



Explanatory Material of
Group Company
for the First Quarter of
the Fiscal Year Ending March 31, 2024

Makino Milling Machine Co., Ltd.
July 31, 2023

Summary of FY23 1Q



Sales/Income

- Sales: 53.8 bil yen (Increase by 15.9% from FY22 1Q)
- Operating Income: 4.2 bil yen
(Increase by 159.8% from FY22 1Q, Operating Income ratio: 7.9%)
- Both sales and operating income increased from FY22 1Q.

Order

- Order: 58.1 bil yen (Decrease by 20.9% from FY22 1Q)
- Excluding the impact of depreciation of the yen, order results were in line with the original plan

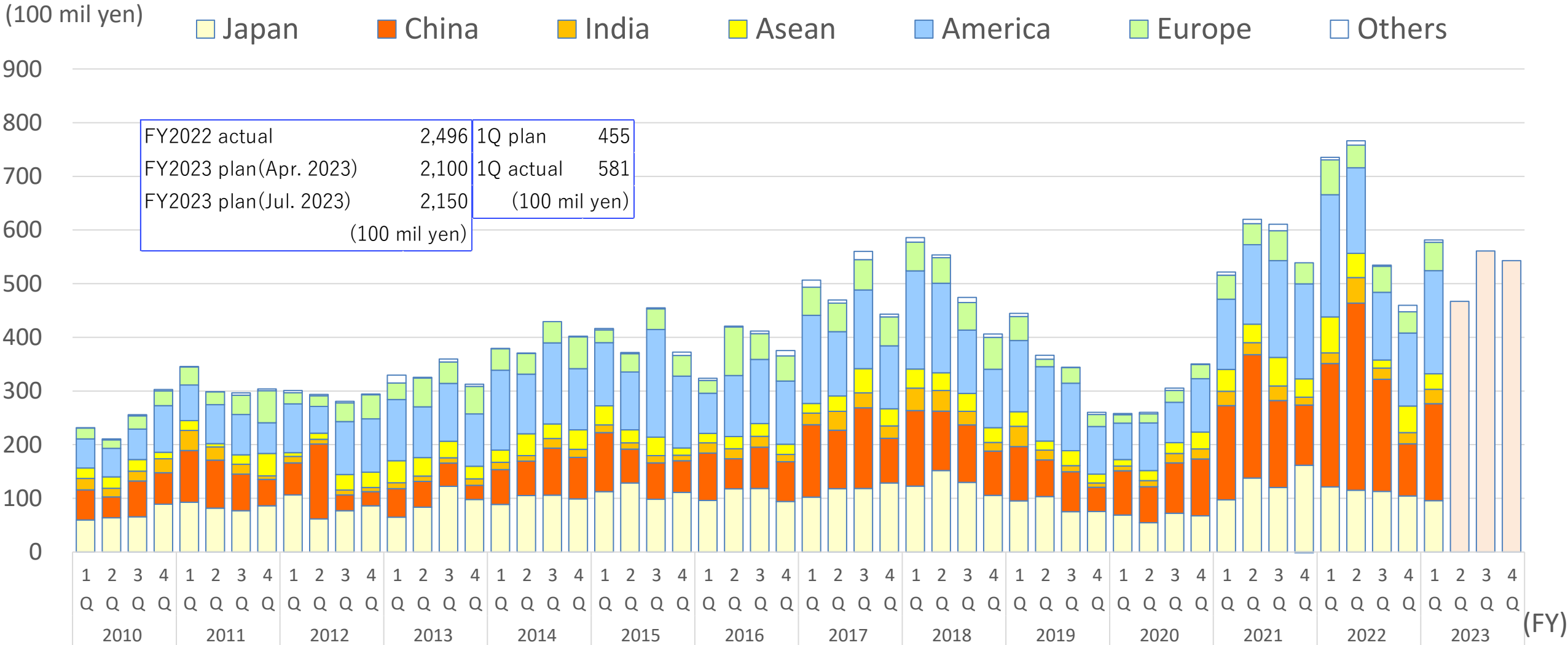
Revision of Forecast

- Annual sales/income forecasts and orders plan were revised up due to depreciation of the yen
- Sales 208.0 → 210.7 (bil yen)
- Operating Income 11.7 → 13.2 (bil yen)
- Orders 210.0 → 215.0 (bil yen)

Order by Destination



1Q orders decreased from FY22 1Q,
and was higher than 1Q plan due to depreciation of the yen.

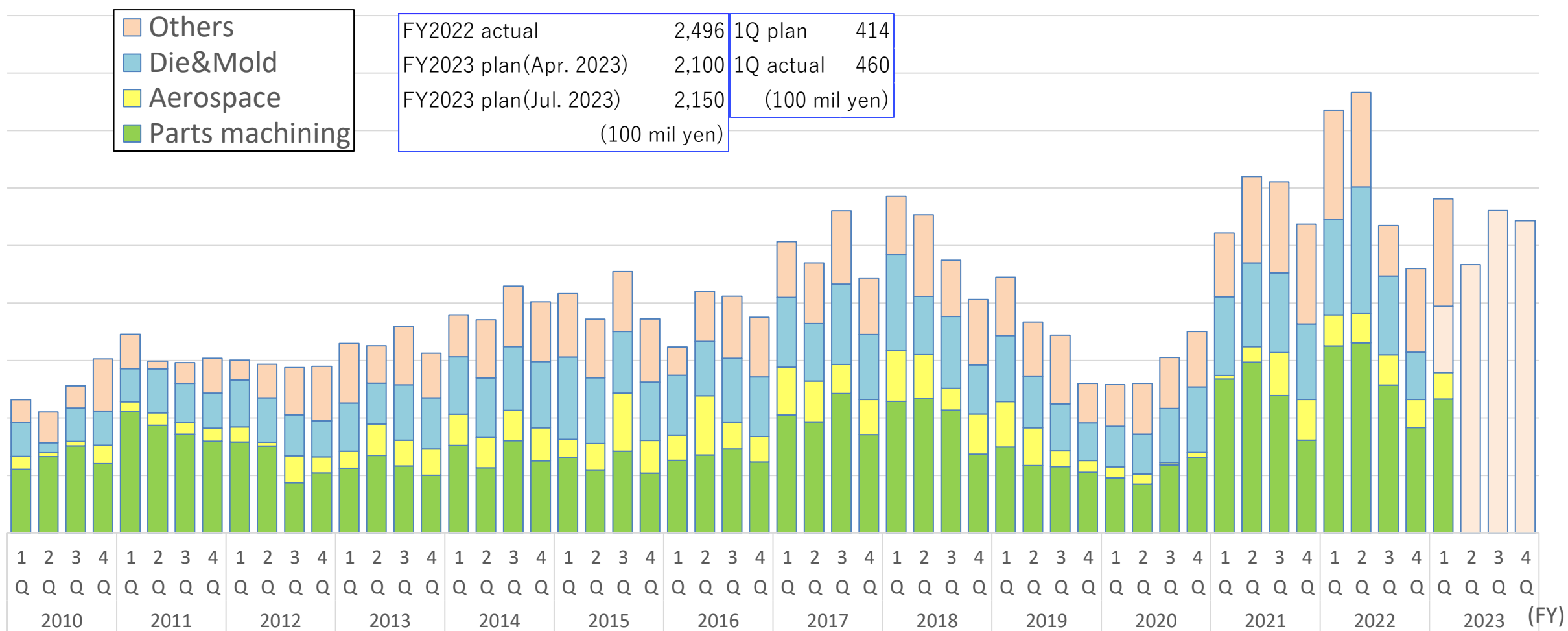


Order by Industry



1Q orders decreased from FY22 1Q especially for Die&Mold and Parts machining.

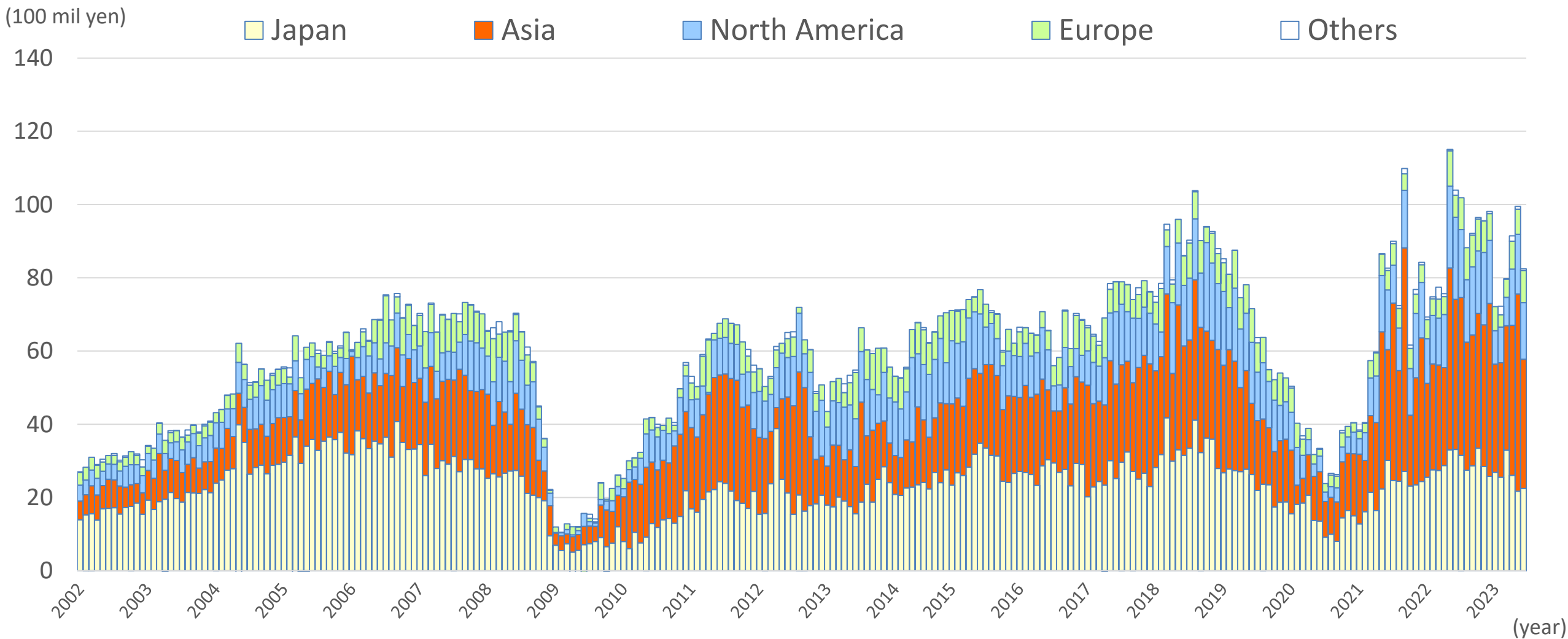
(100 mil yen)



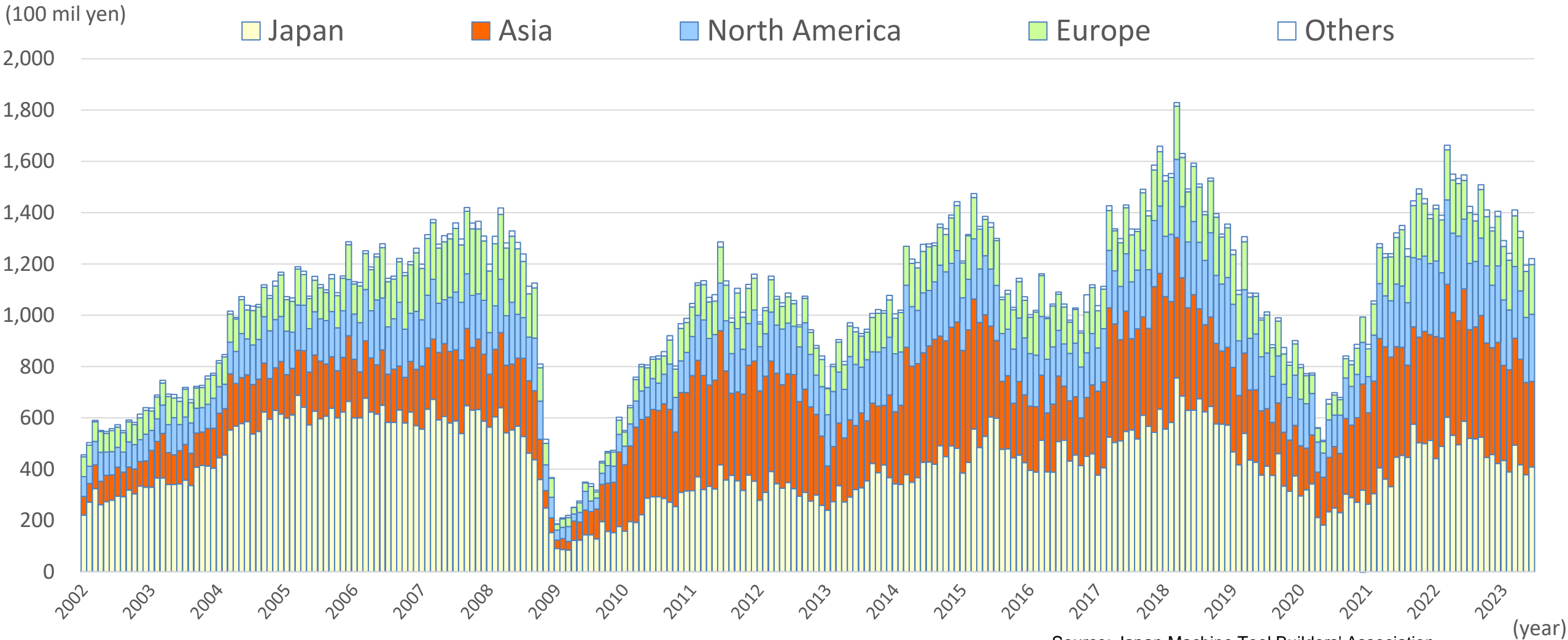
Monthly Orders



Orders for new energy vehicles remain steady mainly in China.

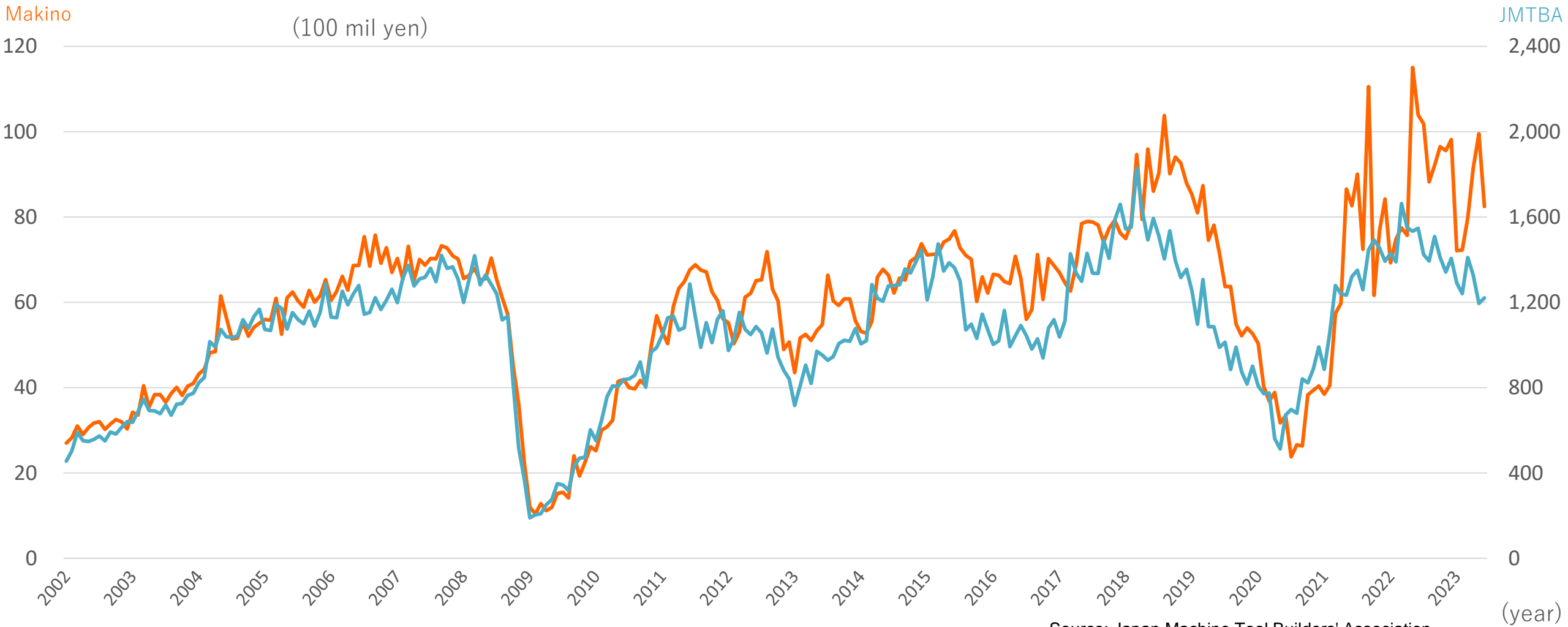


JMTBA Monthly Orders





Makino's share in 1Q was 7.3%

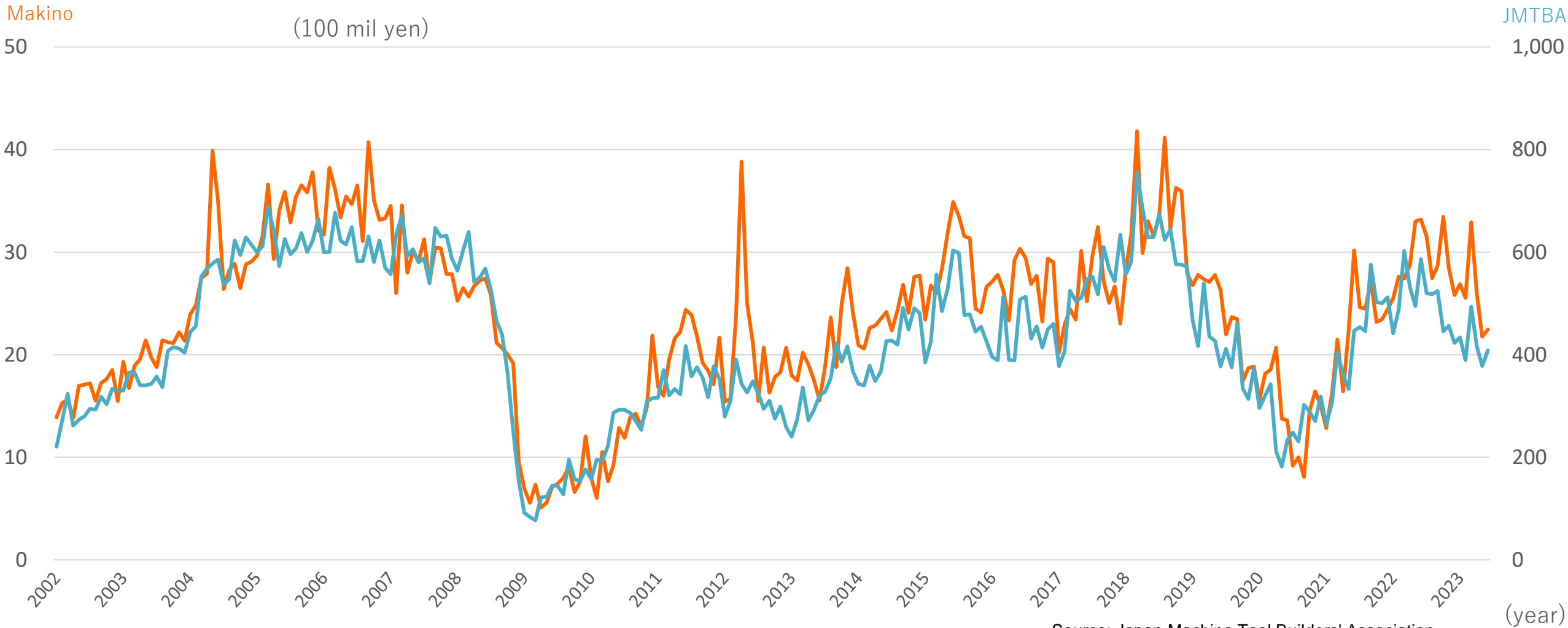


Source: Japan Machine Tool Builders' Association

JMTBA-Makino Overseas Order



Makino's share in 1Q was 8.0%

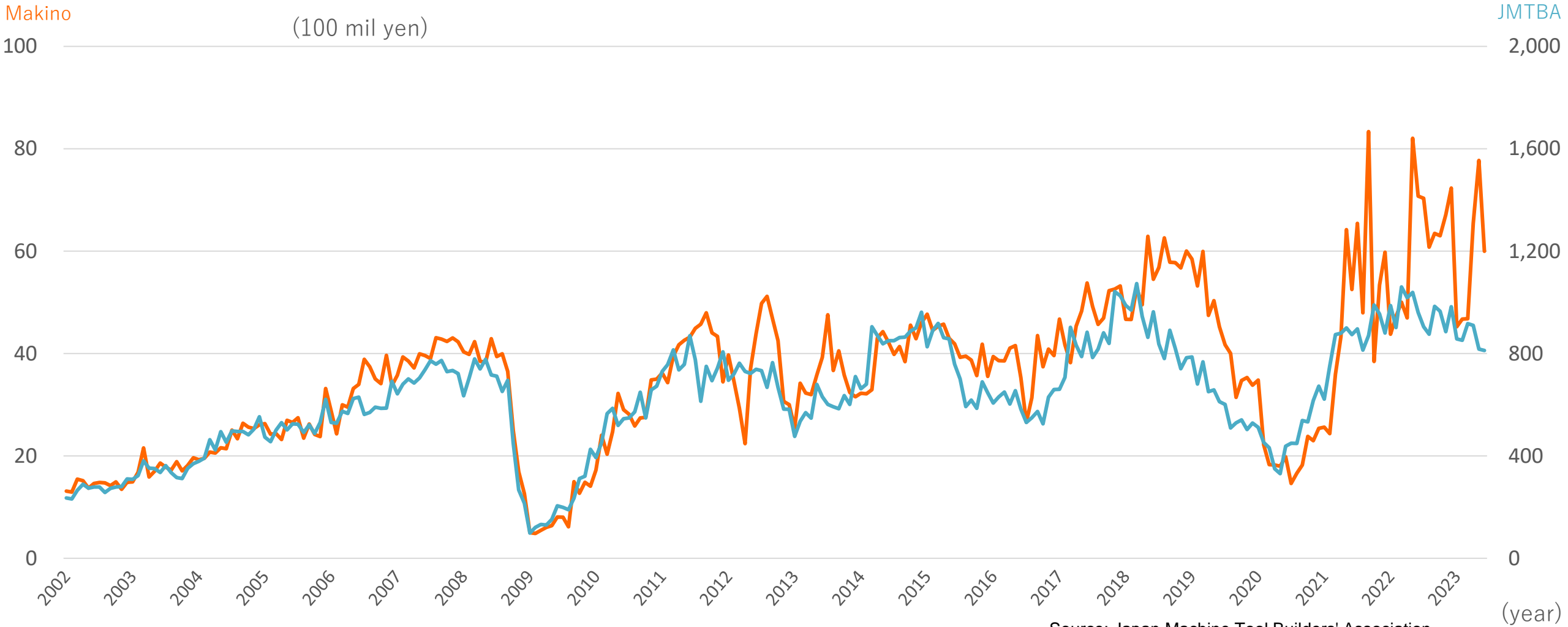


Source: Japan Machine Tool Builders' Association

JMTBA-Makino Domestic Order



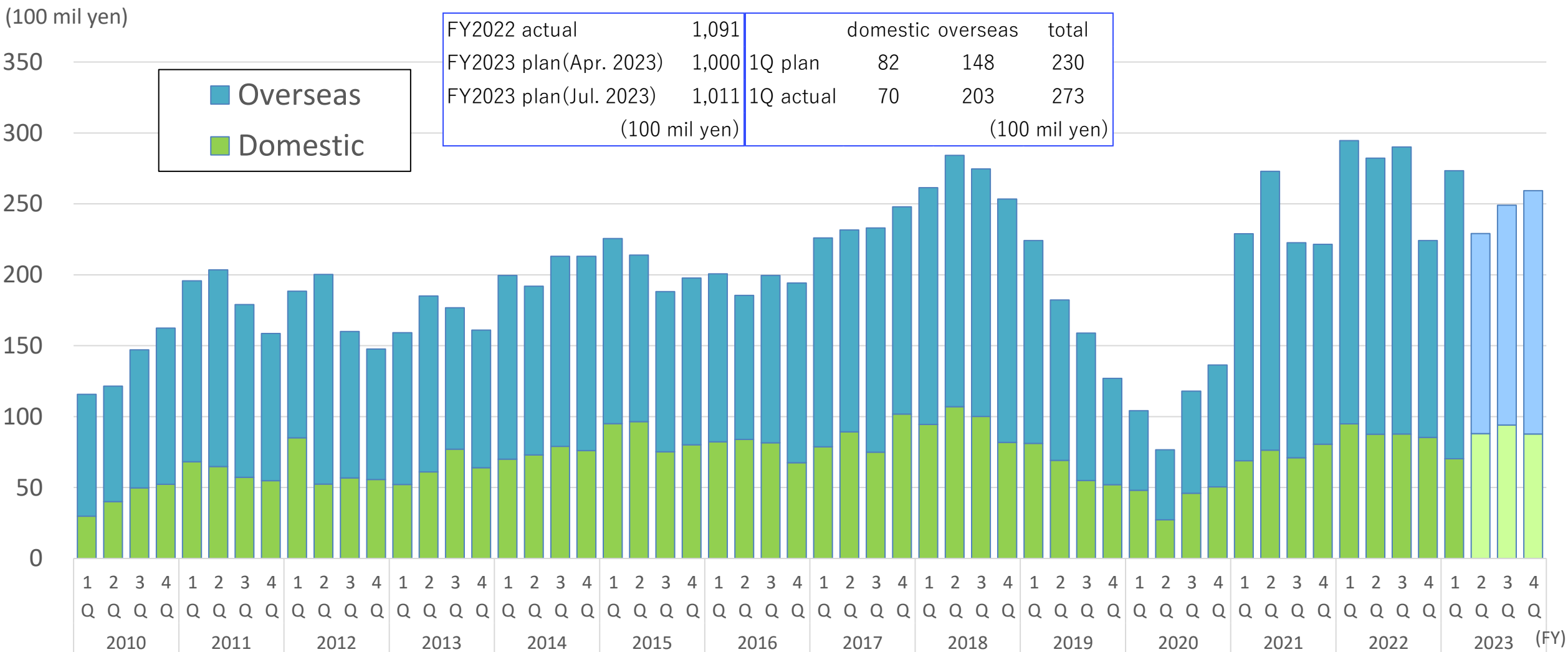
Makino's share in 1Q was 5.8%



Source: Japan Machine Tool Builders' Association

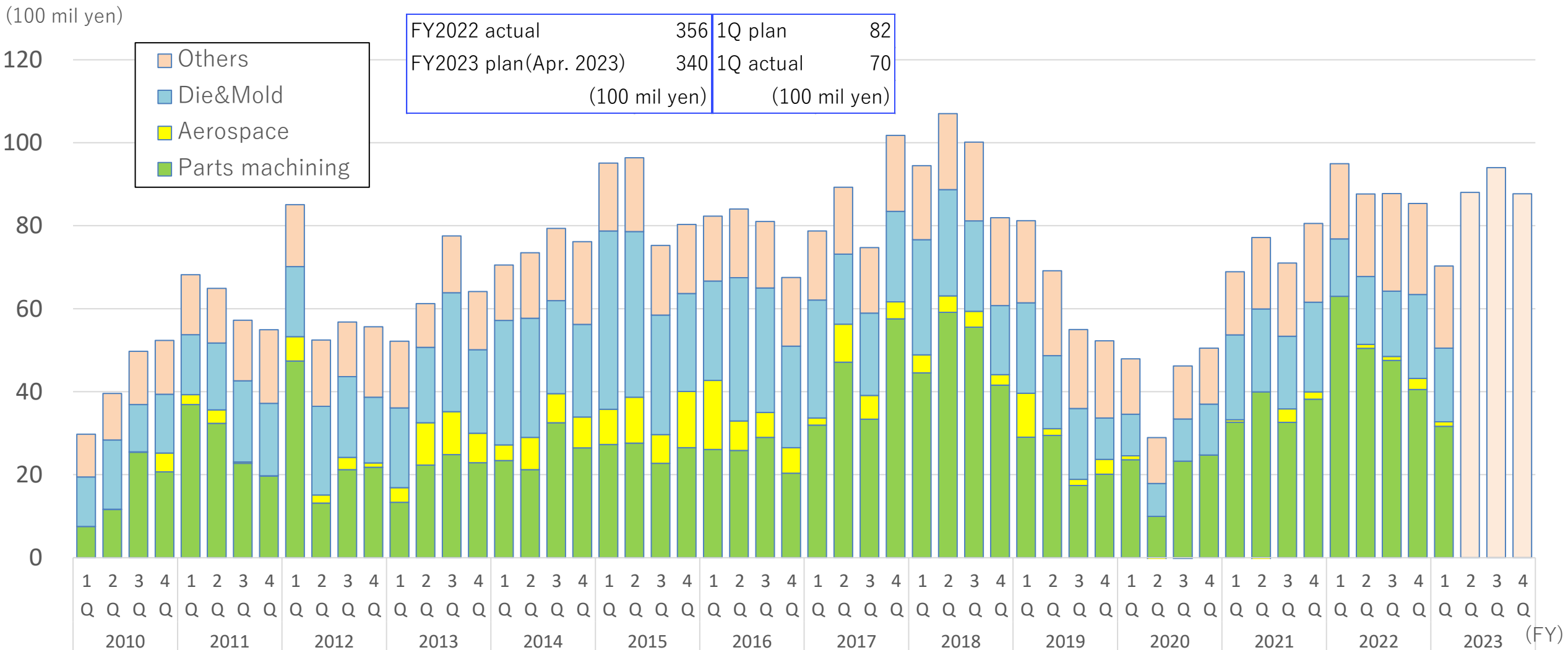


Domestic orders decreased and Overseas orders increased from FY22 1Q.





Domestic orders for automotive and semiconductor production equipment decreased from FY22 1Q.

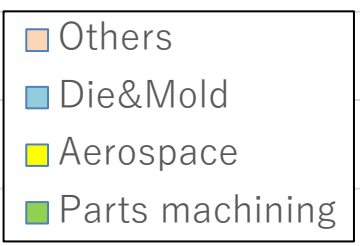


Asian subsidiary Order by industry

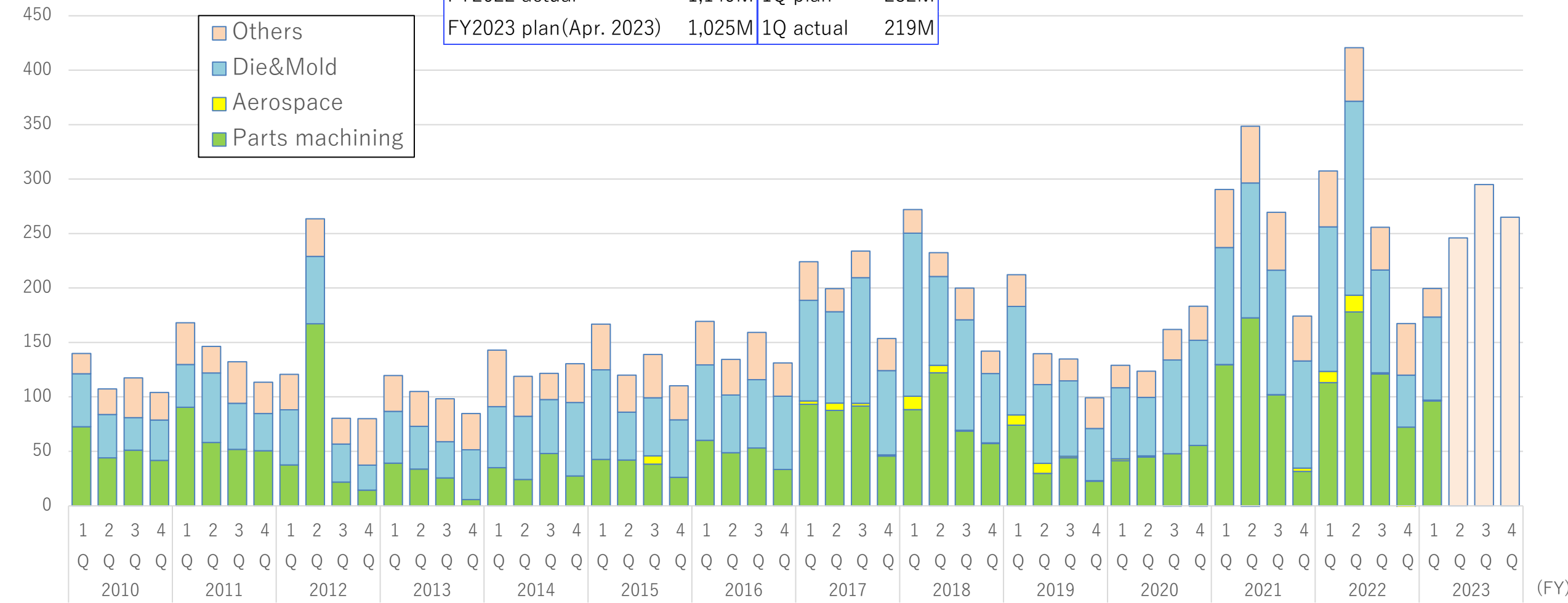


Orders for Die&Mold decreased from FY22 1Q.

(mil S \$)



FY2022 actual	1,149M	1Q plan	232M
FY2023 plan(Apr. 2023)	1,025M	1Q actual	219M



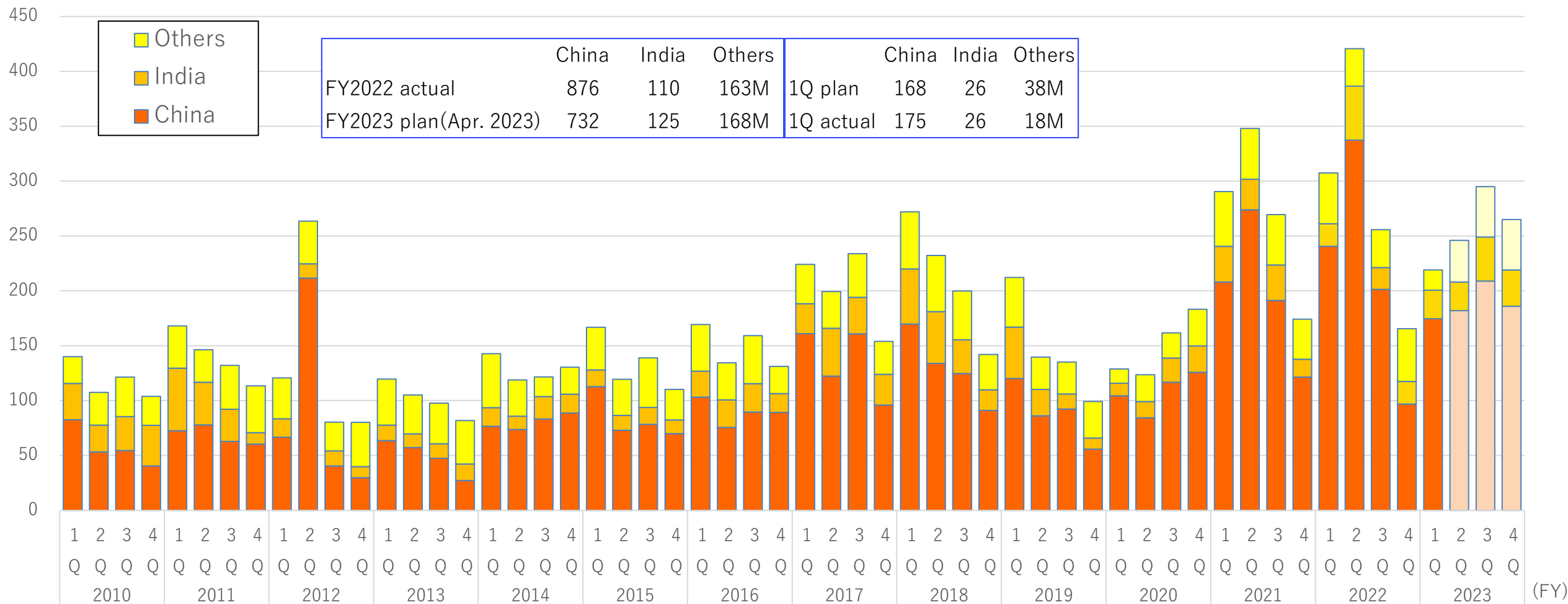
(FY)

Asian subsidiary Order by area



Orders in China for Die&Mold for automotive and electric/electronic parts decreased from FY22 1Q. Orders in India increased mainly for automotive.

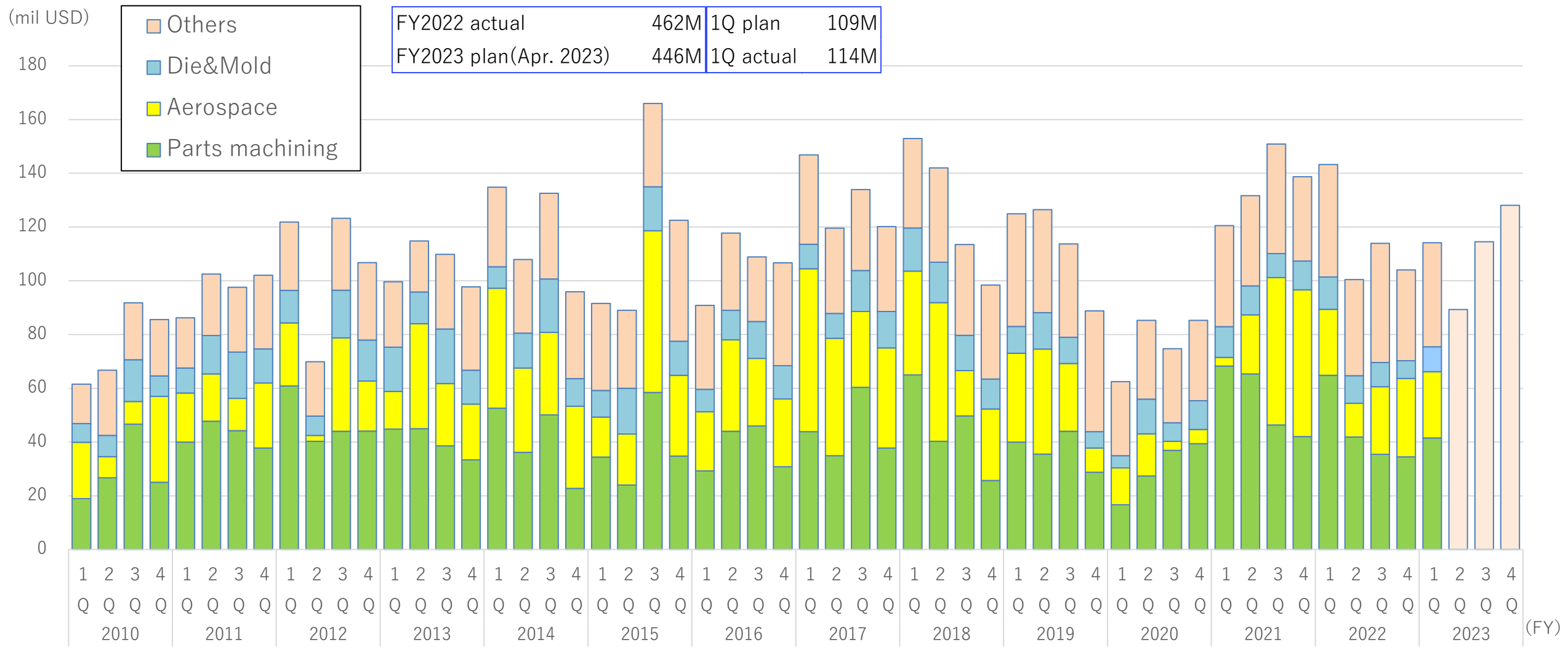
(mil S \$)



US subsidiary Order



Orders for automotive and semiconductor production equipment decreased.
 Strong orders continued from aerospace and medical devices.

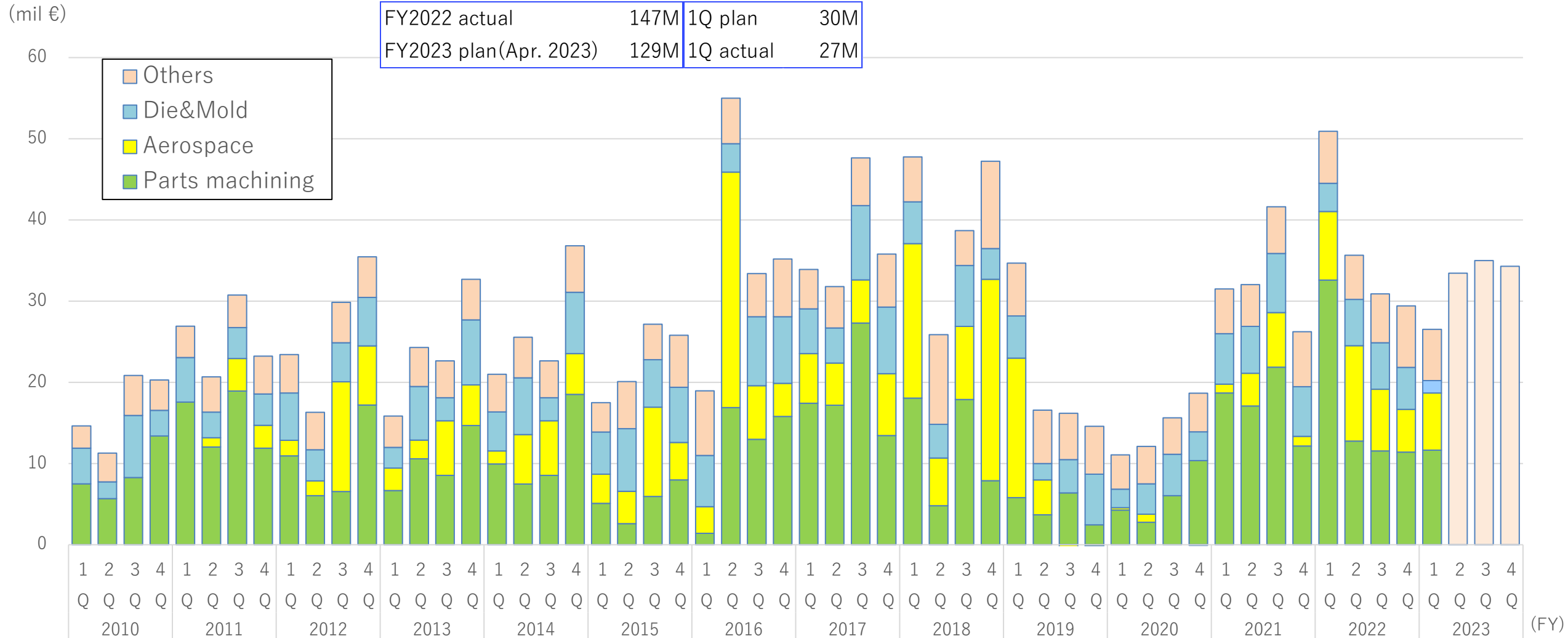


European subsidiary Order



Although overall orders decreased from FY22 1Q, orders for Aerospace are increasing.

FY2022 actual	147M	1Q plan	30M
FY2023 plan(Apr. 2023)	129M	1Q actual	27M





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.

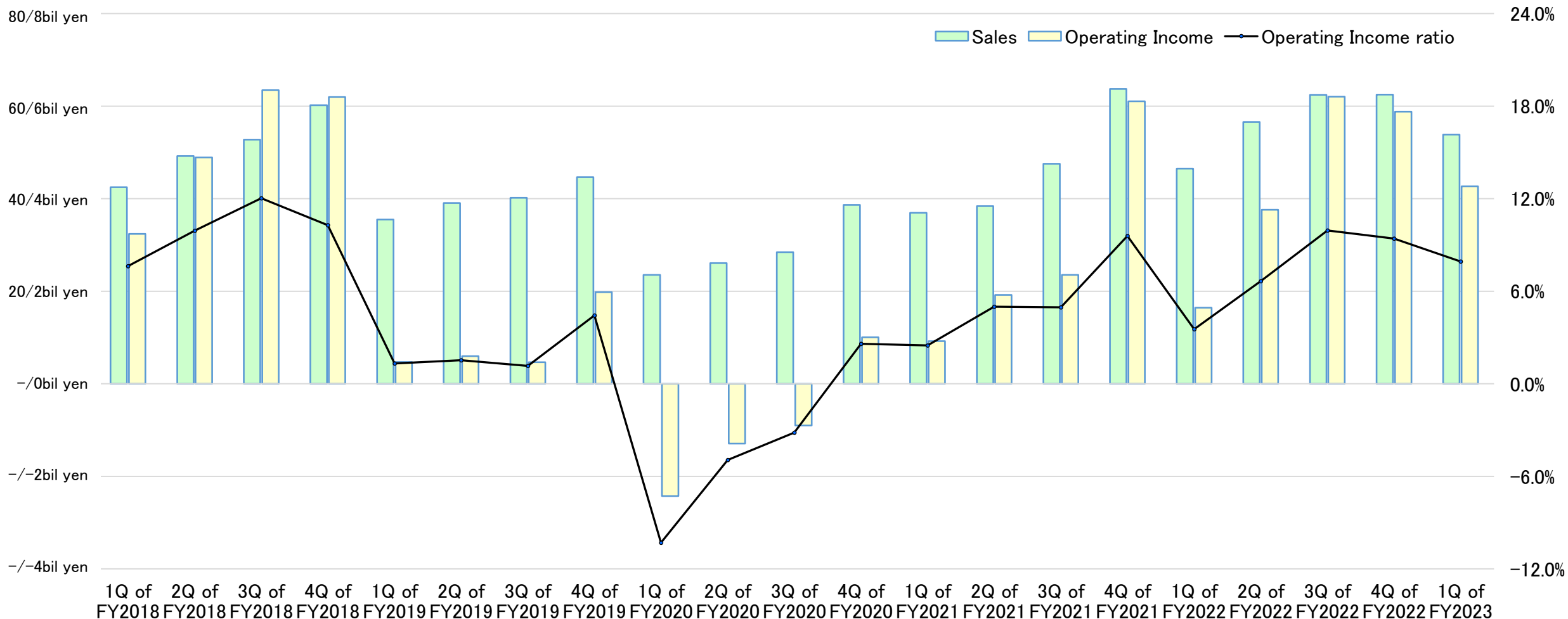
Parts Machining: where Makino products are used to manufacture component parts for automotives or various kinds of machines or devices other than aerospace products.

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

Sales and Operating Income



Recorded the highest-ever first quarter sales.



	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	2Q of FY2020	3Q of FY2020	4Q of FY2020	1Q of FY2021	2Q of FY2021	3Q of FY2021	4Q of FY2021	1Q of FY2022	2Q of FY2022	3Q of FY2022	4Q of FY2022	1Q of FY2023
USD	109.07	110.26	111.14	110.91	109.90	108.63	108.67	108.74	107.62	106.92	106.11	106.06	109.49	109.80	111.10	112.38	129.57	133.97	136.51	135.47	137.37
EUR	130.06	129.85	129.49	128.41	123.49	121.42	121.05	120.82	118.48	121.30	122.38	123.70	131.96	130.90	130.62	130.56	138.12	138.73	140.59	140.97	149.47
SGD	81.79	81.64	81.80	81.69	80.61	79.34	79.48	79.28	76.21	76.74	77.03	77.65	82.16	81.80	82.46	83.33	94.09	96.55	98.36	98.62	102.54

Consolidated Operating Results for 1Q FY23

(Comparison with the same period of last year)



Higher sales and higher profit owing to depreciation of the yen etc.

(Million yen)	1Q of FY2022 (From Apr. 1, 2022 to Jun. 30, 2022)	1Q of FY2023 (From Apr. 1, 2023 to Jun. 30, 2023)	Change (%)
Net sales	46,481	53,850	7,369 (15.9%)
Operating income	1,642 (3.5%)	4,266 (7.9%)	2,624 (159.8%)
Ordinary income	2,908 (6.3%)	5,831 (10.8%)	2,922 (100.5%)
Net income attributable to owners of the parent	2,387 (5.1%)	4,595 (8.5%)	2,207 (92.4%)
Exchange rate, against USD	129.57	137.37	
Exchange rate, against EUR	138.12	149.47	
Exchange rate, against SGD	94.09	102.54	

Segments

2023/7/31

No.19

							(Million yen)
	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated	
1Q of FY2023							
Net sales	32,068	21,700	18,289	4,055	-22,263	53,850	
(Sales in foreign currency)		(202,646)	(133,144)	(27,133)			
Operating income/loss	2,042	842	1,668	-505	219	4,266	
1Q of FY2022							
Net sales	29,365	23,682	12,863	2,640	-22,069	46,481	
(Sales in foreign currency)		(241,610)	(99,276)	(19,120)			
Operating income/loss	-169	1,649	704	-256	-286	1,642	
1Q of FY2021							
Net sales	22,137	17,841	8,940	2,348	-14,328	36,939	
(Sales in foreign currency)		(211,565)	(81,652)	(17,796)			
Operating income/loss	-226	1,360	131	-389	43	920	

Sales amount by Destination



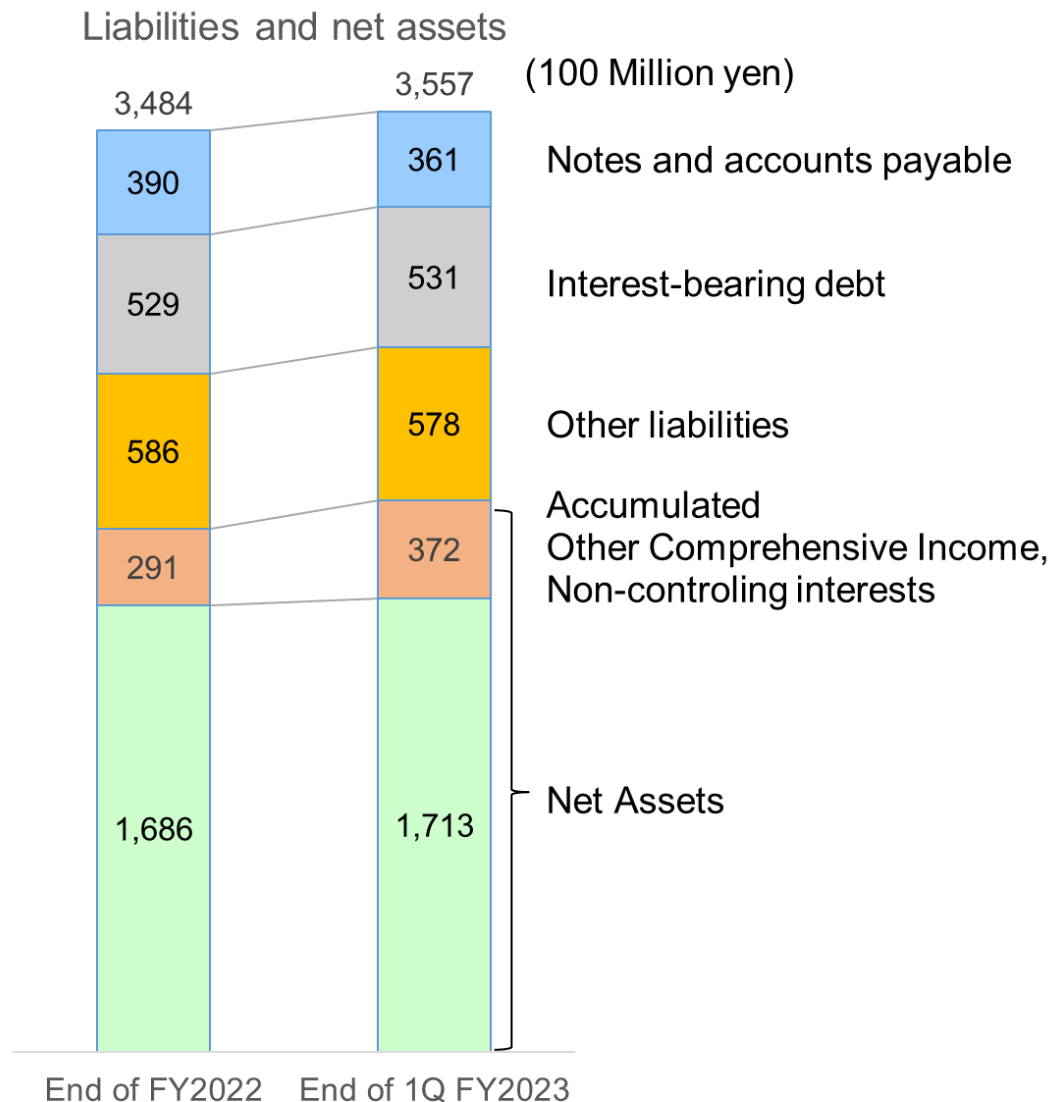
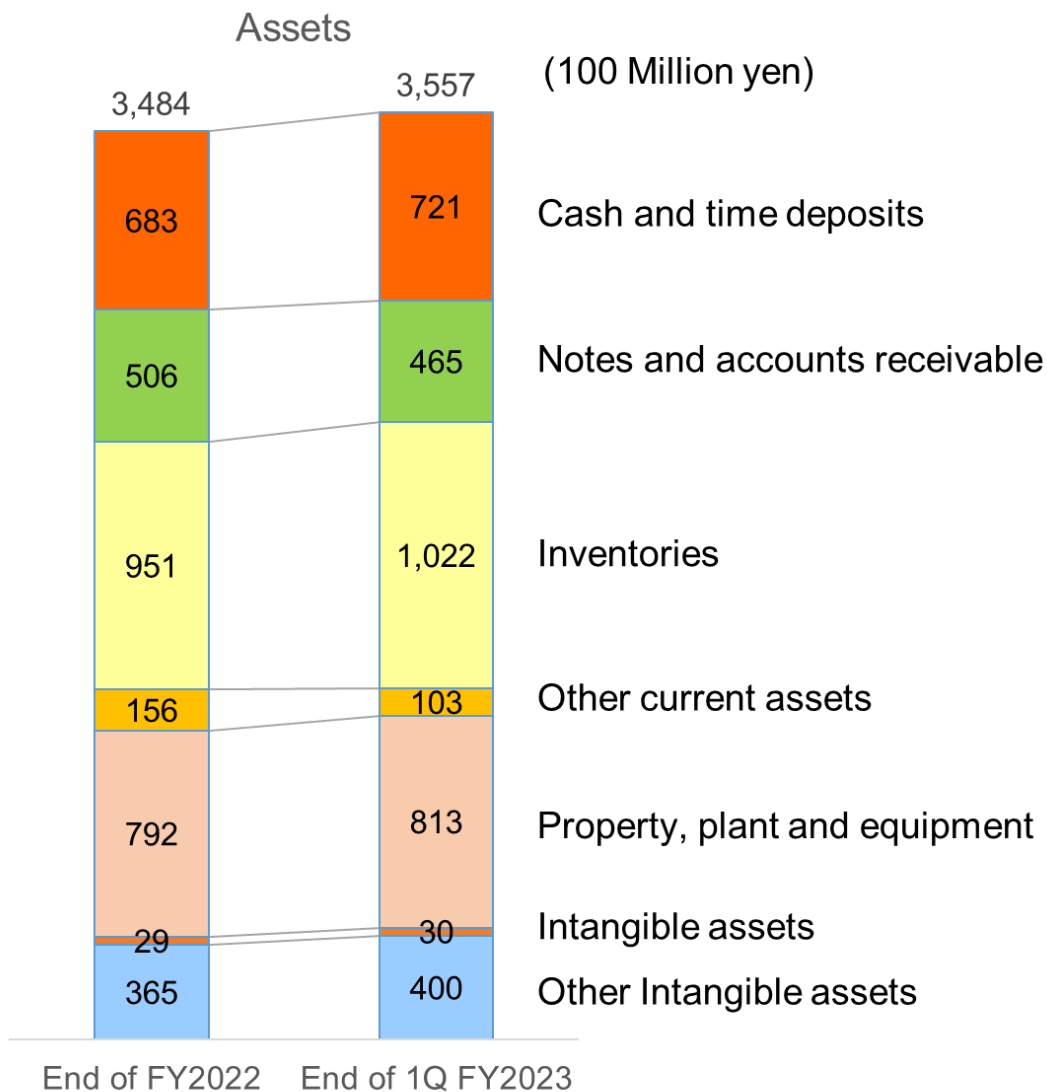
(Million yen)

	Japan	Asia	America	Europe	Others	Consolidated
1Q of FY2023						
Net sales	9,523	20,948	18,120	4,292	966	53,850
Ratio	17.6%	38.9%	33.6%	7.9%	1.7%	
1Q of FY2022						
Net sales	8,514	21,779	12,831	2,990	365	46,481
Ratio	18.3%	46.8%	27.6%	6.4%	0.7%	
1Q of FY2021						
Net sales	6,860	18,450	8,813	2,416	398	36,939
Ratio	18.6%	49.9%	23.9%	6.5%	1.1%	

Balance Sheet Summary



D/E ratio* 25% end of 1Q FY23 (27% end of 4Q FY22) *Interesting-bearing debt ÷ Net assets



Consolidated Statements of Cash Flow



Net cash* 20,073 Million Yen end of 1Q FY23 (31,609 Million Yen end of 1Q FY22)^{No.22}

*Cash and cash equivalent — Interest-bearing debt

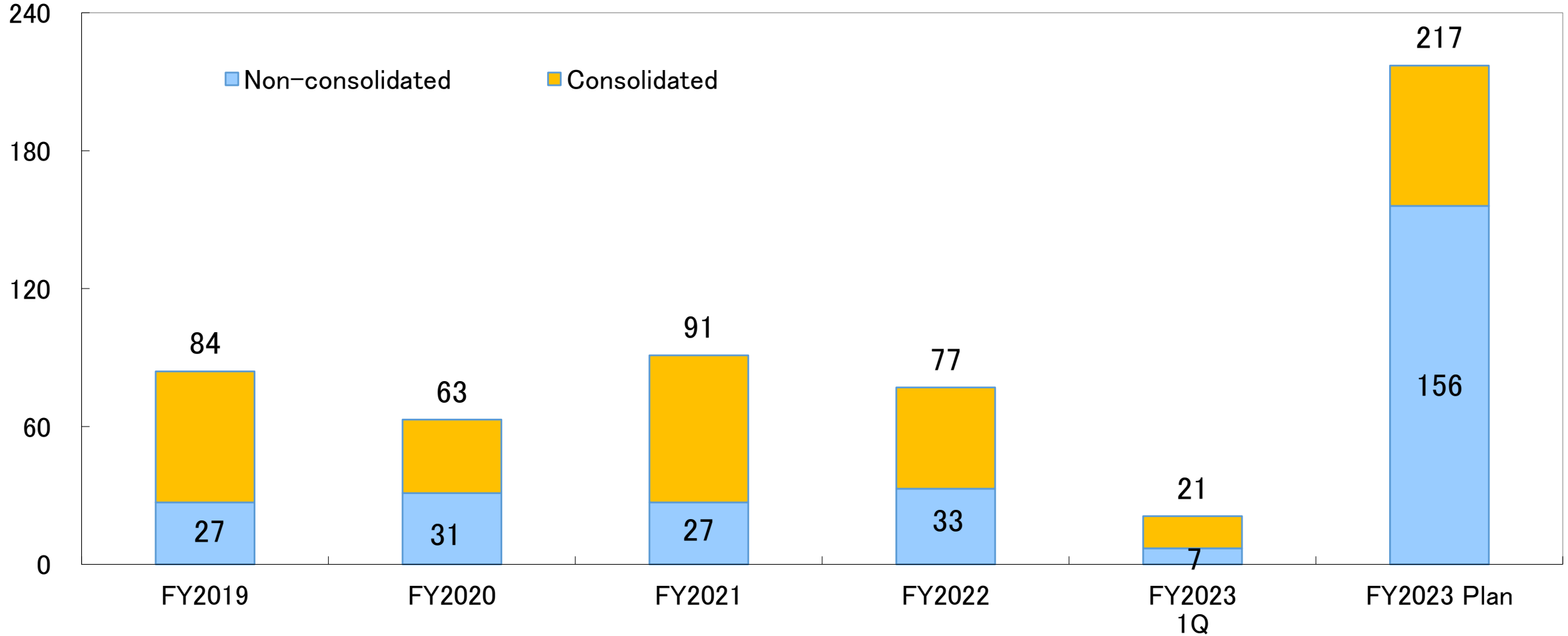
(Million yen)

Item	1Q of FY2022 (From Apr. 1, 2022 to Jun. 30, 2022)	1Q of FY2023 (From Apr. 1, 2023 to Jun. 30, 2023)
I. Cash flows from operating activities:		
Income (loss) before income taxes	2,911	5,829
Depreciation and amortization	1,834	1,931
(Increase) decrease in notes and accounts receivable, trade	12,533	7,082
(Increase) decrease in inventories	- 8,876	- 2,805
Increase (decrease) in notes and accounts payable, trade	- 7,686	- 6,155
Other, net	4,601	658
Cash flows from operating activities	5,317	6,541
II. Cash flows from investing activities:		
Purchase of property, plant and equipment	- 1,289	- 2,480
Proceeds from sales of property, plant and equipment	8	74
Other, net	- 620	- 333
Cash flows from investing activities	- 1,901	- 2,739
III. Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	-	0
Repayment of finance-lease obligations	- 225	- 262
Proceeds from long-term loans payable	9,000	-
Repayment of long-term loans payable	- 1,000	-
Payment for purchases of treasury stock	- 0	- 0
Payment for purchases of treasury stock of subsidiaries	- 50	- 100
Dividends paid by the parent company	- 1,252	- 1,862
Dividends paid to minority shareholders	- 13	- 15
Cash flows from financing activities	6,458	- 2,240
IV. Effect of exchange rate changes on cash and cash equivalents	2,561	2,156
V. Net increase (decrease) in cash and cash equivalents	12,435	3,719
VI. Cash and cash equivalents, beginning of period	75,712	69,467
VII. Cash and cash equivalents, end of period	88,148	73,186

Capital Investment (Forecast)

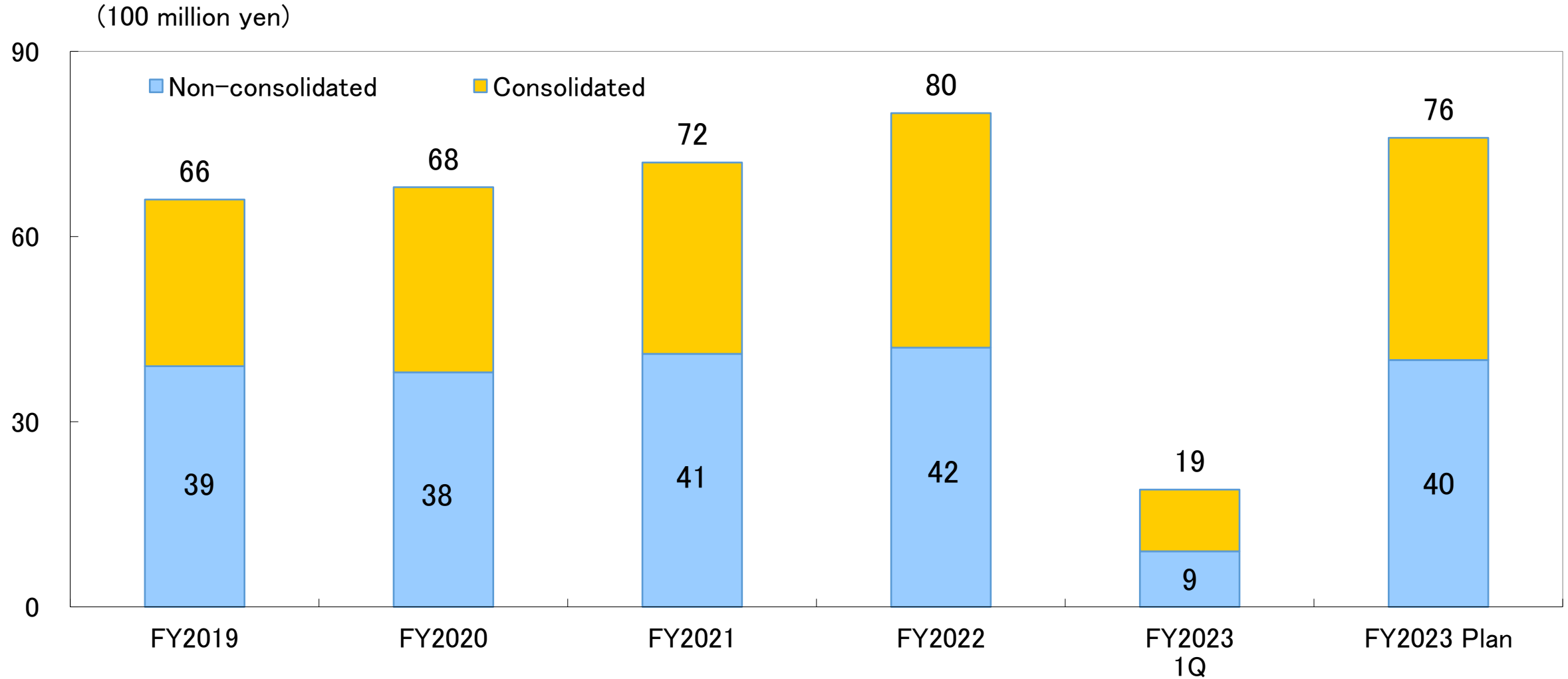


(100 million yen)



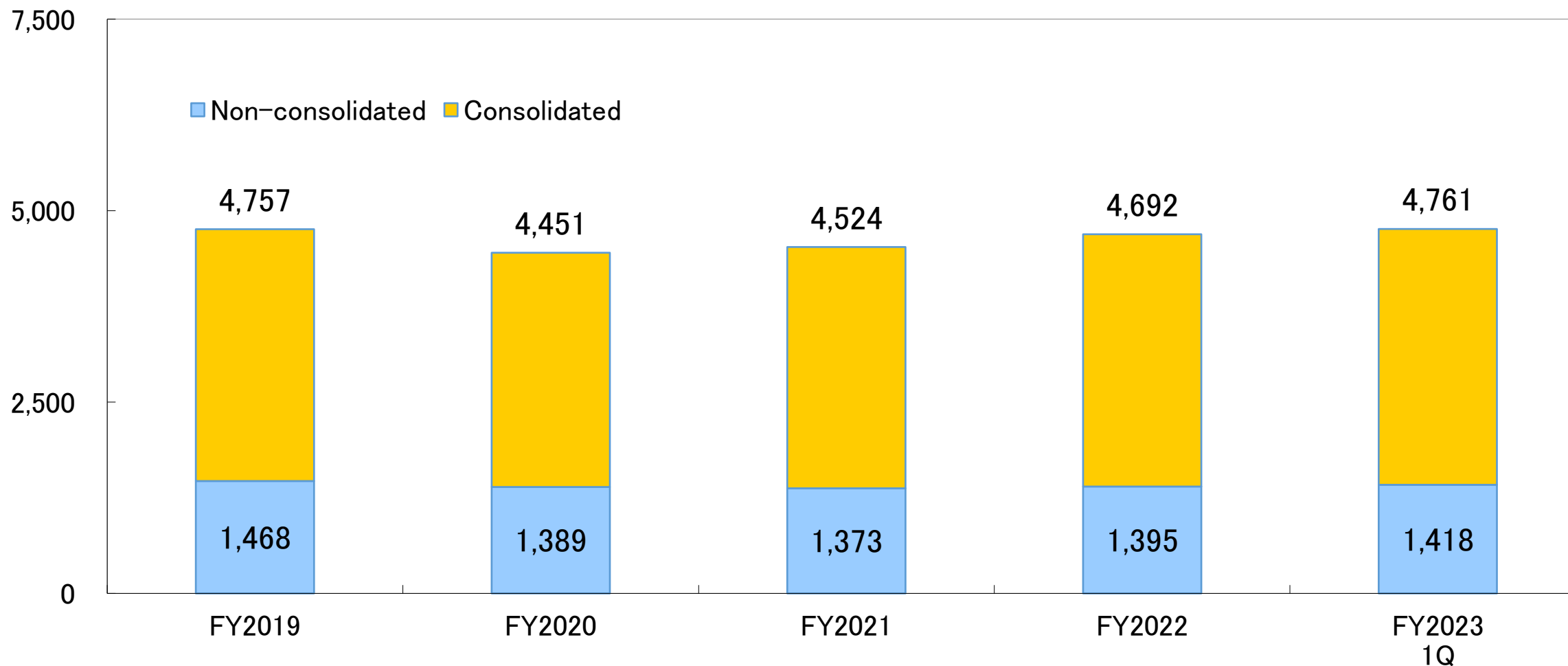
Depreciation (Forecast)

2023/7/31



Increase in headcount by 69 employees from end of FY2022

(person)



Forecast of Consolidated Operating Results

(Comparison with original forecast)



Revised forecast for sales and income upward due to depreciation of the yen

(Million yen)	Revised Forecast		Original Forecast	
	1H of FY2023 (From Apr. 1, 2023 to Sep. 30, 2023)	FY2023 (From Apr. 1, 2023 to Mar. 31, 2024)	1H of FY2023 (From Apr. 1, 2023 to Sep. 30, 2023)	FY2023 (From Apr. 1, 2023 to Mar. 31, 2024)
Net sales	104,000	210,700	101,300	208,000
Operating income	6,560 (6.3%)	13,260 (6.3%)	5,000 (4.9%)	11,700 (5.6%)
Ordinary income	8,430 (8.1%)	15,730 (7.5%)	5,400 (5.3%)	12,700 (6.1%)
Net income attributable to owners of the parent	6,670 (6.4%)	12,670 (6.0%)	4,100 (4.0%)	10,100 (4.9%)
Exchange rate, against USD	132.20	129.60	127.00	127.00
Exchange rate, against EUR	143.70	140.90	138.00	138.00
Exchange rate, against SGD	98.80	96.90	95.00	95.00

Reference Materials

The Influences on Sales and Operating income by exchange rate fluctuations



Comparison with the same period of last year

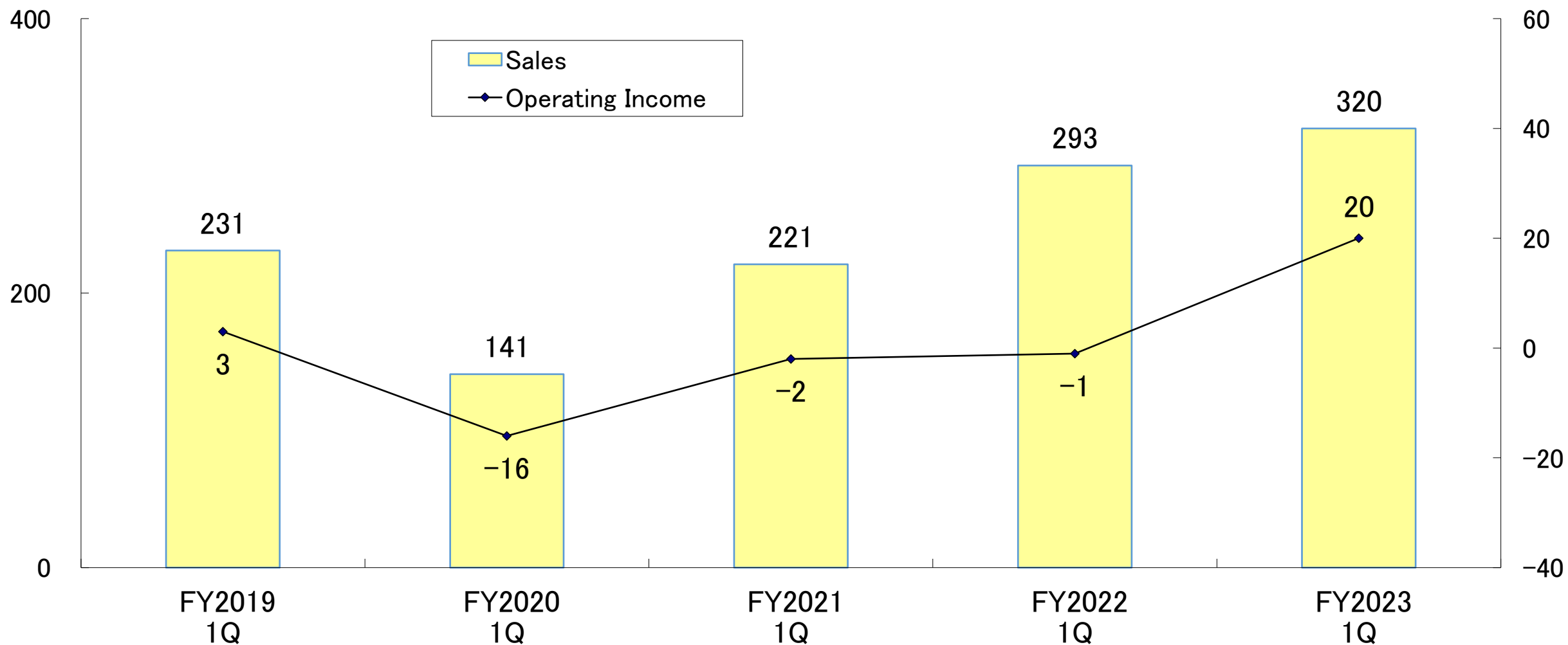
(Million yen)

	1Q of FY2023			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 131M	137.37	(129.57)	1,025	119
EUR	EUR 27M	149.47	(138.12)	307	53
SGD	SGD 183M	102.54	(94.09)	1,548	67
			Total	2,880	239

Net Sales and Operating Income (by Segment I / Japan)

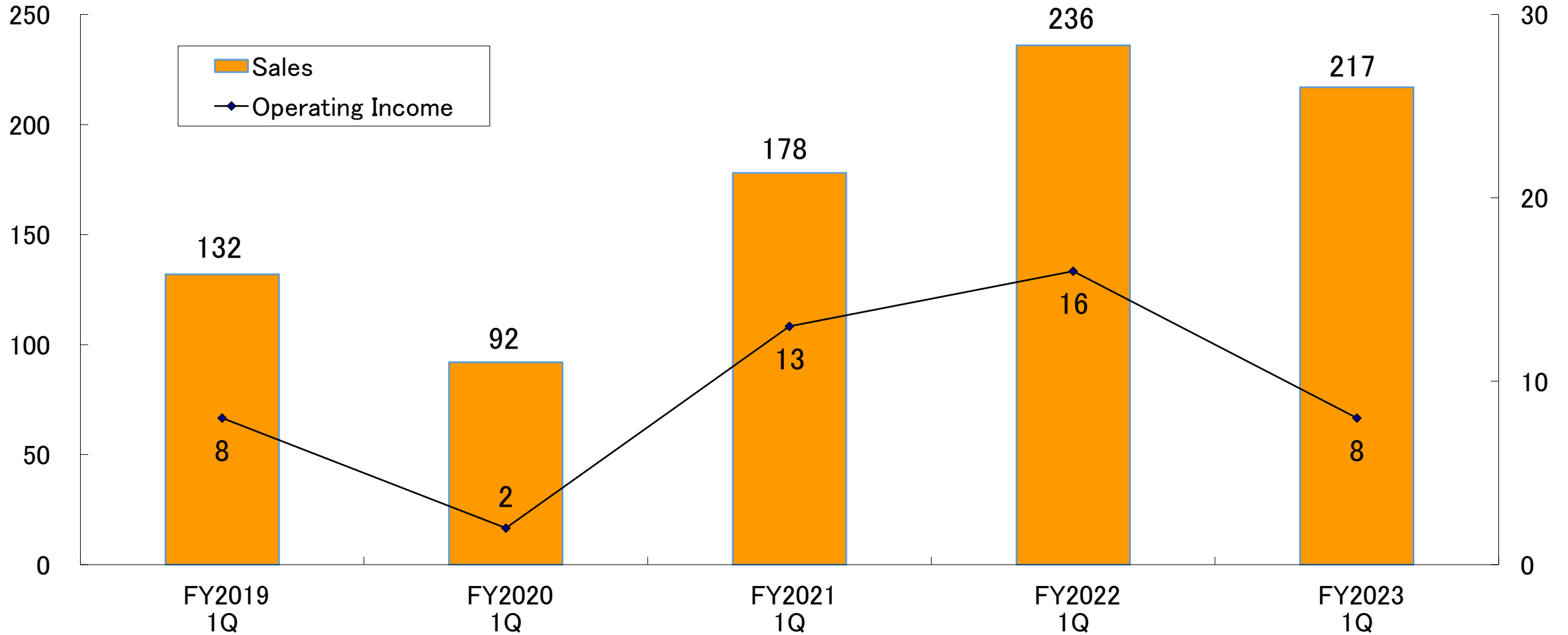
2023/7/31

(100 million yen)



Net Sales and Operating Income (by Segment II / Asia)

(100 million yen)



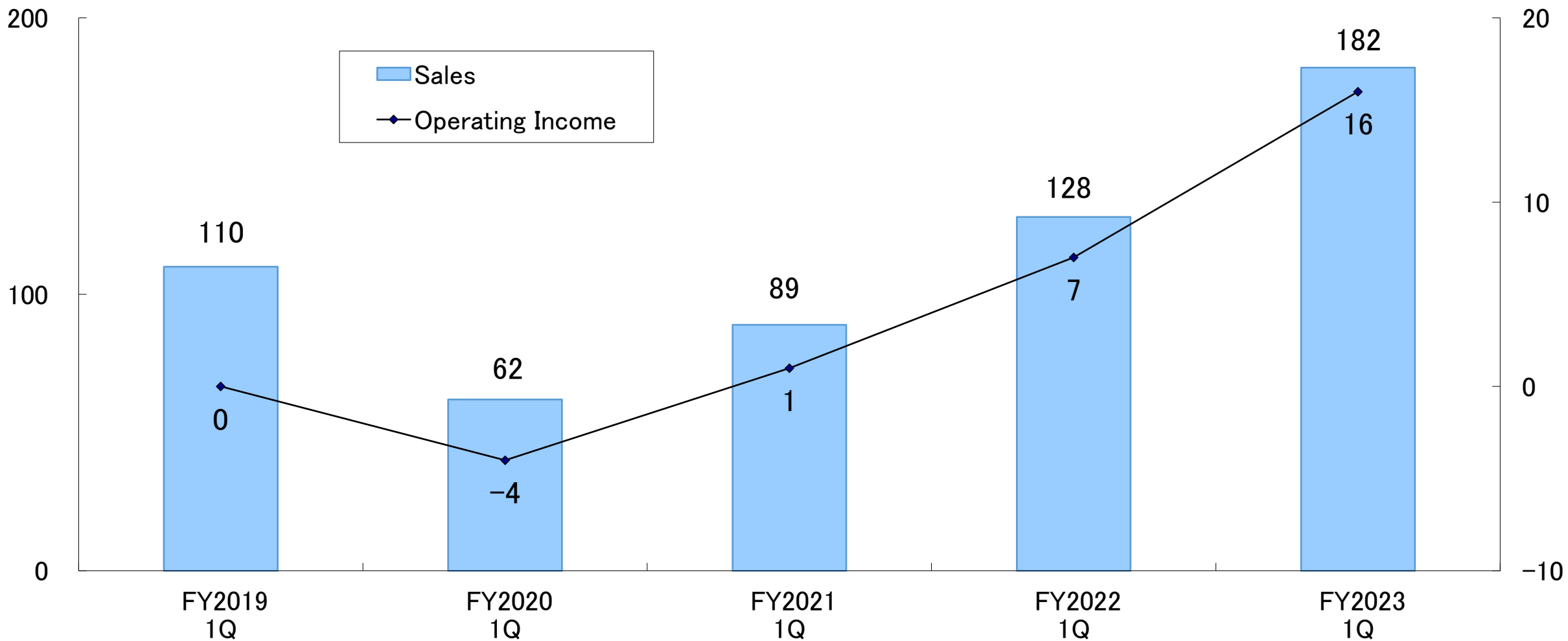
Net Sales and Operating Income (by Segment III / America)

2023/7/31



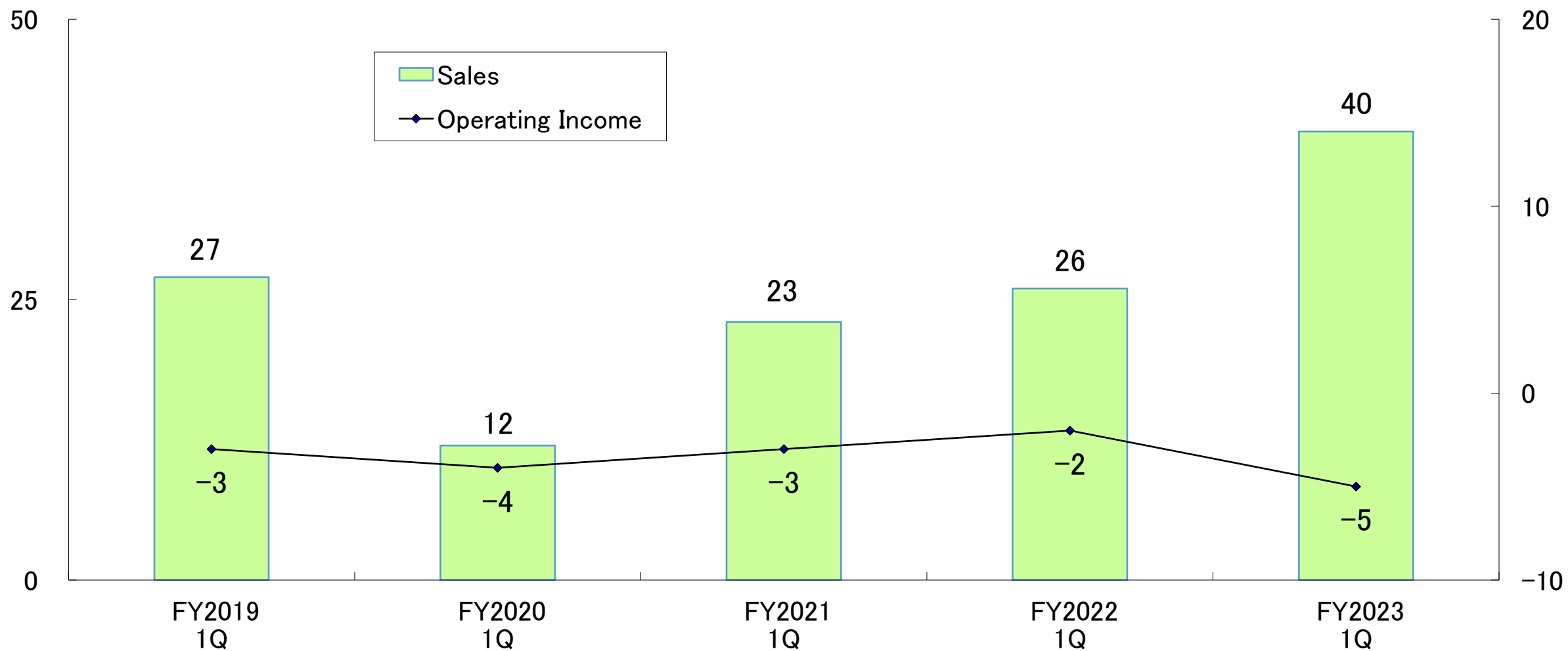
No.31

(100 million yen)



Net Sales and Operating Income (by Segment IV / Europe)

(100 million yen)

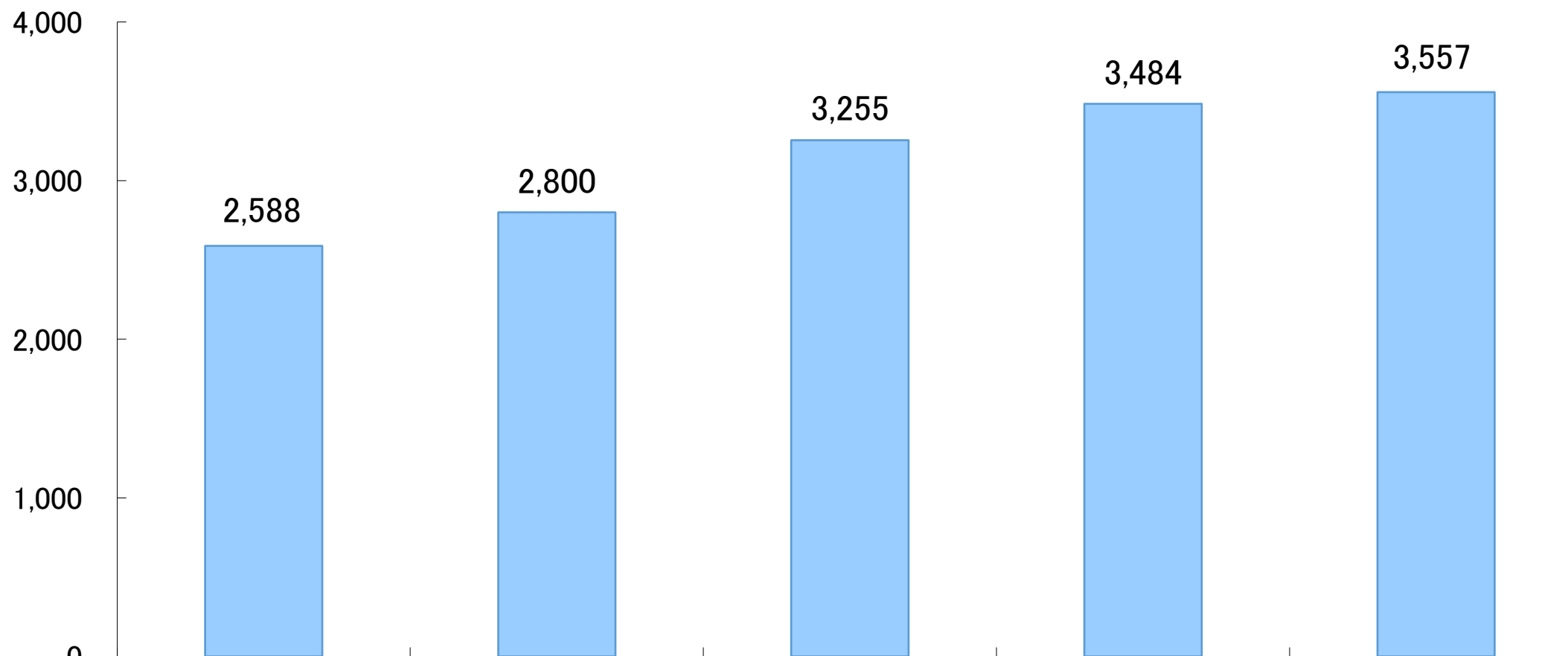


Changes in Major Items in Consolidated Balance Sheets

- Total assets -



(100 million yen)



*For reference
Net Sales
(100 mil yen)

End of
FY2019
1,594

End of
FY2020
1,167

End of
FY2021
1,865

End of
FY2022
2,279

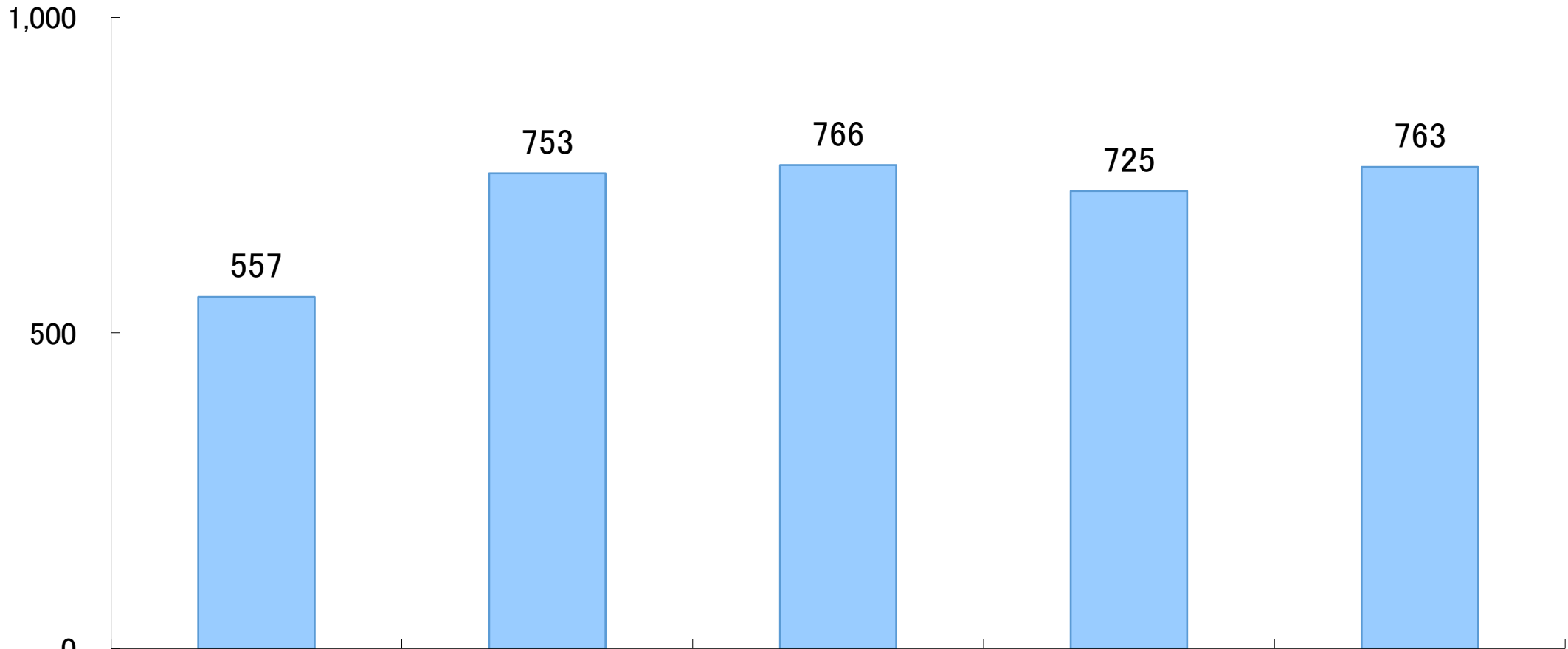
End of 1Q
FY2023
538

Changes in Major Items in Consolidated Balance Sheets

- Cash and time deposits + securities -



(100 million yen)



*For reference
Net Sales
(100 mil yen)

End of
FY2019

1,594

End of
FY2020

1,167

End of
FY2021

1,865

End of
FY2022

2,279

End of 1Q
FY2023

538

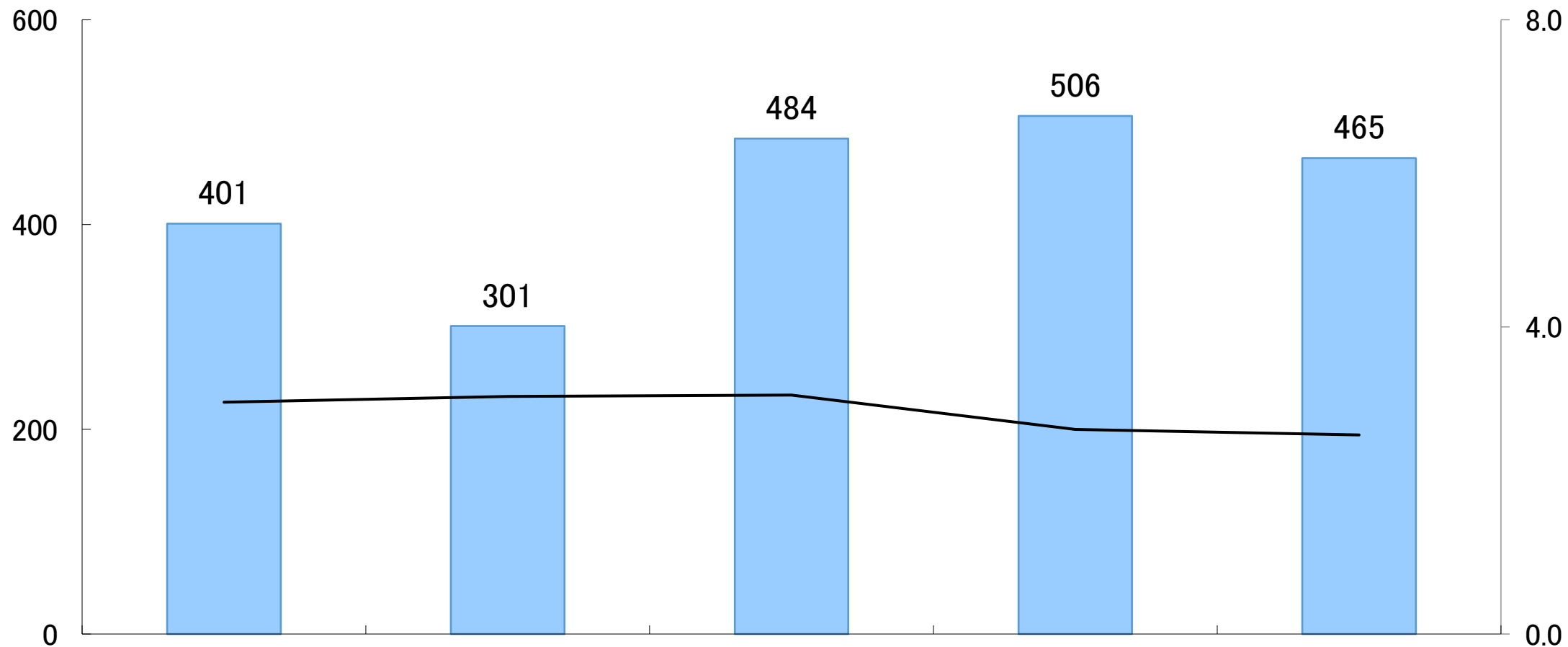
Changes in Major Items in Consolidated Balance Sheets

- Notes and accounts receivable, trade (left) / Turnover (right) -



(100 million yen)

(month)



*For reference
Net Sales
(100 mil yen)

End of
FY2019
1,594

End of
FY2020
1,167

End of
FY2021
1,865

End of
FY2022
2,279

End of 1Q
FY2023
538

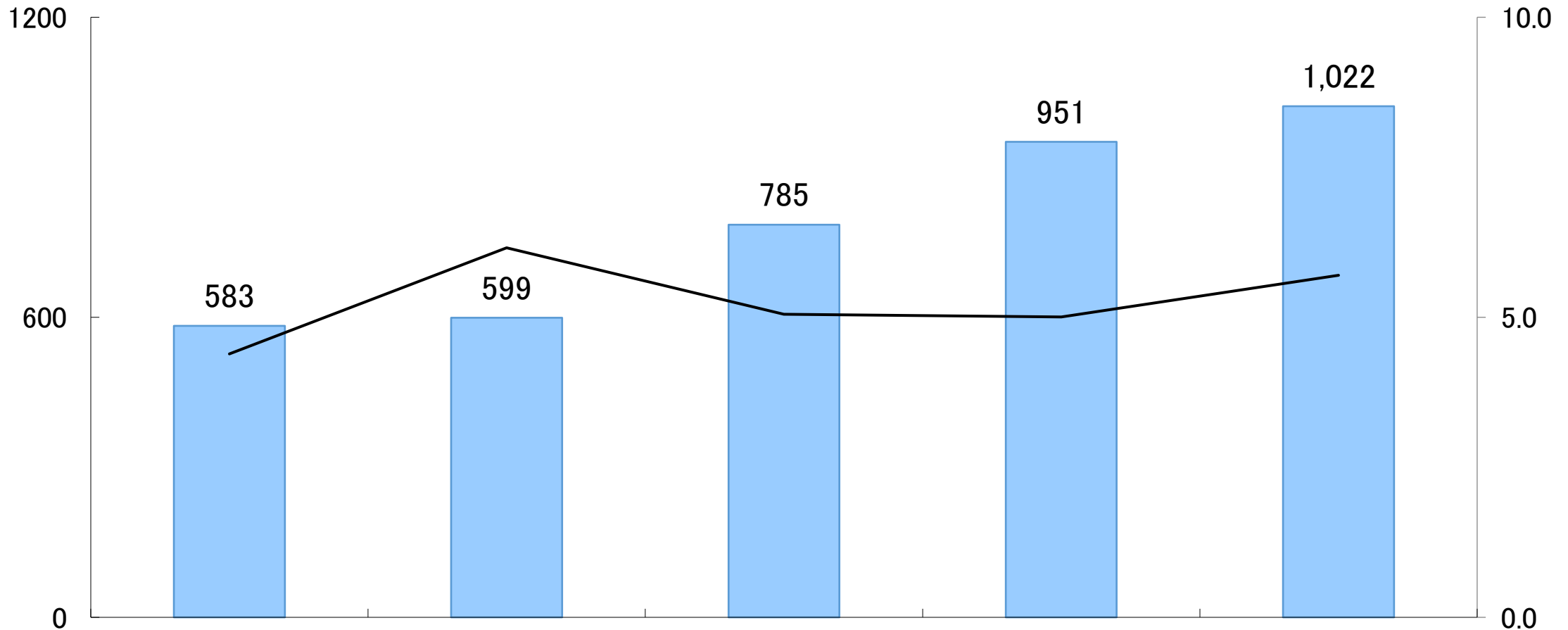
Changes in Major Items in Consolidated Balance Sheets

- Inventories(left) / Turnover(right) -



(100 million yen)

(month)



*For reference
Net Sales
(100 mil yen)

End of
FY2019
1,594

End of
FY2020
1,167

End of
FY2021
1,865

End of
FY2022
2,279

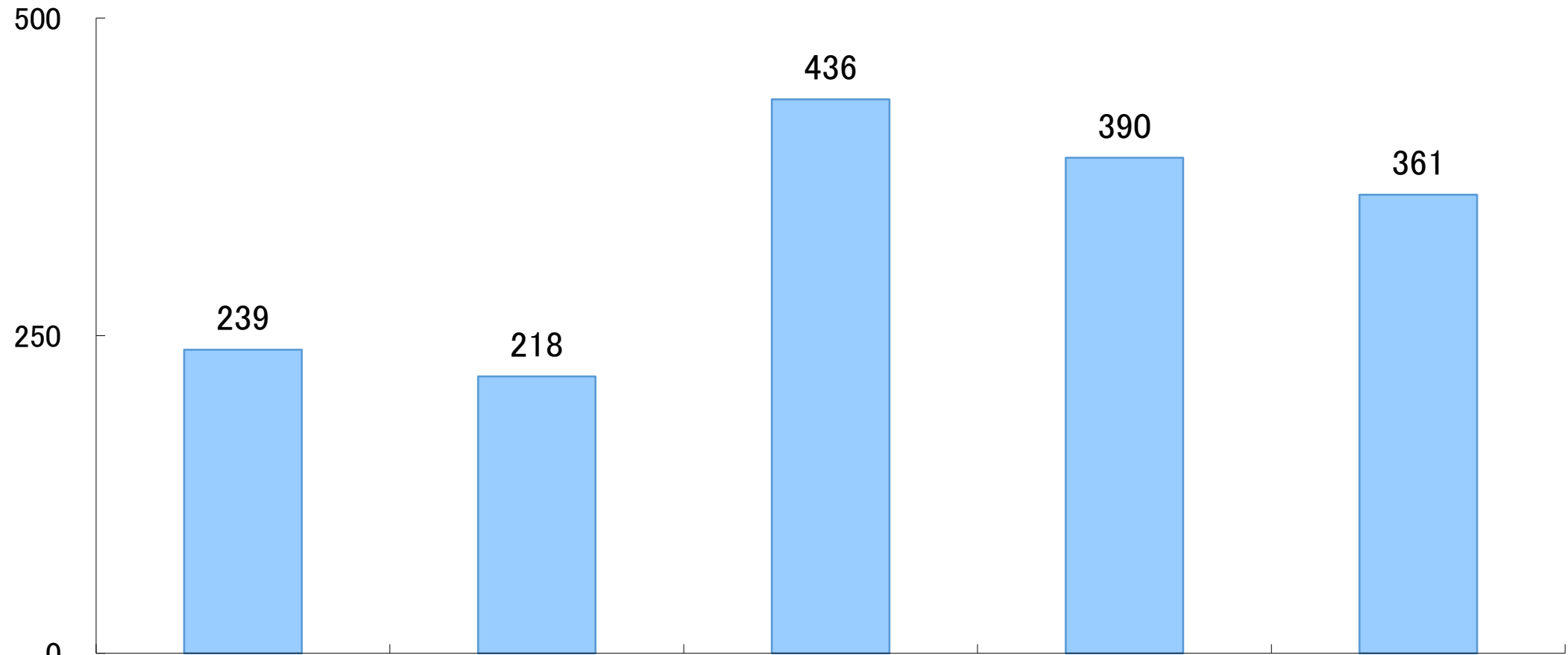
End of 1Q
FY2023
538

Changes in Major Items in Consolidated Balance Sheets

- Notes and accounts payable, trade -



(100 million yen)



*For reference
Net Sales
(100 mil yen)

End of
FY2019
1,594

End of
FY2020
1,167

End of
FY2021
1,865

End of
FY2022
2,279

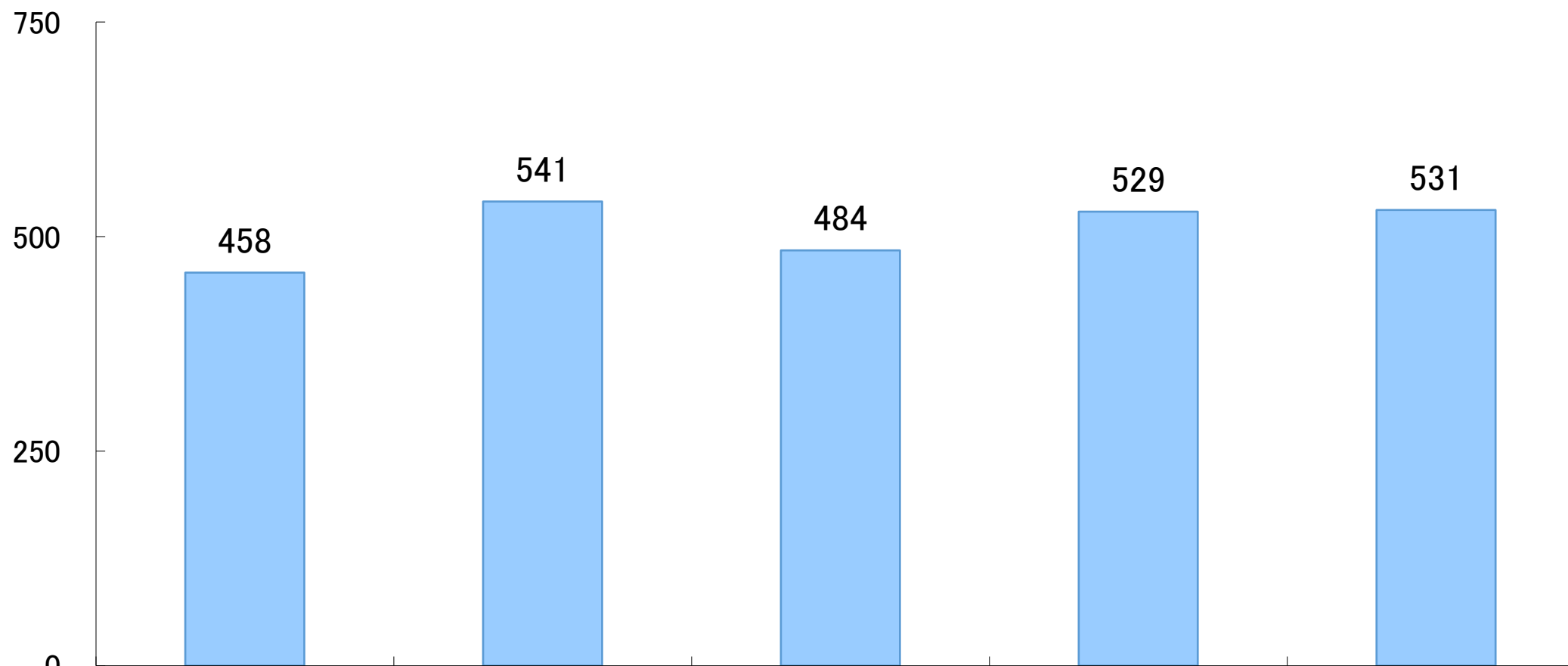
End of 1Q
FY2023
538

Changes in Major Items in Consolidated Balance Sheets

- Interest-bearing debt -



(100 million yen)



*For reference
Net Sales
(100 mil yen)

End of
FY2019
1,594

End of
FY2020
1,167

End of
FY2021
1,865

End of
FY2022
2,279

End of 1Q
FY2023
538



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.