



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

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



Sales/Income

- Sales: 108.5 bil yen (Increase by 5.3% from FY22 1H)
- Operating Income: 7.7 bil yen
(Increase by 43.9% from FY22 1H, Operating Income ratio: 7.2%)
- Sales results increased from the plan of 104.0 bil yen by 4.3% including the impact of depreciation of the yen

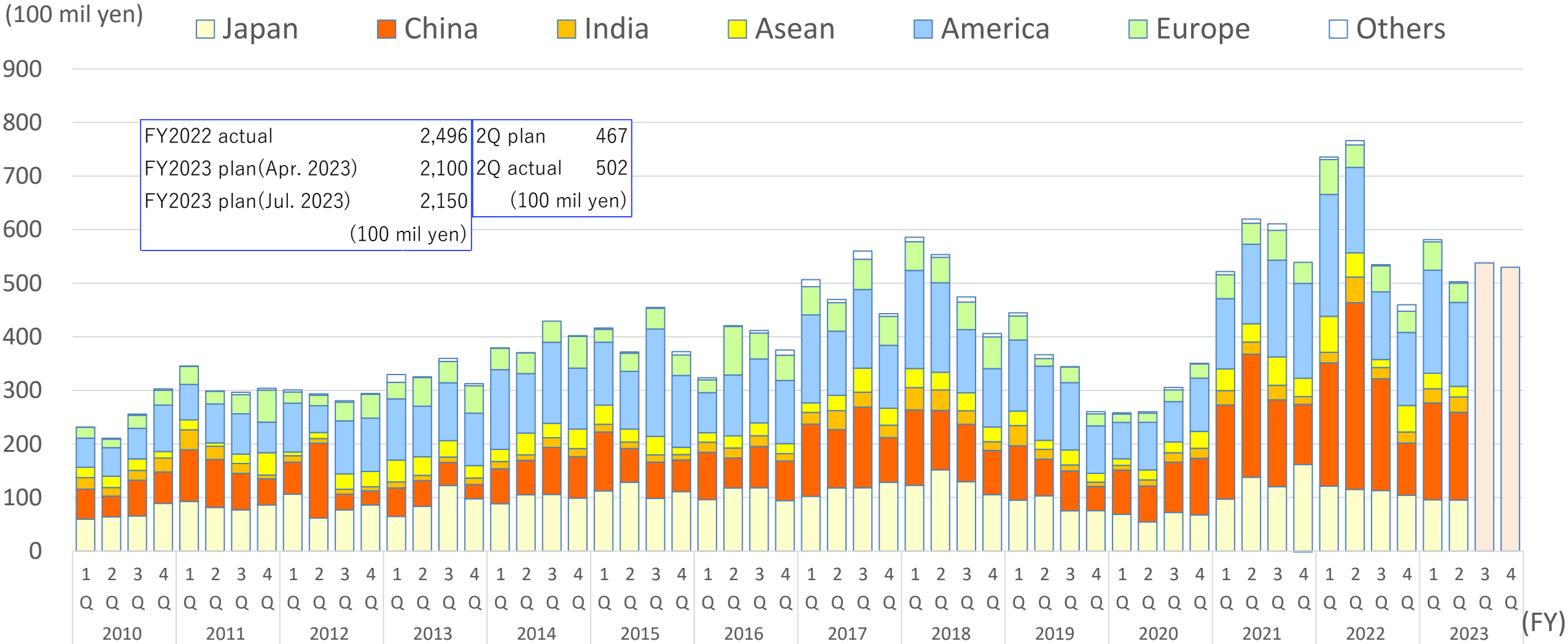
Order

- Order: 108.4 bil yen (Decrease by 27.8% from FY22 1H)
- Order results increased from the plan of 104.8 bil yen by 3.4% including the impact of depreciation of the yen
- Order results on foreign currency basis decreased from the plan mainly in Asian market

Order by Destination



Orders decreased from FY22 2Q,
 Increased from 2Q plan.

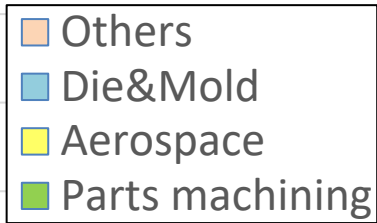


Order by Industry



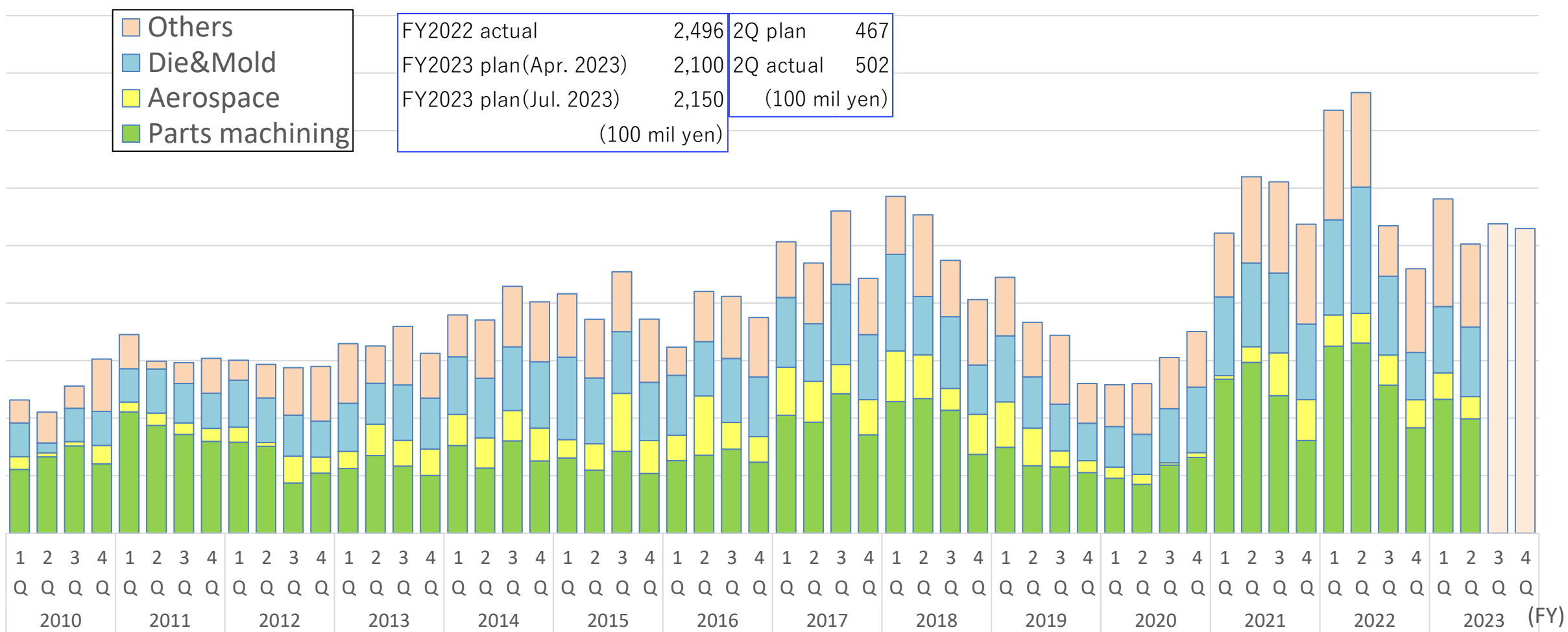
Orders decreased from FY22 2Q especially for Die&Mold and Parts machining.

(100 mil yen)



FY2022 actual	2,496	2Q plan	467
FY2023 plan(Apr. 2023)	2,100	2Q actual	502
FY2023 plan(Jul. 2023)	2,150	(100 mil yen)	

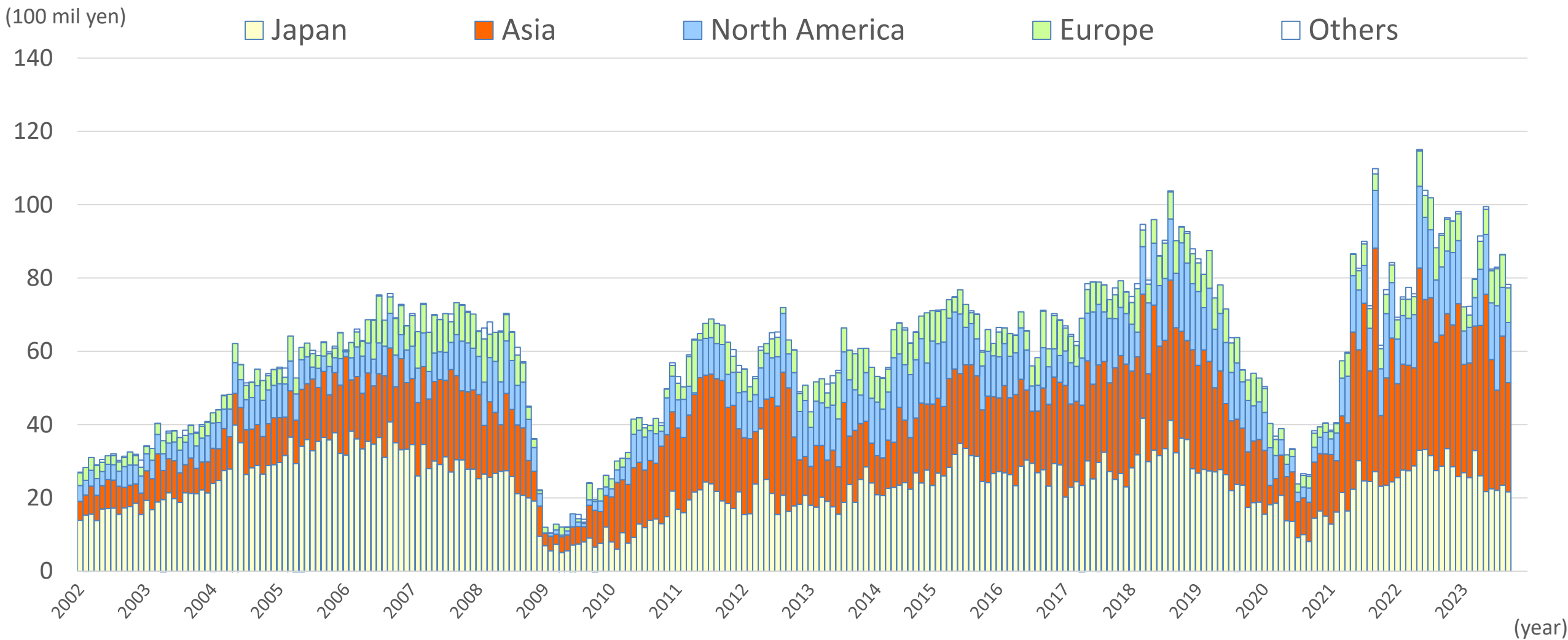
(100 mil yen)



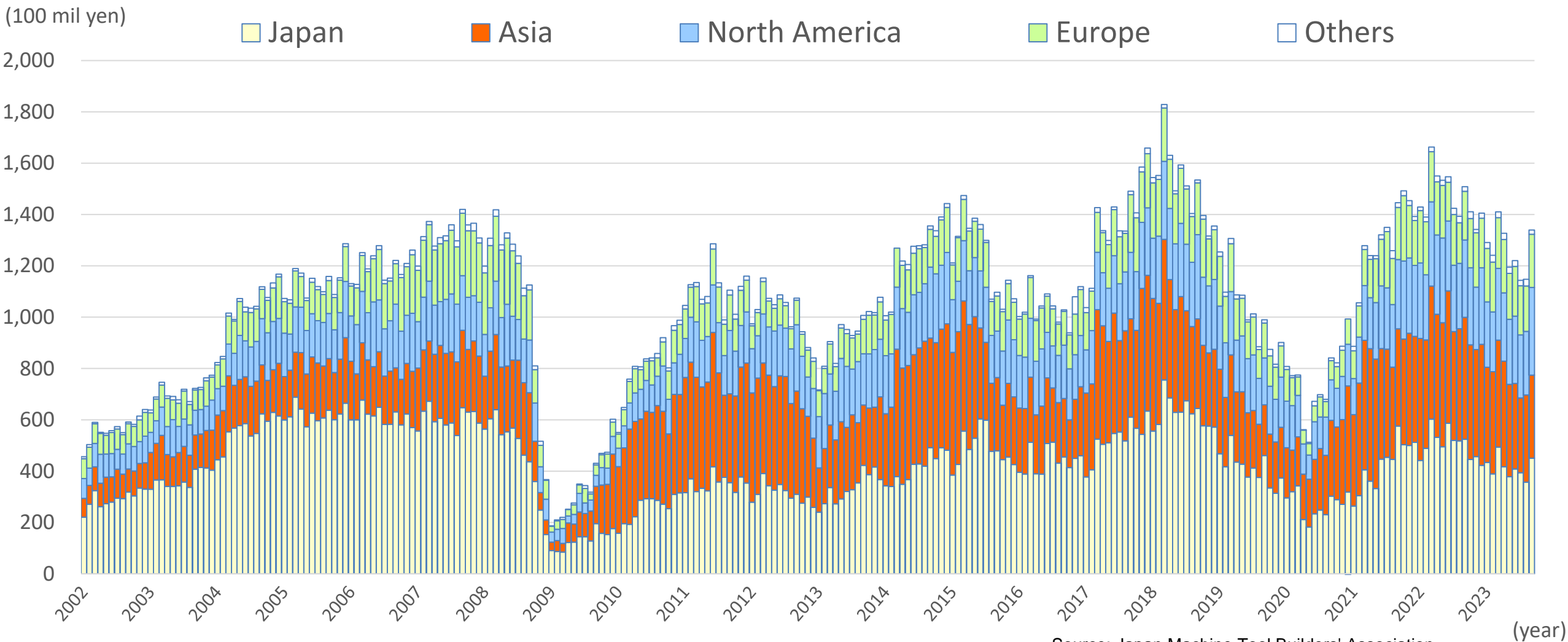
Monthly Orders



Orders for new energy vehicles remained steady mainly in China.



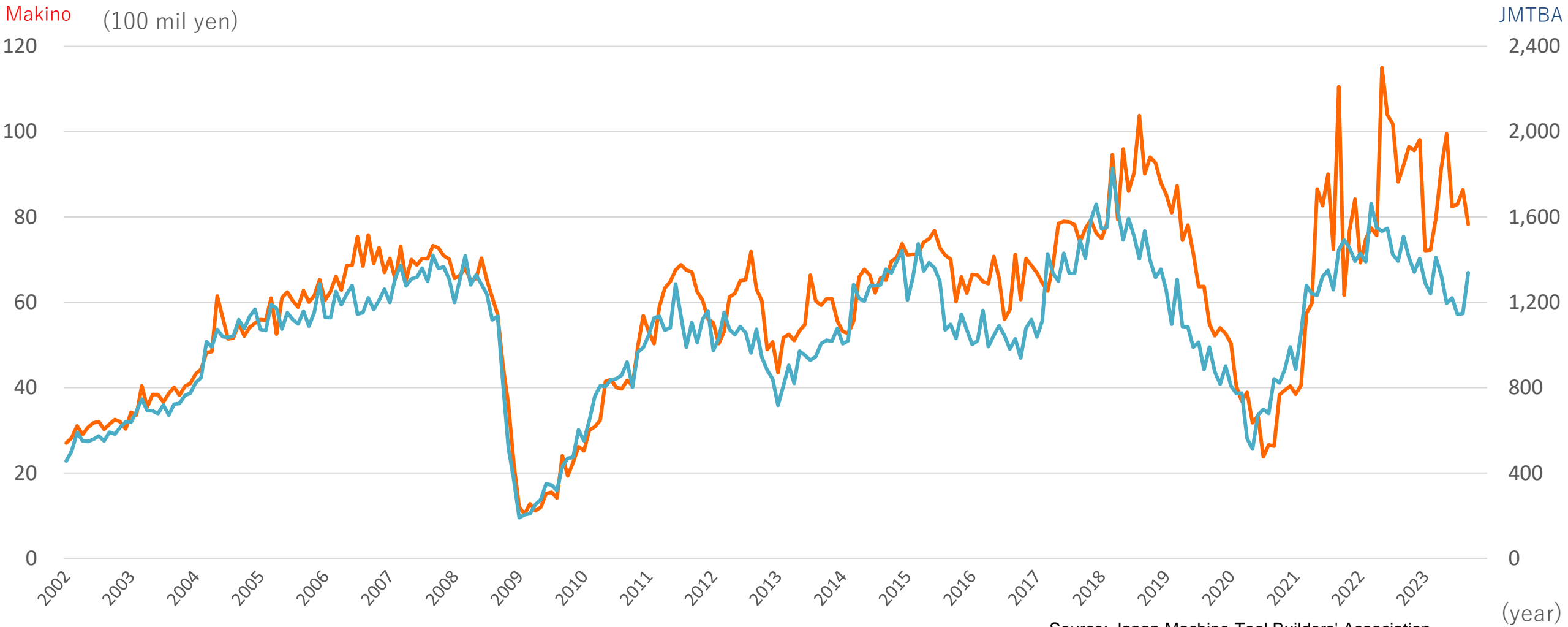
JMTBA Monthly Orders



JMTBA · Makino Order



Makino's share in 2Q was 6.8%



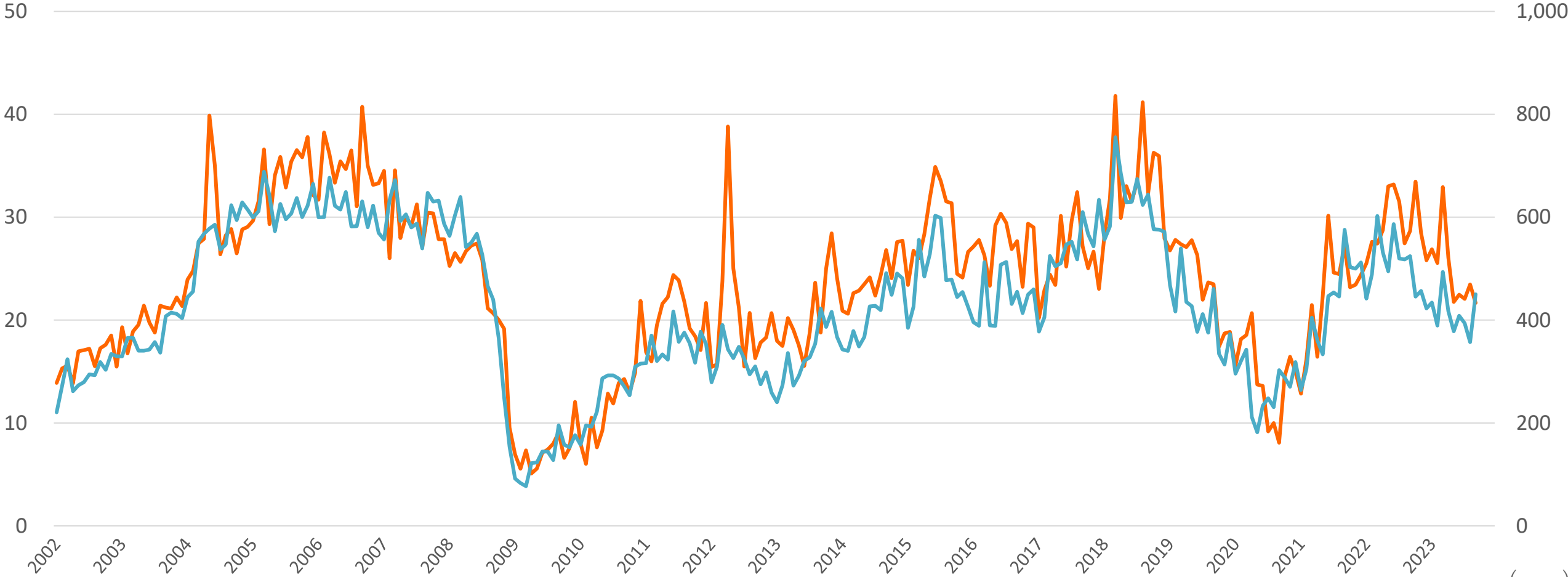
Source: Japan Machine Tool Builders' Association



Makino's share in 2Q was 5.6%

Makino (100 mil yen)

JMTBA 1,000



Source: Japan Machine Tool Builders' Association

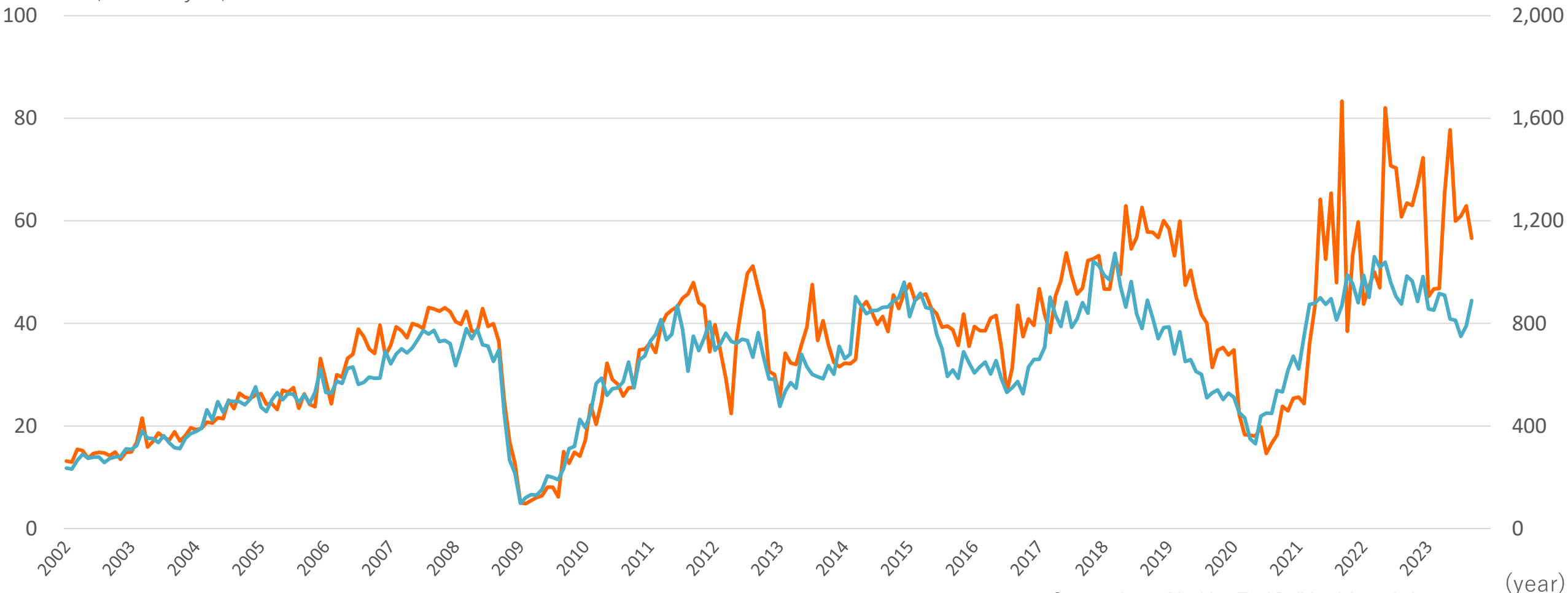
(year)



Makino's share in 2Q was 7.4%

Makino (100 mil yen)

JMTBA

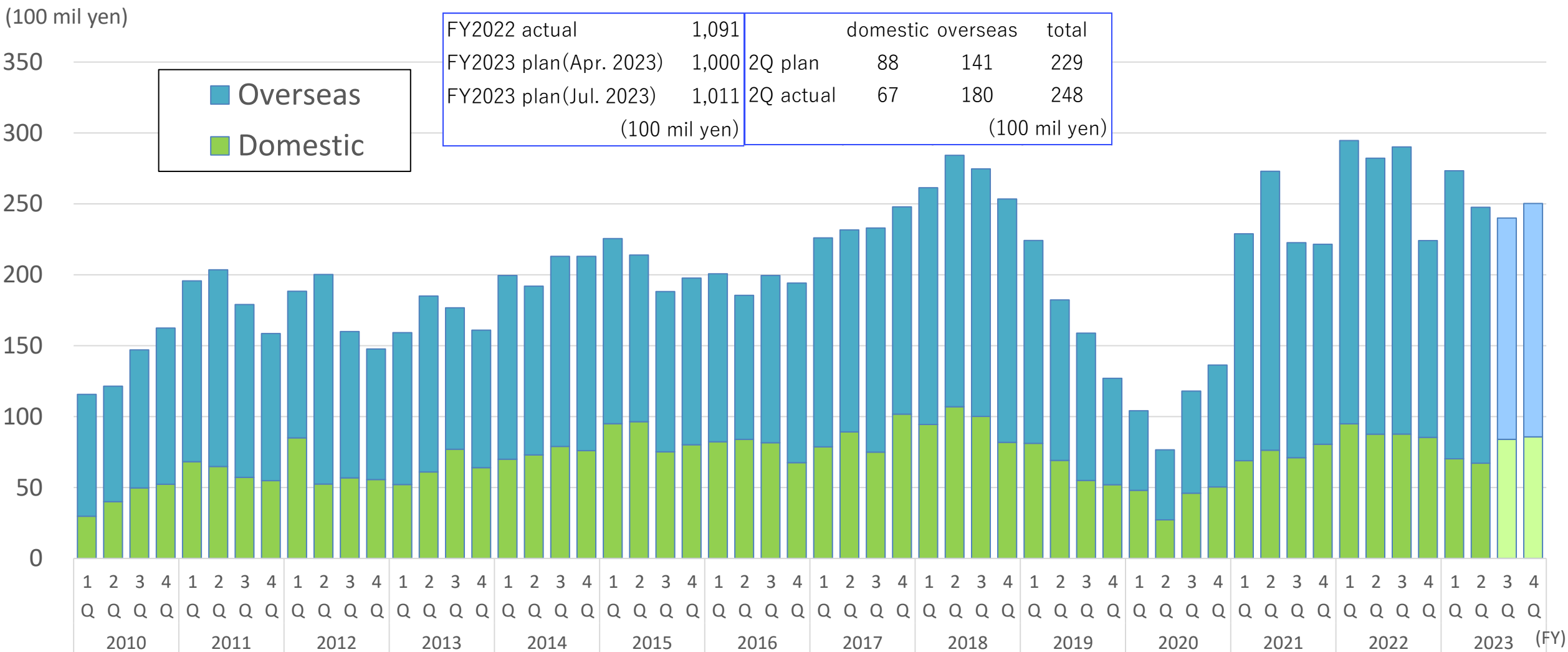


Source: Japan Machine Tool Builders' Association

(year)

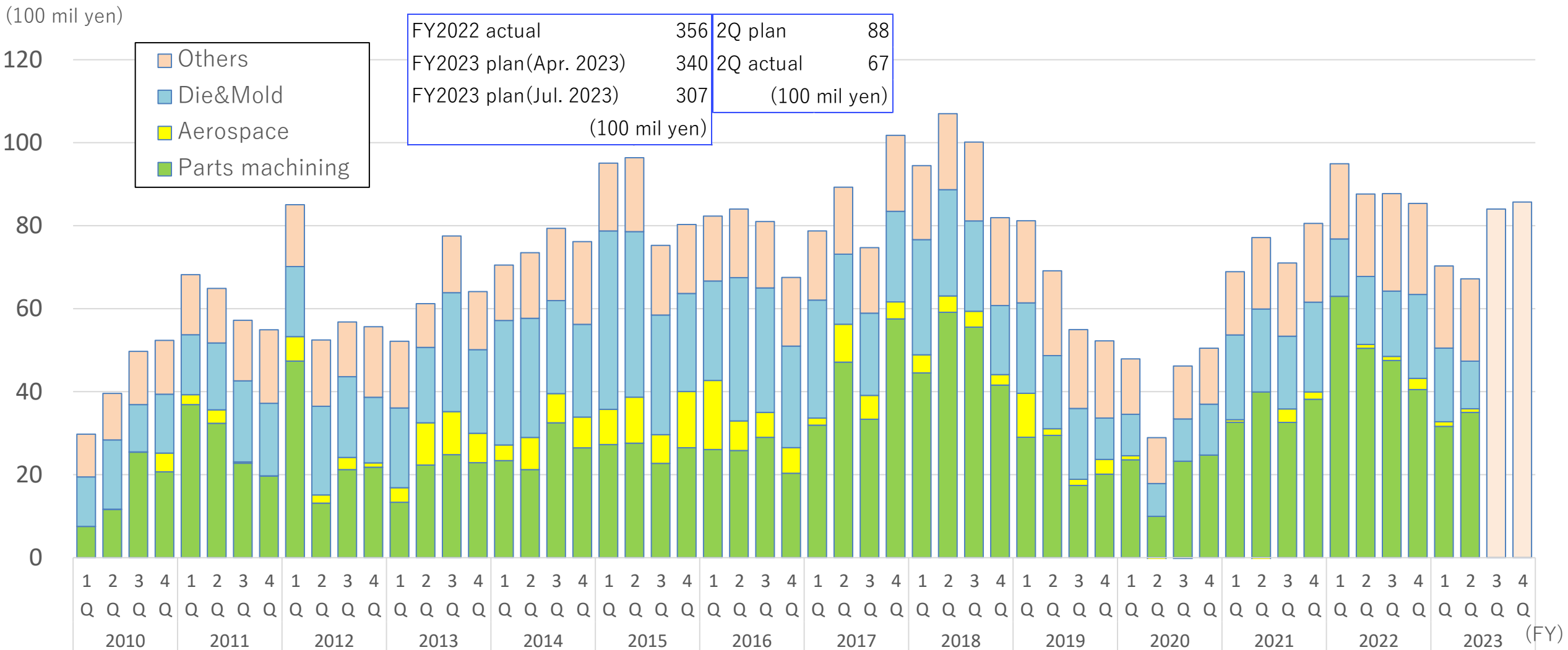


Both Domestic and Overseas' Orders decreased from FY22 2Q.





Orders for automotive and semiconductor production equipment decreased from FY22 2Q.

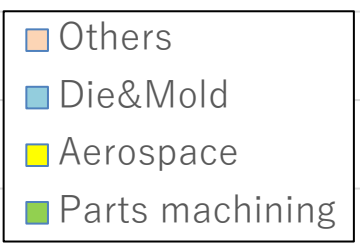


Asian subsidiary Order by industry

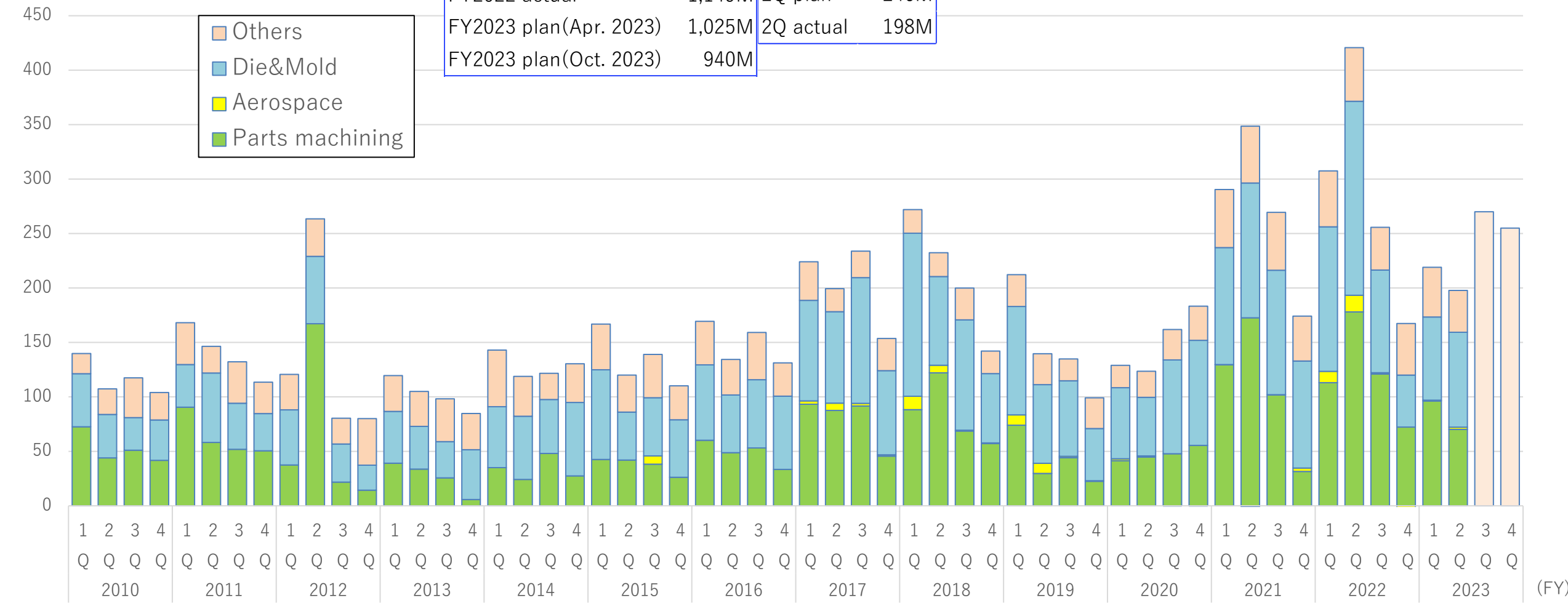


Orders decreased from FY22 2Q.
 Orders for new energy vehicles remained steady in China.

(mil S \$)



FY2022 actual	1,149M	2Q plan	246M
FY2023 plan(Apr. 2023)	1,025M	2Q actual	198M
FY2023 plan(Oct. 2023)	940M		



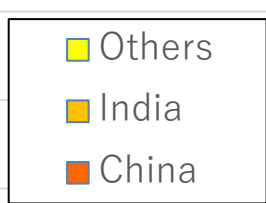
(FY)

Asian subsidiary Order by area

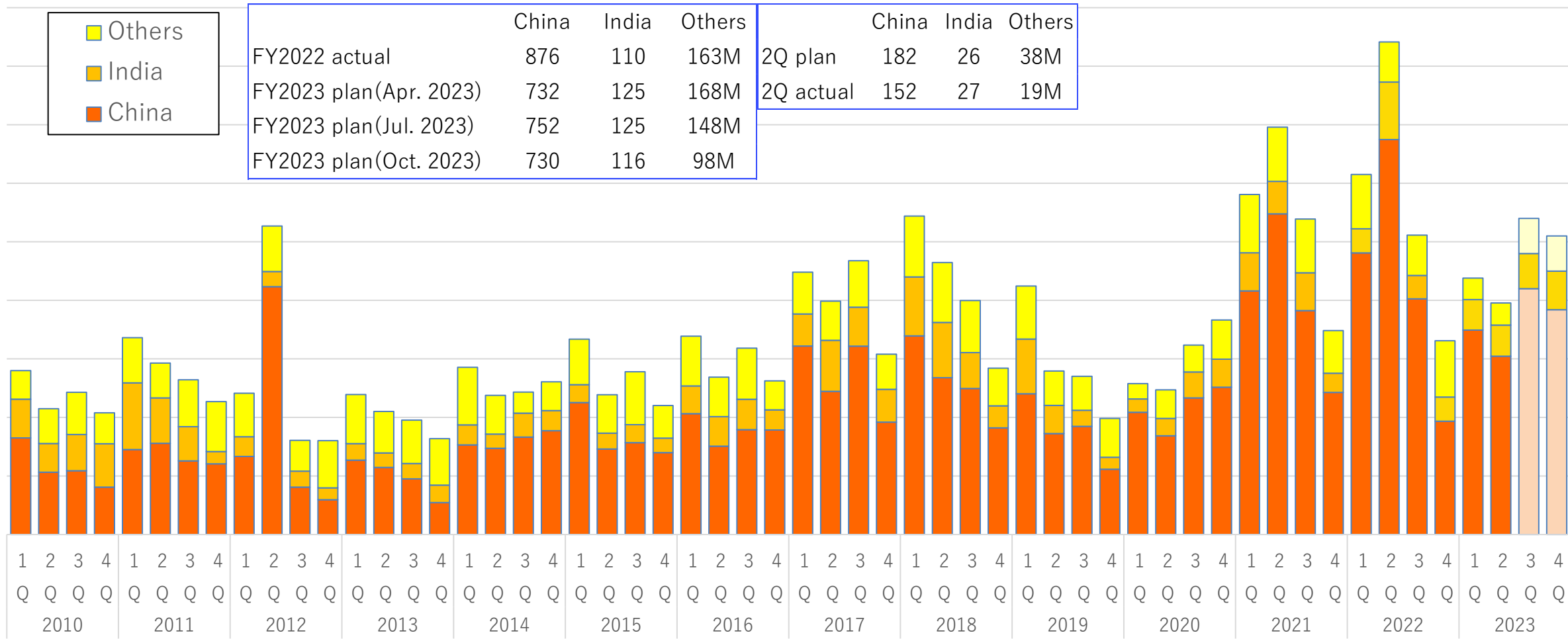


Orders for Die&Mold for automotive and electric/electronic parts in China decreased from FY22 2Q. Orders in India decreased mainly for automotive.

(mil S \$)



	China	India	Others		China	India	Others
FY2022 actual	876	110	163M	2Q plan	182	26	38M
FY2023 plan(Apr. 2023)	732	125	168M	2Q actual	152	27	19M
FY2023 plan(Jul. 2023)	752	125	148M				
FY2023 plan(Oct. 2023)	730	116	98M				

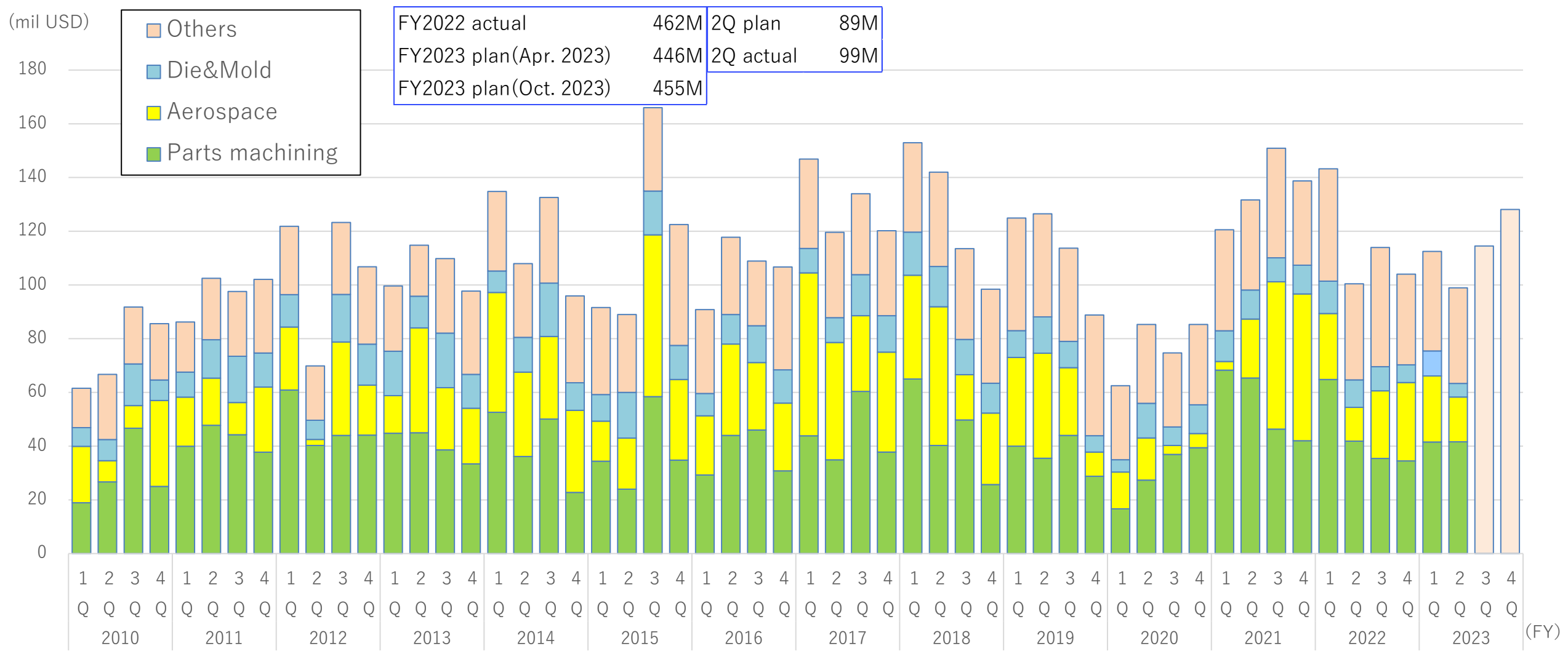


(FY)

US subsidiary Order



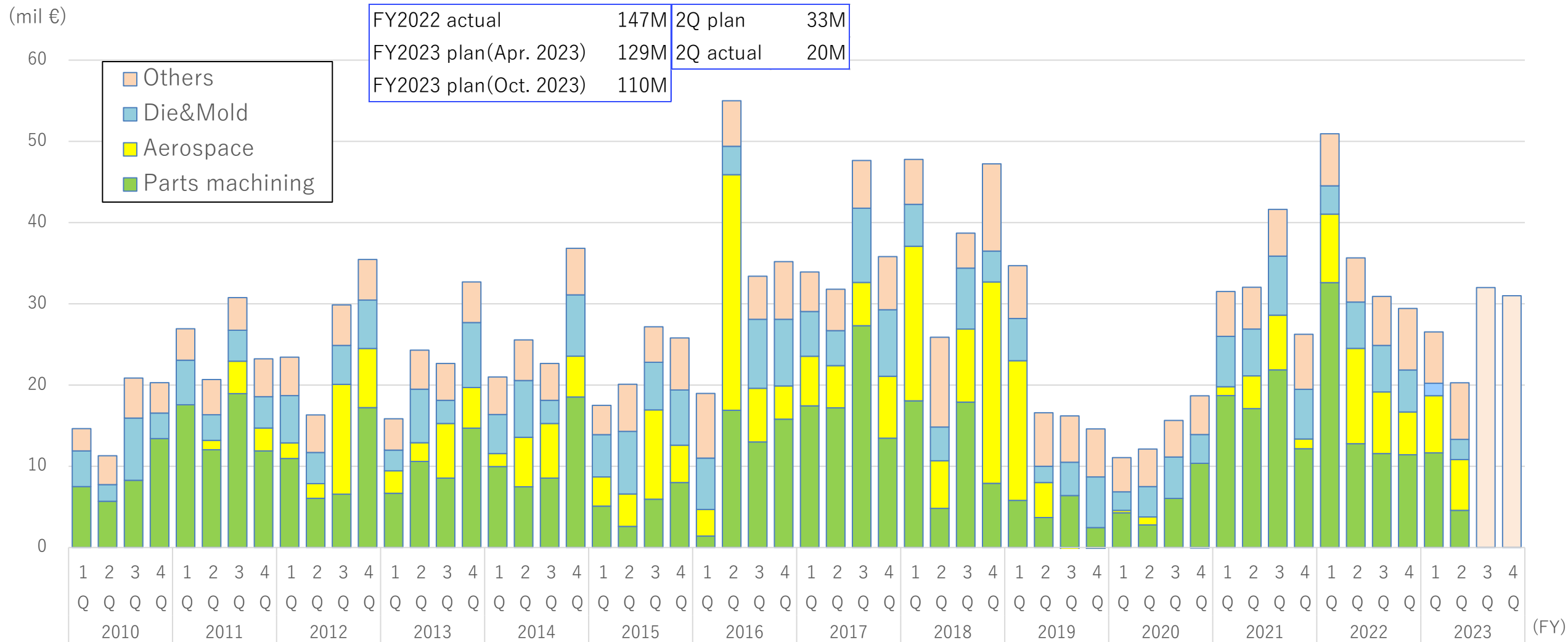
Orders kept the same level as FY22 2Q. Orders for automation system increased, aerospace and medical devices remained steady.



European subsidiary Order



Orders for Aerospace and Automotive decreased from FY22 2Q.





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.

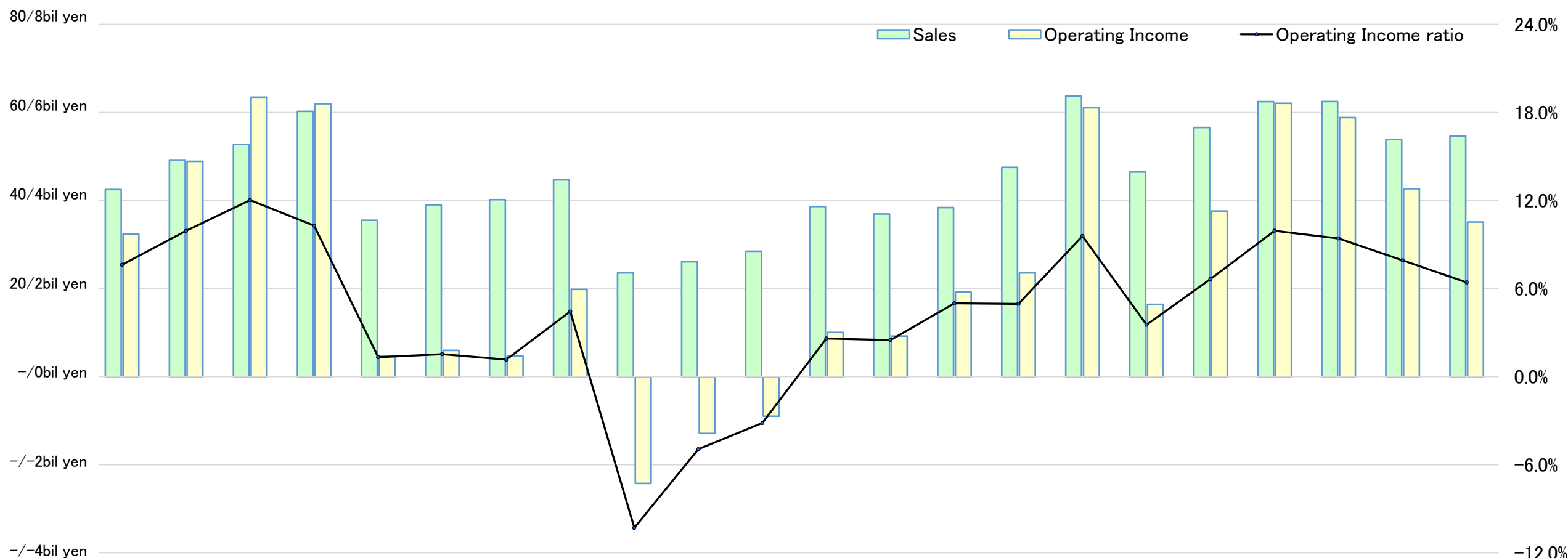
Parts where Makino products are used to manufacture component parts for automobiles or various kinds of machines or devices other than aerospace products.
Machining: where Makino products are used to manufacture component parts for automobiles or various kinds of machines or devices other than aerospace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

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

Sales and Operating Income



Highest sales in the first half of the year



	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	2Q 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	141.00
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	153.39
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	104.85

Consolidated Operating Results for 1H of FY23

(Comparison with the same period of last year)



The JPY depreciation brought higher sales compared to the last FY

(Million yen)	1H of FY2022 (From Apr. 1, 2022 to Sep. 30, 2022)	1H of FY2023 (From Apr. 1, 2023 to Sep. 30, 2023)	Change (%)
Net sales	103,039	108,515	5,475 (5.3%)
Operating income	5,403 (5.2%)	7,776 (7.2%)	2,372 (43.9%)
Ordinary income	6,953 (6.7%)	9,730 (9.0%)	2,777 (39.9%)
Net income attributable to owners of the parent	5,340 (5.2%)	7,675 (7.1%)	2,335 (43.7%)
Exchange rate, against USD	133.97	141.00	
Exchange rate, against EUR	138.73	153.39	
Exchange rate, against SGD	96.55	104.85	

Consolidated Operating Results for 1H of FY23

(Comparison with Forecast)

Observed the similar trend for forecasts

(Million yen)	Forecast of 1H of FY2023 (as of Jul. 31, 2023) (From Apr. 1, 2023 to Sep. 31, 2023)	Actual of 1H of FY2023 (From Apr. 1, 2023 to Sep. 31, 2023)	Change (%)
Net Sales	104,000	108,515	4,515 (4.3%)
Operating income	6,560 (6.3%)	7,776 (7.2%)	1,216 (18.5%)
Ordinary income	8,430 (8.1%)	9,730 (9.0%)	1,300 (15.4%)
Net income attributable to owners of the parent	6,670 (6.4%)	7,675 (7.1%)	1,005 (15.1%)
Exchange rate, against USD	132.20	141.00	
Exchange rate, against EUR	143.70	153.39	
Exchange rate, against SGD	98.80	104.85	

Segment Profit and Loss



(Million yen)

	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated
1H of FY2023						
Net sales	66,324	48,668	31,075	9,160	-46,714	108,515
(Sales in foreign currency)		(447,466)	(220,397)	(59,721)		
Operating income/loss	4,041	2,346	1,482	-354	261	7,776
1H of FY2022						
Net sales	61,943	53,417	29,015	5,929	-47,267	103,039
(Sales in foreign currency)		(533,720)	(216,584)	(42,743)		
Operating income/loss	213	4,517	1,578	-402	-503	5,403
1H of FY2021						
Net sales	45,858	35,145	18,887	5,105	-29,656	75,340
(Sales in foreign currency)		(415,301)	(172,020)	(39,003)		
Operating income/loss	-44	3,012	552	-610	-69	2,839

Sales amount by Destination



							(Million yen)
1H of FY2023	Japan	Asia	America	Europe	Others	Consolidated	
Net sales	20,105	46,379	30,763	9,559	1,707	108,515	
Ratio	18.5%	42.7%	28.3%	8.8%	1.5%		
1H of FY2022	Japan	Asia	America	Europe	Others	Consolidated	
Net sales	16,791	50,387	28,778	6,461	620	103,039	
Ratio	16.2%	48.9%	27.9%	6.2%	0.6%		
1H of FY2021	Japan	Asia	America	Europe	Others	Consolidated	
Net sales	14,775	35,622	18,673	5,358	911	75,340	
Ratio	19.6%	47.3%	24.8%	7.1%	1.2%		

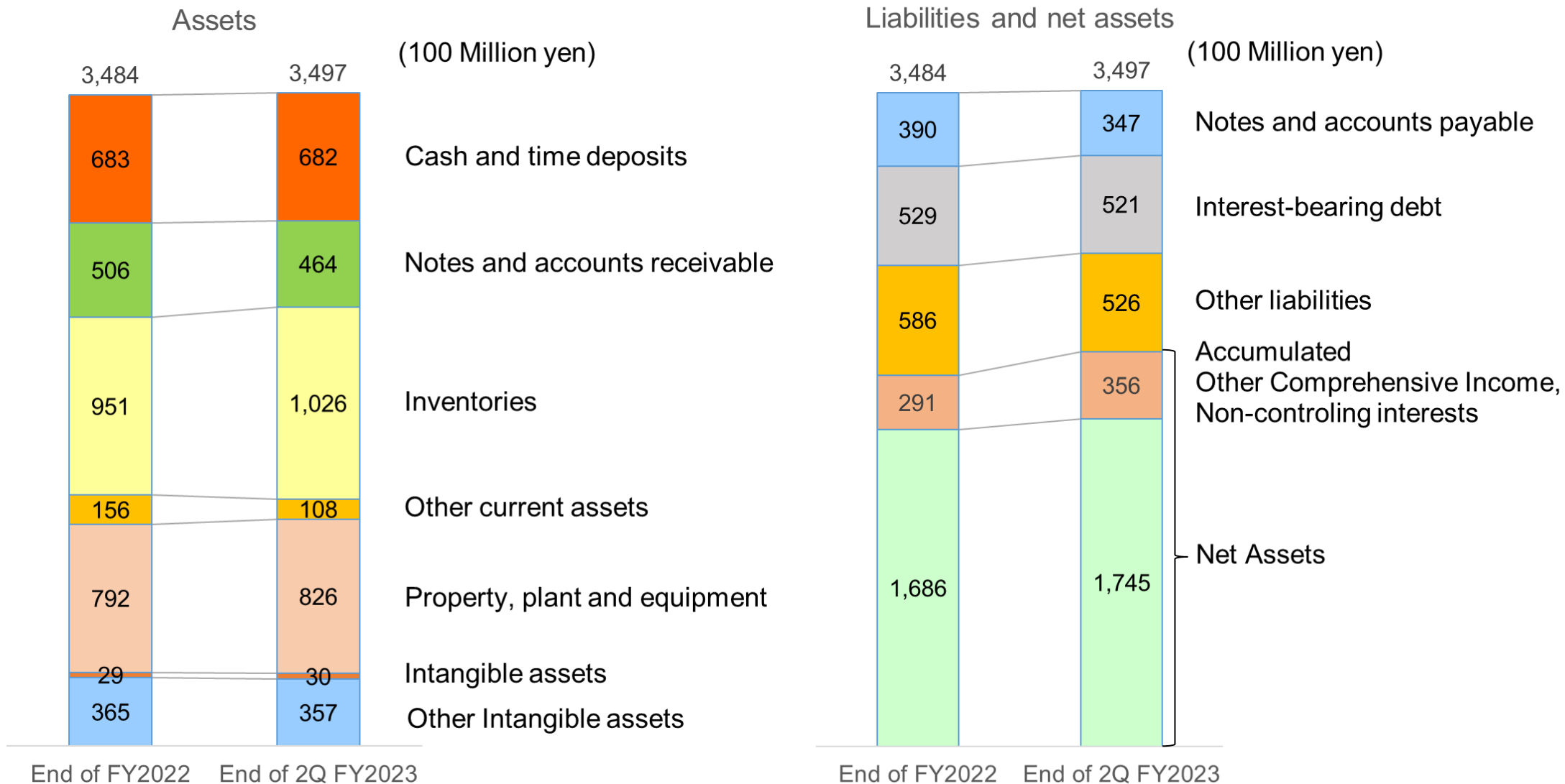
Balance Sheet Summary

2023/10/31



No.22

Debt-to-equity ratio*: 25% end of 2Q FY23 (27% end of FY22) ※Interesting-bearing debt ÷ Net assets



Net cash* 17,942 Million Yen end of 1H of FY23 (30,155 Million Yen end of 1H of FY22) ^{No.23}

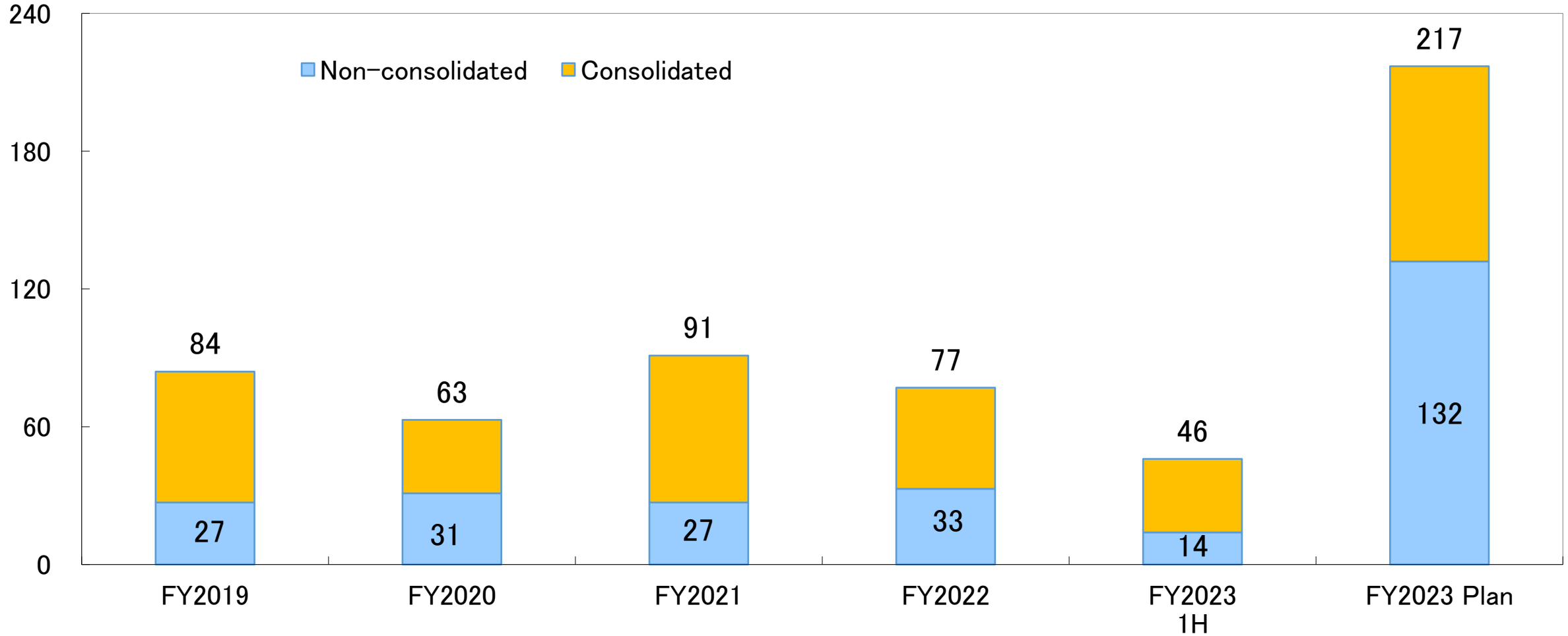
※Cash and cash equivalent — Interest-bearing debt
 (Million yen)

Item	1H of FY2022 (From Apr. 1, 2022 to Sep. 30, 2022)	1H of FY2023 (From Apr. 1, 2023 to Sep. 30, 2023)
I. Cash flows from operating activities:		
Income (loss) before income taxes	6,535	9,884
Depreciation and amortization	3,787	3,934
(Increase) decrease in notes and accounts receivable, trade	10,896	8,055
(Increase) decrease in inventories	- 11,899	- 1,721
Increase (decrease) in notes and accounts payable, trade	- 9,020	- 8,430
Other, net	6,265	- 5,418
Cash flows from operating activities	6,565	6,304
II. Cash flows from investing activities:		
Net decrease (Increase) in time deposits	- 1,387	766
Purchase of property, plant and equipment	- 2,779	- 4,506
Proceeds from sales of property, plant and equipment	31	364
Other, net	- 281	- 557
Cash flows from investing activities	- 4,417	- 3,932
III. Cash flows from financing activities:		
Repayment of finance-lease obligations	- 502	- 515
Proceeds from long-term loans payable	9,000	4,000
Repayment of long-term loans payable	- 1,500	- 5,000
Payment for purchases of treasury stock	- 21	- 2
Payment for purchases of treasury stock of subsidiaries	- 50	- 100
Dividends paid by the parent company	- 1,288	- 1,907
Dividends paid to minority shareholders	- 13	- 6
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-358	-
Cash flows from financing activities	5,264	- 3,531
IV. Effect of exchange rate changes on cash and cash equivalents	3,064	1,754
V. Net increase (decrease) in cash and cash equivalents	10,477	595
VI. Cash and cash equivalents, beginning of period	75,712	69,467
VII. Cash and cash equivalents, end of period	86,190	70,062

Capital Investment

2023/10/31

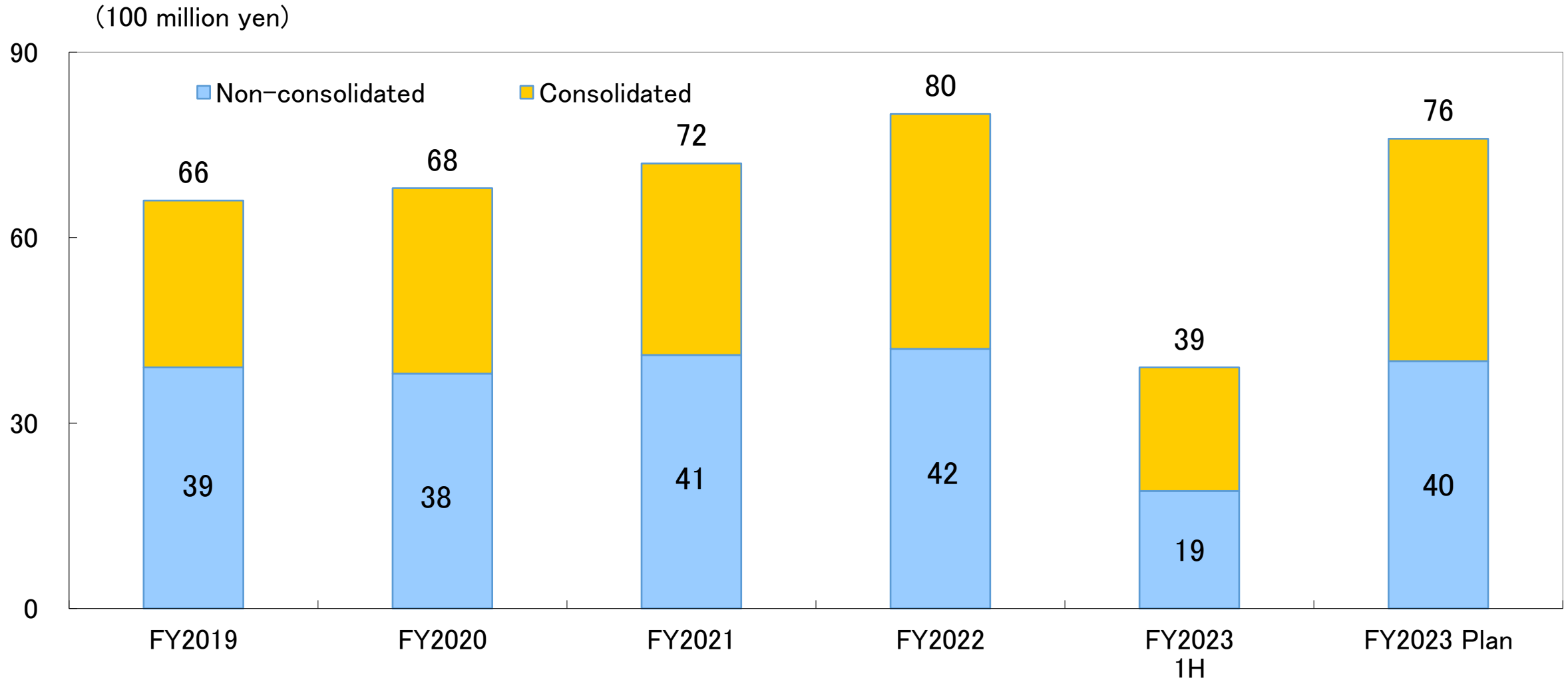
(100 million yen)



Depreciation

2023/10/31

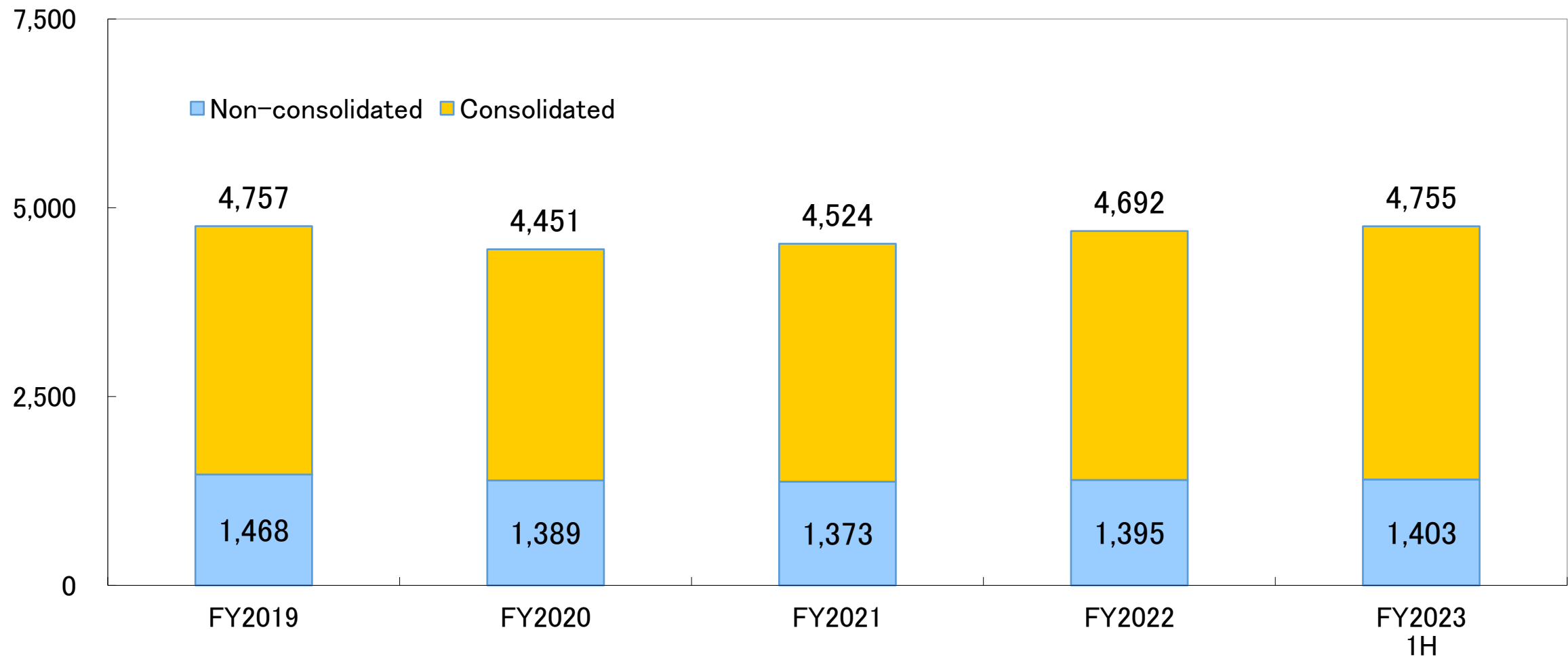
No.25





Increased by 63 from FY2022

(person)



Forecast of Consolidated Operating Results

(Comparison with the same period of last year)



Decided not to change the forecast as of July 31, 2023

(Million yen)	FY2022 (From Apr. 1, 2022 to Mar. 31, 2023)	FY2023 (From Apr. 1, 2023 to Mar. 31, 2024)	Change
Net sales	227,985	210,700	− 17,285
Operating income	17,492 (7.7%)	13,260 (6.3%)	− 4,232 (24.5%)
Ordinary income	19,906 (8.7%)	15,730 (7.5%)	− 4,176 (24.2%)
Net income attributable to owners of the parent	16,073 (7.1%)	12,670 (6.0%)	− 3,403 (19.7%)
Exchange rate, against USD	135.47	134.00	
Exchange rate, against EUR	140.97	145.70	
Exchange rate, against SGD	98.62	99.93	

Reference Materials



Comparison with the same period of last year

(Million yen)

	1H 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 218M	141.00	(133.97)	1,531	154
EUR	EUR 60M	153.39	(138.73)	875	160
SGD	SGD 409M	104.85	(96.55)	3,396	181
			Total	5,802	495

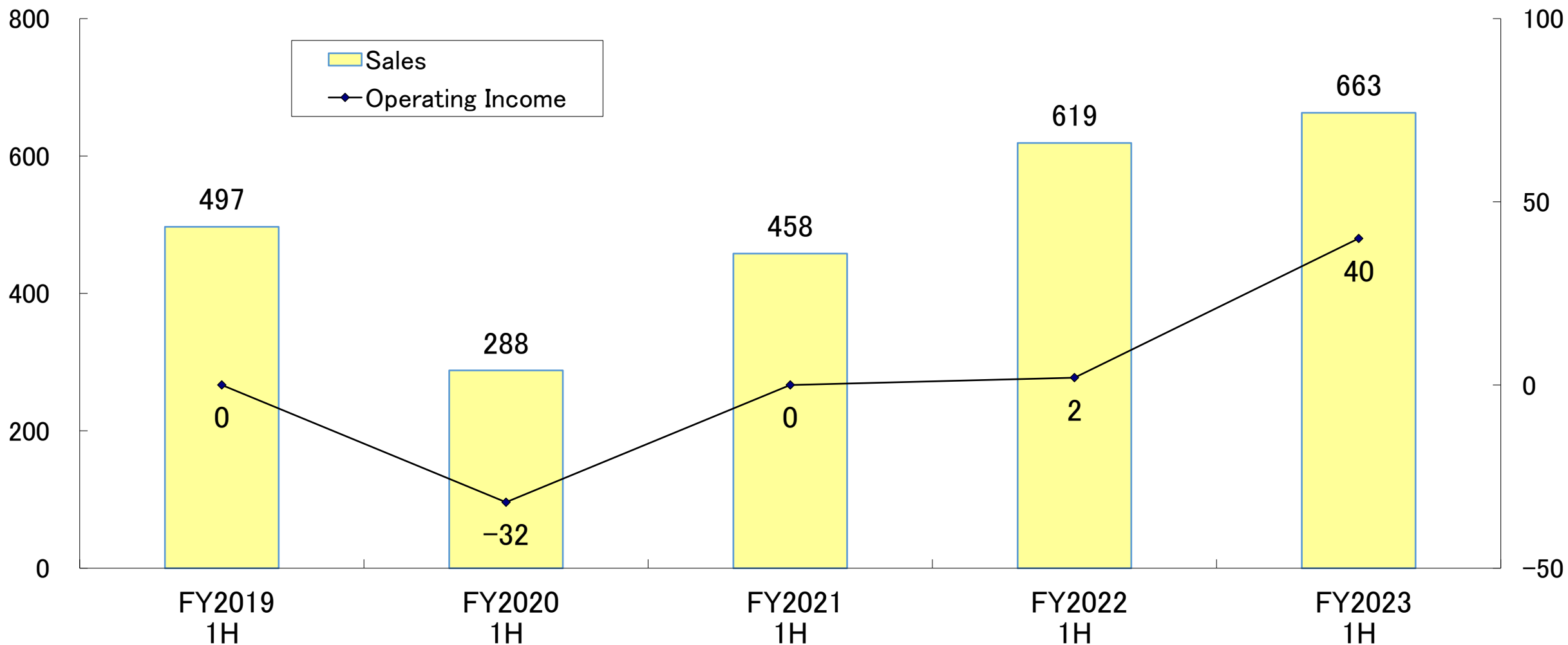


Comparison with the forecast of FY2023 (as of July 31, 2023) (Million yen)

	1H 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 218M	141.00	(132.20)	1,917	193
EUR	EUR 60M	153.39	(143.70)	578	106
SGD	SGD 409M	104.85	(98.80)	2,475	132
			Total	4,970	431

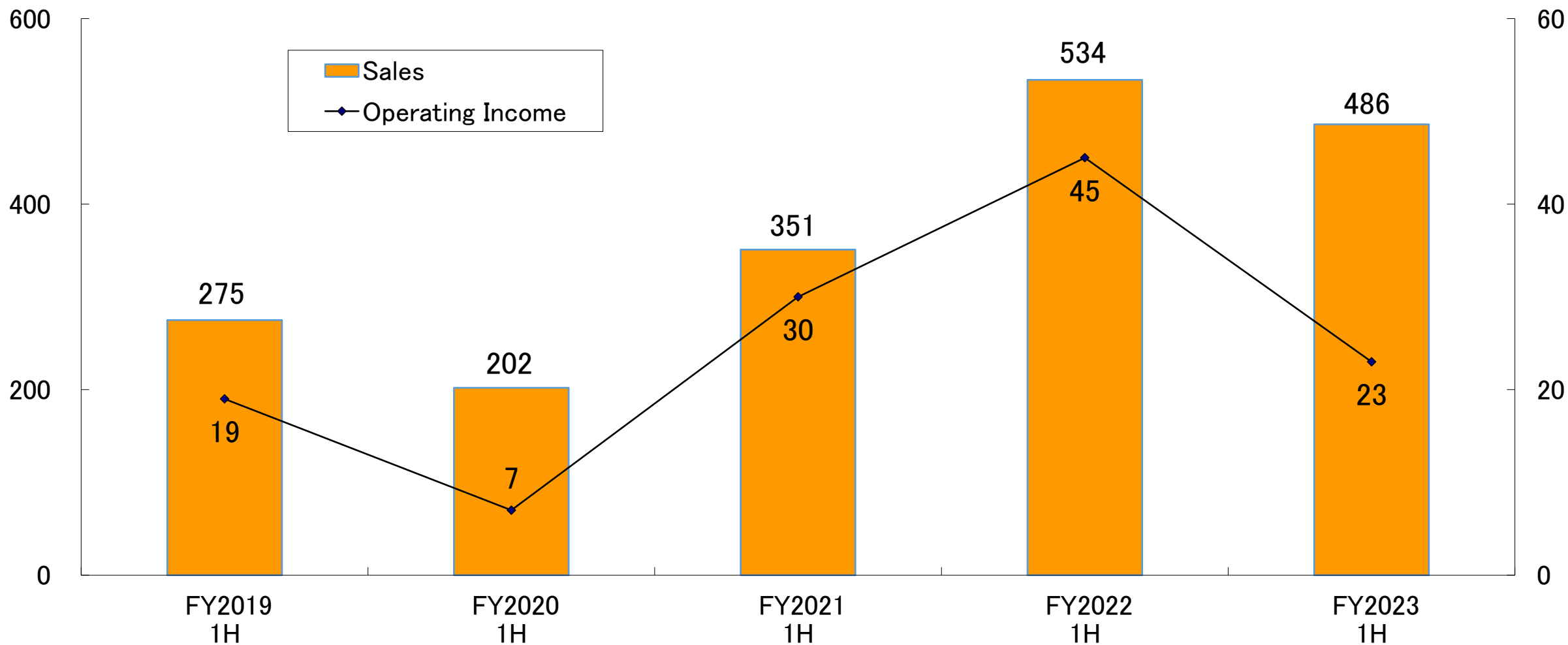
Net Sales and Operating Income (by Segment I / Japan)

(100 million yen)



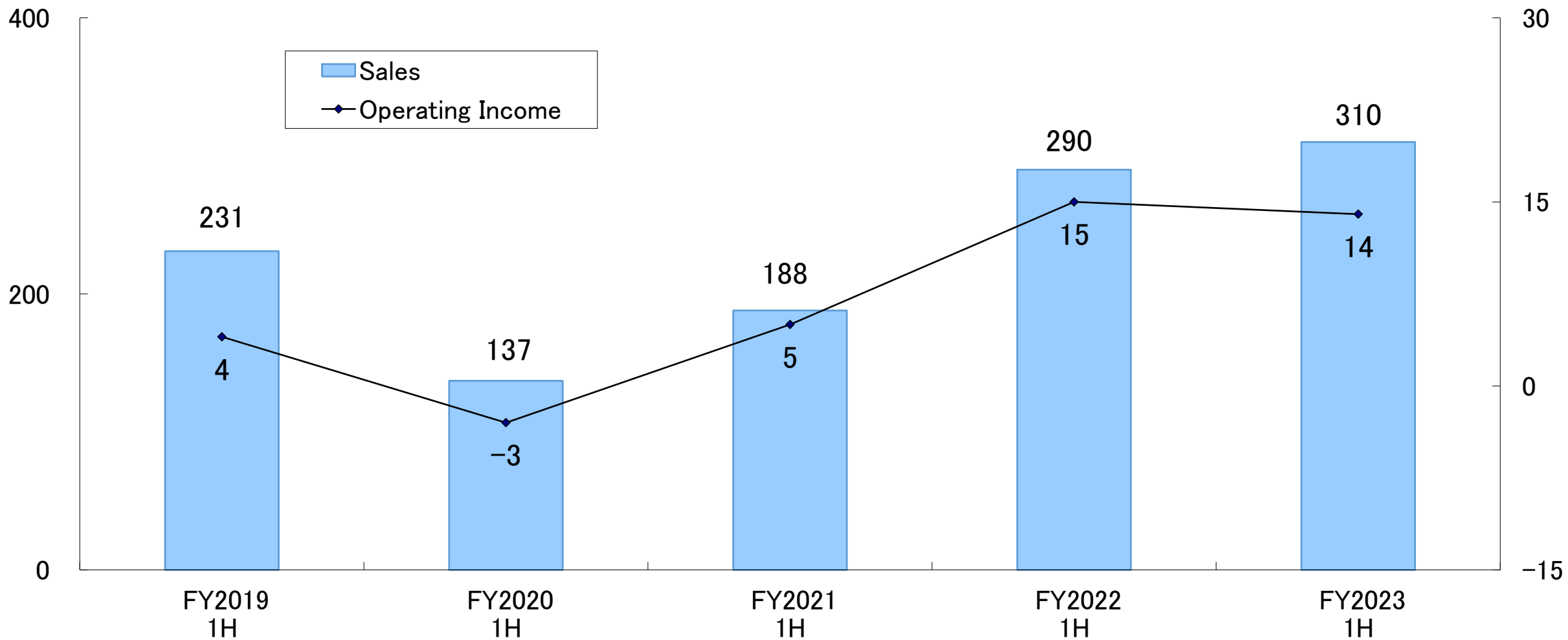
Net Sales and Operating Income (by Segment II / Asia)

(100 million yen)

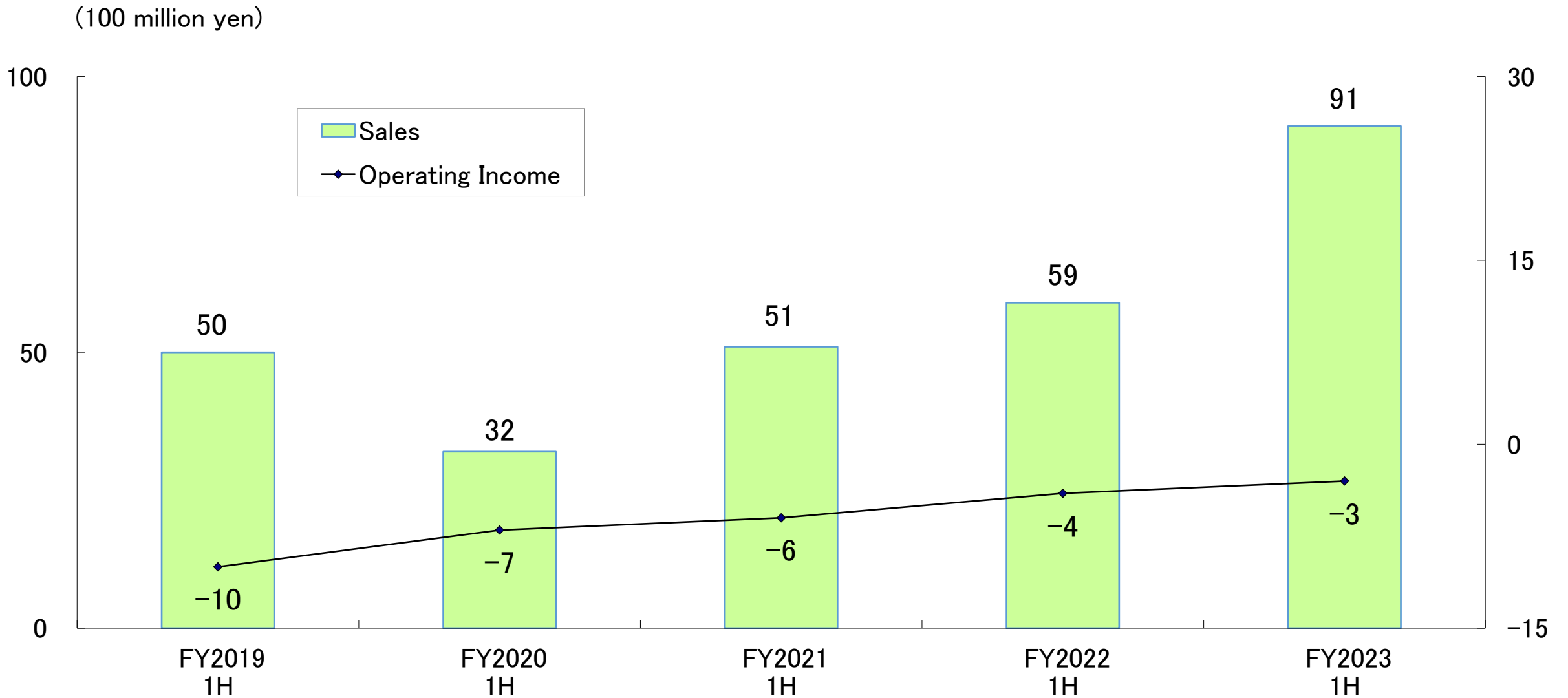


Net Sales and Operating Income (by Segment III / America)

(100 million yen)



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

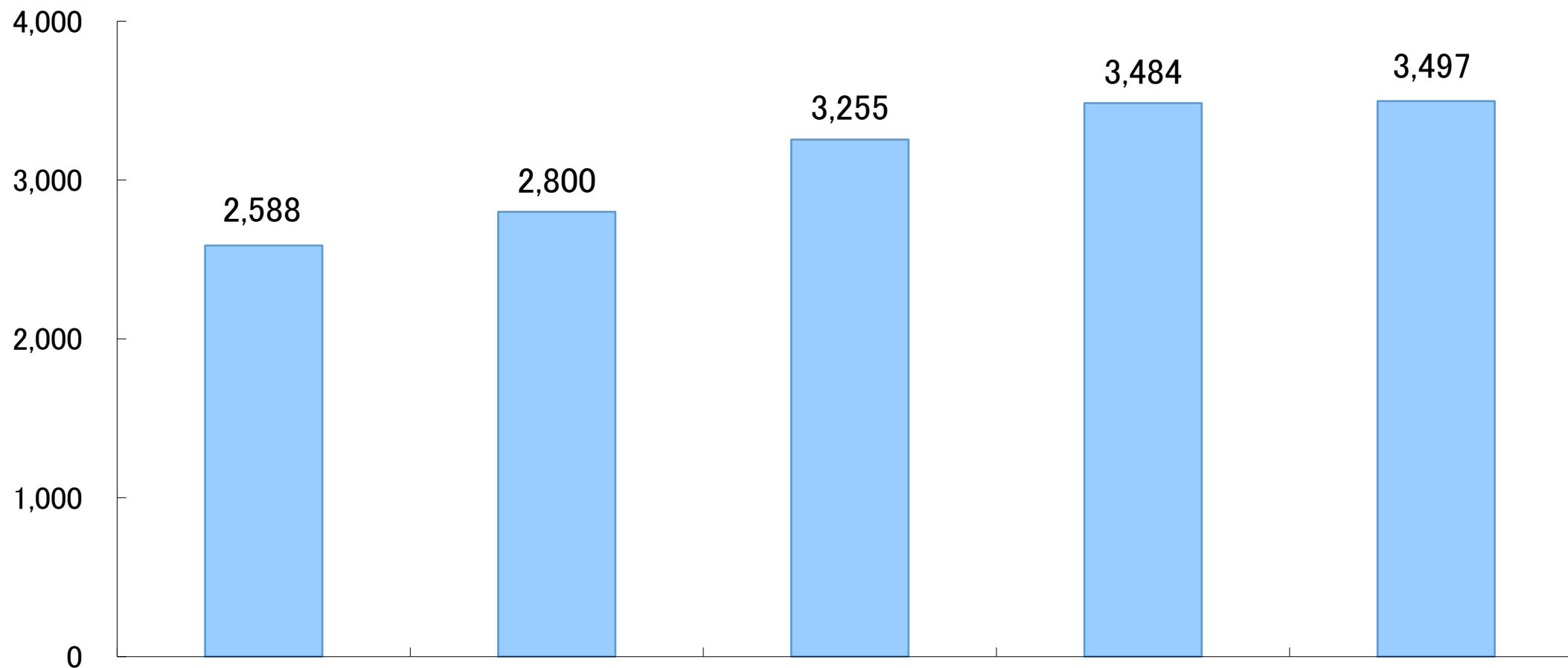


Changes in Major Items in Consolidated Balance Sheets

- 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

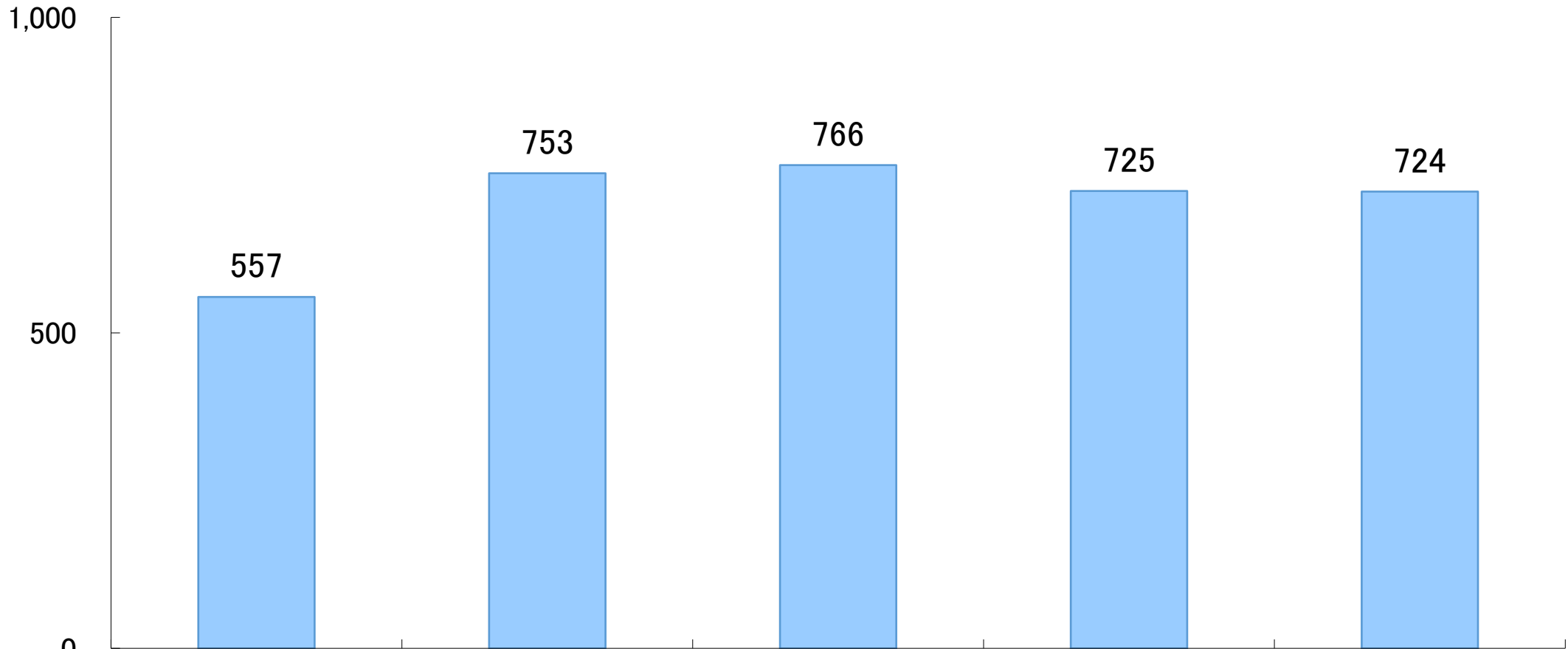
End of 1H
FY2023
1,085

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 1H
FY2023
1,085

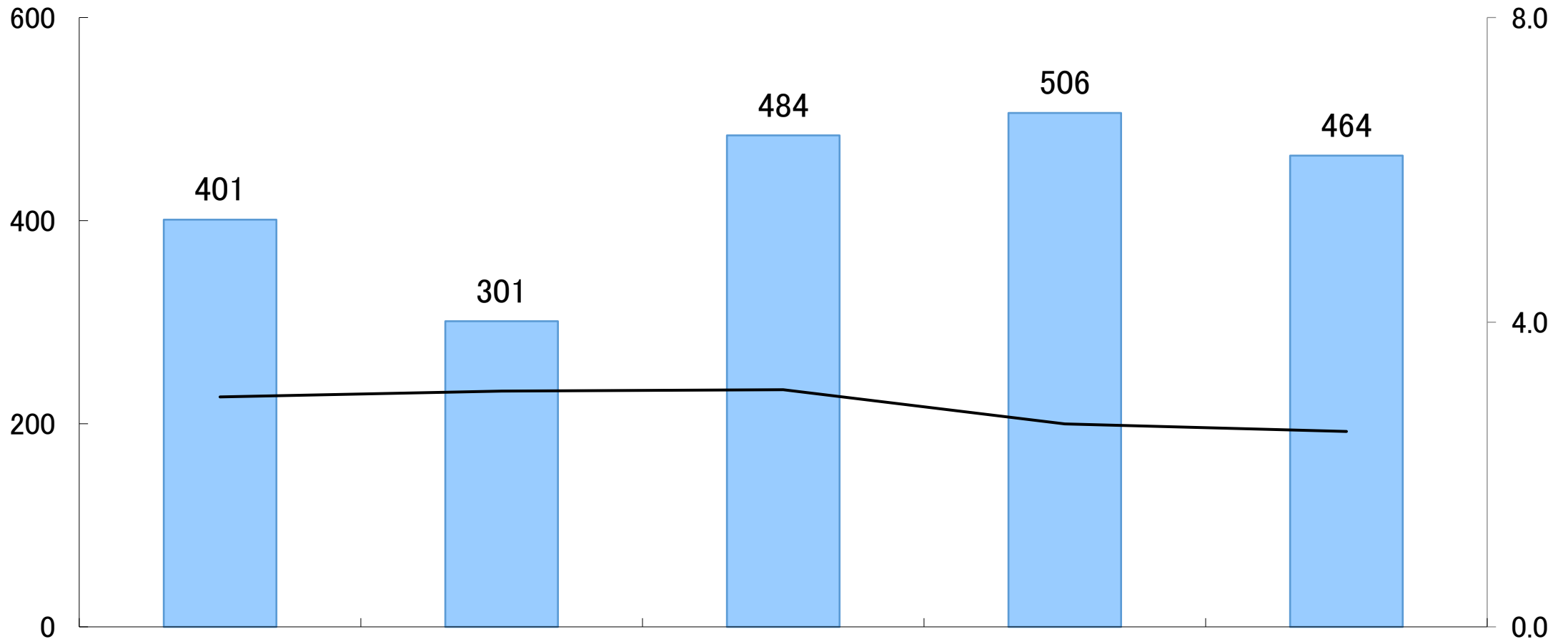
Changes in Major Items in Consolidated Balance Sheets

- 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

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FY2021
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End of
FY2022
2,279

End of 1H
FY2023
1,085

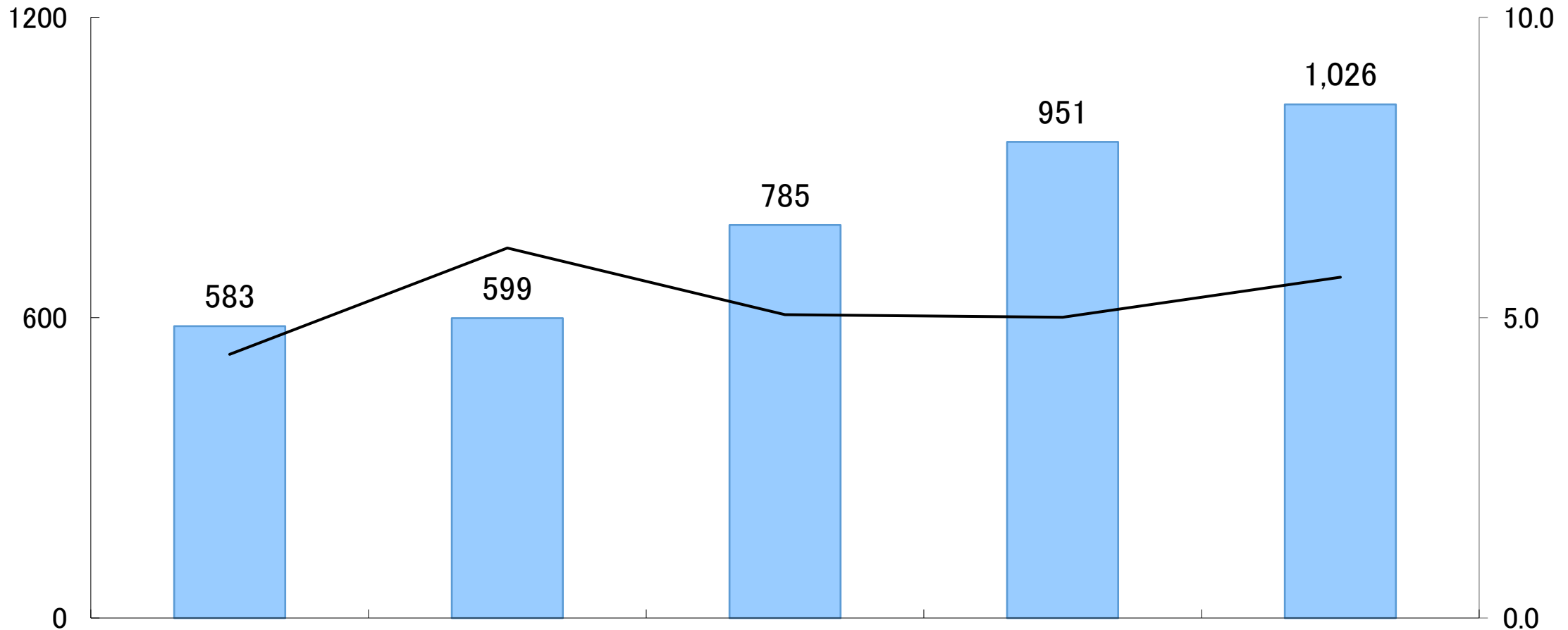
Changes in Major Items in Consolidated Balance Sheets

- 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

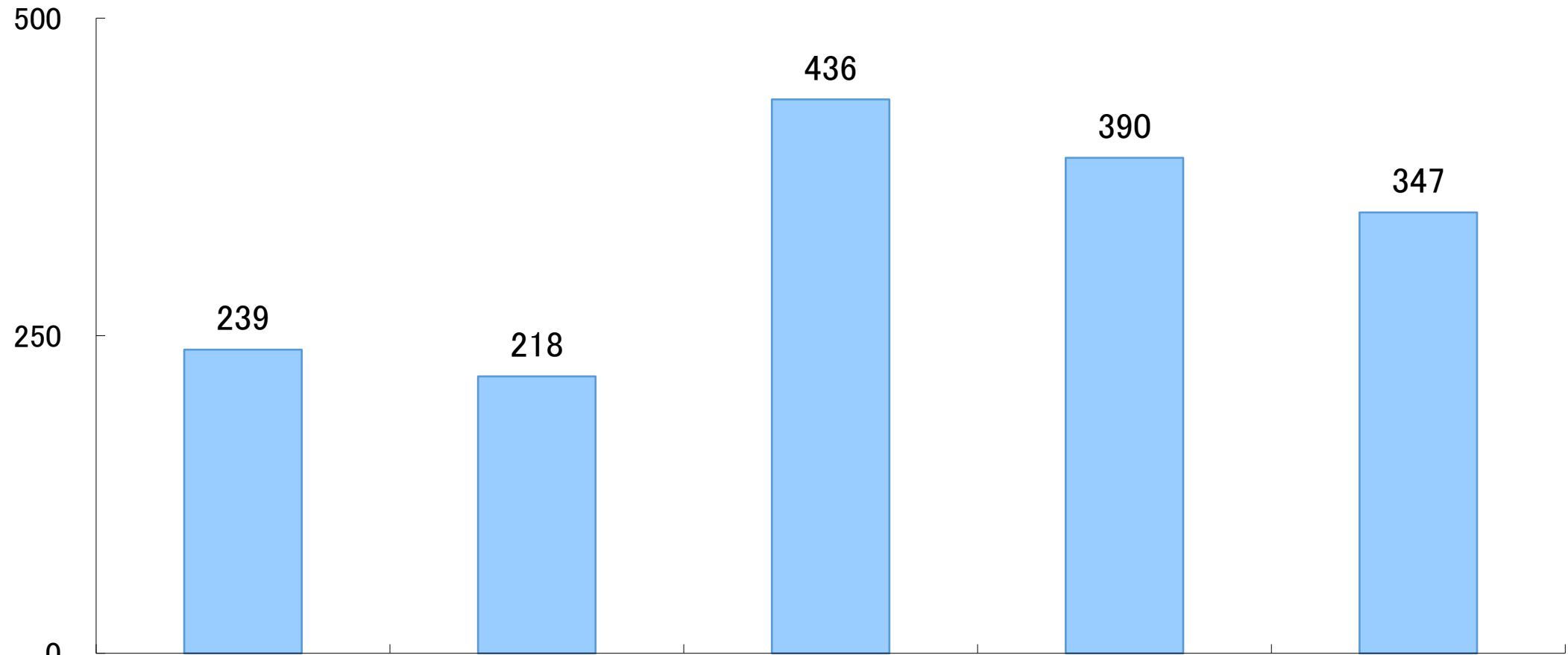
End of 1H
FY2023
1,085

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

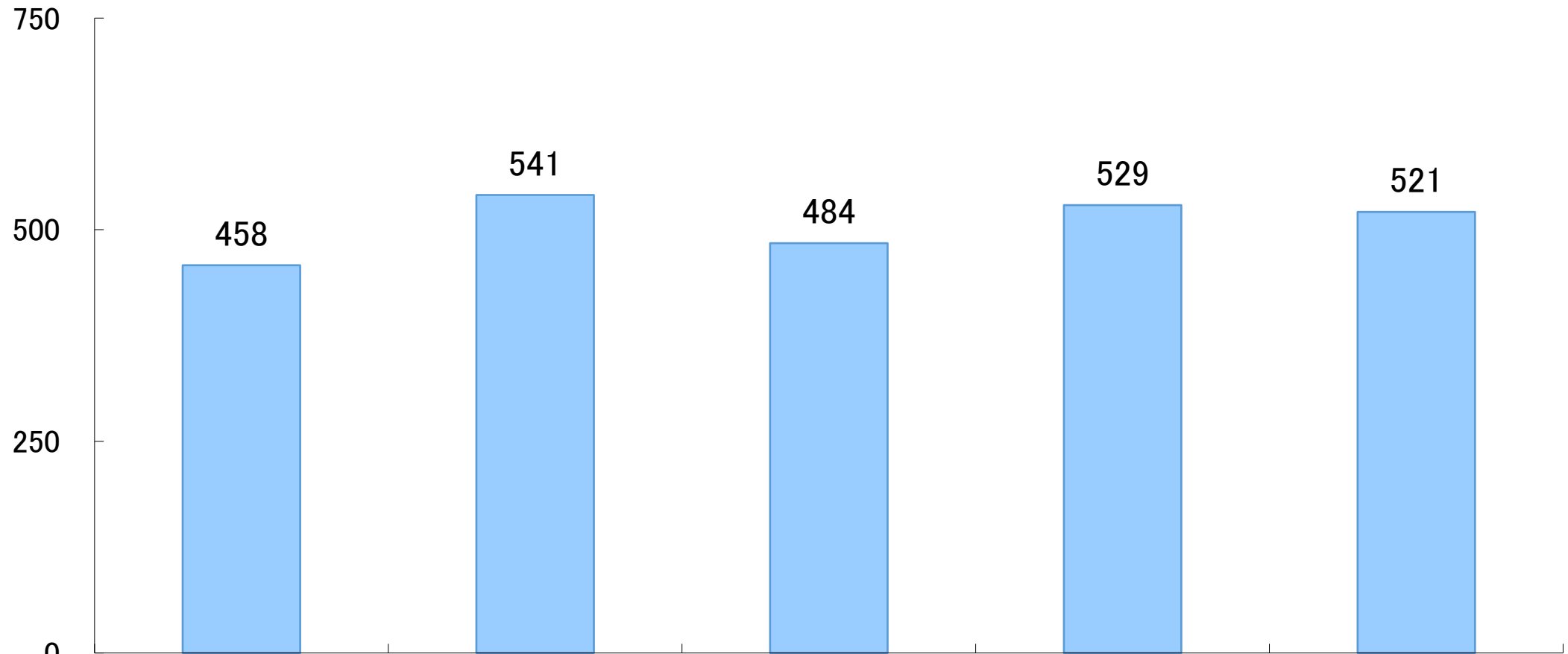
End of 1H
FY2023
1,085

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 1H
FY2023
1,085



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.