland)	EUR	100	100.0*	Sales of power tools
Makita LLC (Russia)	RUB	83,207	100.0*	Sales of power tools
Makita (China) Co., Ltd.	USD	80,000	100.0	Production and sales of power tools
Makita (Kunshan) Co., Ltd.	USD	25,000	100.0	Production of power tools
Makita (Australia) Pty. Ltd.	AUD	13,000	100.0	Sales of power tools
SC Makita EU S.R.L. (Romania)	RON	975,942	100.0	Production of power tools

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

(7) Principal Operations

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

(8) Principal Sales Offices and Plants

1. The Corporation

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

2. Subsidiaries

Name	Location
For Sales	
Makita U.S.A. Inc.	Los Angeles (United States)
Makita (U.K.) Ltd.	London (United Kingdom)
Makita Werkzeug GmbH	Ratingen (Germany)
Makita France SAS	Bussy Saint-Georges (France)
Makita Oy	Helsinki (Finland)
Makita LLC	Moscow (Russia)
Makita (Australia) Pty. Ltd.	Sydney (Australia)
For Production and Sales	
Makita (China) Co., Ltd.	Kunshan, Jiangsu (China)
For Production	
Makita (Kunshan) Co., Ltd.	Kunshan, Jiangsu (China)
SC Makita EU S.R.L.	Branesti (Romania)

(9) Employees

1. Employees of Makita

Number of Employees	Increase / Decrease
17,669	1,135 (Decrease)

2. Employees of the Corporation

Number of Employees	Increase / Decrease	Average Age	Average Years of Service
3,427	43 (Increase)	39.7	16.4

3. Promoting women employees of the Corporation

	The period ended March 31, 2023	The period ended March 31, 2024
Ratio of the women managers	1.0% (3 persons)	1.4% (4 persons)

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

(Initiatives of promotion of women employees in the Corporation)
We have committed to the following initiatives at our general business owner action plan based on the Act to Promote Women's Participation.
[Medium-to Long-term Initiatives for the Future]
・Encourage women to apply for examinations for promotion to the supervisory level, a stepping stone to the managerial level
・Encourage women to attend mid-career planning seminars
・Actively recruit women for new graduate and mid-career positions

We made positive efforts to improve the system related to the ease of working, including the extension of the period during which a childcare reduced-working-hours system can be used.
Additionally, we held a "mid-career planning seminar for women" 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 10,993,621 shares)

(3) Number of Shareholders: 18,200

(4) Major Shareholders:

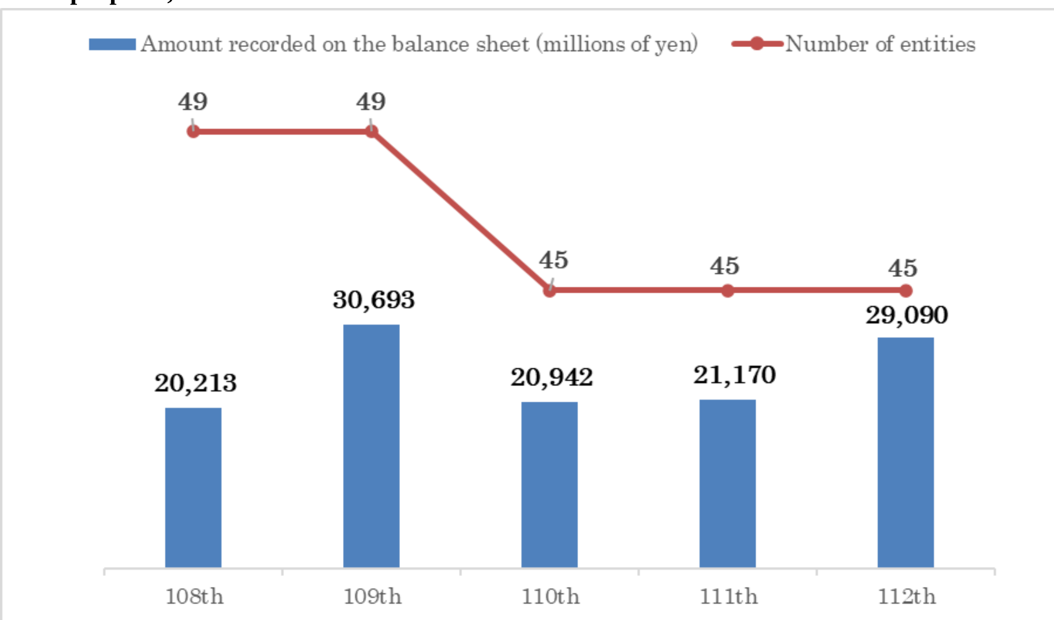
Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	37,313	13.86
Custody Bank of Japan, Ltd. (Trust account)	13,925	5.17
Maruwa, Ltd.	8,638	3.21
MUFG Bank, Ltd.	8,426	3.13
BNYM AS AGT/CLTS NON TREATY JASDEC	6,424	2.38
Makita Cooperation Companies' Investment Association	5,921	2.20
Sumitomo Mitsui Banking Corporation	5,800	2.15
Nippon Life Insurance Company	5,353	1.98
National Mutual Insurance Federation of Agricultural Cooperatives	5,102	1.89
STATE STREET BANK WEST CLIENT – TREATY 505234	4,088	1.51

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)	8,637 shares	9

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



3. Directors of the Corporation

(1) Directors

1. Directors

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

The Nomination and Compensation Committee Members:
Mr. Masahiro Sugino**, Mr. Masahiko Goto, Mr. Munetoshi Goto, Mr. Takahiro Iwase, Mr. Shoji Inoue
(** 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. Masahiro Sugino, Mr. Takahiro Iwase, Mr. Shoji Inoue, Mr. Koji Nishikawa and Ms. Ayumi Ujihara are Outside Directors.
4. In order to enhance the effectiveness of the audit and supervisory function, 1 Standing Audit & Supervisory Committee Members are 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. Masahiro Sugino and Mr. Takahiro Iwase each a Director, and Mr. Shoji Inoue, Mr. Koji Nishikawa and Ms. Ayumi Ujihara 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 Directorsand 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)	295	107	11	154	9	34	9
Directors (Audit & Supervisory Committee Members)	34	34	5	-	-	-	-
Total	329	141	16	154	9	34	9

Notes: 1. The aggregate amount of base compensation includes the amount of 28 million yen paid to Outside Executives (2 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 126 million yen was paid to 7 Directors who concurrently serve as employees as employee salaries (including bonuses).

3. The Corporation terminated the retirement allowance plan for Directors and Audit & Supervisory Board Members as of the conclusion of the Ordinary General Meeting of Shareholders held on June 29, 2006. At such Ordinary General Meeting of Shareholders, it was resolved that retirement allowance for Directors and Audit & Supervisory Board Members were to be paid at the time of each retirement, and it was further resolved that the determination of the specific amount, payment method and other related matters were left to resolutions of the Board of Directors with respect to the Directors. However, at the meeting of the Board of Directors held on January 29, 2021, it was resolved that the determination of the amount, payment method and other related matters of the retirement allowance for Directors be delegated to the Nomination and Compensation Committee at the time of the actual retirement of the eligible Directors.

   The amount recorded in the retirement allowance for Directors as of March 31, 2024 is 300 million yen, which will be paid to 1 Director.

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

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

   For the purpose of management of the Corporation in a manner favorable to shareholders, just as in the case of dividend payment, bonuses are based on the profit attributable to owners of the parent per share (Basic) after certain adjustments reflecting special circumstances. After consulting with and receiving an advice from the Nomination and Compensation Committee, the Board of Directors determines the total amount of bonuses based on a certain formula and submits the total amount of bonuses to the General Meeting of Shareholders. The allocation of bonuses to each Director is determined by the Nomination and Compensation Committee under the authority delegated by a resolution of the Board of Directors, based on performance, positions and other factors. The profit attributable to owners of the parent per share (Basic) after certain adjustments excluding special circumstances in this period is 162.13 yen.

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

   At a time, it was resolved that the maximum total annual amount of monetary compensation receivables to be paid to Eligible Directors as compensation relating to the restricted shares was set at 100 million yen, separately from the compensation set forth in Note 4 above, and that the maximum total number of the restricted shares to be allotted to Eligible Directors in each fiscal year was 100,000 shares. The number of Directors subject to the resolution of this General Meeting of Shareholders is 9 (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors).

The details of such restricted shares compensation are as described in “(4) Restricted Shares Compensation” (page 24).

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

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

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

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

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

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

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

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

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

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

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

(4) Restricted Shares Compensation

1. Description of Restricted Shares Compensation

Restricted shares compensation is introduced to Directors who are Audit & Supervisory Committee Members and Directors (excluding Outside Directors) (hereinafter collectively referred to as the “Eligible Directors”) in order to allow Eligible Directors to share the risks and benefits of stock price fluctuations with shareholders to a greater extent and further enhance their motivation to contribute to improving the stock price and the corporate value of the Corporation.

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

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

2. Details regarding transfer restrictions

Eligible Directors to whom the restricted shares have been allotted shall not transfer such allotted shares (hereinafter referred to as the “Allotted Shares”) to third parties, establish a pledge or a security interest on the shares, use them as an inter vivos gift, bequest them to another party, or otherwise dispose of the Allotted Shares (hereinafter referred to as “Transfer Restrictions”) for a period of 50 years (hereinafter referred to as the “Transfer Restrictions Period”).

3. Gratis acquisition of the restricted shares

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

In addition, the Corporation shall rightly acquire any of the Allotted Shares without compensation for which the Transfer Restrictions have not been removed in accordance with the reasons set forth in “4.” below at the expiration of the Transfer Restrictions Period in “2.” above.

4. Removal of Transfer Restrictions

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

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

   There is no special interest between important organization of concurrent post and the Corporation.

2. Major activities during this period

Classification	Name	Attendance rate of the Board of Directors meetings (total attended / total held)	Attendance rate of the Audit & Supervisory Committee meetings (total attended/ total held)	Major activities
Director	Masahiro Sugino	100% (12/12)	-	He has a thorough experience of corporate management, and broad insight because he has participated in the management of LIXIL Group Companies for many years, and expressed his opinions from the perspective at the Board of Directors of the Corporation. So, he contributed to decision-making from various viewpoints at the Board of Directors and enhancement of the supervisory function for the management, and performed his appropriate role as Outside Director. 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	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 decision-making from various viewpoints at the Board of Directors and enhancement of the supervisory function for the management, and performed his appropriate role as Outside Director. 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)	Shoji Inoue	100% (12/12)	100% (14/14)	He has extensive knowledge and expertise gained through his practice as attorney at law, and expressed his opinions from the perspective at the Board of Directors and the Audit & Supervisory Committee. So, he contributed to decision-making from various viewpoints at the Board of Directors and enhancement of the audit and supervisory function for the management, and performed his appropriate role as Outside Director who is Audit & 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)	Koji Nishikawa	92% (11/12)	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 decision-making from various viewpoints at the Board of Directors and enhancement of the audit and supervisory function for the management, and performed his appropriate role as Outside Director who is Audit & Supervisory Committee Member.
Director (Audit& Supervisory Committee Member)	Ayumi Ujihara	90% (9/10)	100% (10/10)	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 decision-making from various viewpoints at the Board of Directors and enhancement of the audit and supervisory function for the management, and performed her appropriate role as Outside Director who is Audit & Supervisory Committee Member.

*The above description of Outside Director Ayumi Ujihara refers to the situation since her appointment on June 28, 2023.

4. Accounting Auditor

(1) Name of Accounting Auditor: KPMG AZSA LLC

(2) Compensation and Other Amounts

	Amount of payment (Millions of Yen)
1. Compensation and other amounts to the Accounting Auditor for this period	130
2. Total amount of cash and other financial benefits payable by the Corporation and its subsidiaries to the Accounting Auditor	140

Notes: 1. As the audit agreement between the Corporation and its Accounting Auditors does not differentiate compensation for audit under the Companies Act from the one for audit under Financial Instruments and Exchange Law, the amount shown in 1. above represents total compensation and other amounts for both audits.

2. The Audit & Supervisory Committee agreed to compensation to Accounting Auditors as stipulated in Article 399, Paragraph 1 of the Companies Act at the Audit & Supervisory Committee held on May 23, 2023, after examination of their performance of accounting audit services and basis for the calculation of the estimated amount of their compensation in the prior years, which examination was made in line with the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association.

3. KPMG AZSA LLC is a member firm in Japan of KPMG International. Makita LLC, a subsidiary of the Corporation, has been audited by audit corporation other than the member of the firm of KPMG International, but other principal subsidiaries of the Corporation are conducted by member firms of KPMG International.

(3) Contents of Non-Audit Services

The Corporation has engaged, and paid a consideration to, the Accounting Auditor to provide support services to comply with the Corporate Sustainability Reporting Directive in the EU, 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 profit distribution policy is to pay a minimum annual dividend of 20 yen per share and a total return ratio* of 35% or more. However, if there are special factors, the dividend amount will be determined based on adjusted basic earnings per share after adding or subtracting such factors. In addition, we will consider purchasing of treasury shares in view of stock price level and free cash flow and so on, in order to increase shareholder returns through the implementation of a flexible capital policy and improvement of capital efficiency.

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

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

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, 2024)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	**693,635**	**Current liabilities**	**145,475**
Cash and cash equivalents	196,645	Trade payables and other payables	49,987
Trade receivables and other receivables	116,267	Borrowings	19,891
Inventories	345,491	Other financial liabilities	6,067
Other financial assets	18,561	Income taxes payable	9,113
Other current assets	16,671	Provisions	5,113
Non-current assets	**362,173**	Other current liabilities	55,304
Property, plant and equipment	277,248	**Non-current liabilities**	**35,127**
Goodwill and intangible assets	10,206	Retirement benefit liabilities	3,269
Other financial assets	37,835	Other financial liabilities	17,150
Retirement benefit assets	14,968	Provisions	1,960
Deferred tax assets	19,670	Deferred tax liabilities	12,546
Other non-current assets	2,246	Other non-current liabilities	202
		Total liabilities	**180,602**
		(Equity)	
		Share capital	23,805
		Additional paid-in capital	45,607
		Retained earnings	669,359
		Treasury shares	(21,501)
		Other components of equity	150,886
		Total equity attributable to owners of the parent	**868,156**
		Non-controlling interest	**7,050**
		Total equity	**875,206**
Total assets	**1,055,808**	**Total liabilities and equity**	**1,055,808**

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

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2023 to March 31, 2024)

(Millions of Yen)

REVENUE	741,391
Cost of sales	(517,446)
GROSS PROFIT	223,945
Selling, general, administrative and others, net	(157,776)
OPERATING PROFIT	66,169
Financial income	4,643
Financial expenses	(6,795)
PROFIT BEFORE INCOME TAXES	64,017
Income tax expenses	(20,402)
PROFIT	43,615
Profit attributable to:	
Owners of the parent	43,691
Non-controlling interests	(76)

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

BALANCE SHEET

(As of March 31, 2024)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	**219,469**	**Current liabilities**	**90,699**
Cash and time deposits	52,021	Accounts payable	70,588
Trade notes receivable	107	Other payable	4,057
Trade accounts receivable	63,517	Accrued expenses	7,055
Finished goods and merchandise	33,400	Income taxes payable	3,900
Work-in-process	1,935	Allowance for directors’ bonuses	154
Raw materials and supplies	16,930	Allowance for product warranties	522
Short-term loans receivable	8,341	Other	4,423
Other	43,230	**Long term liabilities**	**3,300**
Allowance for doubtful accounts	(12)	Deferred tax liabilities	1,651
Fixed assets	**382,796**	Retirement and termination allowance	233
Tangible fixed assets	**91,294**	Retirement allowance for directors and audit & supervisory board members	300
Buildings	51,117	Long-term deposits payable	177
Structures	3,490	Other	939
Machinery and equipment	9,406	**Total liabilities**	**93,999**
Vehicles and transportation equipment	155	(Net assets)	
Tools, furniture and fixtures	6,335	**Shareholders' equity**	**493,807**
Land	18,870	**Share capital**	**24,206**
Construction in progress	1,921	**Capital surplus**	**47,750**
Intangible fixed assets	**2,426**	Additional paid-in capital	47,525
Software	1,198	Other capital surplus	225
Industrial property rights	93	**Retained earnings**	**443,352**
Other	1,135	Legal reserve	5,669
Investment and other assets	**289,076**	Other retained earnings	437,683
Investment securities	31,637	Reserve for dividend	750
Stocks of affiliates	140,507	Reserve for technical research	1,500
Investment in affiliates	100,793	Reserve for advanced depreciation	2,308
Lease deposits	4,381	General reserves	85,000
Prepaid pension cost	11,736	Retained earnings carried forward	348,125
Other	22	**Treasury shares**	**(21,501)**
		Valuation and translation adjustments	**14,459**
		Net unrealized gains on securities	14,459
		Total net assets	**508,266**
Total assets	**602,265**	**Total liabilities and net assets**	**602,265**

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

STATEMENT OF INCOME

(From April 1, 2023 to March 31, 2024)

(Millions of Yen)

Net sales		**321,080**
Cost of sales		**254,495**
Gross profit		**66,585**
Selling, general and administrative expenses		46,548
Operating profit		**20,037**
Non-operating income		
Interest and dividend income	82,679	
Other non-operating income	479	83,158
Non-operating expense		
Interest expenses	15	
Foreign exchange losses	3,548	
Other non-operating expense	6	3,569
Ordinary income		**99,626**
Extraordinary gain		
Gain on sales of fixed assets	13	
Gain on sale of investment securities	111	124
Extraordinary loss		
Loss on sale and disposal of fixed assets	789	
Loss on valuation of shares of subsidiaries	784	1,573
Income before income taxes		**98,177**
Income taxes - current		11,938
Income taxes - deferred		2,158
Net income		**84,081**

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 17, 2024

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, 2024 and for the year from April 1, 2023 to March 31, 2024 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

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

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

(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 17, 2024

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, 2024 and for the year from April 1, 2023 to March 31, 2024 in accordance with Article 436-2-1 of the Companies Act.

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

Basis for Opinion

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

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

(English Translation of the Audit Report of Audit & Supervisory Committee Originally Issued in Japanese Language)

AUDIT REPORT

The Audit & Supervisory Committee, having audited regarding the performance of duties of Directors during the 112th period, from April 1, 2023 to March 31, 2024, 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 21, 2024

Audit & Supervisory Committee
Makita Corporation

Mitsuhiko Wakayama (Seal)
Standing Audit & Supervisory Committee Member

Shoji Inoue (Seal)
Audit & Supervisory Committee Member

Koji Nishikawa (Seal)
Audit & Supervisory Committee Member

Ayumi Ujihara (Seal)
Audit & Supervisory Committee Member

Notes: Mr. Shoji Inoue, Mr. Koji Nishikawa and Ms. Ayumi Ujihara, 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 Incorporaion regarding the Notice of the 112th Ordinary General Meeting of Shareholders Originally Issued in Japanese Language)

June 4, 2024

THE OTHER MATERIALS REGARDING MEASURES FOR ELECTRONIC PROVISION OF THE 112TH 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 concering the appointment and change of such employees.

8. Systems in accordance with which the Directors (excluding Directors who are Audit & Supervisory Committee Members) and employees report to the Audit & Supervisory Committee, other systems concerning reports to the Audit & Supervisory Committee and systems to ensure that Directors and employees who make a report are not treated unfairly because of the report

(i) Directors, Corporate Officers and employees of Makita shall report to the Audit & Supervisory Committee with respect to matters that may cause significant damage to Makita, important management matters, matters concerning misconduct, status of structures and operation of the internal control system, and the operation of internal reporting system and the results of reports received under such system.

(ii) The Corporation shall prepare a system that enables the Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee of the Corporation to request reports from Directors, Corporate Officers and employees of Makita when necessary and allows the Audit & Supervisory Committee to exchange opinions with the Directors and Accounting Auditors of Makita.

(iii) The Corporation prohibits any unfair treatment of Directors, Corporate Officers, and employees of Makita who make a report to the Audit & Supervisory Committee as a result of such report, and ensures all Directors, Corporate Officers, and employees of Makita are informed to that effect.

9. Other systems to ensure that audits by the Audit & Supervisory Committee will be conducted effectively

(i) In order to enhance the supervisory function of the Audit & Supervisory Committee over Accounting Auditors, “Policies and Procedures concerning Prior Approval of Auditing and Non-Auditing Services” shall be established. In addition, to ensure that audits by the Audit & Supervisory Committee will be conducted effectively, audit shall be conducted in accordance with Standards for audit, etc. by the Audit & Supervisory Committee.

(ii) Full amount of the compensation to Directors who are Audit & Supervisory Committee Members shall be fixed so that the independence of the the Audit & Supervisory Committee can be secured.

(iii) Expenses related to executing the duties of the Audit & Supervisory Committee Members (limited to those related to executing the duties of the Audit & Supervisory Committee) are securely budgeted each fiscal year and borne by the Corporation.

10. Systems to ensure elimination of antisocial forces

(i) From the viewpoint of corporate social responsibility, Makita will consistently take a resolute stance against involvement in, and have absolutely no relationship with, the activities of antisocial forces that may threaten the order and the security of civil society.

(ii) Makita’s policy of “no intervention by antisocial forces has been permitted” is publicly announced, both internally and outside the Corporation, by expressly stipulating such in the management policy/quality policy and by displaying such on the Corporation’s website.

(iii) Ban on transactions with antisocial forces is expressly stated in the “Guidelines to the Code of Ethics for Makita” which prescribes the standards for officer and employee conduct applicable in the execution of their tasks. Each Director shall keep all Corporate Officers and employees informed of and in compliance with such prohibition.

(iv) The Corporation has been liaising closely with the police and external related organizations, including the Public Interest Incorporated Foundation Aichi Center for Removal of Criminal Organization, and endeavors to prevent any involvement in activities of antisocial forces, any damage caused thereby, and others.

(v) In addition to collecting information relevant to activities of antisocial forces from the police and external related organizations, the Corporation voluntarily participates in seminars. Also, the Corporation endeavors to share information within the Corporation and related departments of Makita.

(2) Implementation status of systems necessary for ensuring that the Corporation's operations are conducted appropriately

1. Compliance
   - (i) The Corporation keeps all officers and employees of Makita informed and provides training on the "Code of Ethics," "Guidelines to the Code of Ethics for Makita," and "Regulations Regarding Corporate Ethics Help Line (Internal Reporting)," on a continual basis.
   - (ii) The Corporation conducts a questionnaire survey of all employees to raise awareness about the importance of compliance and have them better understand the "Code of Ethics."

2. Risk management

   The Disclosure Committee meetings are held periodically during this period, at which Representative Directors, Directors in charge, Directors who are Standing Audit & Supervisory Committee Members, and General Managers of Internal Audit Division and respective departments of the Corporation meet to detect and extract and examine risks involved in the business activities of Makita.

3. Internal audits
   - (i) The Internal Audit Division carries out internal audits of Makita, and reported their results to the Audit & Supervisory Committee and the management.
   - (ii) The Corporation has established a framework under which any deficiency in internal controls found during an internal control audit is appropriately corrected or redressed in a timely manner.

4. Systems to ensure the efficient execution of Directors' duties
   - (i) The Board of Directors approves annual targets set by each department and oversees their progress toward achievement.
   - (ii) Corporate Officers in charge of operation (17 officers as of March 31, 2024, 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 meet Accounting Auditors and exchange information every quarter.
   - (ii) The Audit & Supervisory Committee have individual interviews with Directors (excluding Directors who are Audit & Supervisory Committee Members) to exchange information.
   - (iii) Expenses necessary for executing the Audit & Supervisory Committee Members' duties (limited to those related to executing the duties of the Audit & Supervisory Committee) are handled promptly at the request of Audit & Supervisory Committee Members.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Equity attributable to owners of the parent					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total
Balance at April 1, 2023	23,805	45,606	629,314	（11,528)	82,050	769,247
Profit for this period			43,691			43,691
Other comprehensive income					70,867	70,867
Comprehensive income	―	―	43,691	―	70,867	114,558
Dividends paid			(5,677)			（5,677)
Purchase of treasury shares				（10,002)		（10,002)
Disposal of treasury shares		0		0		0
Share-based payment transaction		1		29		30
Transfer from other components of equity to retained earnings			2,031		（2,031)	―
Total amounts of transactions with owners	―	1	（3,646)	（9,973)	（2,031)	（15,649)
Balance at March 31, 2024	23,805	45,607	669,359	（21,501)	150,886	868,156

	Non-controlling interest	Total equity
Balance at April 1, 2023	6,452	775,699
Profit for this period	（76)	43,615
Other comprehensive income	674	71,541
Comprehensive income	598	115,156
Dividends paid		（5,677)
Purchase of treasury shares		（10,002)
Disposal of treasury shares		0
Share-based payment transaction		30
Transfer from other components of equity to retained earnings		―
Total amounts of transactions with owners	―	（15,649)
Balance at March 31, 2024	7,050	875,206

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

Notes to Consolidated Financial Statements

Notes to Important Basic Matters for Preparation of Consolidated Financial Statements

1. Basis of presentation

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

2. Scope of consolidation

Number of consolidated subsidiaries: 53

Major subsidiaries are as follows:

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

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 15 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 intagible assets are as follows.

Development expenses:	5 years
Software:	2 to 10 years
Industrial property rights:	10 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) Impariment 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 culculating 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 impaiement 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 recorvarable 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 culculated 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-emplyment 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 Policies

Makita applies exceptions to the recognition and information disclosure with respect to the deferred tax assets and the deferred tax liabilities related to corporate income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development.

Notes to Accounting Estimates

The following items have balance amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2024 under the accounting estimates and may have a significant impact on the consolidated financial statements for the fiscal year ended March 31, 2025.

・Measurement of defined benefit obligation

The amount of defined benefit obligation recorded in the consolidated financial statements for the fiscal year ended March 31, 2024 is 36,041 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, 2024 is 19,670 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, 2024 is 345,491 million yen, which is recorded after subtracting the book value devaluation of 52,870 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: 1,981 million yen

2. Accumulated depreciation of property, plant and equipment: 219,691 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 28, 2023	Common shares	2,987	11	March 31, 2023	June 29, 2023
Board of Directors held on October 31, 2023	Common shares	2,690	10	September 30, 2023	December 1, 2023

(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 26, 2024	Common shares	Retained earnings	12,644	47	March 31, 2024	June 27, 2024

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 depositees 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 managemet. 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 liablities 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, 2024 are as follows.

(Millions of Yen)

	Carrying amount	Fair value
Financial assets measured at amortized cost Debt securities	210	209

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

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

(The fair value hierarchy)

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

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

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

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

(Measurement of fair value)

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

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

(Borrowings)

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

(Other financial assets and other financial liabilities)

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

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

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

(1) Finantial 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	210	209	—	—	209

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				
Stocks	31,100	—	1,444	32,544
Financial assets measured at fair value through net profit or loss				
Derivative assets	—	1,030	—	1,030
Total	31,100	1,030	1,444	33,574
Financial liabilities				
Financial liabilities measured at fair value through net profit or loss				
Derivative liabilities	—	2,792	—	2,792
Total	—	2,792	—	2,792

Notes: 1. There were no reclassifications between Level 1 and Level 2 during the consolidated fiscal year ended March 31, 2024.

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

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

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

Financial assets classified as Level 3 are primarily unlisted stocks. In accordance with the Group's accounting policies, the fair value is measured using the most recently available data. There were no significant changes in respect of the financial assets classified as Level 3 during the consolidated fiscal year ended March 31, 2024.

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 fisical year (From April 1, 2023 To March 31, 2024)
Power tools	403,968
Outdoor power equipments, household and other products	181,008
Parts, Repairs, and accessories	156,415
Total	741,391

(ii) Revenue by region

Details of revenue by region are as follows:

(Millions of Yen)

	The consolidated fisical year (From April 1, 2023 To March 31, 2024)
Japan	123,222
Europe	356,491
North America	93,677
(United States)	(81,759)
Asia	46,133
Others	121,868
Total	741,391

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	3,277.06	yen
Profit attributable to owners of the parent per share (Basic)	162.13	yen

Notes to Significant Subsequent Events:

None.

STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2023 to March 31,2024)

(Millions of Yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at April 1, 2023	24,206	47,525	197	47,722
Changes during this period				
Provision of reserve for advanced depreciation				
Reversal of reserve for advanced depreciation				
Dividends paid				
Net income				
Purchase of treasury shares				
Disposal of treasury shares			28	28
Net change of items other than shareholders' equity				
Total changes during this period			28	28
Balance at March 31, 2024	24,206	47,525	225	47,750

	Shareholders' equity								
	Retained earnings							Treasury shares	Total shareholders' equity
	Legal reserve	Other retained earnings					Total retained earnings		
		Reserve for dividend	Reserve for technical research	Reserve for advanced depreciation	General reserves	Retained earnings carried forward			
Balance at April 1, 2023	5,669	750	1,500	2,340	85,000	269,689	364,948	(11,528)	425,348
Changes during this period									
Provision of reserve for advanced depreciation				6		(6)			
Reversal of reserve for advanced depreciation				(38)		38			
Dividends paid						(5,677)	(5,677)		(5,677)
Net income						84,081	84,081		84,081
Purchase of treasury shares								(10,002)	(10,002)
Disposal of treasury shares								29	57
Net change of items other than shareholders' equity									
Total changes during this period				(32)		78,436	78,404	(9,973)	68,459
Balance at March 31, 2024	5,669	750	1,500	2,308	85,000	348,125	443,352	(21,501)	493,807

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities	Total valuation and translation adjustments	
Balance at April 1, 2023	8,654	8,654	434,002
Changes during this period			
Provision of reserve for advanced depreciation			
Reversal of reserve for advanced depreciation			
Dividends paid			(5,677)
Net income			84,081
Purchase of treasury shares			(10,002)
Disposal of treasury shares			57
Net change of items other than shareholders' equity	5,805	5,805	5,805
Total changes during this period	5,805	5,805	74,264
Balance at March 31, 2024	14,459	14,459	508,266

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

Notes to Non-consolidated Financial Statements

Notes to Significant Accounting Policies

1. Valuation of securities

Held-to-maturity securities:	Amortized cost (straight-line method)
Stocks of subsidiaries:	At moving-average cost
Other securities	
Other than stocks having no fair market value:	Fair market value as of the end of the period (Valuation differences are presented as valuation and translation adjustments in net assets. The cost of securities sold is calculated based on the moving-average method.)
Stocks having no fair market value:	At moving-average cost

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

Fair market value as of the end of the period

3. Valuation of inventories

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

Finished goods, merchandise, work in process, and raw materials:	At average cost
Supplies:	At latest purchase cost

4. Depreciation method of fixed assets

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

Intangible fixed assets:	Straight-line method
(Excluding lease assets)	Software for internal use is depreciated on the straight-line method over its estimated useful life (5 years). Industrial property rights are depreciated on the straight-line method over 10 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 accruement by the straight-line method over the average remaining employment period.
Retirement allowance for Directors and Audit & Supervisory Board Members:	The Corporation terminated the retirement allowance plan for Directors and Audit & Supervisory Board Members as of the conclusion of the ordinary general meeting of shareholders held on June 29, 2006. The balance of the period end is the amount of the reserve for the period of office served until abolition of the plan by those current directors (excluding outside directors) who served until June 29, 2006.

6. Income and Expense

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

Changes in Accounting Policies

None.

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 52,265 million yen, which is recorded after subtracting the book value devaluation of 1,911 million yen due to a decline in profitability.

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

Notes to Balance Sheet

1. Accumulated depreciation on tangible fixed assets:

Buildings	33,623	million yen
Structures	3,237	million yen
Machinery and equipment	13,978	million yen
Vehicles and transportation equipment	291	million yen
Tools, furniture and fixtures	30,198	million yen
Total	81,327	million yen

2. Guarantee:

Guarantee for borrowing from financial institution		
Maximum amount of guarantee for Makita U.S.A. Inc. (50 million U.S. dollars)	7,571	million yen
Maximum amount of guarantee for Makita d. o. o (5 million euros)	816	million yen
Maximum amount of guarantee for Makita Engineering Germany GmbH (1.35 million euros)	220	million yen
Guarantee for trade accounts payable		
Maximum amount of guarantee for Makita U.S.A. Inc. (30 million U.S. dollars)	4,542	million yen
Maximum amount of guarantee for Makita Corp. of America (10 million U.S. dollars)	1,514	million yen

3. Receivables and payables for affiliates:

Short-term receivables	84,706	million yen
Short-term payables	65,330	million yen

Notes to Statement of Income

Transactions with affiliates

Amount of operating transactions		
Sales	177,293	million yen
Purchases, etc.	175,200	million yen
Amount of non-operating transactions	82,241	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	8,475,674 shares	2,533,113 shares	15,166 shares	10,993,621 shares

(Reasons for the change)

The reason for the increase is as follows:

Purchase of treasury shares	2,532,400	shares
Purchase of shares constituting less than a full unit	713	shares

The reason for the decrease is as follows:

Allotment of restricted shares	15,084	shares
Sales of shares constituting less than a full unit	82	shares

Notes to Tax Effect Accounting

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

Deferred tax assets		
Accrued expenses	1,800	million yen
Inventories	1,250	million yen
Accrued enterprise taxes	409	million yen
Loss on valuation of investment securities	541	million yen
Excess in depreciation	3,126	million yen
Retirement allowance for directors and audit & supervisory board members	91	million yen
Loss on impairment of fixed assets	84	million yen
Other	1,112	million yen
Subtotal	8,413	million yen
Valuation allowance	(618)	million yen
Total	7,795	million yen
Deferred tax liabilities		
Prepaid pension cost	(3,474)	million yen
Net unrealized gains on securities	(4,974)	million yen
Reserve for advanced depreciation of fixed assets	(998)	million yen
Total	(9,446)	million yen
Net amount of deferred tax liabilities	(1,651)	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	(23.3%)
Withholding tax on foreign dividends	8.0%
Tax sparing for experiment and research expenses	(0.8%)
Other	0.3%
Effective income tax rate after the adoption of tax effect accounting	14.4%

Notes to Fixed Assets Used through Leases

Operating leases

Lease commitments under non-cancelable operating leases

Within 1 year	369	million yen
Over 1 year	2,920	million yen

Notes to Transactions with Related Parties

1. Directors and primary individual shareholders

Attribute	Companies which directors and their relatives own the majority of voting rights (including the subsidiaries of such companies)	
Corporate name	TOA Co., Ltd. (Note 1)	Maruwa, Ltd. (Note 2)
Principal business or position	Design, production and distribution of automatic regulators	Real estate business
Owning and owned ratio of voting rights (%)	Direct owned ratio: 0.0	Direct owned ratio: 3.2
Relationship	Purchase of production equipment Interlocking Directors (Number of directors: 2)	Advertising Interlocking Directors (Number of directors: 2)
Principal tramsactions	Purchase of production equipment (Note 3)	Advertising (Note 3)
Transaction amount (Millions of Yen)	30	2
Account title	Other payable	-
Balance at end of the period (Millions of Yen)	2	-

Terms of transactions and the policy to decide the terms.

(Note 1) Masahiko Goto, Chairman and Representative Director of the Corporation, Munetoshi Goto, President and Representative Director of the Corporation, and their relatives own 100% of voting rights of TOA Co., Ltd.

(Note 2) Masahiko Goto, Chairman and Representative Director of the Corporation, Munetoshi Goto, President and Representative Director of the Corporation, and their relatives own 68.1% of voting rights of Maruwa, Ltd.

(Note 3) The prices of the transactions with TOA Co., Ltd. and Maruwa, Ltd. are determined upon negotiation, considering the prevailing market prices.

2. Subsidiaries

Attribute	Subsidiaries
Corporate name	Makita U.S.A. Inc.
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0
Relationship	Debt guarantee Interlocking Directors (Number of directors: 3)
Detail of transaction	Debt guarantee (Note 1)
Transaction amount (Millions of Yen)	12,113
Account title	-
Balance at end of the period (Millions of Yen)	-

Attribute	Subsidiaries	
Corporate name	SC Makita EU S.R.L. (Romania)	
Owning and owned ratio of voting rights (%)	Direct owning ratio:100.0	
Relationship	Loan of funds Interlocking Directors (Number of directors: 1)	
Detail of transaction	Collection of loans receivable (Notes 3)	Sale of merchandise and finished goods (Note 2)
Transaction amount (Millions of Yen)	10,320	7,769
Account title	-	Trade receivable
Balance at end of the period (Millions of Yen)	-	7,460

Attribute	Subsidiaries	
Corporate name	Makita (China) Co., Ltd.	Makita (Kunshan) Co., Ltd.
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0	Direct owning ratio: 100.0
Relationship	Purchase of merchandise and finished goods, etc. Interlocking Directors (Number of directors: 4)	Purchase of merchandise and finished goods, etc. Interlocking Directors (Number of directors: 4)
Detail of transaction	Purchase of merchandise and finished goods, etc. (Note 2)	Purchase of merchandise and finished goods, etc. (Note 2)
Transaction amount (Millions of Yen)	85,264	73,919
Account title	Trade payable	Trade payable
Balance at end of the period (Millions of Yen)	34,079	25,967

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 (80 million U.S. dollars).

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

(Note 3) The lending interest rate in loan of funds is reasonably determined in consideration with market interest rate. The Corporation has not taken collateral.

Notes to Revenue Recognition

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

Notes to Information Per Share

Net assets per share	1,889.30	yen
Net income per share	312.01	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.