

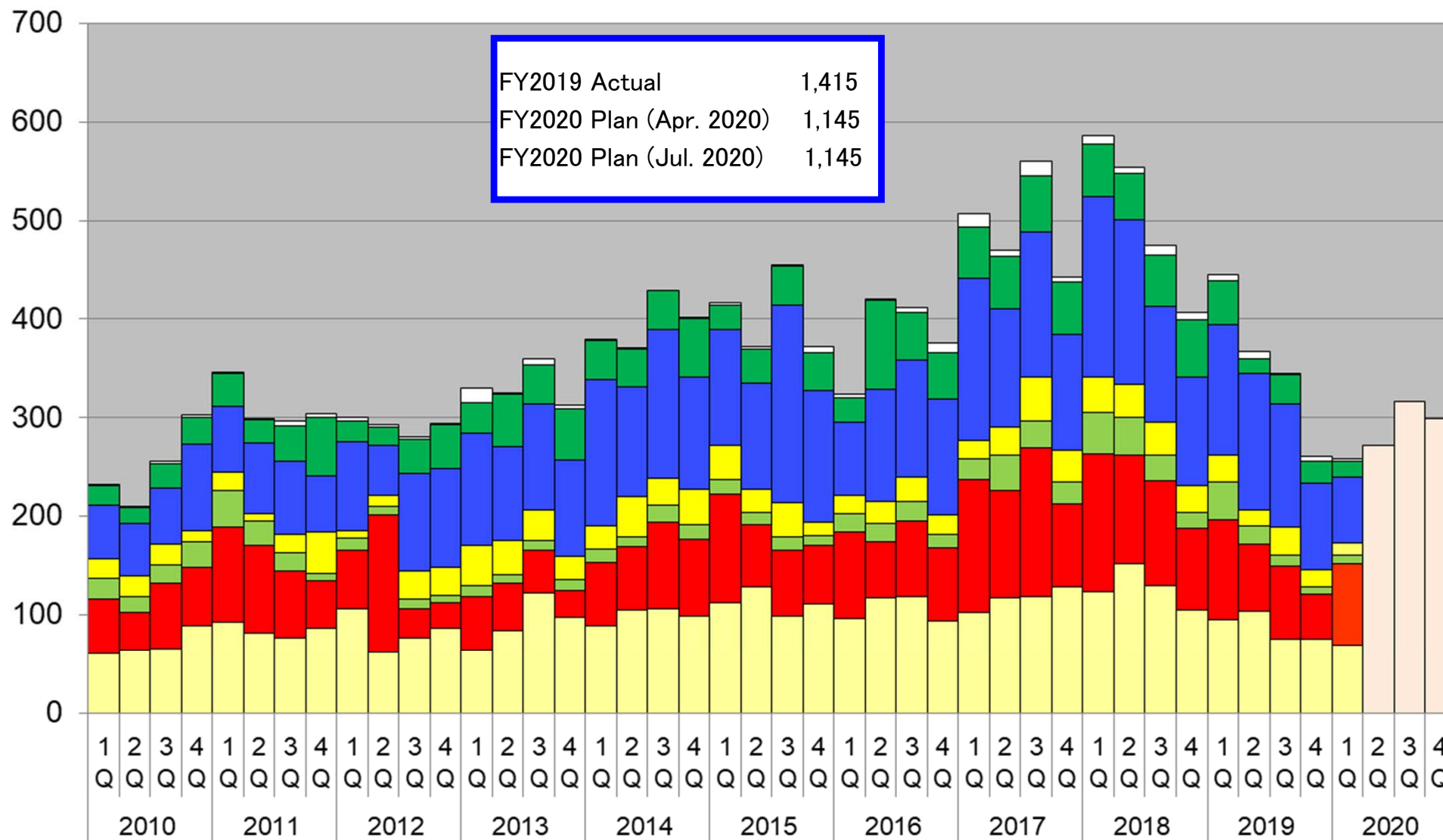
Explanatory Material of Group Company for the First Quarter of the Fiscal Year Ending March 31, 2021

Makino Milling Machine Co., Ltd.
July 31, 2020

Order by destination

(100 mil yen)

■ Japan
 ■ China
 ■ India
 ■ Asean
 ■ America
 ■ Europe
 ■ Others

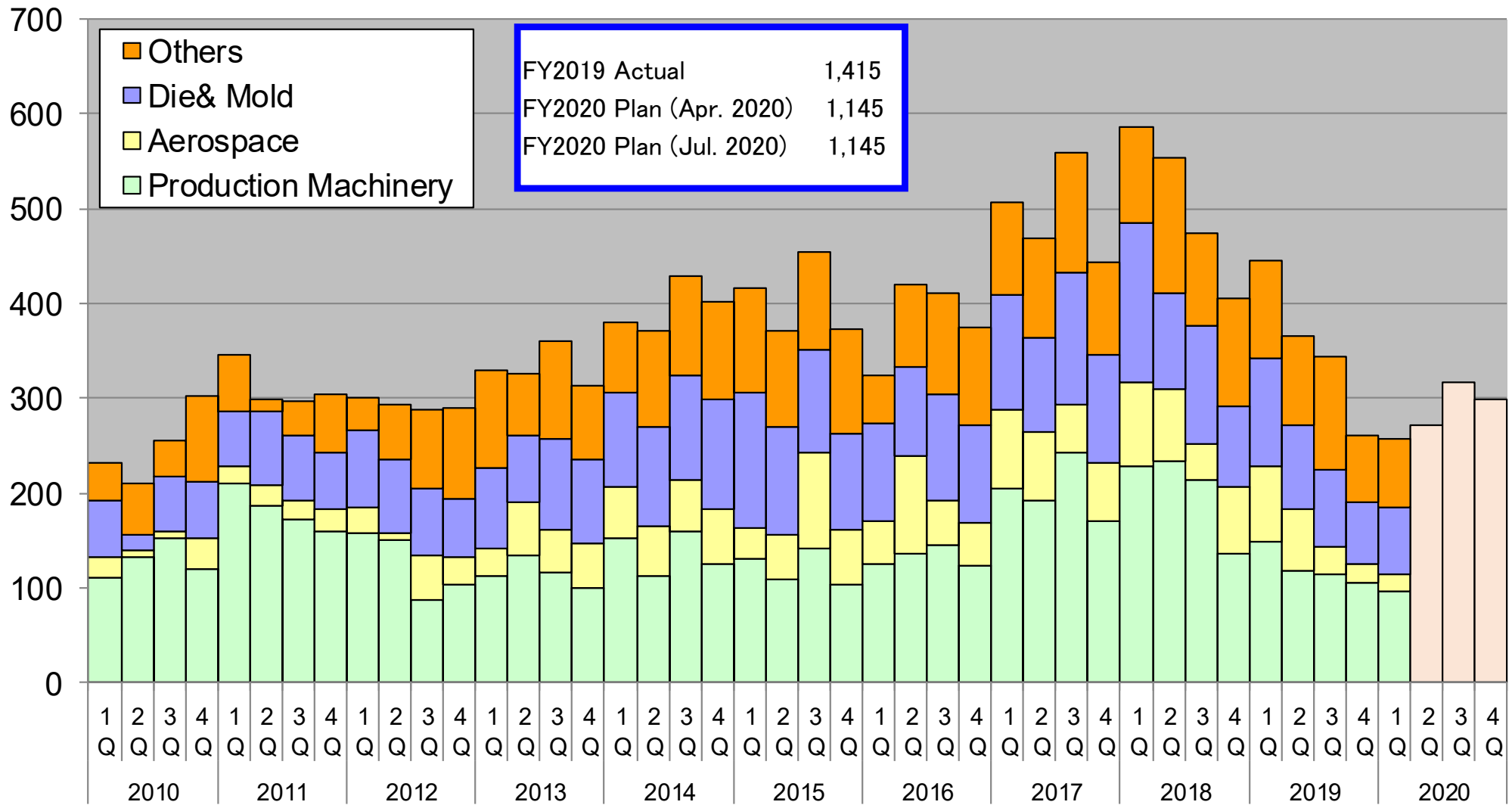


FY2019 Actual	1,415
FY2020 Plan (Apr. 2020)	1,145
FY2020 Plan (Jul. 2020)	1,145

(FY)

Order by industry

(100 mil yen)

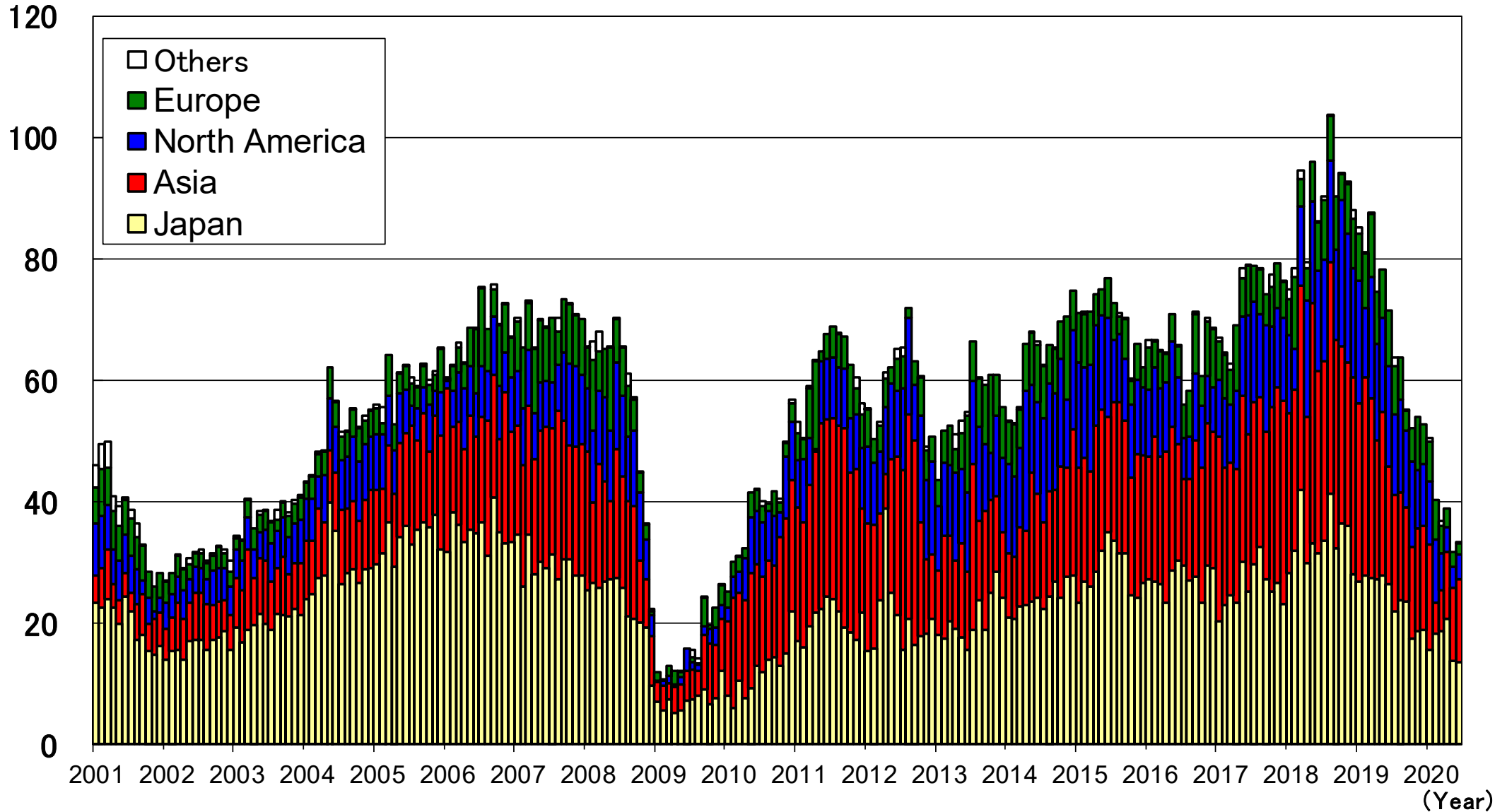


FY2019 Actual	1,415
FY2020 Plan (Apr. 2020)	1,145
FY2020 Plan (Jul. 2020)	1,145

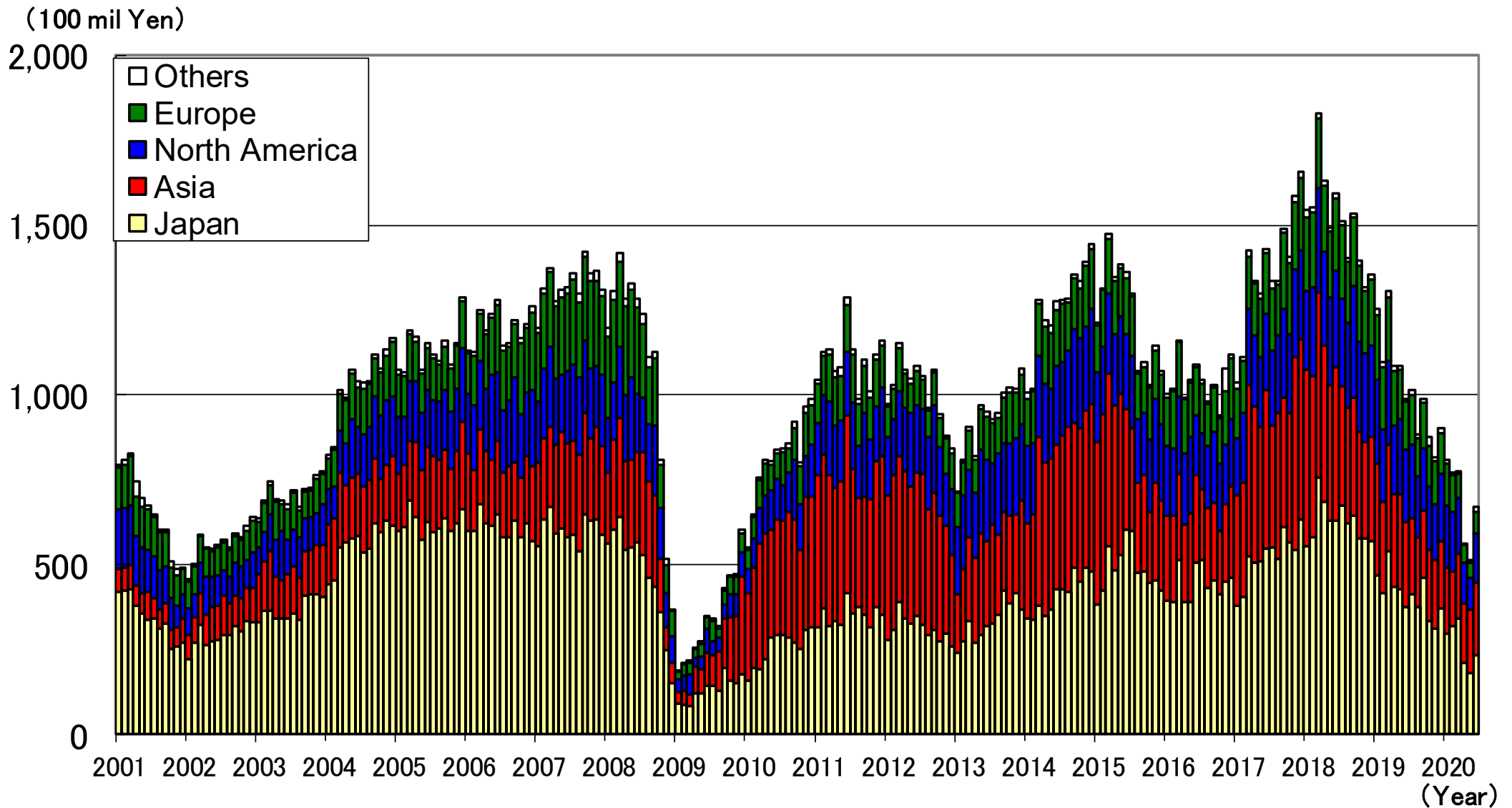
(FY)

Monthly Order of Makino

(100 mil Yen)

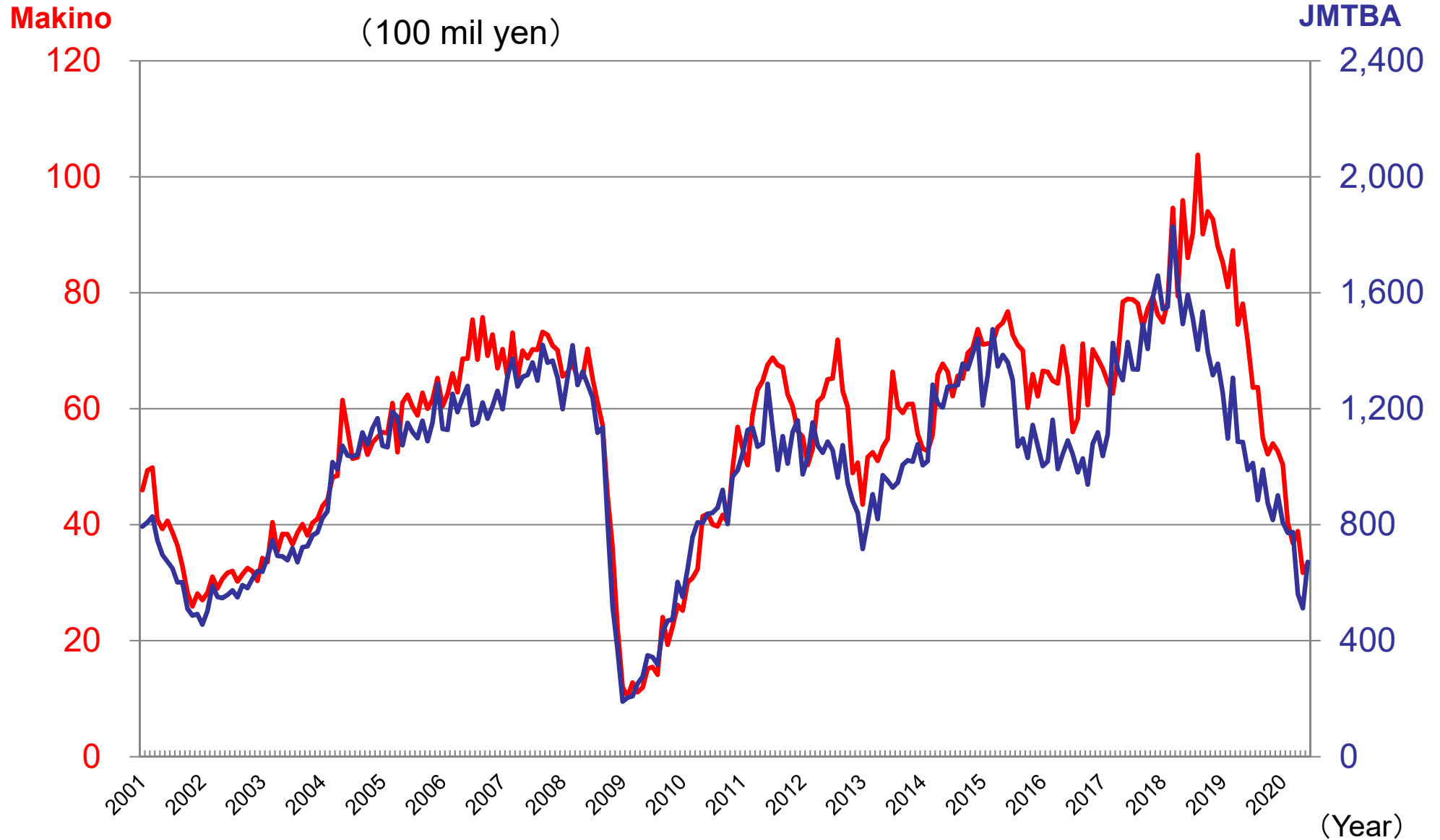


Monthly Order of JMTBA



Source: Japan Machine Tool Builders' Association

JMTBA・Makino (non-consolidated) Order



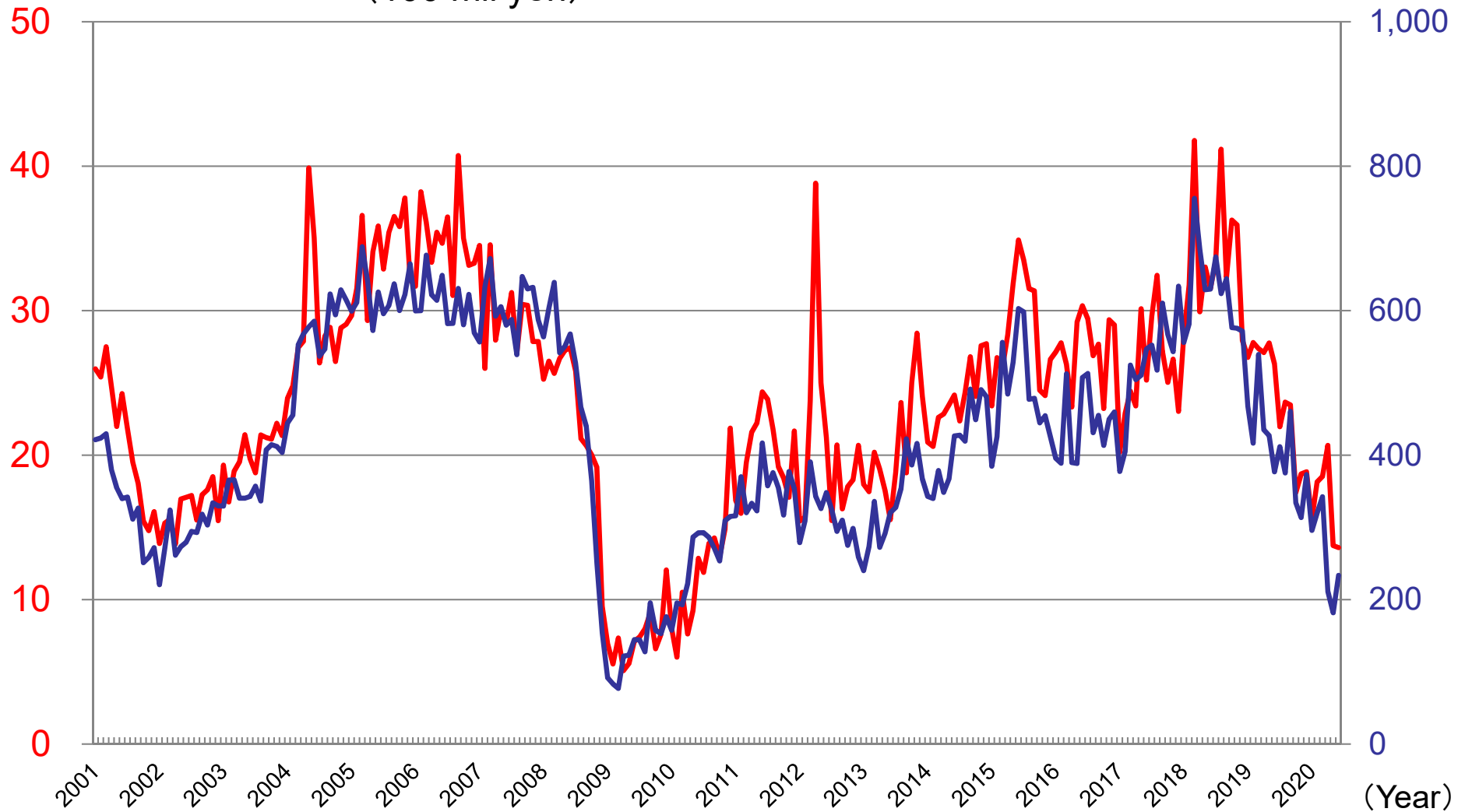
Source: Japan Machine Tool Builders' Association

JMTBA-Makino (non-consolidated) Domestic Order

Makino

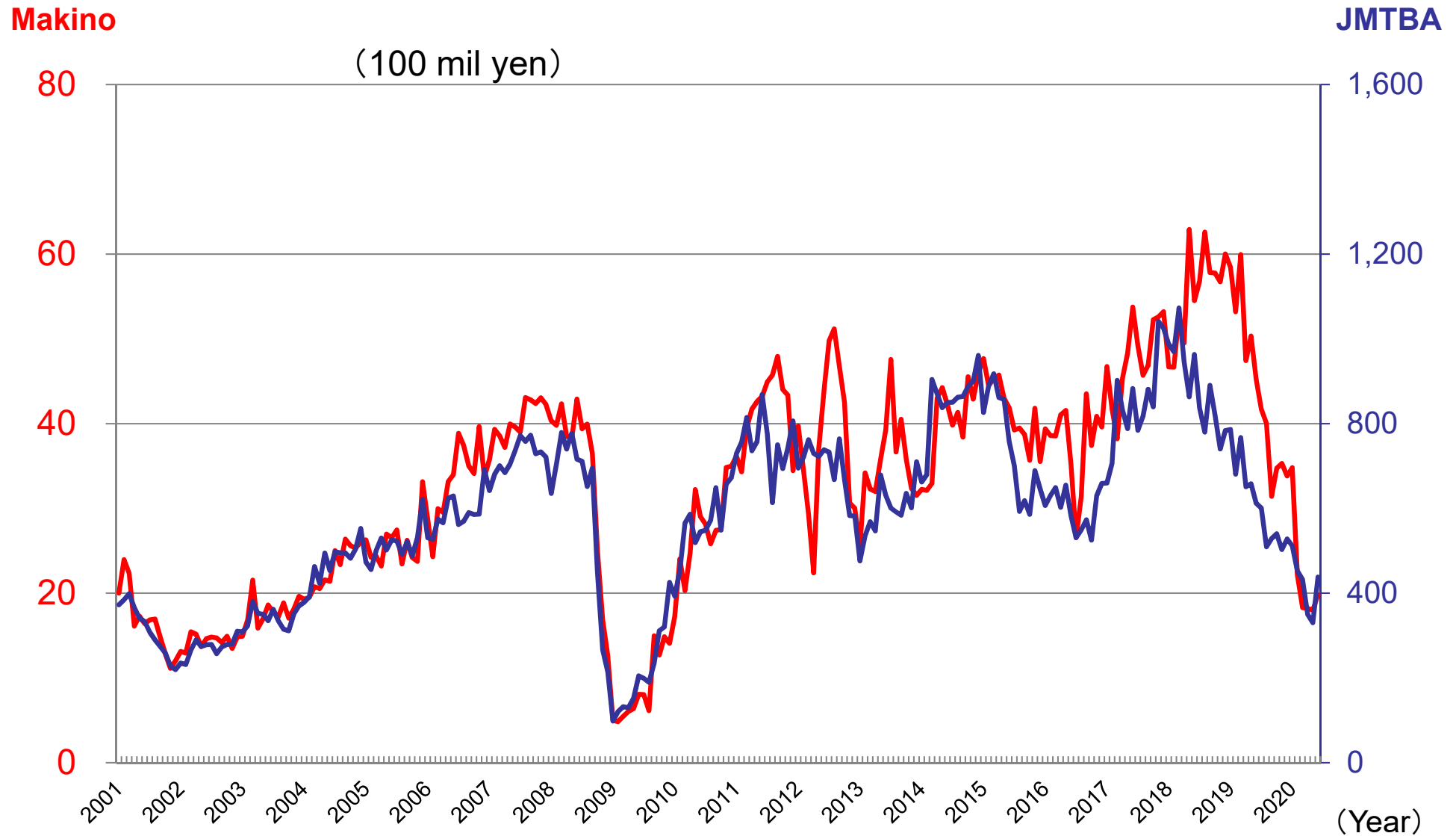
(100 mil yen)

JMTBA



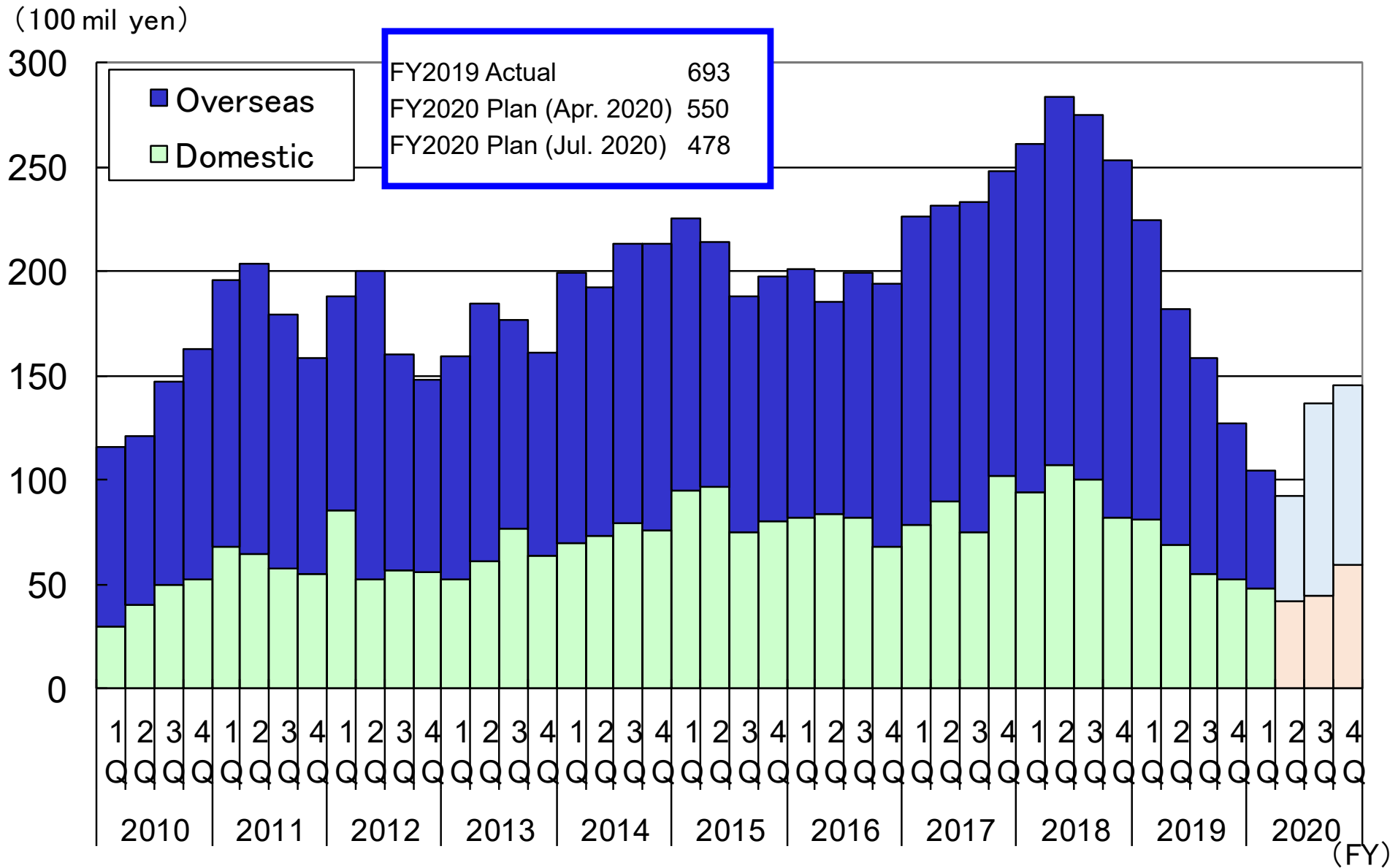
Source: Japan Machine Tool Builders' Association

JMTBA・Makino (non-consolidated) Overseas Order



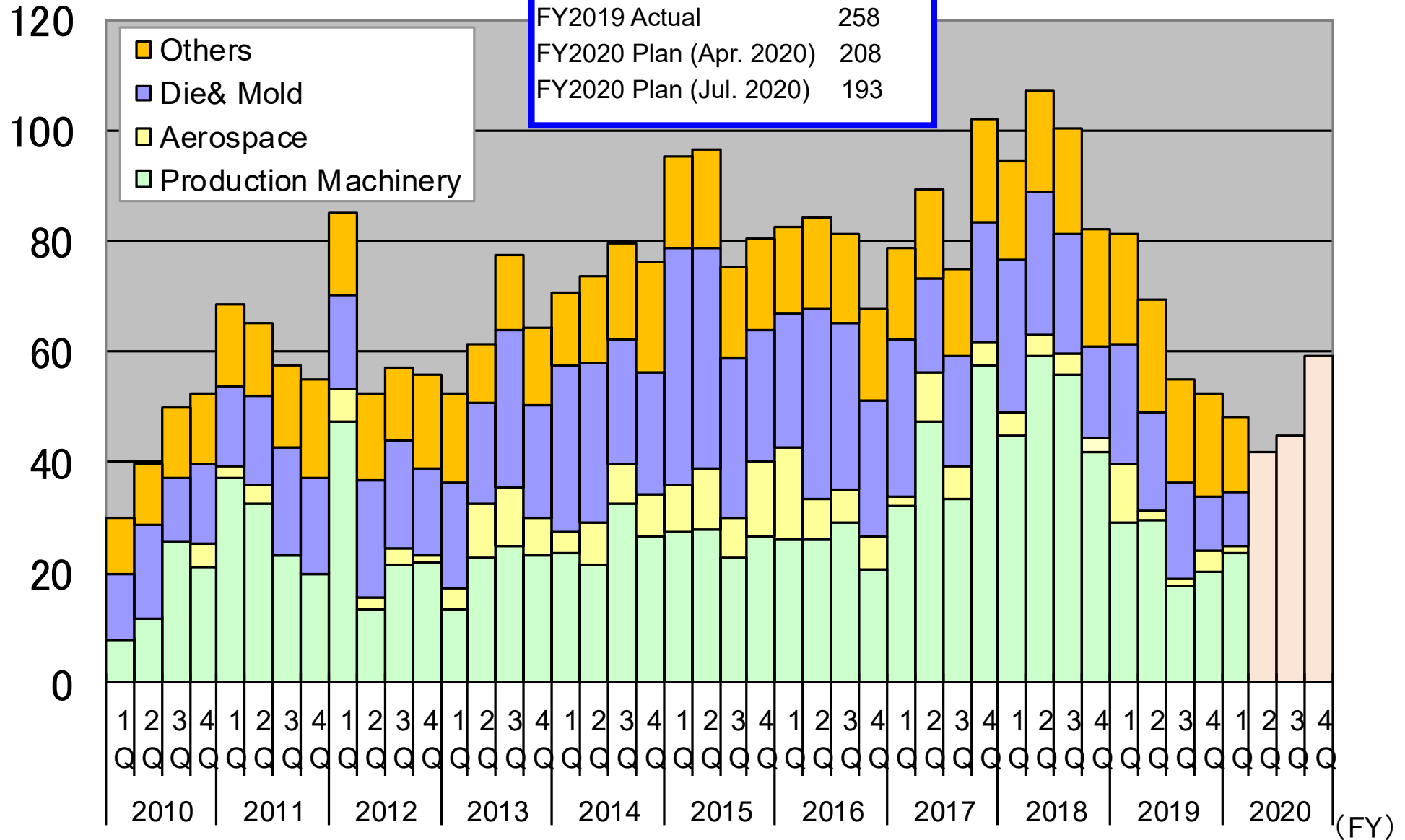
Source: Japan Machine Tool Builders' Association

Quarterly Order of Makino

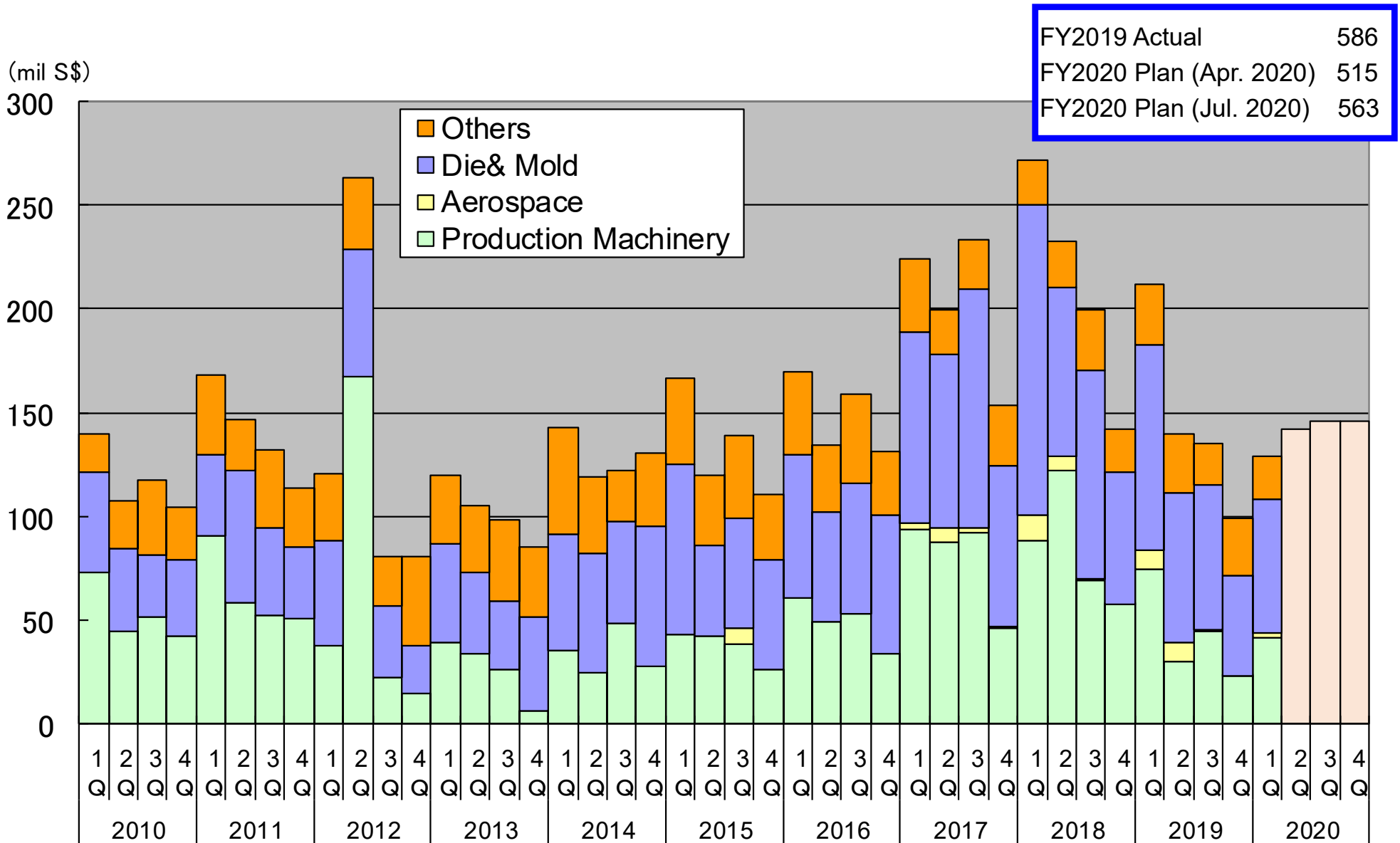


Domestic Order

(100 mil yen)



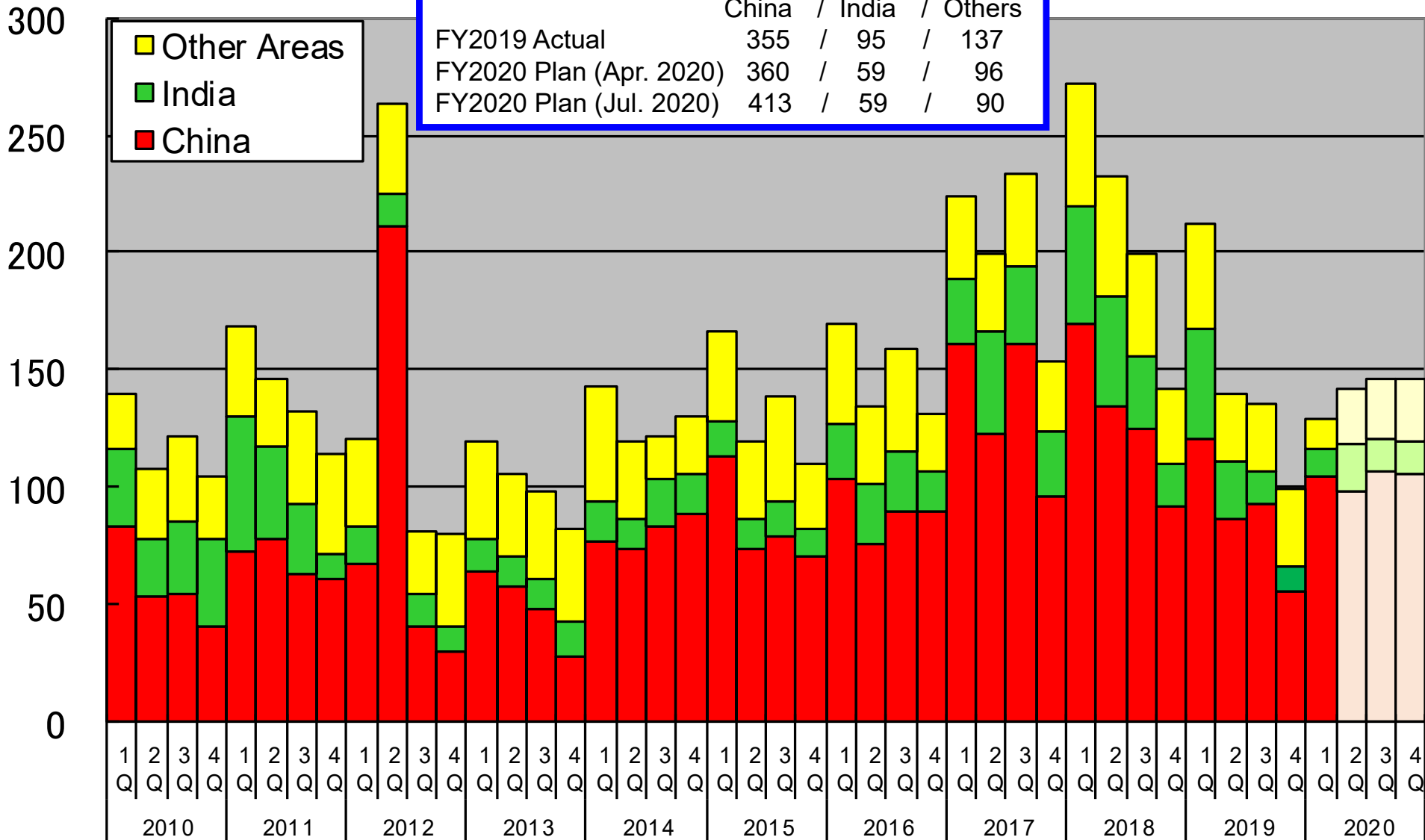
Asian subsidiary Order by industry



(FY)

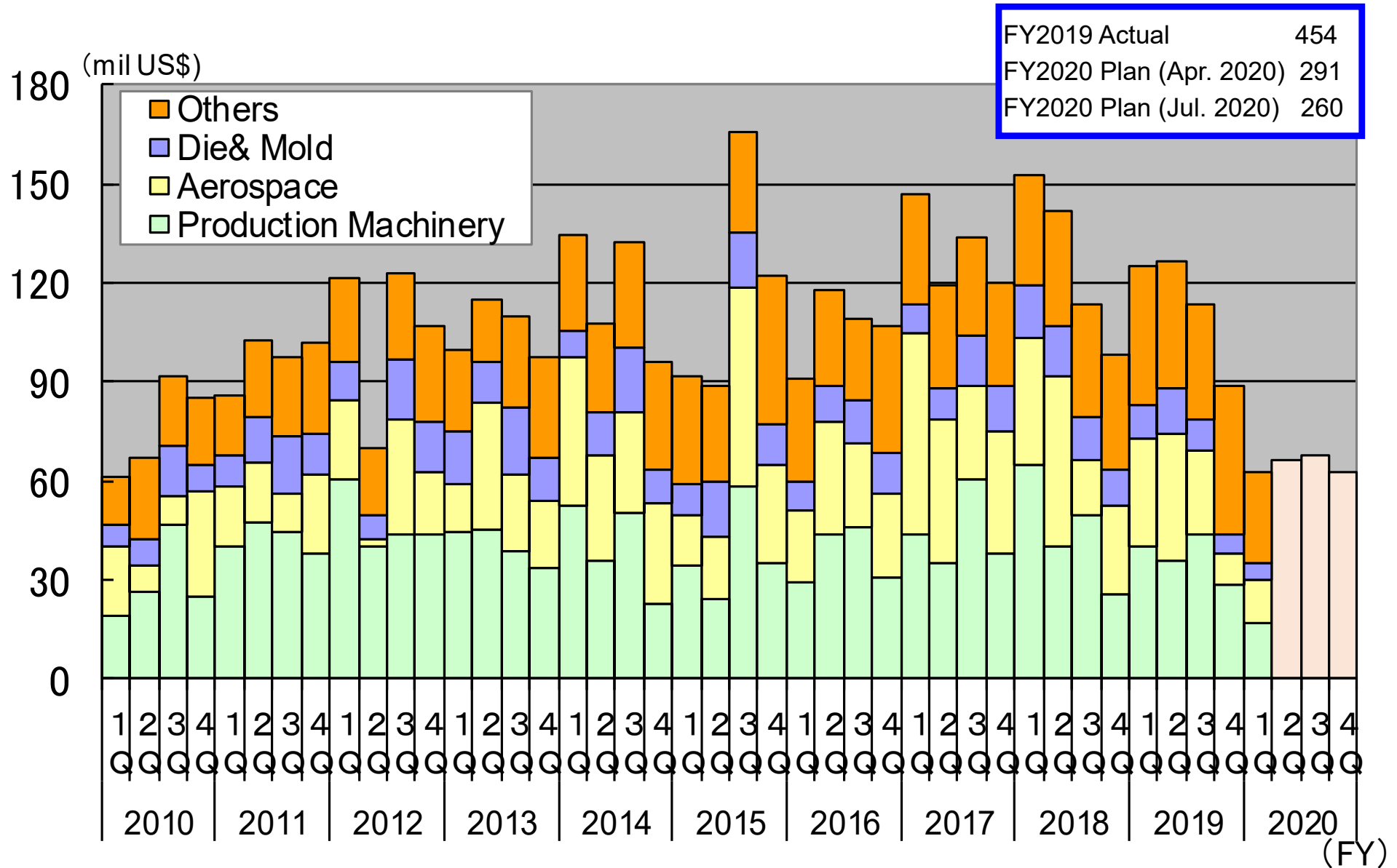
Asian subsidiary Order by area

(mil S\$)

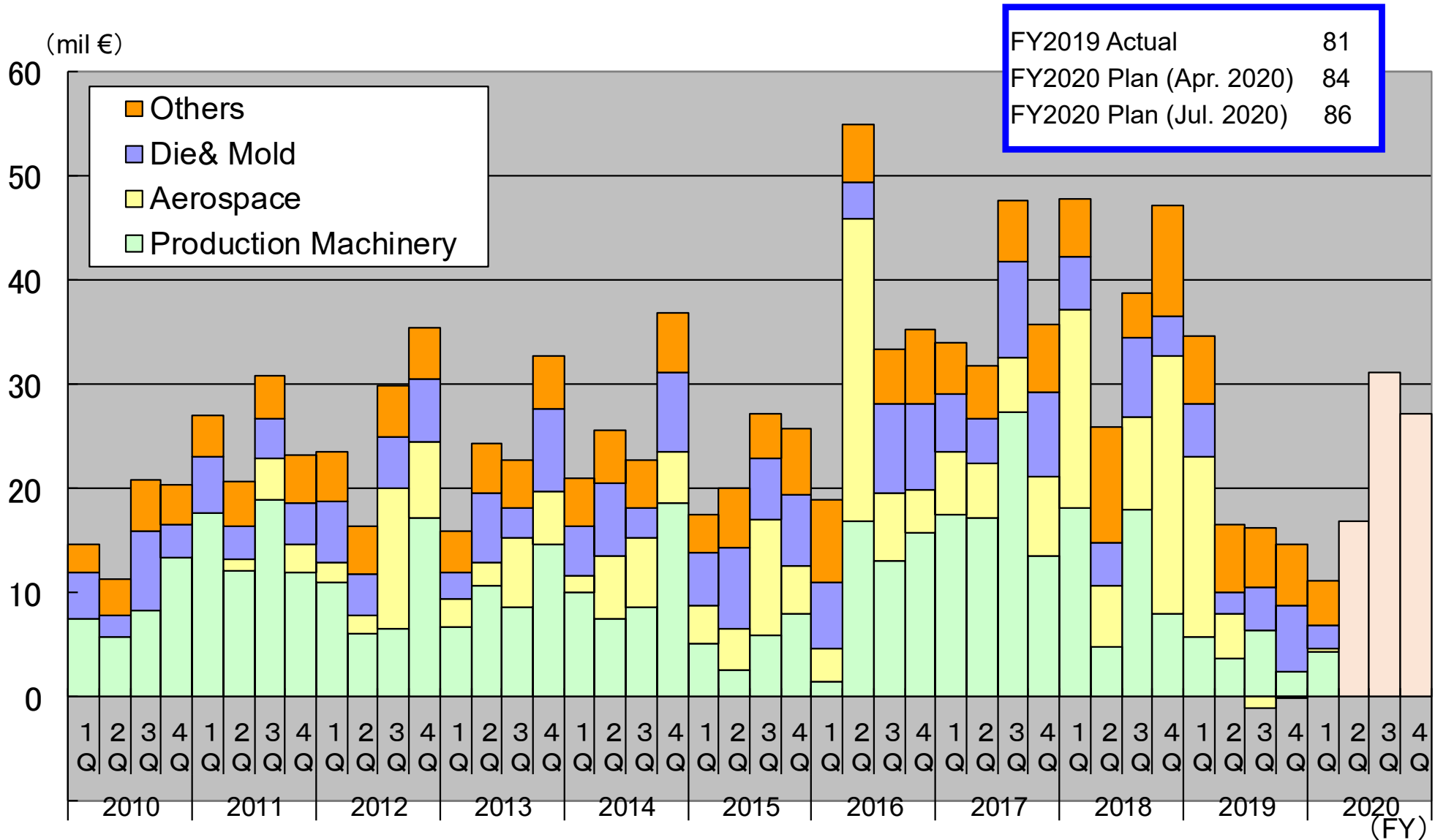


(FY)

US subsidiary Order



Europe subsidiary Order



Definition for industries shown in explanatory note

Makino categorizes its market to the following industries according to what purpose the customers use Makino products for;

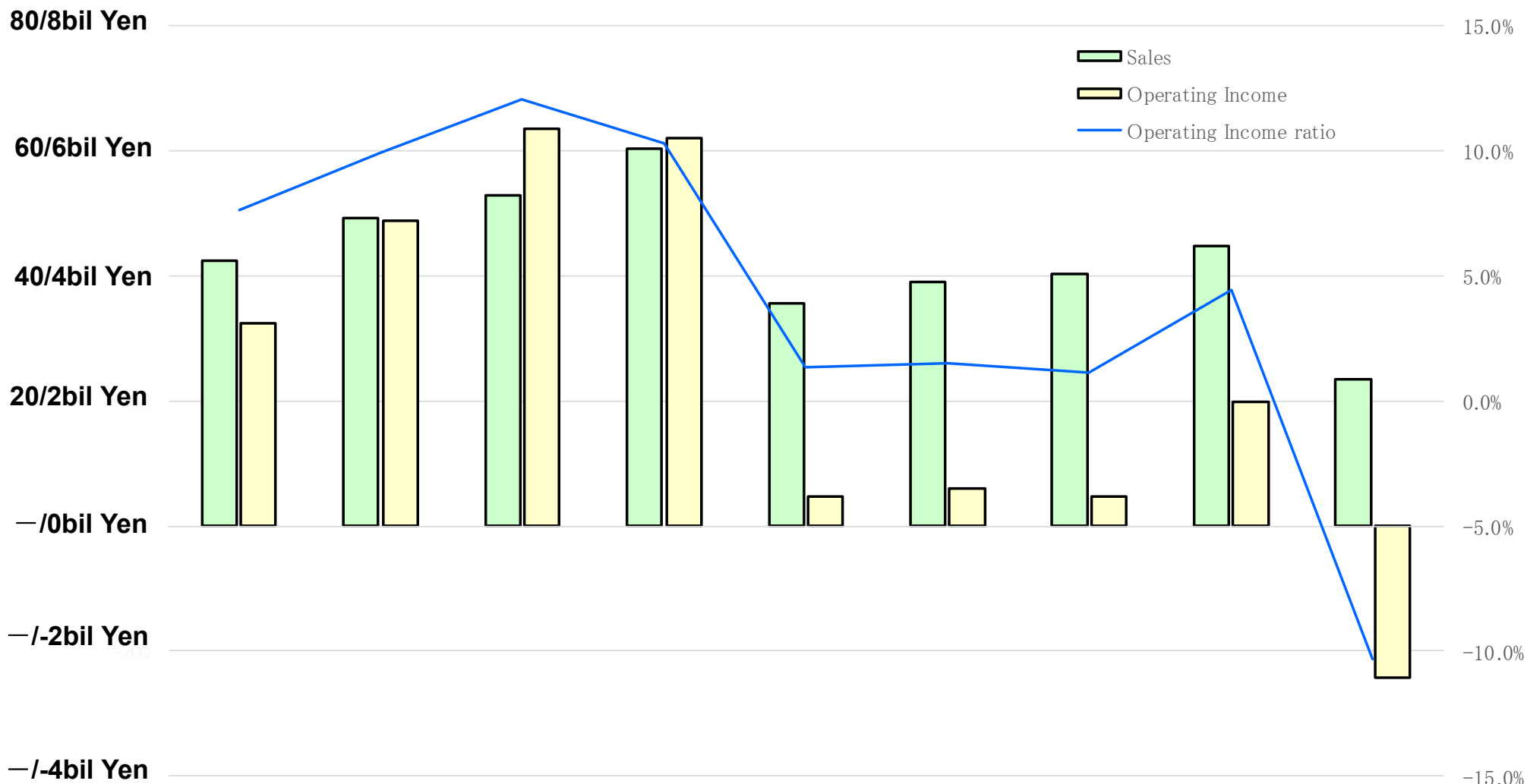
Die & Mold: where Makino products are used to manufacture Die or Mold to shape mainly plastic or die-cast products

Production Machinery: where Makino products are used to manufacture component parts for automobiles or various kinds of machines or devices other than aerospace products.

Aerospace: where Makino products are used to manufacture component parts of aerospace products.

Sales and Operating income

Sales/Operating income



	1Q of FY2018	2Q of FY2018	3Q of FY2018	4Q of FY2018	1Q of FY2019	2Q of FY2019	3Q of FY2019	4Q of FY2019	1Q of FY2020
USD	109.07	110.26	111.14	110.91	109.90	108.63	108.67	108.74	107.62
EUR	130.06	129.85	129.49	128.41	123.49	121.42	121.05	120.82	118.48
SGD	81.79	81.64	81.80	81.69	80.61	79.34	79.48	79.28	76.21

‘Consolidated Operating Results for the Fiscal Year Ending March 31, 2021 (Comparison with the same period of last year)

Explanation Note

-17-

(Million yen)	1Q of FY2019 <small>(From Apr. 1, 2019 to Jun. 30, 2019)</small>	1Q of FY2020 <small>(From Apr. 1, 2020 to Jun. 30, 2020)</small>	Change (%)
Net Sales	35,507	23,544	-11,962 (-33.7%)
Operating Income/ Loss	470 (1.3%)	-2,426 (-10.3%)	-2,896 -
Ordinary Income/ Loss	548 (1.5%)	-1,788 (-7.6%)	-2,336 -
Net Income/ Loss attributable to owners of the parent	425 (1.2%)	-1,999 (-8.5%)	-2,424 -
Exchange rate, against USD	109.90	107.62	
Exchange rate, against EUR	123.49	118.48	
Exchange rate, against SGD	80.61	76.21	

Segments

	(Million yen)					
1Q of FY2020	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated
Net Sales	14,173	9,276	6,254	1,262	-7,421	23,544
(Sales in foreign currency)		(117,508)	(58,113)	(10,655)		
Operating Income/ Loss	-1,684	288	-497	-446	-86	-2,426
1Q of FY2019	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated
Net Sales	23,166	13,295	11,062	2,757	-14,774	35,507
(Sales in foreign currency)		(160,152)	(110,658)	(22,331)		
Operating Income/ Loss	333	878	15	-393	-364	470
1Q of FY2018	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated
Net Sales	29,146	16,769	12,090	3,737	-19,262	42,480
(Sales in foreign currency)		(197,436)	(110,849)	(28,737)		
Operating Income/ Loss	2,725	1,537	-127	-422	-473	3,239

Sales amount by Destination

(Million yen)

1Q of FY2020	Japan	Asia	America	Europe	Others	Consolidated
Net sales	6,565	9,463	6,150	1,330	34	23,544
Ratio	27.8%	40.1%	26.1%	5.6%	0.1%	

(Million yen)

1Q of FY2019	Japan	Asia	America	Europe	Others	Consolidated
Net sales	8,004	12,979	10,906	3,248	368	35,507
Ratio	22.5%	36.5%	30.7%	9.1%	1.0%	

(Million yen)

1Q of FY2018	Japan	Asia	America	Europe	Others	Consolidated
Net sales	8,848	18,215	11,384	3,184	847	42,480
Ratio	20.8%	42.8%	26.8%	7.5%	1.9%	

Consolidated Balance Sheets

-20-

Assets

(Million yen)

Item		End of FY2019 (As of Mar. 31, 2020)	End of 1Q FY2020 (As of Jun. 30, 2020)	Change
Current assets	Cash and time deposits	55,748	58,261	2,512
	Notes and accounts receivable	40,179	30,205	-9,973
	Marketable securities	35	41	5
	Inventories	58,346	59,692	1,346
	Other current assets	8,683	6,687	-1,995
	Allowance for doubtful accounts	-949	-964	-14
	Total	162,043	153,924	-8,119
Noncurrent assets	Property, plant and equipment	67,808	68,523	714
	Intangible assets	4,581	4,396	-185
	Investments and other assets	24,454	28,774	4,319
	Total	96,845	101,694	4,848
Total assets		258,889	255,618	-3,270

Consolidated Balance Sheets

-21-

Liabilities and net assets

(Million yen)

Item		End of FY2019 (As of Mar. 31, 2020)	End of 1Q FY2020 (As of Jun. 30, 2020)	Change
Current liabilities	Notes and accounts payable	23,968	18,562	-5,406
	Short-term loans from banks	4,767	5,077	309
	Current portion of long-term debt	597	605	7
	Other current liabilities	22,864	22,931	66
	Total	52,198	47,176	-5,021
Noncurrent liabilities	Bonds payable	20,000	20,000	-
	Long-term loans payable	20,445	20,460	15
	Other noncurrent liabilities	14,541	15,609	1,067
	Total	54,987	56,069	1,082
Total liabilities		107,185	103,246	-3,938
Shareholders' equity	Common stock	21,142	21,142	-
	Capital surplus	37,070	37,074	3
	Retained earnings	93,424	90,936	-2,487
	Treasury stock	-2,011	-2,011	-
	Total	149,626	147,142	-2,484
Valuation and translation adjustments		1,248	4,442	3,194
Non-controlling interests		828	786	-42
Total net assets		151,703	152,371	667
Total liabilities and net assets		258,889	255,618	-3,270

Consolidated Statements of Cash Flow -22-

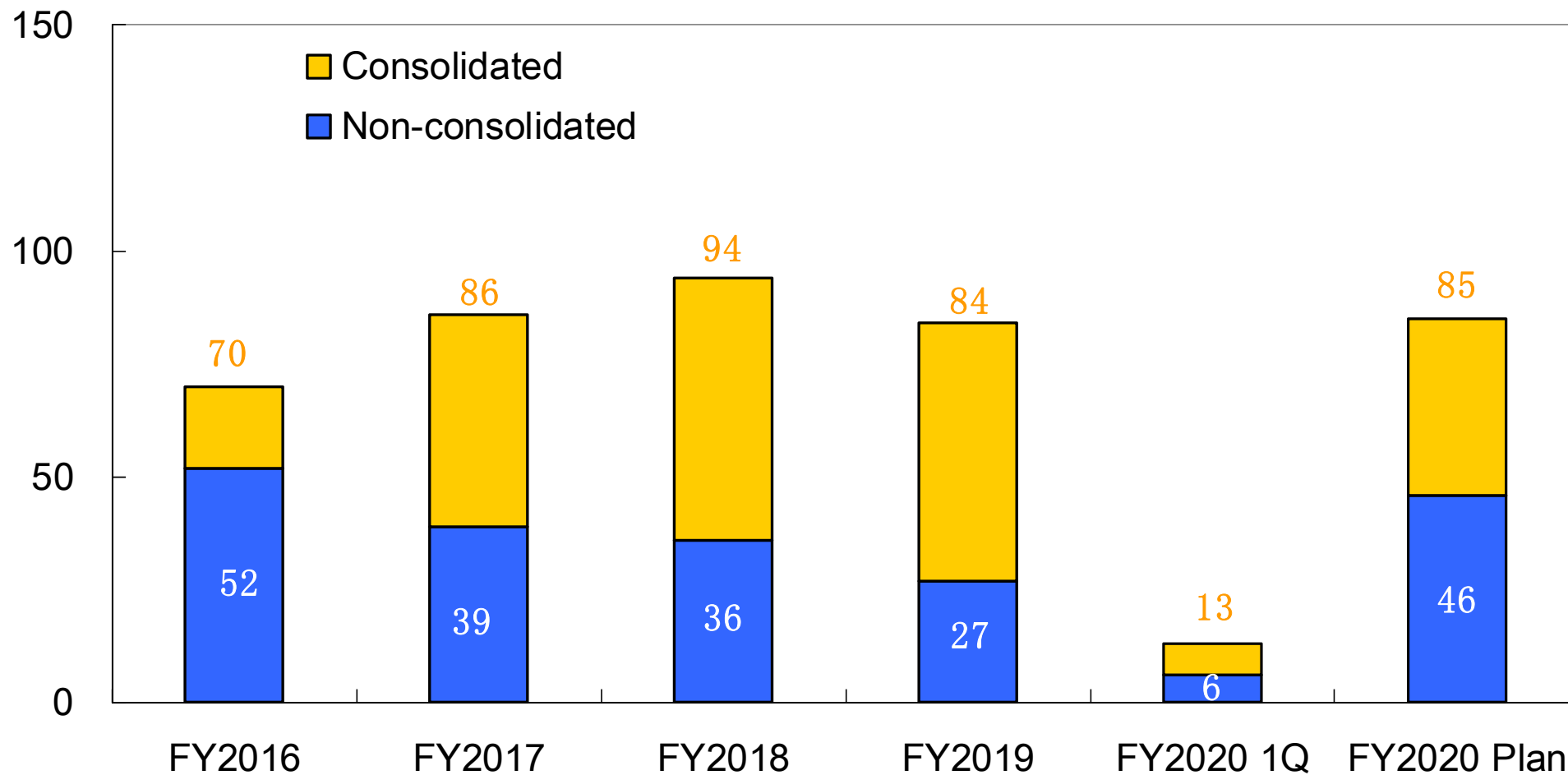
(Million yen)

Item	1Q of FY2019 <small>(From Apr. 1, 2019 to Jun. 30, 2019)</small>	1Q of FY2020 <small>(From Apr. 1, 2020 to Jun. 30, 2020)</small>
I. Cash flows from operating activities:		
Income (loss) before income taxes	566	-2,049
Depreciation and amortization	1,595	1,607
(Increase) decrease in notes and accounts receivable, trade	14,353	9,912
(Increase) decrease in inventories	-4,181	-1,268
Increase (decrease) in notes and accounts payable, trade	-6,392	-5,408
Other, net	-1,715	1,550
Cash flows from operating activities	4,225	4,344
II. Cash flows from investing activities:		
Purchase of property, plant and equipment	-1,938	-1,189
Proceeds from sales of property, plant and equipment	124	74
Other, net	-269	-249
Cash flows from investing activities	-2,083	-1,363
III. Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	-51	349
Repayment of finance-lease obligations	-161	-163
Repayment of long-term loans payable	-20	-
Payment for purchases of treasury stock	-0	-
Payment for purchases of treasury stock of subsidiaries	-	-22
Dividends paid by the parent company	-1,403	-471
Dividends paid to minority shareholders	-13	-11
Cash flows from financing activities	-1,651	-319
IV. Effect of exchange rate changes on cash and cash equivalents	-834	-148
V. Net increase (decrease) in cash and cash equivalents	-343	2,513
VI. Cash and cash equivalents, beginning of period	48,827	55,358
VII. Cash and cash equivalents, end of period	48,483	57,871

Capital Investment (Forecast)

Capital investment

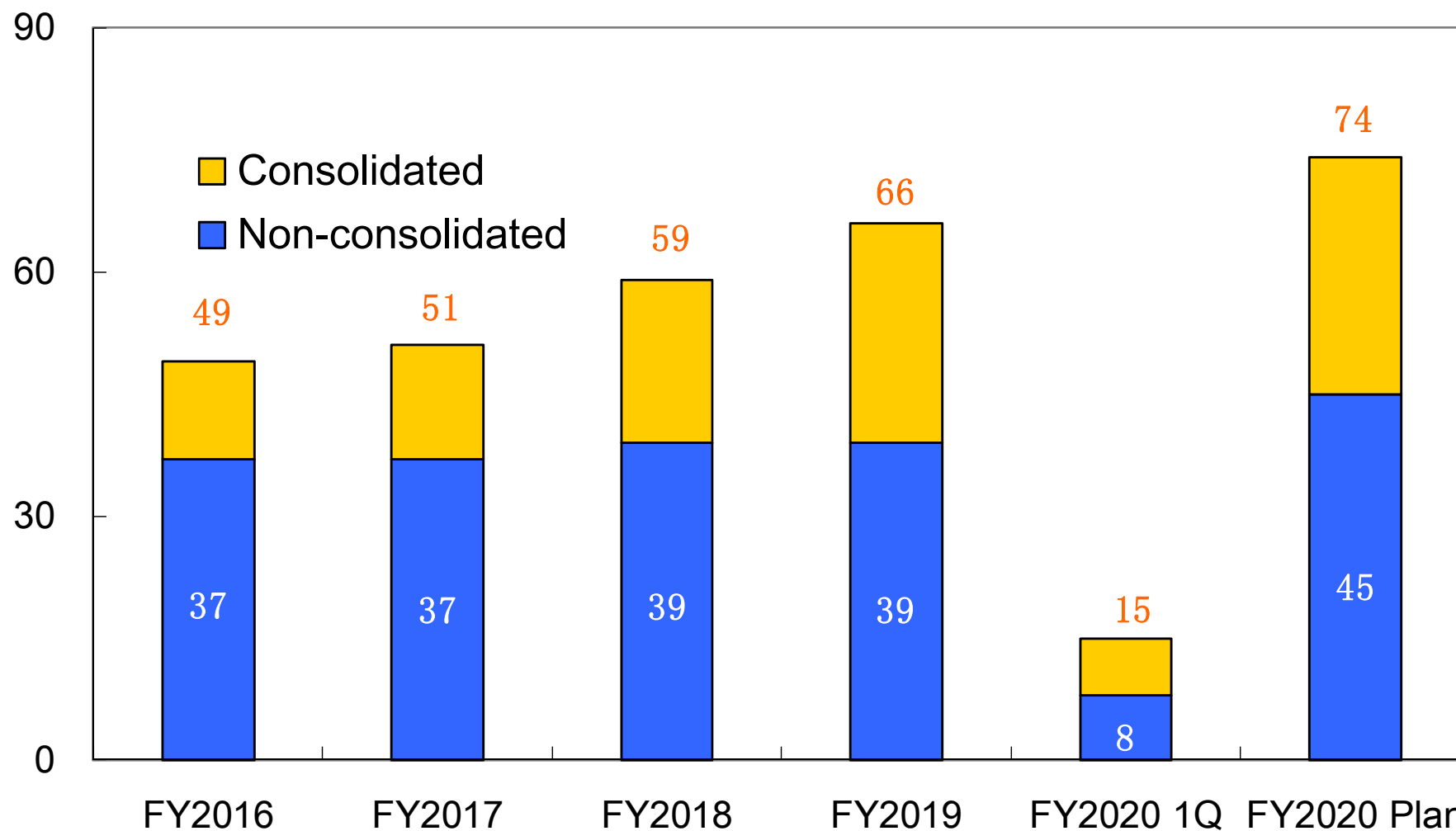
(100 million yen)



Depreciation (Forecast)

Depreciation

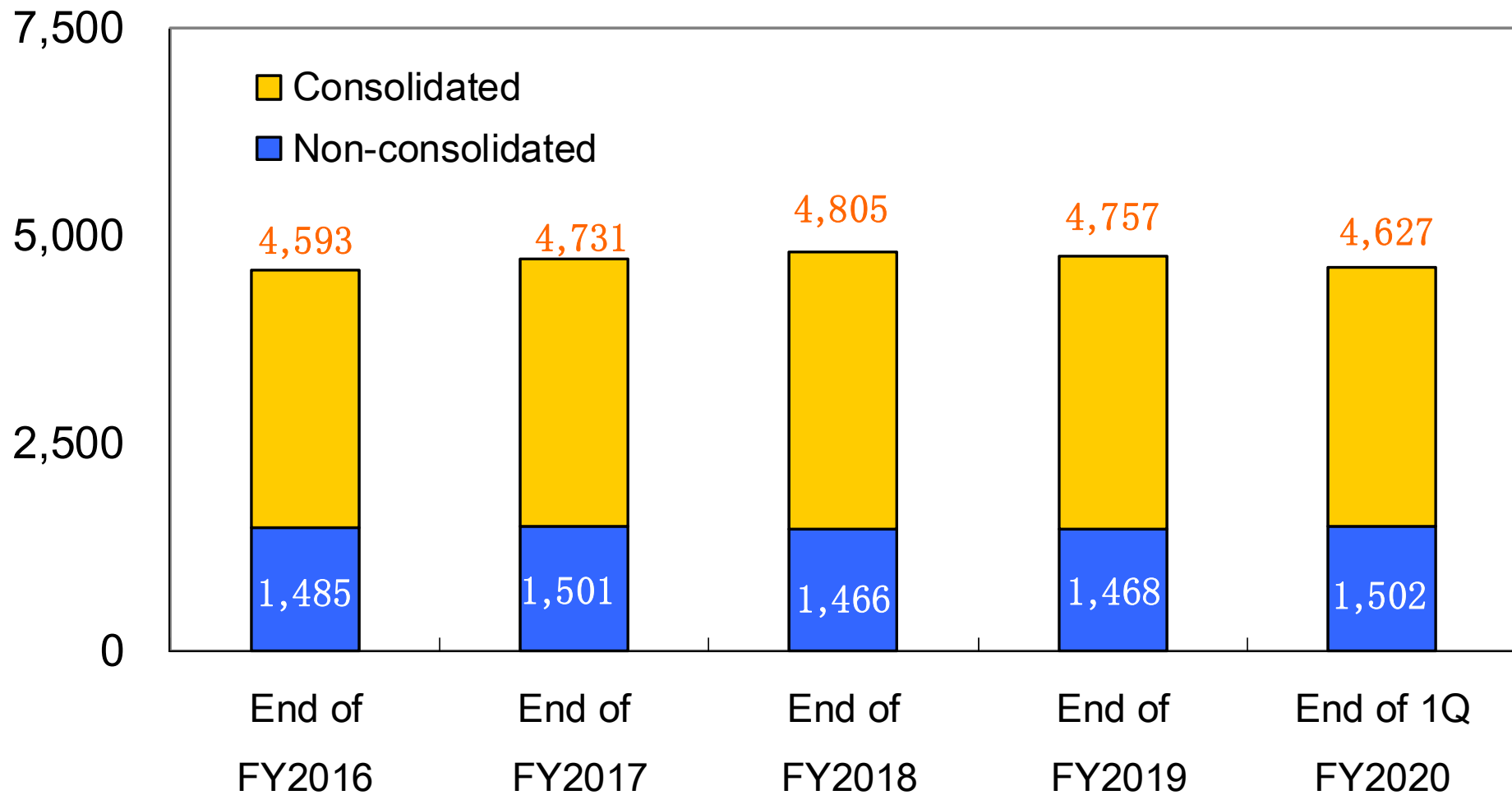
(100 million yen)



Employees

Number of employees

(Persons)



Forecast of Consolidated Income Statement

-26-

(Million yen)	Revised Forecast		Original Forecast	
	1H of FY2020 (From Apr 1, 2020 to Sep 30, 2020)	FY2020 (From Apr. 1, 2020 to Mar. 31, 2021)	1H of FY2020 (From Apr 1, 2020 to Sep 30, 2020)	FY2020 (From Apr. 1, 2020 to Mar. 31, 2021)
Net Sales	50,500	113,500	50,500	113,500
Operating Income/ Loss	-4,800 (-9.5%)	-7,100 (-6.3%)	-7,200 (-14.3%)	-9,500 (-8.4%)
Ordinary Income/ Loss	-4,300 (-8.5%)	-6,500 (-5.7%)	-7,000 (-13.9%)	-9,200 (-8.1%)
Net Income/ Loss attributable to owners of the parent	-4,600 (-9.1%)	-6,900 (-6.1%)	-7,000 (-13.9%)	-9,300 (-8.2%)
Exchange rate, against USD	106.30	105.70	105.00	105.00
Exchange rate, against EUR	117.70	117.40	117.00	117.00
Exchange rate, against SGD	76.60	76.80	77.00	77.00

Reference Materials

The influences on Sales and Operating income by exchange rate fluctuations⁻²⁸⁻

Comparison with the same period of last year

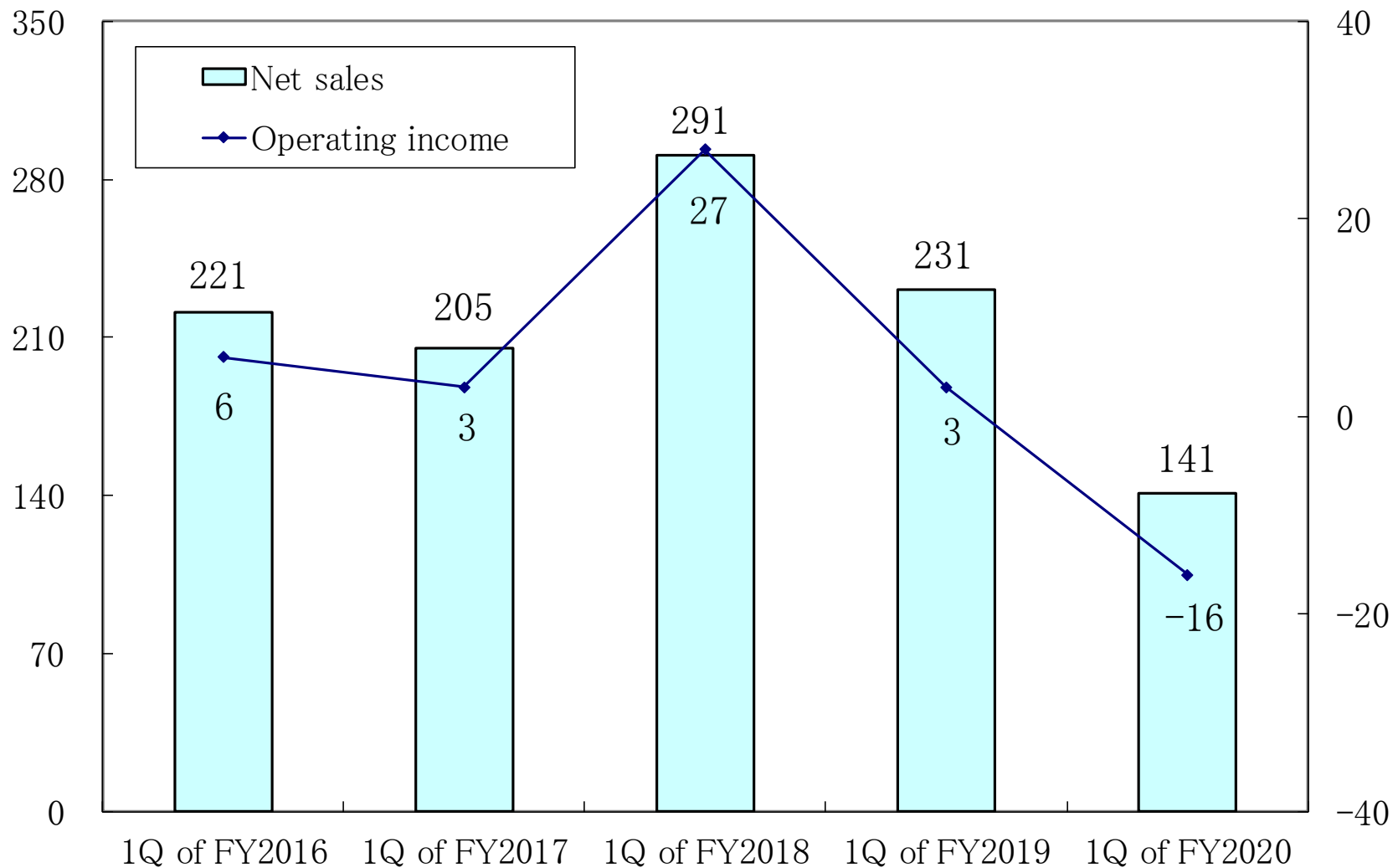
(mil yen)

	1Q of FY2020		The influence of exchange rate fluctuations in Sales	The influence of exchange rate fluctuations in Operating Income
	External sales	Exchange rate (Same period of last year)		
USD	USD 57M	107.62 (109.90)	-130	-18
EUR	EUR 10M	118.48 (123.49)	-50	17
SGD	SGD 110M	76.21 (80.61)	-484	-15
Total			-664	-16

Net Sales and Operating Income (by Segment)

<Japan>

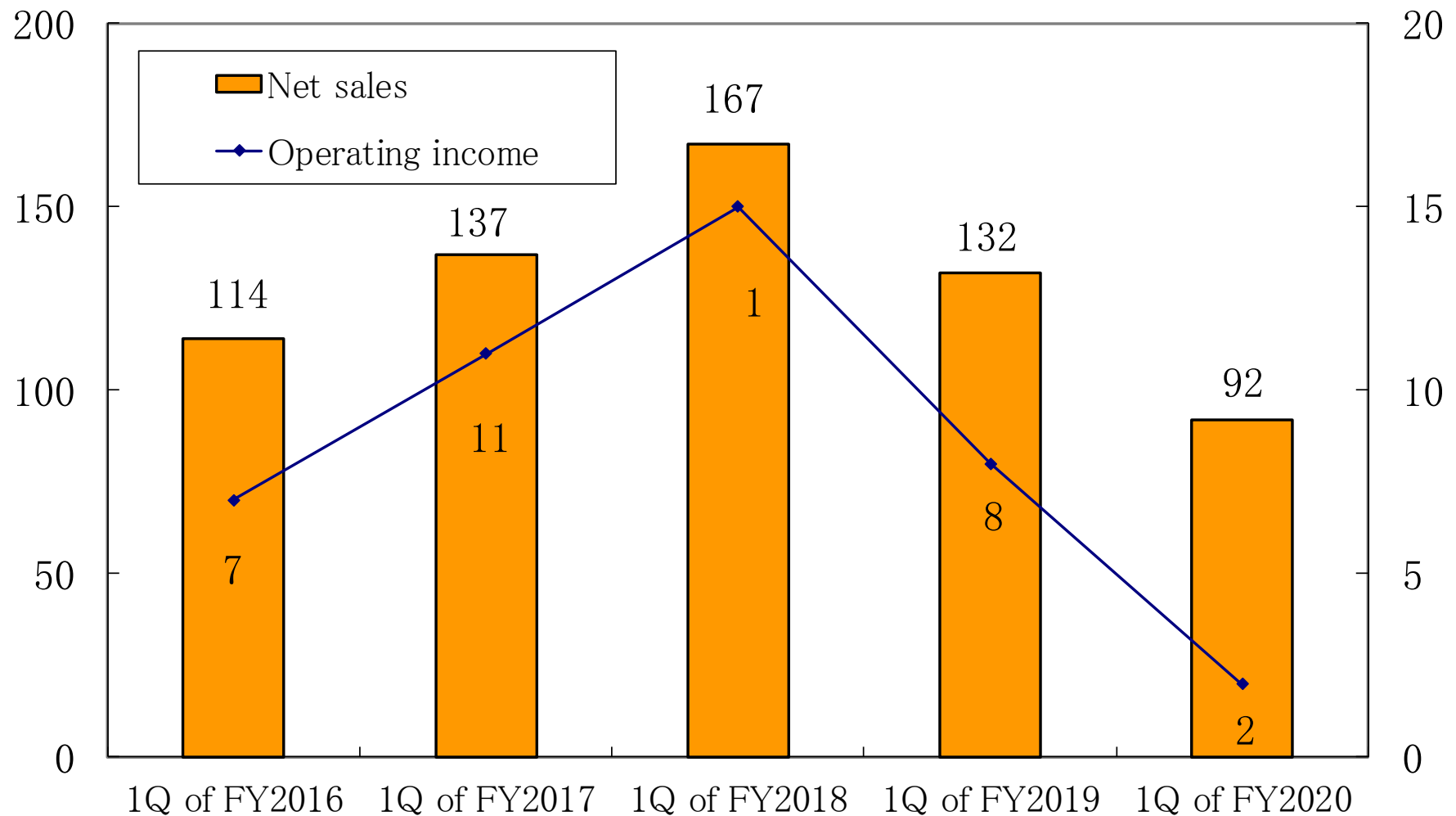
(100 million yen)



Net Sales and Operating Income (by Segment)

<Asia>

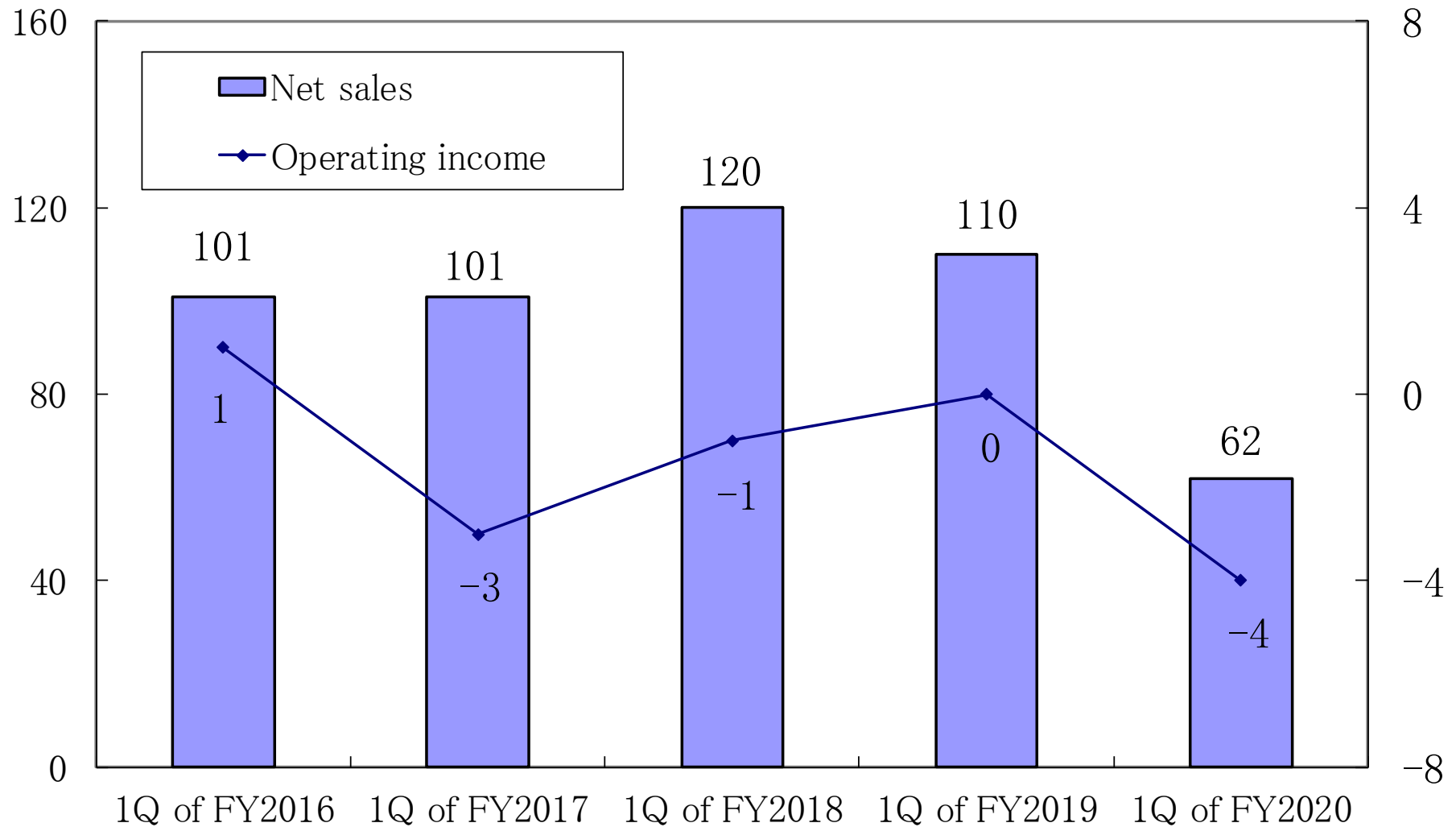
(100 million yen)



Net Sales and Operating Income (by Segment)

<America>

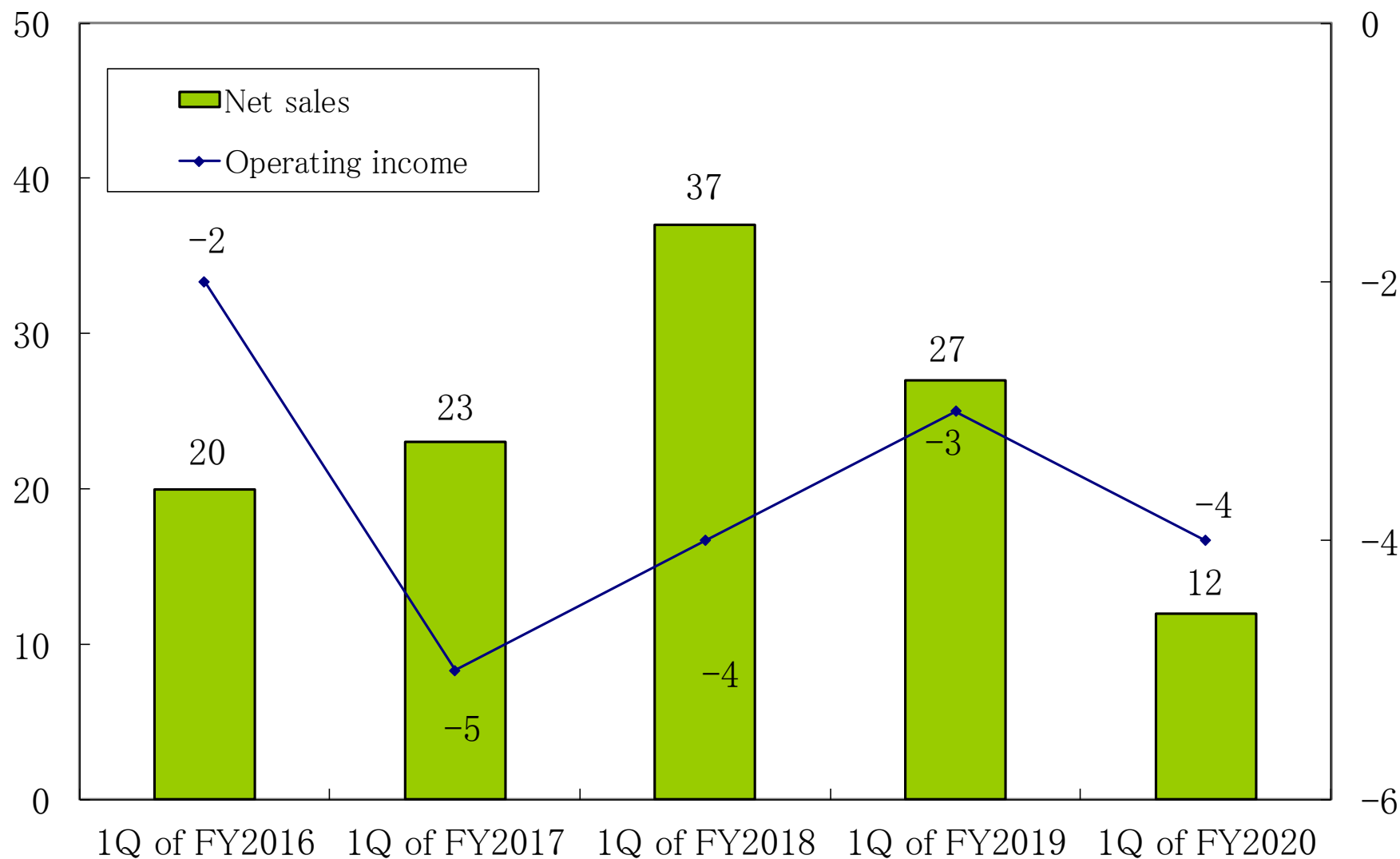
(100 million yen)



Net Sales and Operating Income (by Segment)

<Europe>

(100 million yen)

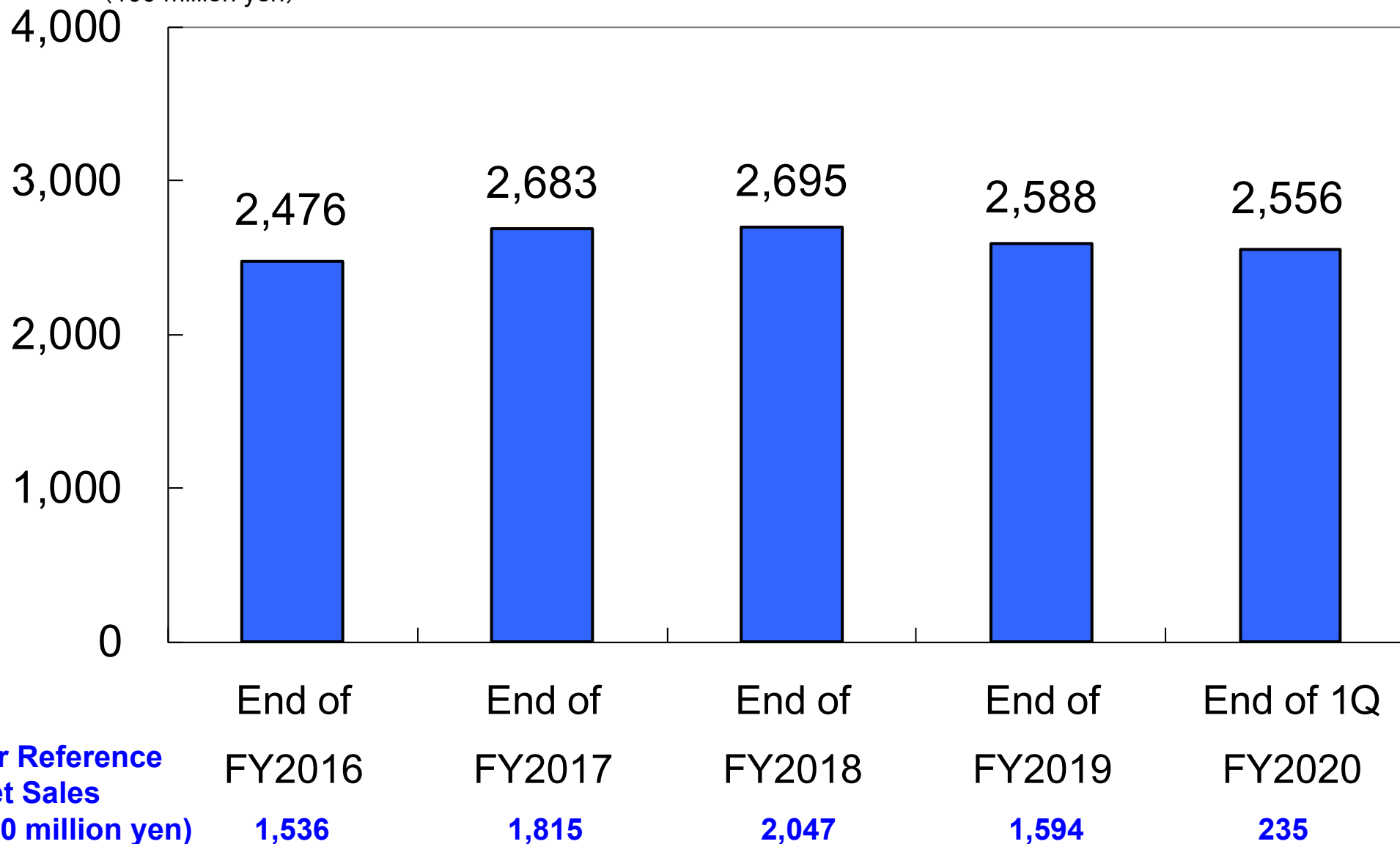


Changes in Major Items in Consolidated Balance Sheets

-33-

Total assets

(100 million yen)

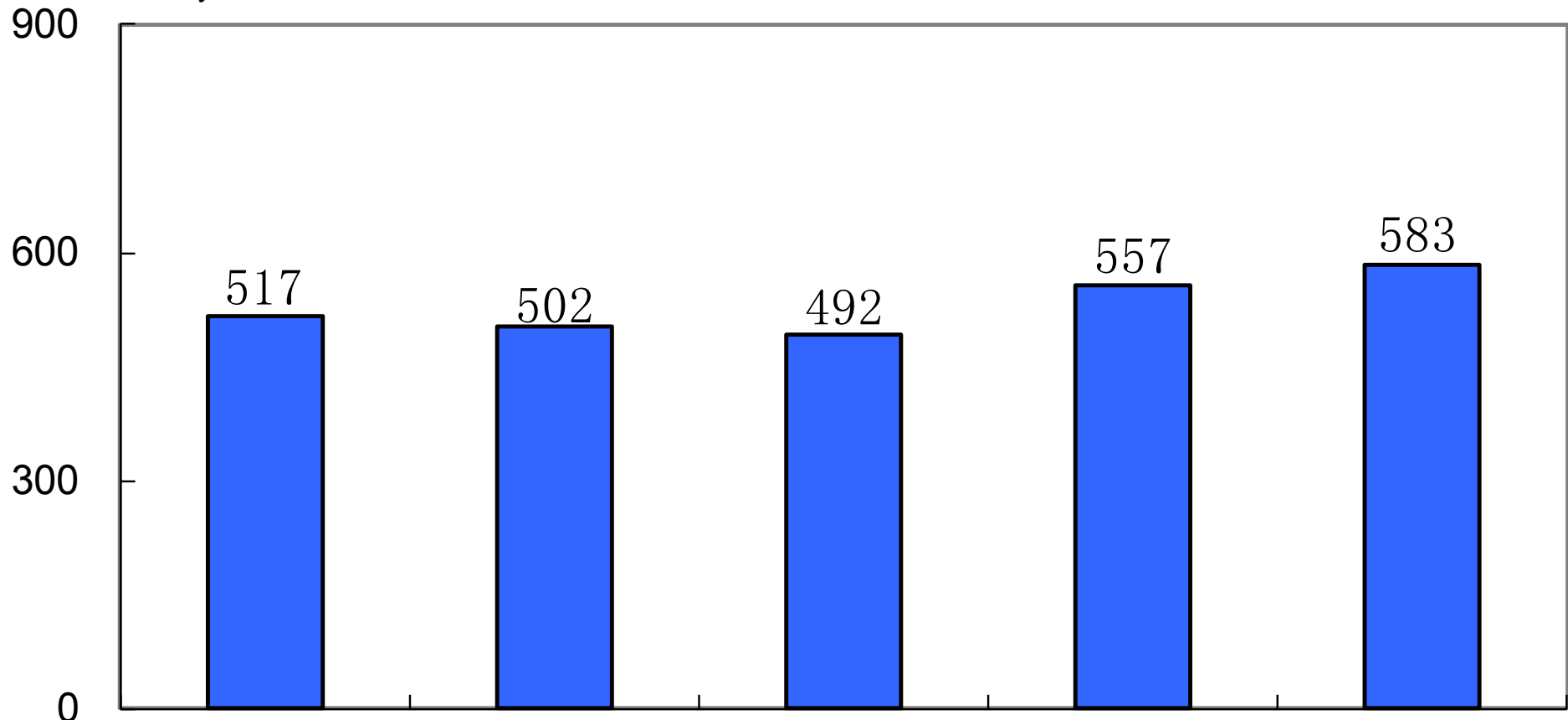


***for Reference**
Net Sales
 (100 million yen)

Changes in Major Items in Consolidated Balance Sheets

Cash and time deposits + securities

(100 million yen)



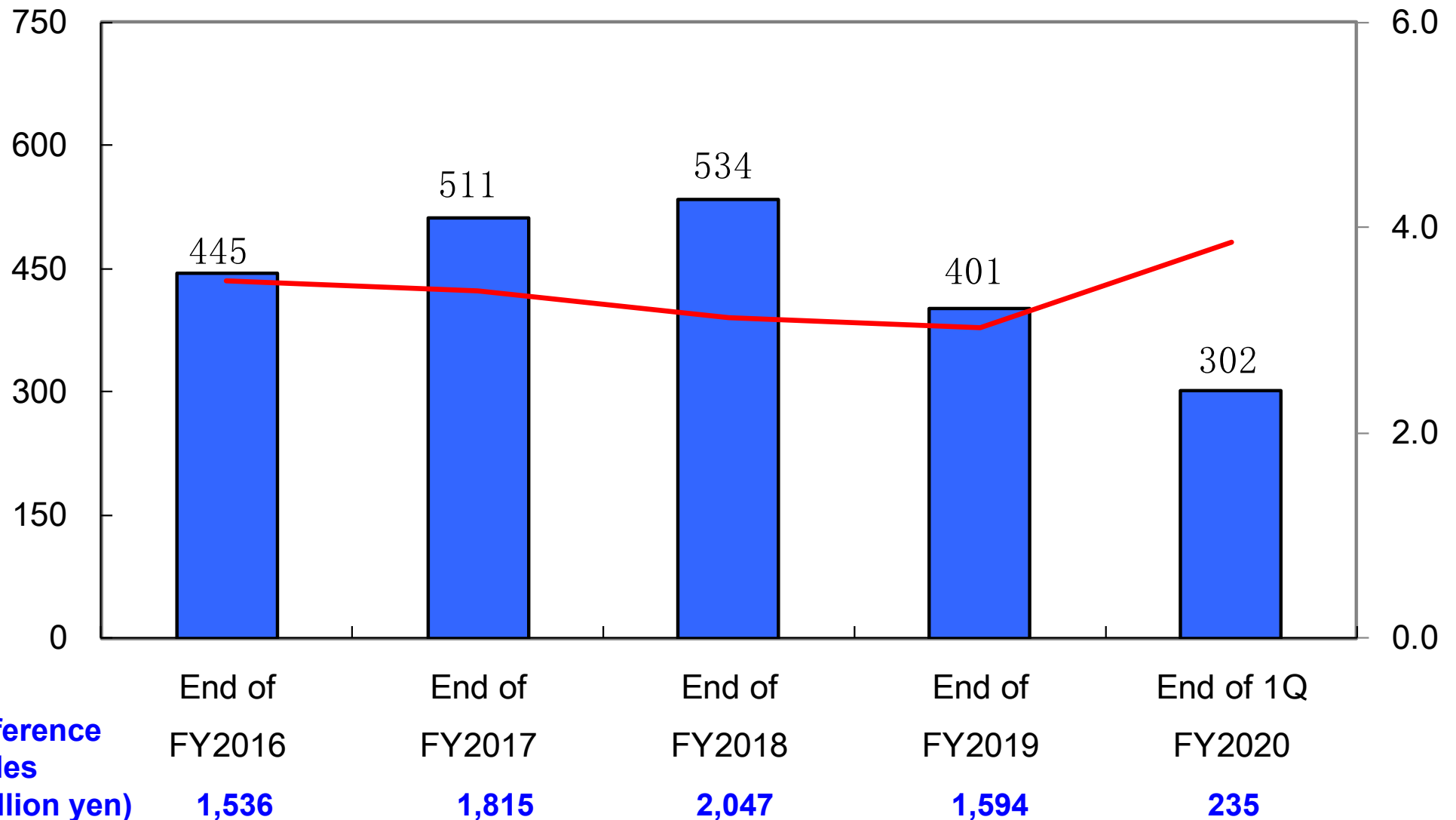
***for Reference
Net Sales
(100 million yen)**

Period	Value (100 million yen)
End of FY2016	1,536
End of FY2017	1,815
End of FY2018	2,047
End of FY2019	1,594
End of 1Q FY2020	235

Changes in Major Items in Consolidated Balance Sheets -35-

Notes and accounts receivable, trade
(100 million yen)

Turnover of accounts receivable
(month)



***for Reference
Net Sales
(100 million yen)**

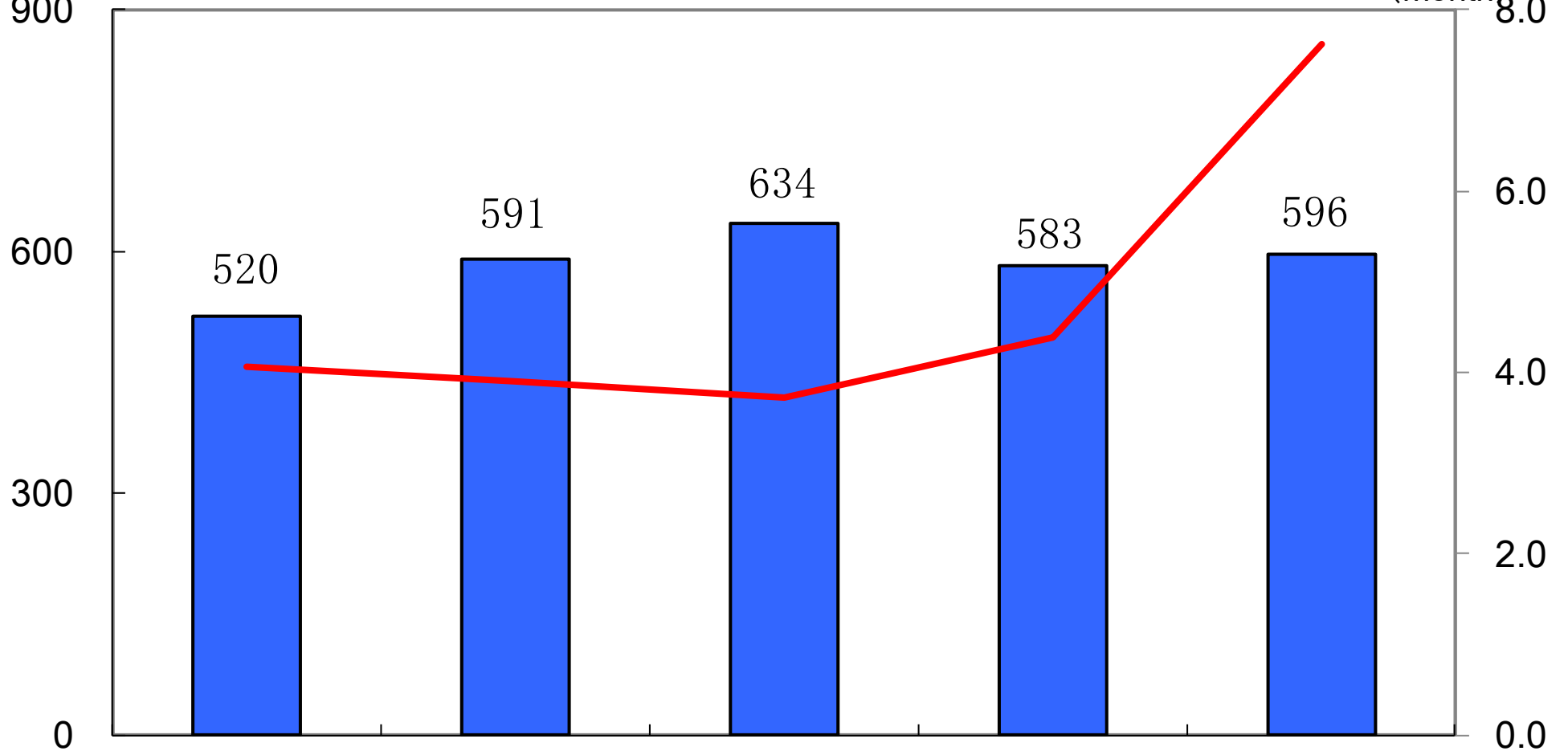
Changes in Major Items in Consolidated Balance Sheets -36-

Inventories

(100 million yen)

Inventory turnover

(month)



***for Reference
Net Sales
(100 million yen)**

End of
FY2016

1,536

End of
FY2017

1,815

End of
FY2018

2,047

End of
FY2019

1,594

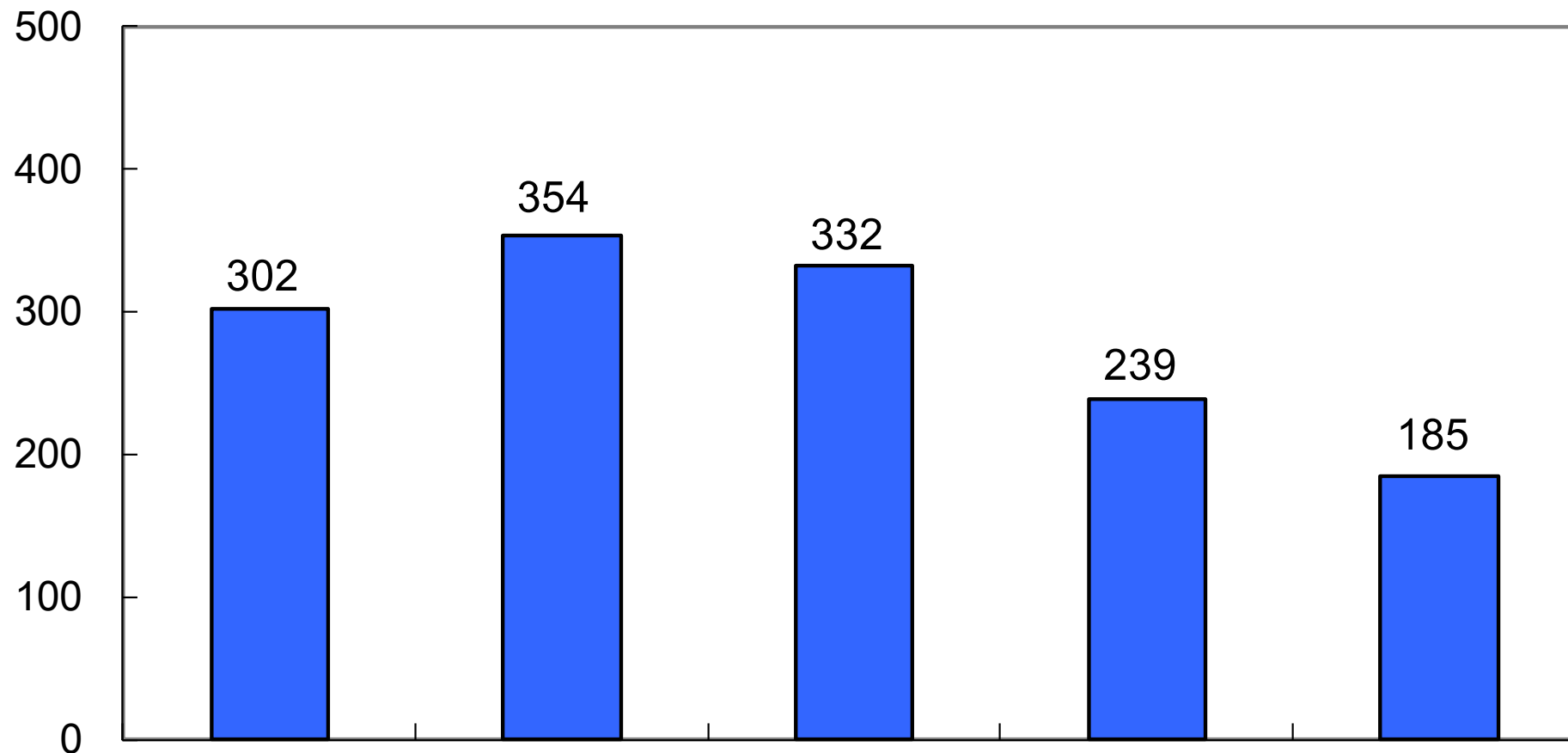
End of 1Q
FY2020

235

Changes in Major Items in Consolidated Balance Sheets

Notes and accounts payable, trade

(100 million yen)



***for Reference
Net Sales
(100 million yen)**

End of
FY2016

1,536

End of
FY2017

1,815

End of
FY2018

2,047

End of
FY2019

1,594

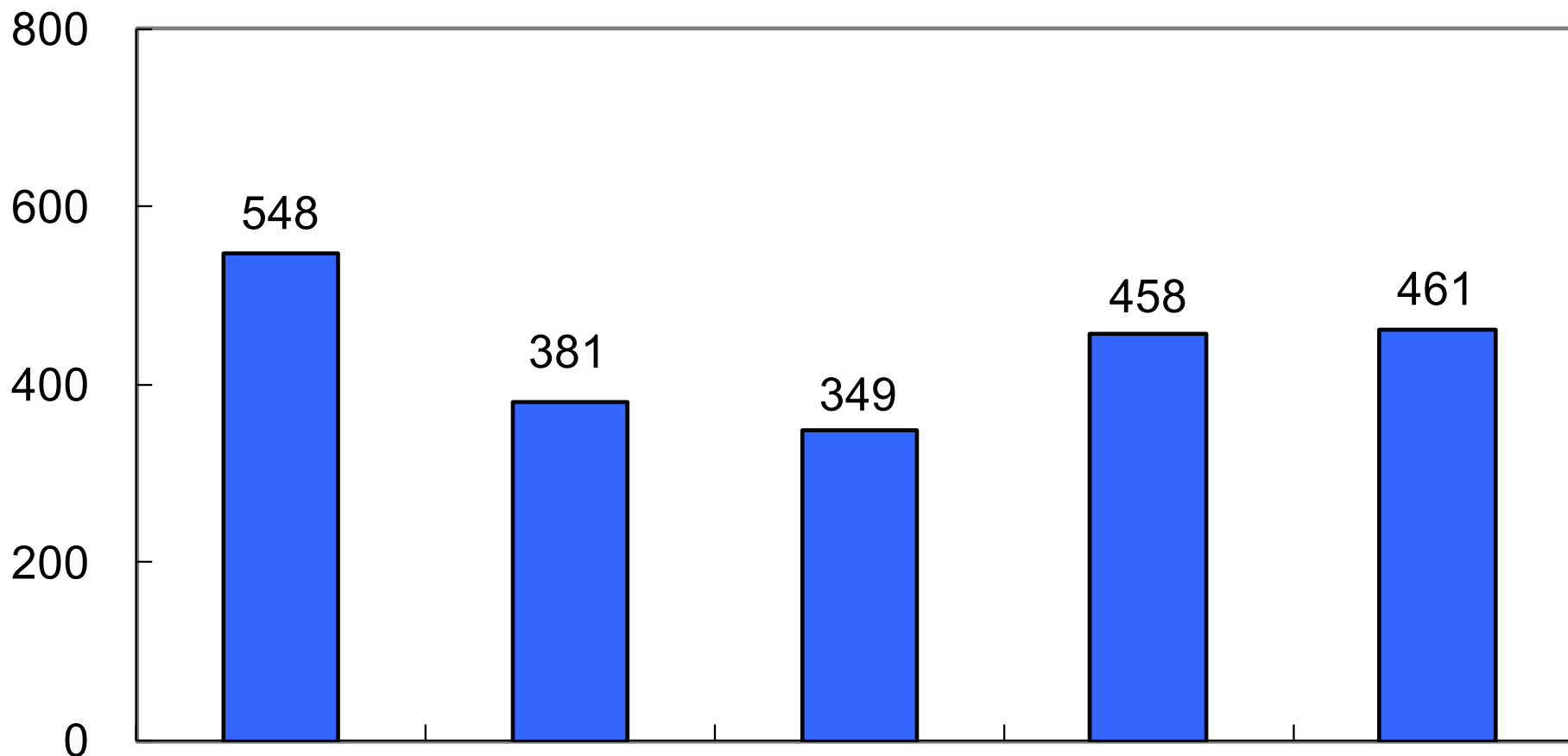
End of 1Q
FY2020

235

Changes in Major Items in Consolidated Balance Sheets

Interest-bearing debt

(100 million yen)



End of

End of

End of

End of

End of 1Q

FY2016

FY2017

FY2018

FY2019

FY2020

***for Reference
Net Sales
(100 million yen)**

1,536

1,815

2,047

1,594

235

Note

Forward-looking statements contained in this explanatory material, including results forecasts, are based on information available at the time of disclosure and contain potential risks and uncertainties.

Therefore, please note that actual results may materially differ from the forecasts written in this material because of various factors.

Significant factors that could have an impact on actual results include, but are not limited to, economic conditions and social developments surrounding the Company, as well as changes in relative competitiveness due to trends in demand for the products and services provided by the Company.