



Explanatory Material of
Group Company
for the Second Quarter of
the Fiscal Year Ending March 31, 2025

Makino Milling Machine Co., Ltd.
October 31, 2024

Summary of FY24 1H



Sales/Income

Sales : 108.2 billion JPY (Decrease by 0.3% from FY23 1H)

Operating Income : 7.5 billion JPY (Decrease by 2.6% from FY23 1H)

Operating Income ratio : 7.0% (Decrease by 0.2% from FY23 1H)

- 106% against 1H sales forecast (101.5 billion JPY)
- 145% against 1H operating income forecast (5.2 billion JPY)

Order

Order : 108.6 billion JPY (Increase by 0.2% from FY23 1H)

- 108% against 1H order plan

Revision of forecast/plan

Sales : 222.0 billion JPY ⇒ 225.0 billion JPY

Operating Income : 15.5 billion JPY ⇒ 17.0 billion JPY

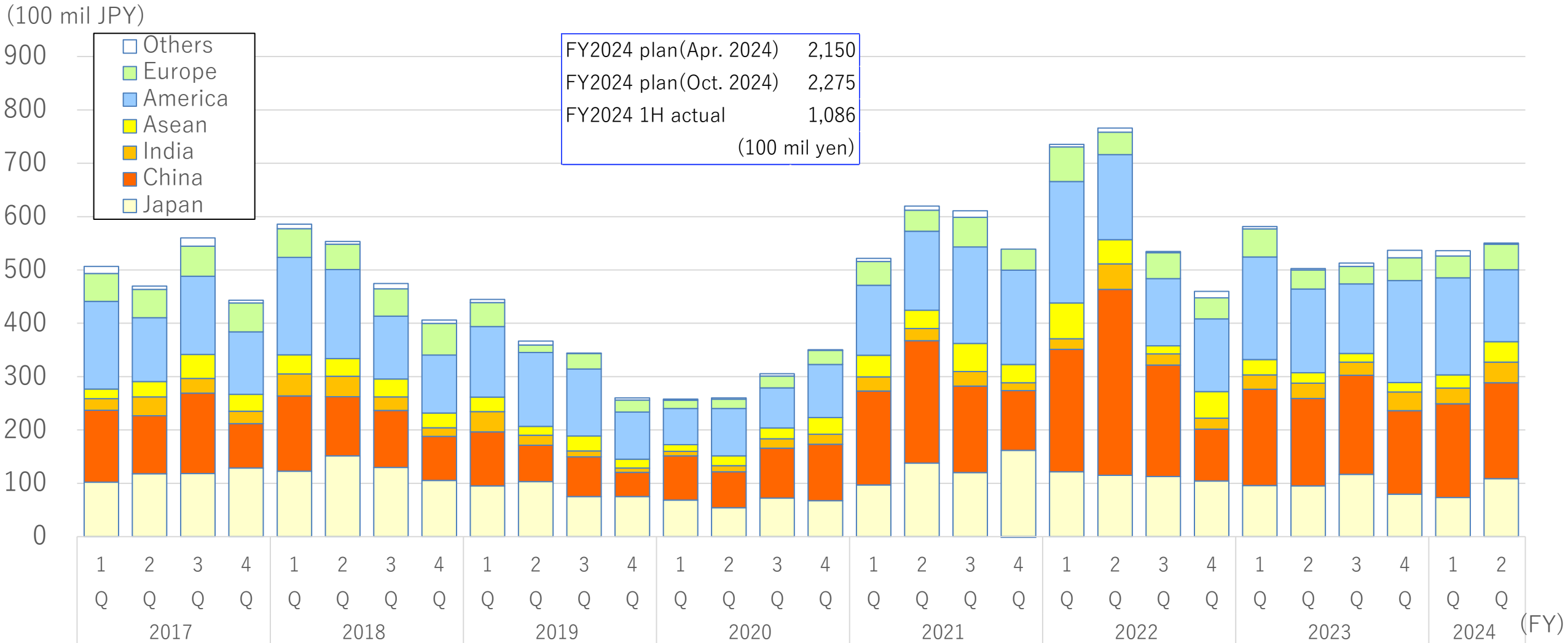
Order : 215.0 billion JPY ⇒ 227.5 billion JPY

- Annual sales/income forecasts and order plan were revised upward due to 1H result

Order by Destination



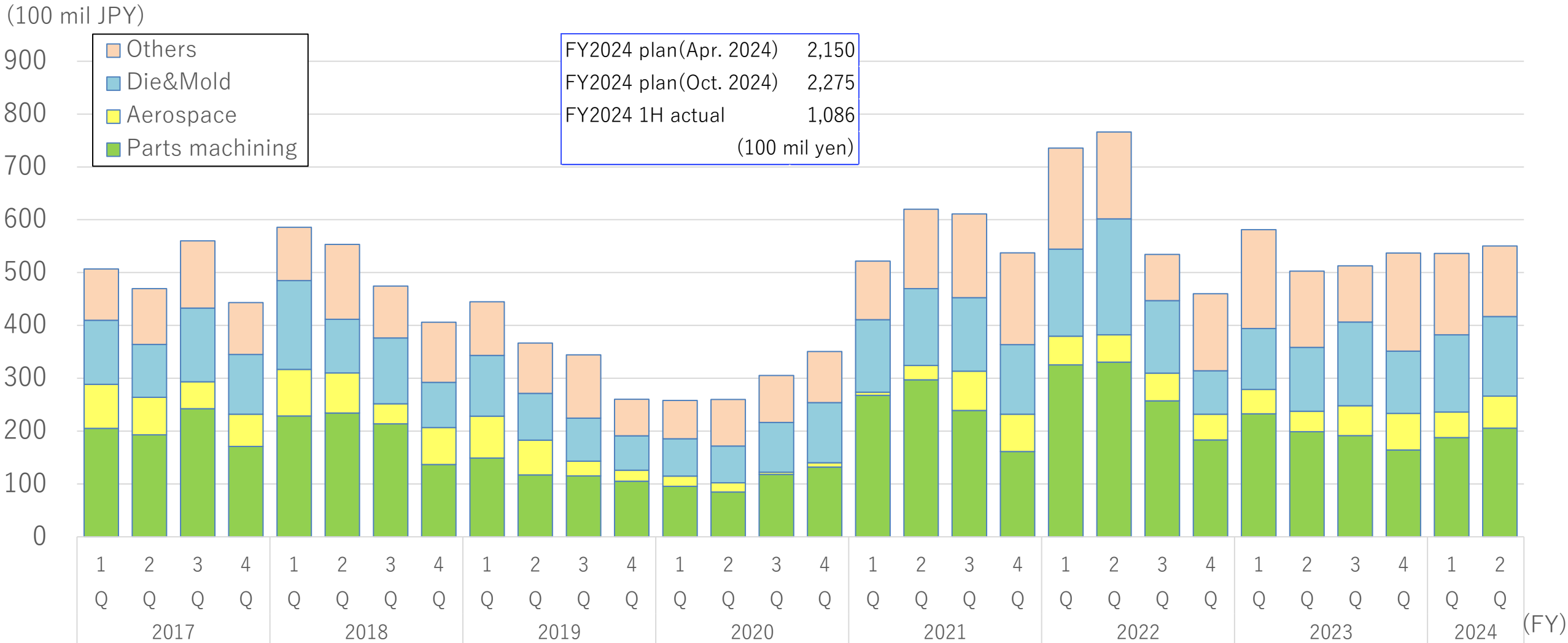
Annual order plan was revised upward to 227.5 billion yen.



Order by Industry



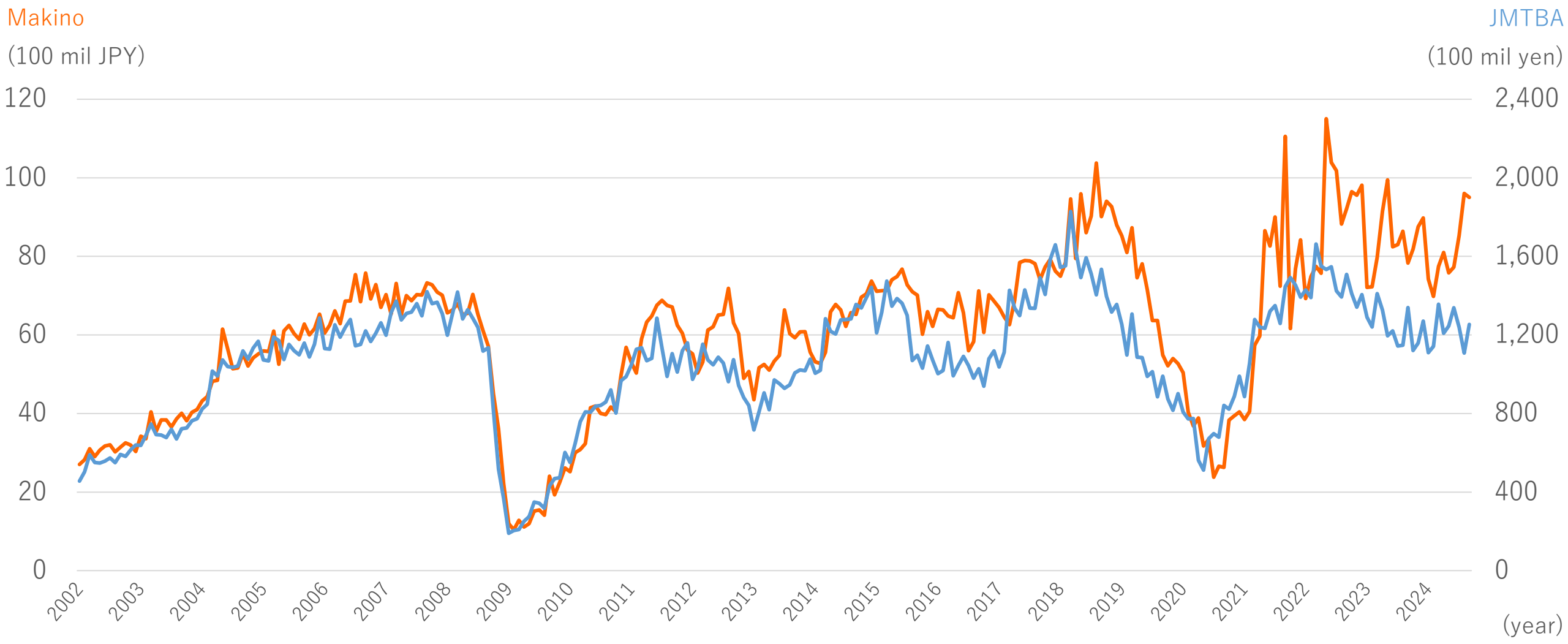
Orders for aerospace increased by 55% from FY23 2Q.



JMTBA · Makino Order

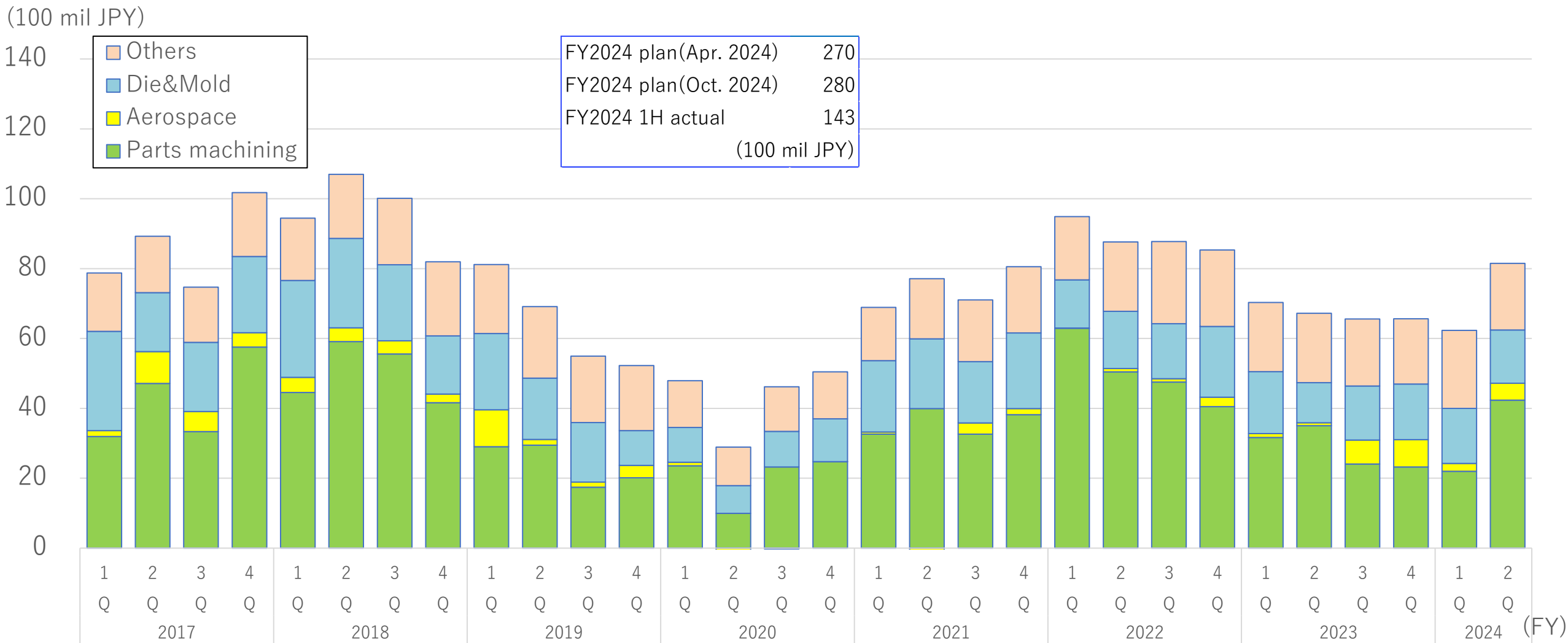


Makino's share in 2Q was 7.7%.





Orders increased by 21% from FY23 2Q mainly for parts machining.

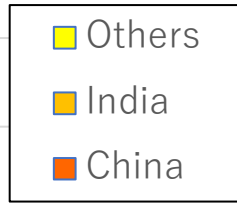


Asian subsidiary Order by area



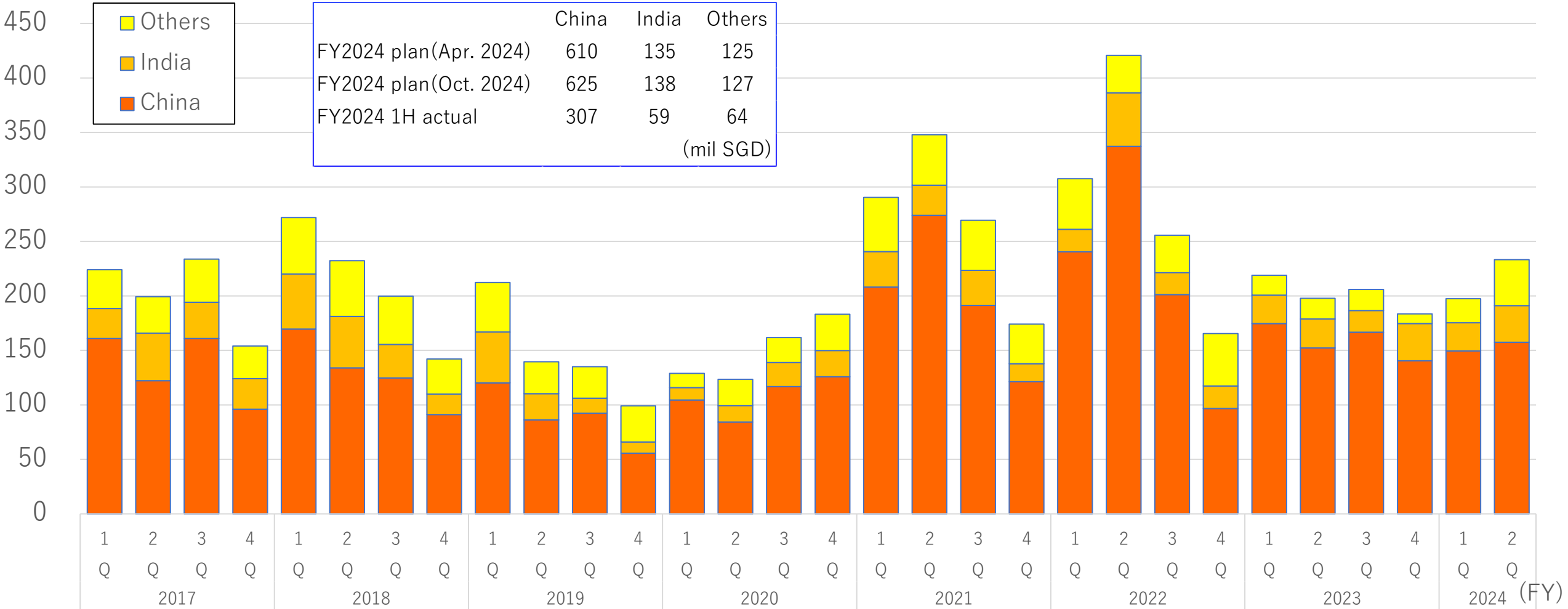
Orders increased from FY23 2Q
 mainly for parts machining in China and ASEAN.

(mil SGD)



	China	India	Others
FY2024 plan(Apr. 2024)	610	135	125
FY2024 plan(Oct. 2024)	625	138	127
FY2024 1H actual	307	59	64

(mil SGD)

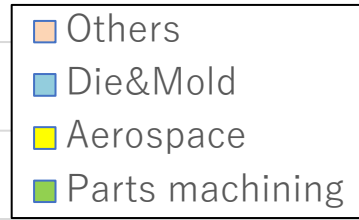


Asian subsidiary Order by industry

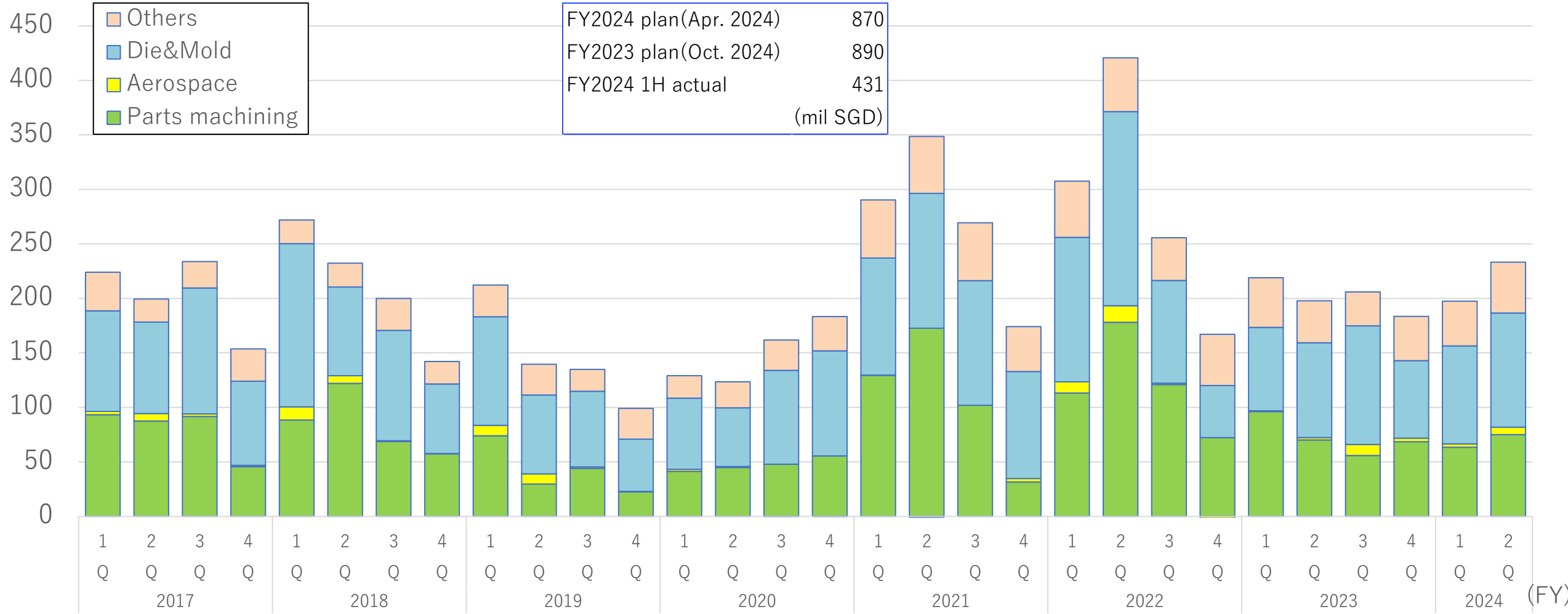


Orders for parts for new energy vehicles and semiconductor production equipment increased from FY23 2Q.

(mil SGD)



FY2024 plan(Apr. 2024)	870
FY2023 plan(Oct. 2024)	890
FY2024 1H actual	431
	(mil SGD)



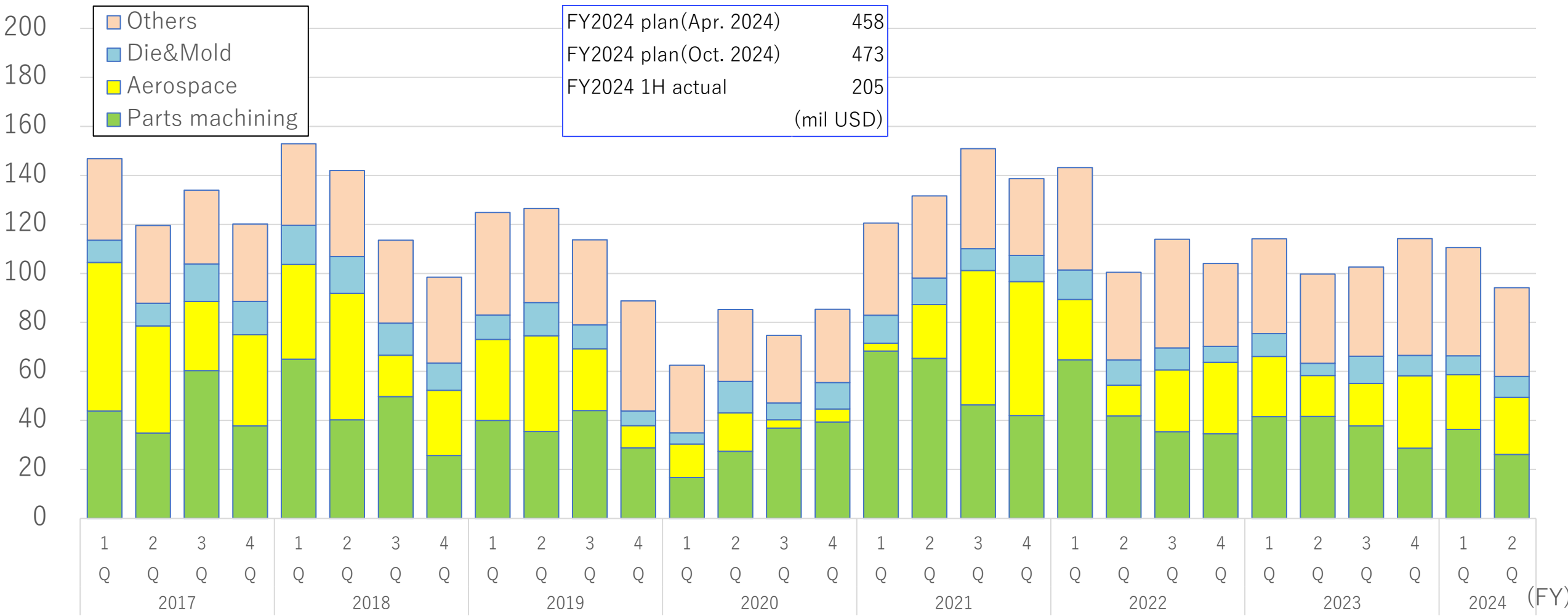
(FY)

US subsidiary Order



Orders decreased from FY2023 2Q,
 Strong orders for aerospace continued.

(mil USD)

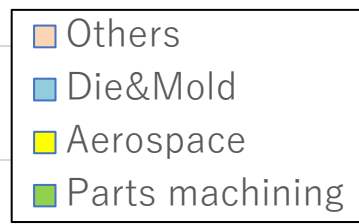


European subsidiary Order

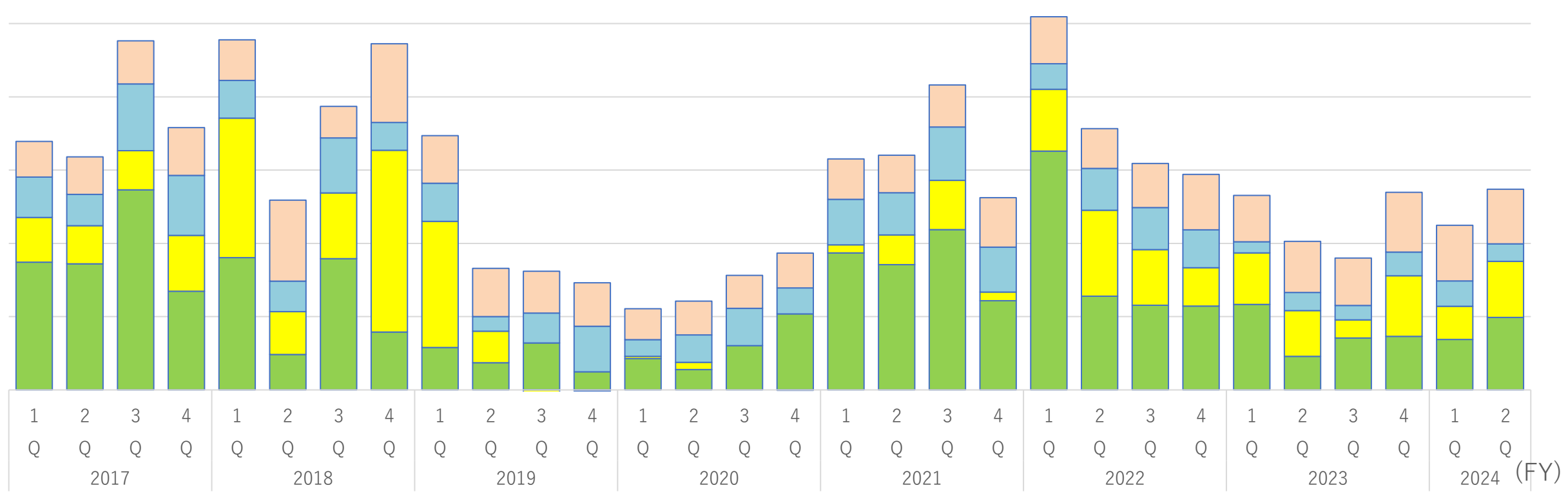


Orders increased by 35% from FY23 2Q
 mainly for aerospace.

(mil EUR)



FY2024 plan(Apr. 2024)	128
FY2024 plan(Oct. 2024)	120
FY2024 1H actual	50
	(mil EUR)

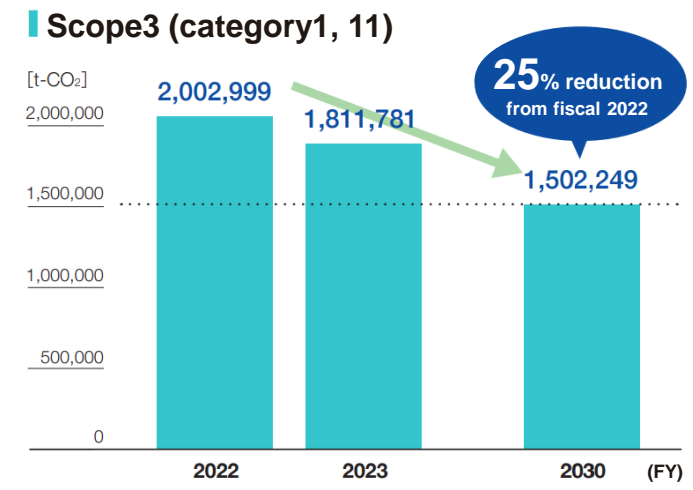
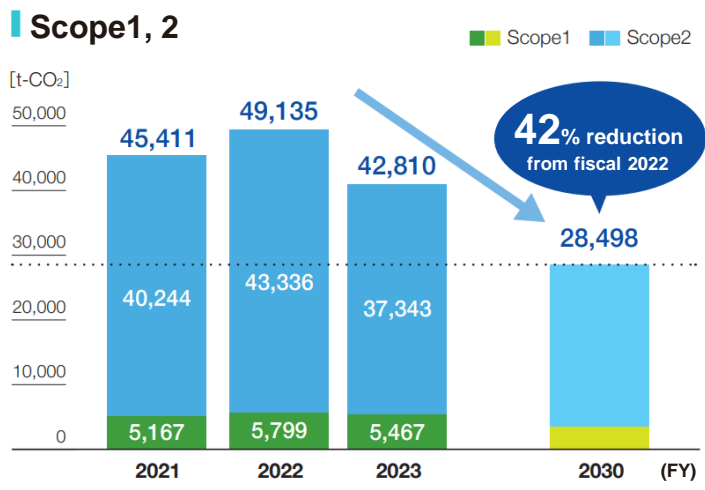




Activities for CO₂ emissions reductions

Completed the calculation of Scope3 emissions and set reduction target aligned with the SBT standards in accordance with the Paris Agreement.

Consolidated reduction target



We have responded to the CDP questionnaire of Climate Change and Water Security first time in FY2023. We received the following scores: Climate Change: B-, Water Security: B-.



Atsugi and Fuji Katsuyama plants

Our Atsugi, Fuji Katsuyama, Singapore, Kunshan, Wuhan and Bangalore Plants have obtained ISO 14001 certification for environmental management systems and ISO 9001 certification for quality management systems.

Overseas activities

At the Coimbatore plant in India, more than 70% of the rainwater that falls on-site is collected, and used as water for plant operations, implementing a conservation program to make effective use of water resources.



Domestic activities

• Conversion to LED in the plants
⇒ 100% completed

• Installation of solar panels
⇒ Amount of solar power generation: 3,066MWh (increased by 16% from FY22)



Major exhibitions in 2024

AMB 2024
Germany

IMTS 2024
USA

Date: September 10 - 14, 2024

Date: September 9 - 14, 2024

Proposals for 5-axis machines and automation to improve efficiency and save manpower



FIND YOUR WAY



TOGETHER

Exhibition Theme

“FIND YOUR WAY TOGETHER”

November 5 – 10
10:00am – 6:00pm
Tokyo Big Sight
East 3 hall E3034

Automation



NEW MAS-NX

DA300 automation package



PZ Series

EDBV3 + i Assist

New models



NEW a500iR



NEW V900



NEW DA500 with WPS



NEW V300

- ✓ Latest 5-axis machining center
- ✓ High-speed, high-precision, high-quality machining center for small and large Die & Mold
- ✓ Operating software from entry models to latest versions that meet various needs for automation



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 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.

Consolidated Operating Results for FY24 1H (Comparison with the same period of last year)



Decrease in sales narrowed, due to the continuation of JPY depreciation.

(Mil JPY)	1H of FY2023 (From Apr.1, 2023 to Sep.30, 2023)	1H of FY2024 (From Apr.1, 2024 to Sep.30, 2024)	Change (%)
Net sales	108,515	108,237	-277 (-0.3%)
Operating income	7,776 (7.2%)	7,576 (7.0%)	-200 (-2.6%)
Ordinary income	9,730 (9.0%)	7,583 (7.0%)	-2,147 (-22.1%)
Net income attributable to owners of the parent	7,675 (7.1%)	5,782 (5.3%)	-1,893 (-24.7%)
Exchange rate, against USD	141.00	152.63	
Exchange rate, against EUR	153.39	165.95	
Exchange rate, against SGD	104.85	114.16	

Consolidated Operating Results for FY24 1H (Comparison with the forecast)



Higher net sales and profit due to the JPY depreciation.

(Mil JPY)	Forecast of 1H of FY2024 <small>(From Apr.1, 2024 to Sep.30, 2024)</small>	Actual of 1H FY2024 <small>(From Apr.1, 2024 to Sep.30, 2024)</small>	Change <small>(%)</small>
Net Sales	101,500	108,237	6,737 (6.6%)
Operating income	5,200 (5.1%)	7,576 (7.0%)	2,376 (45.7%)
Ordinary income	5,700 (5.6%)	7,583 (7.0%)	1,883 (33.0%)
Net income attributable to owners of the parent	4,800 (4.7%)	5,782 (5.3%)	982 (20.5%)
Exchange rate, against USD	145.00	152.63	
Exchange rate, against EUR	155.00	165.95	
Exchange rate, against SGD	107.00	114.16	

Segments

2024/10/31



No.17

(Mil JPY)

	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated
1H of FY2024						
Net sales	58,067	48,088	36,063	8,870	-42,851	108,237
(Sales in foreign currency)		(409,331)	(236,048)	(53,450)		
Operating income/loss	5,380	1,689	1,487	-363	-616	7,576
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

Sales amount by Destination



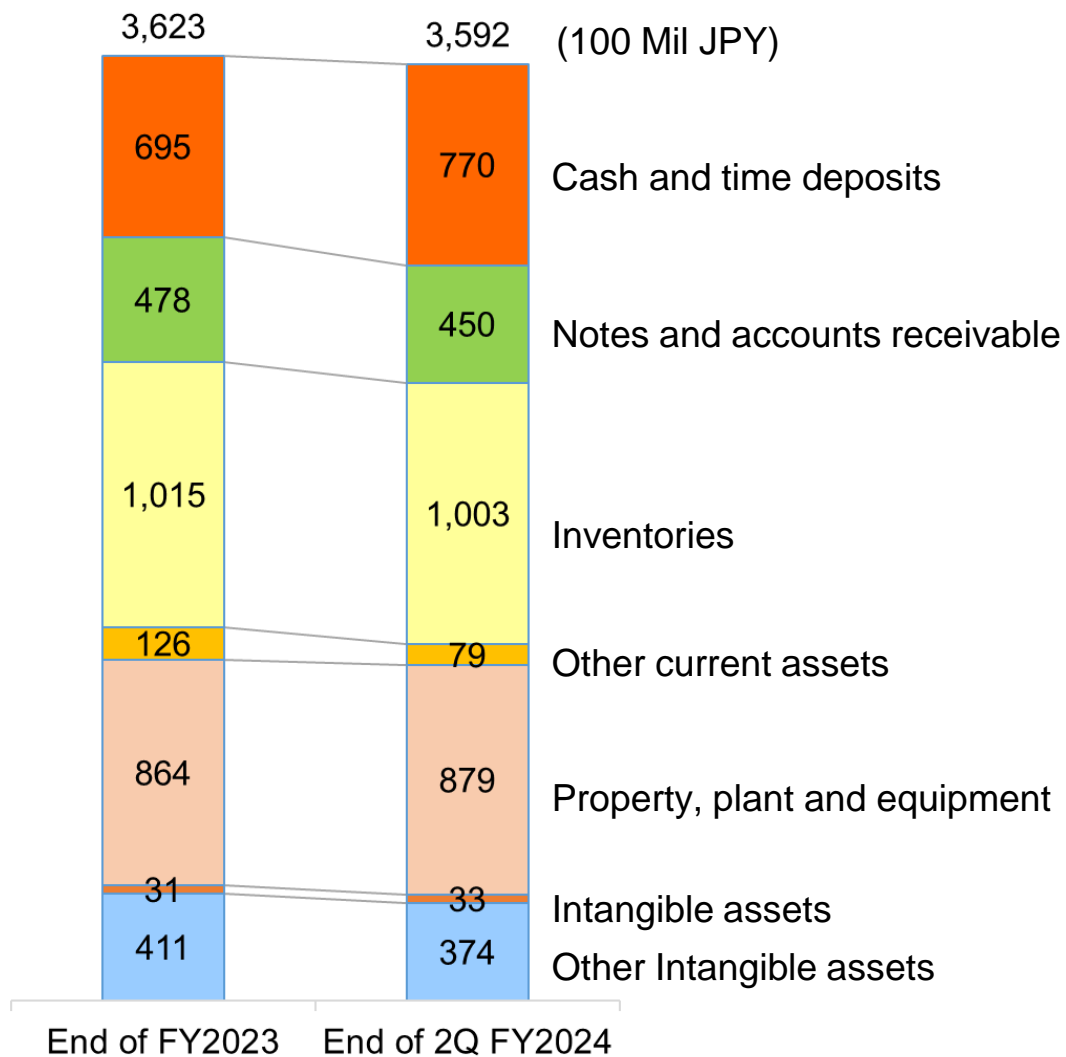
Ratio of sales to Japan decreased and to America increased.

(Mil JPY)

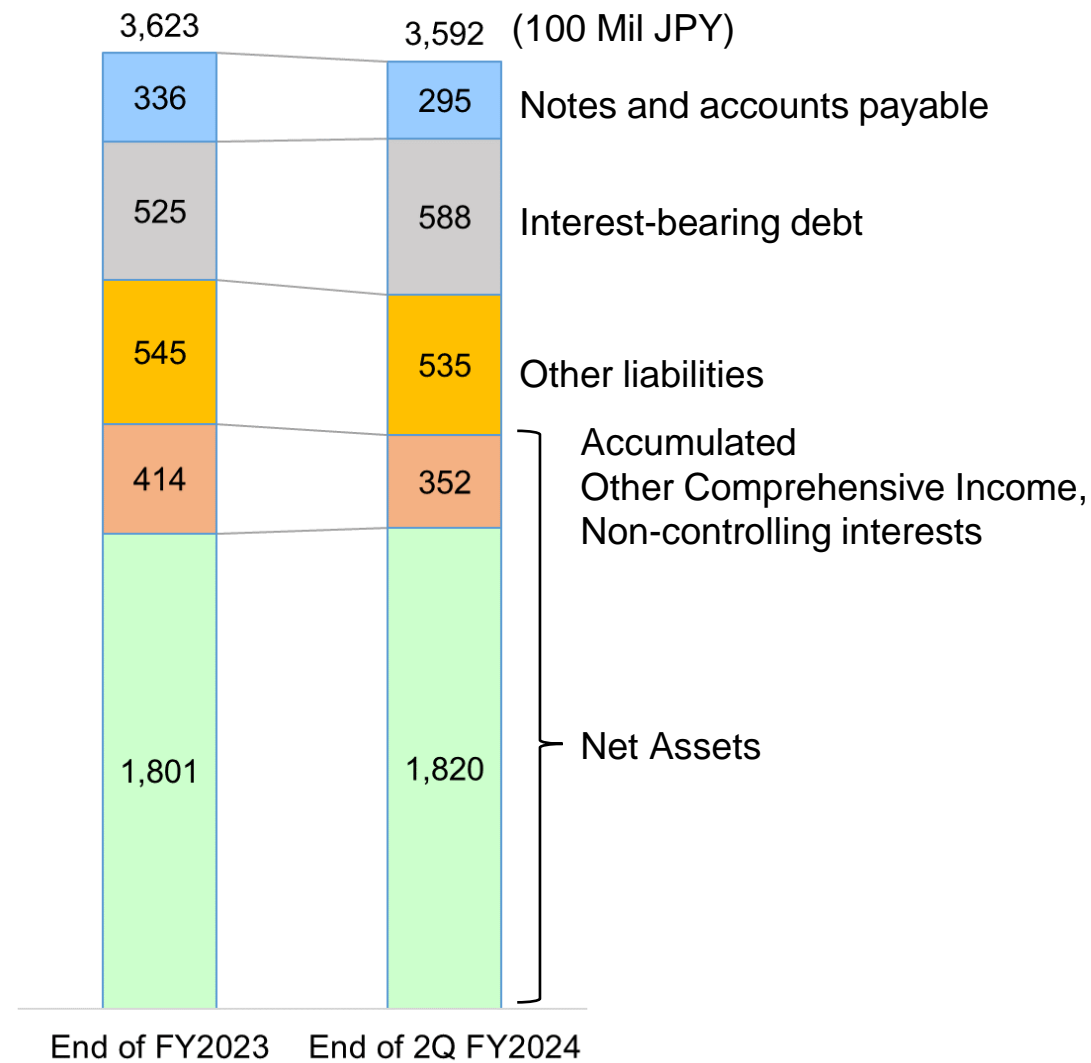
	Japan	Asia	America	Europe	Others	Consolidated
1H of FY2024						
Net sales	14,811	47,331	35,892	8,872	1,329	108,237
Ratio	13.6%	43.7%	33.1%	8.1%	1.2%	
1H of FY2023						
Net sales	20,105	46,379	30,763	9,559	1,707	108,515
Ratio	18.5%	42.7%	28.3%	8.8%	1.5%	
1H of FY2022						
Net sales	16,791	50,387	28,778	6,461	620	103,039
Ratio	16.2%	48.9%	27.9%	6.2%	0.6%	

Balance Sheet Summary

Assets



Liabilities and net assets



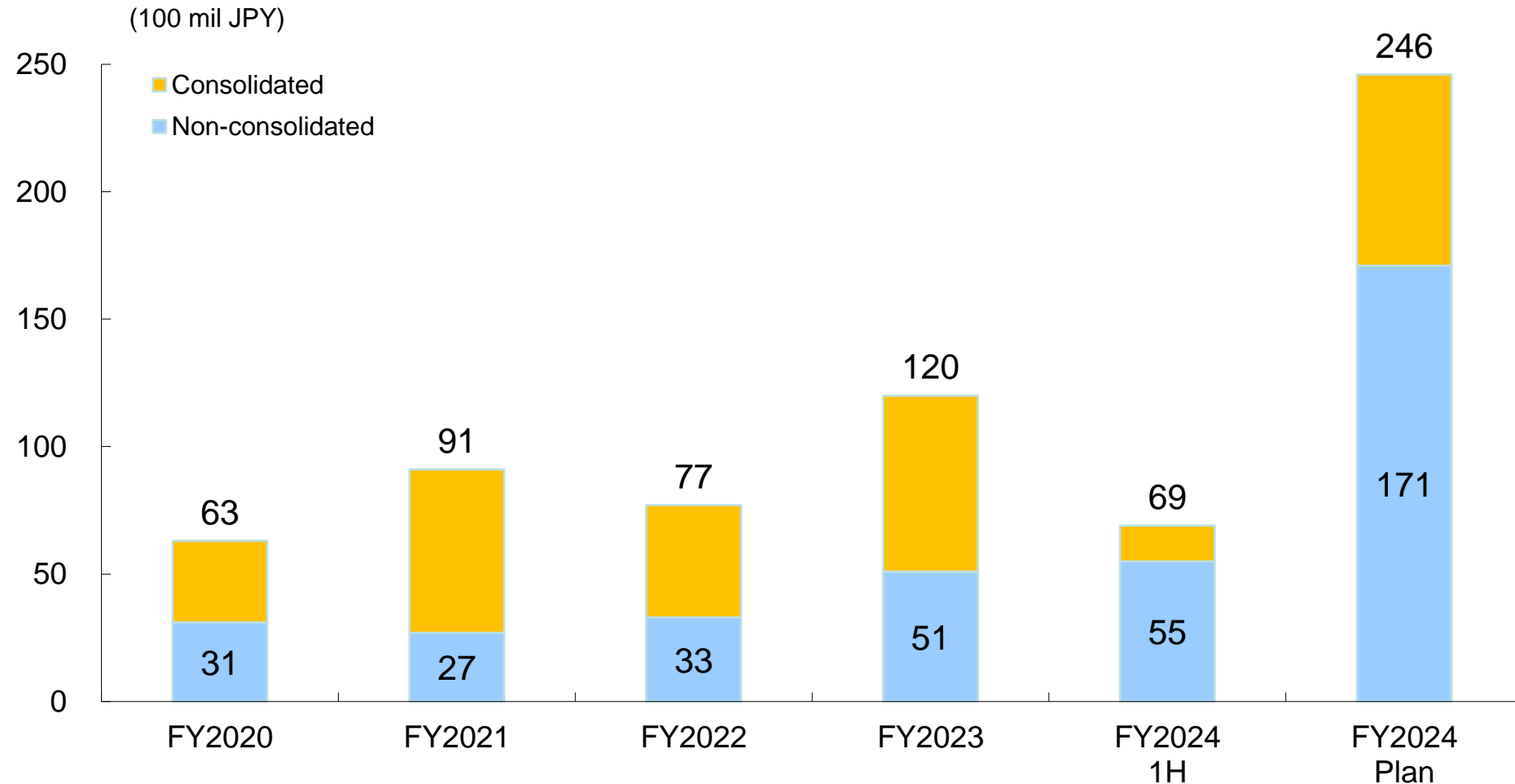
3.9 billion yen of shareholder return including the purchases of treasury stock

(Mil JPY)

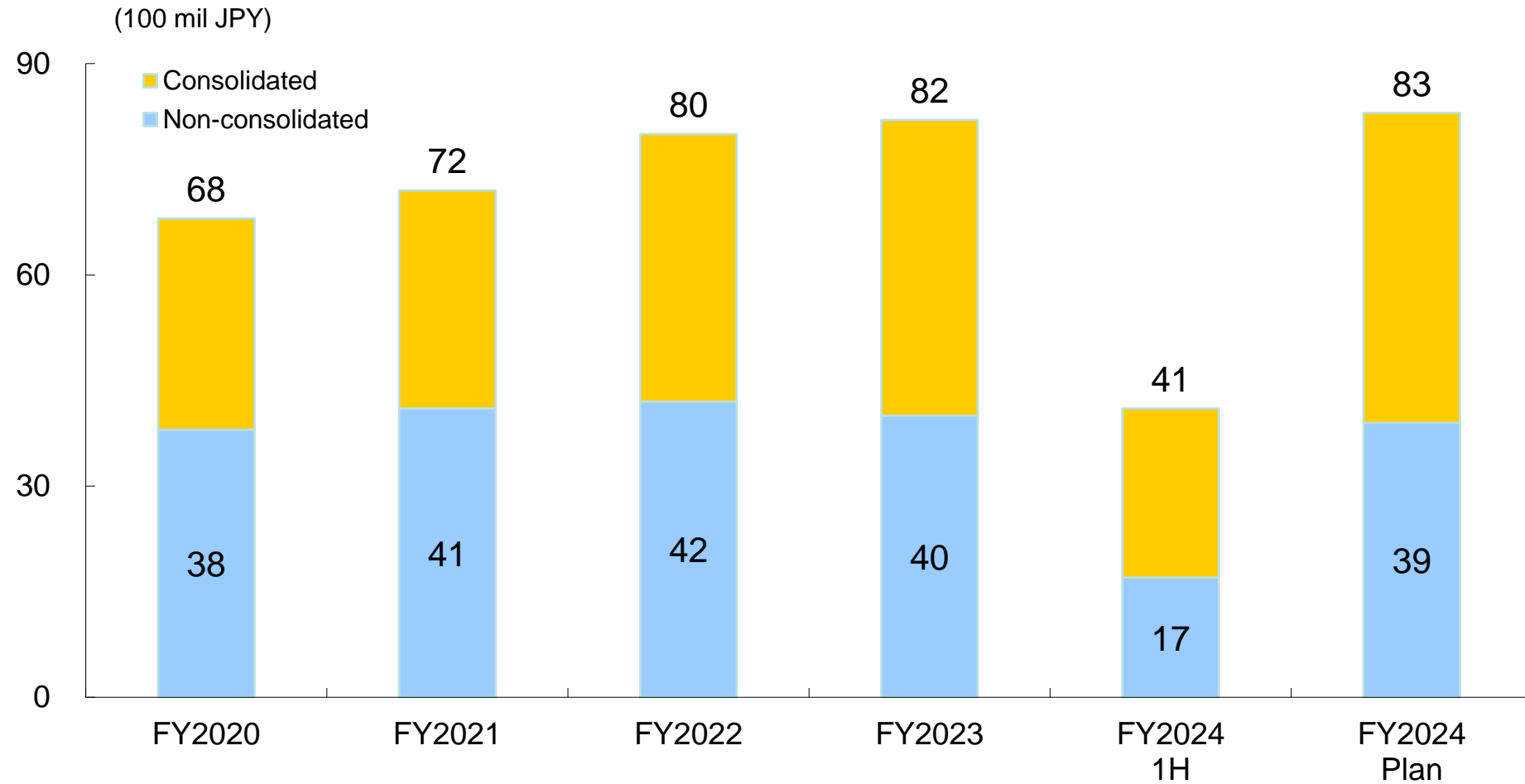
Item	1H of FY2023 (From Apr. 1, 2023 to Sep.30, 2023)	1H of FY2024 (From Apr. 1, 2024 to Sep.30, 2024)
I. Cash flows from operating activities:		
Income (loss) before income taxes	9,884	8,094
Depreciation and amortization	3,934	4,082
(Increase) decrease in notes and accounts receivable, trade	8,055	1,276
(Increase) decrease in inventories	-1,721	-1,039
Increase (decrease) in notes and accounts payable, trade	-8,430	-1,972
Other, net	-5,418	1,447
Cash flows from operating activities	6,304	11,889
II. Cash flows from investing activities:		
Net decrease (Increase) in time deposits	766	-400
Purchase of property, plant and equipment	-4,506	-6,518
Proceeds from sales of property, plant and equipment	364	589
Sales of investment securities	-	370
Other, net	-557	-1,634
Cash flows from investing activities	-3,932	-7,592
III. Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	-	6,643
Repayment of finance-lease obligations	-515	-638
Proceeds from long-term loans payable	4,000	-
Repayment of long-term loans payable	-5,000	-
Payment for purchases of treasury stock	-2	-2,003
Payment for purchases of treasury stock of subsidiaries	-100	-25
Dividends paid by the parent company	-1,907	-1,896
Dividends paid to minority shareholders	-6	-4
Cash flows from financing activities	-3,531	2,074
IV. Effect of exchange rate changes on cash and cash equivalents	1,754	-2,279
V. Net increase (decrease) in cash and cash equivalents	595	4,092
VI. Cash and cash equivalents, beginning of period	69,467	72,578
VII. Cash and cash equivalents, end of period	70,062	76,670

Capital Investment

FY24 capital investment plan is 24.6 billion yen, mainly in Japan.

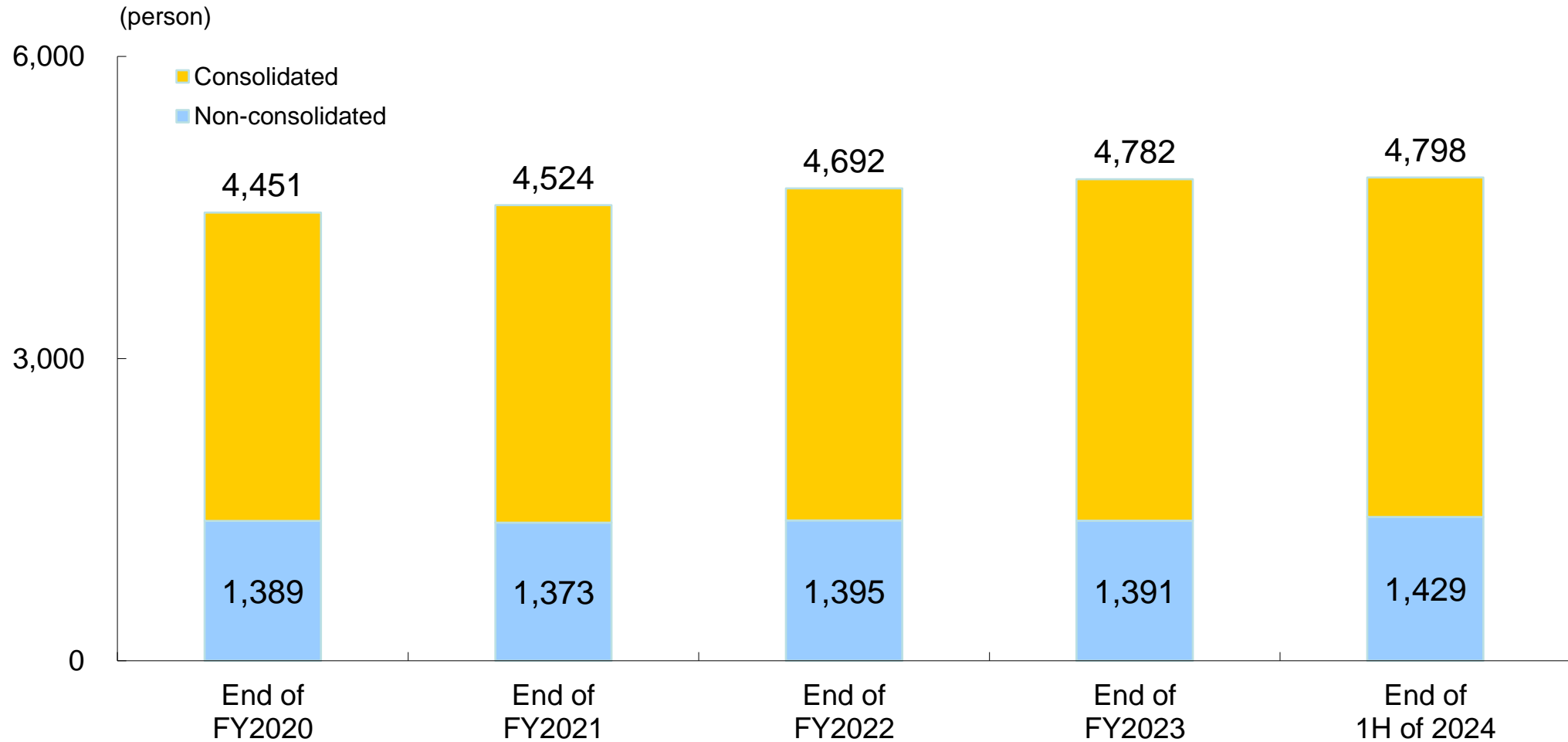


Depreciation





The headcount increased by 16 since the end of FY23.



Forecast of Consolidated Operating Results

2024/10/31



Promise of Performance

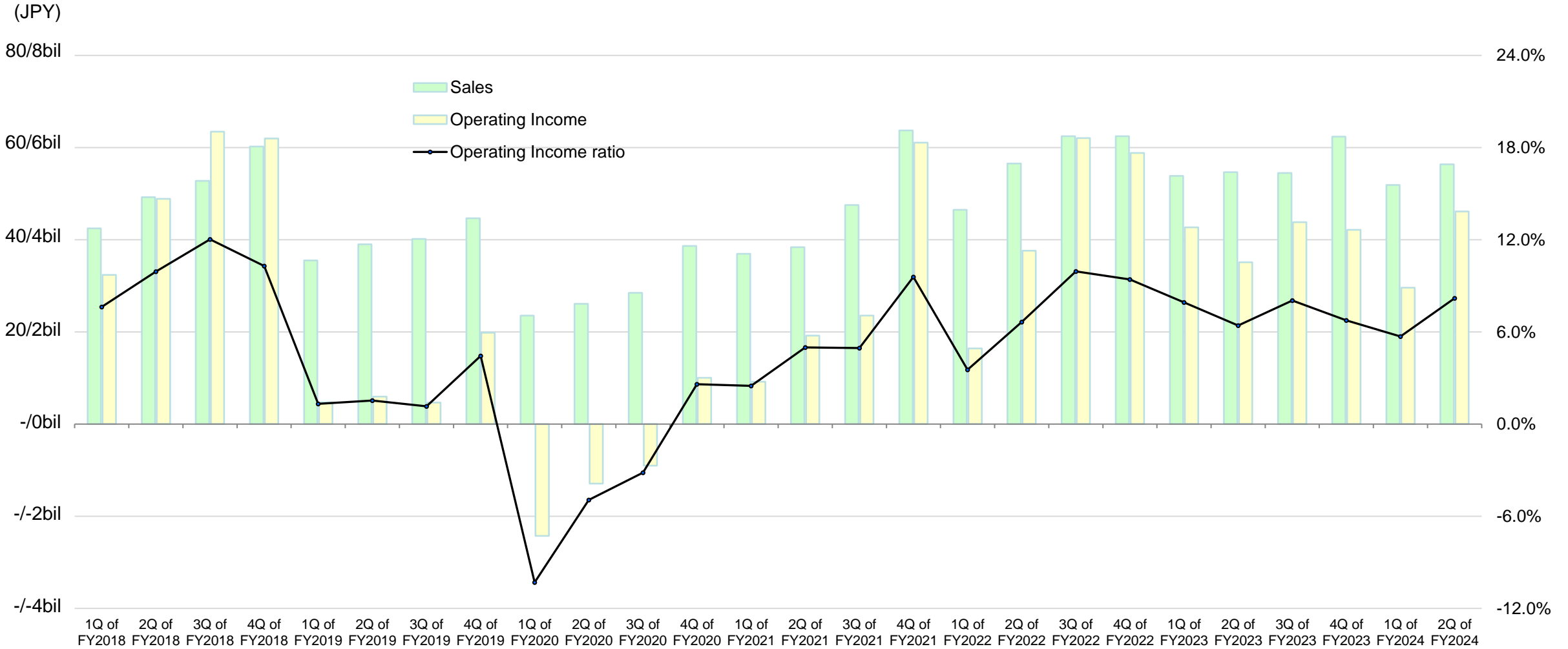
No.24

The forecast was revised upward due to 1H result.

(Mil JPY)	Revised Forecast FY2024 (From Apr.1, 2024 to Mar.31, 2025)	Original Forecast FY2024 (From Apr.1, 2024 to Mar.31, 2025)
Net sales	225,000	222,000
Operating income	17,000 (7.6%)	15,500 (7.0%)
Ordinary income	17,700 (7.9%)	16,500 (7.4%)
Net income attributable to owners of the parent	14,500 (6.4%)	13,500 (6.1%)
Exchange rate, against USD	149.00	145.00
Exchange rate, against EUR	160.00	155.00
Exchange rate, against SGD	110.00	107.00

Reference Materials

Sales and Operating Income



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	143.29	144.62	155.88	152.63
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	155.29	156.80	167.88	165.95
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	106.42	107.52	115.21	114.16

The Influences on Sales and Operating income by exchange rate fluctuation



Comparison with the same period of last year

(mil JPY)

	1H of FY2024			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 234M	152.63	(141.00)	2,724	479
EUR	EUR 53M	165.95	(153.39)	671	-11
SGD	SGD 383M	114.16	(104.85)	3,569	139
			Total	6,964	607

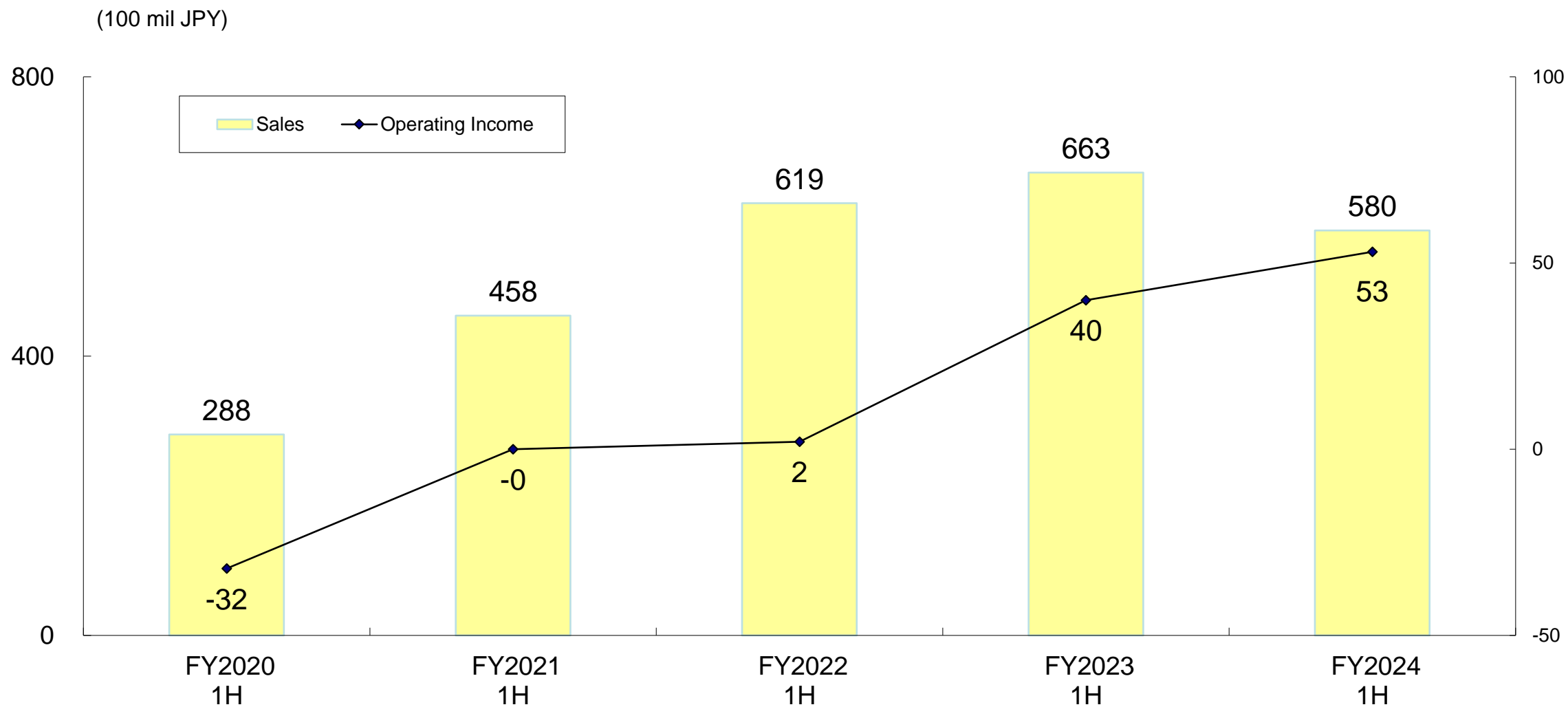
The Influences on Sales and Operating income by exchange rate fluctuation



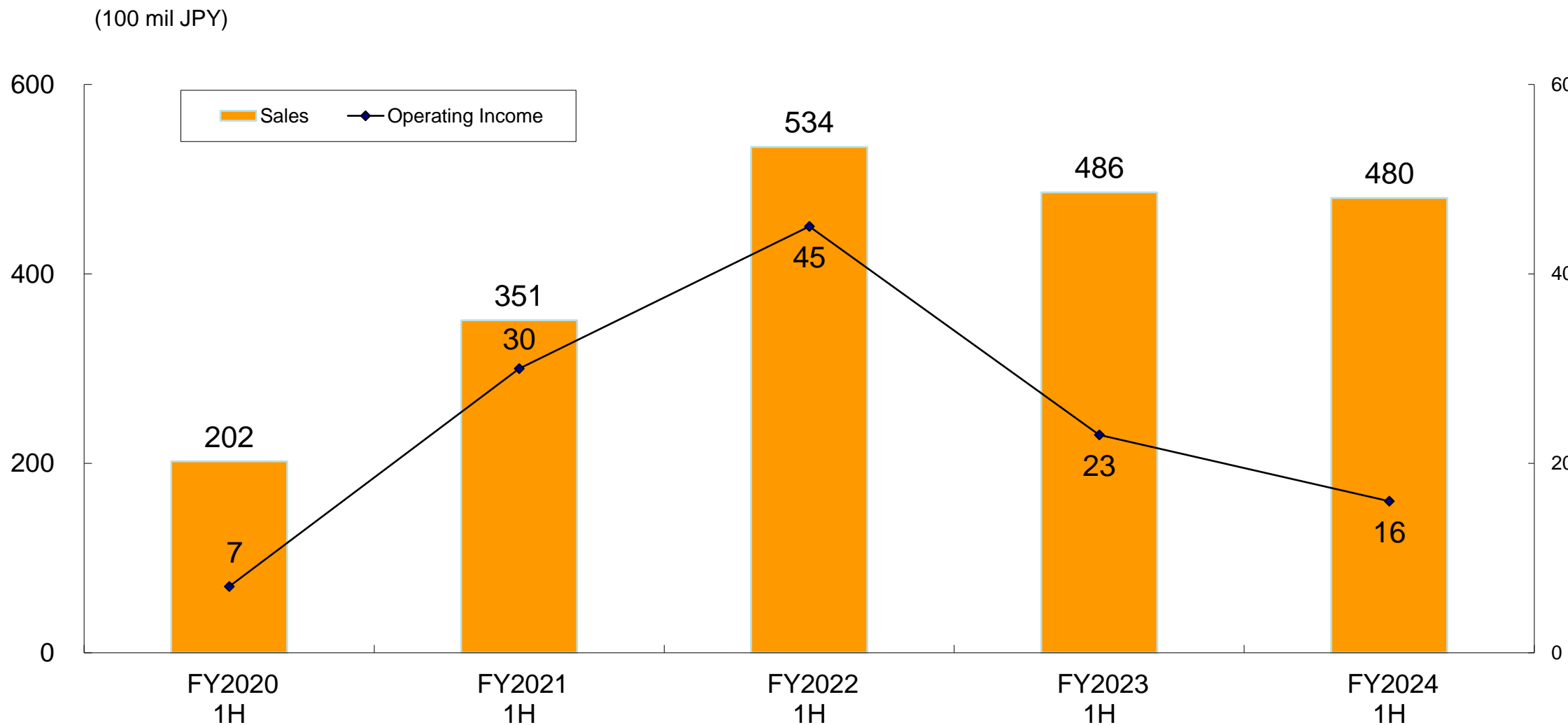
Comparison with the forecast of FY2024 (as of April 30, 2024) (mil JPY)

	1H of FY2024			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 234M	152.63	(145.00)	1,787	314
EUR	EUR 53M	165.95	(155.00)	585	-10
SGD	SGD 383M	114.16	(107.00)	2,745	107
			Total	5,117	411

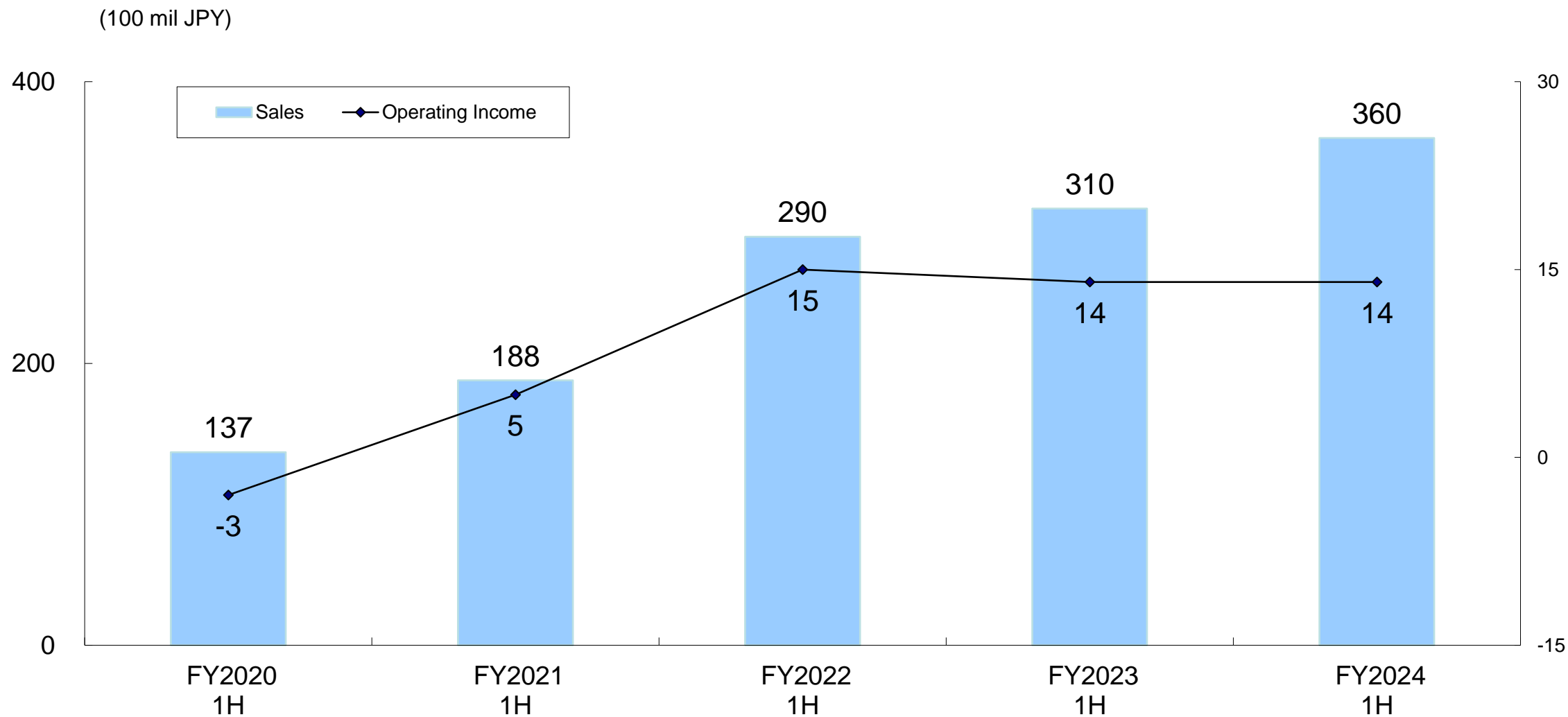
Net Sales and Operating Income (by Segment I / Japan)



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



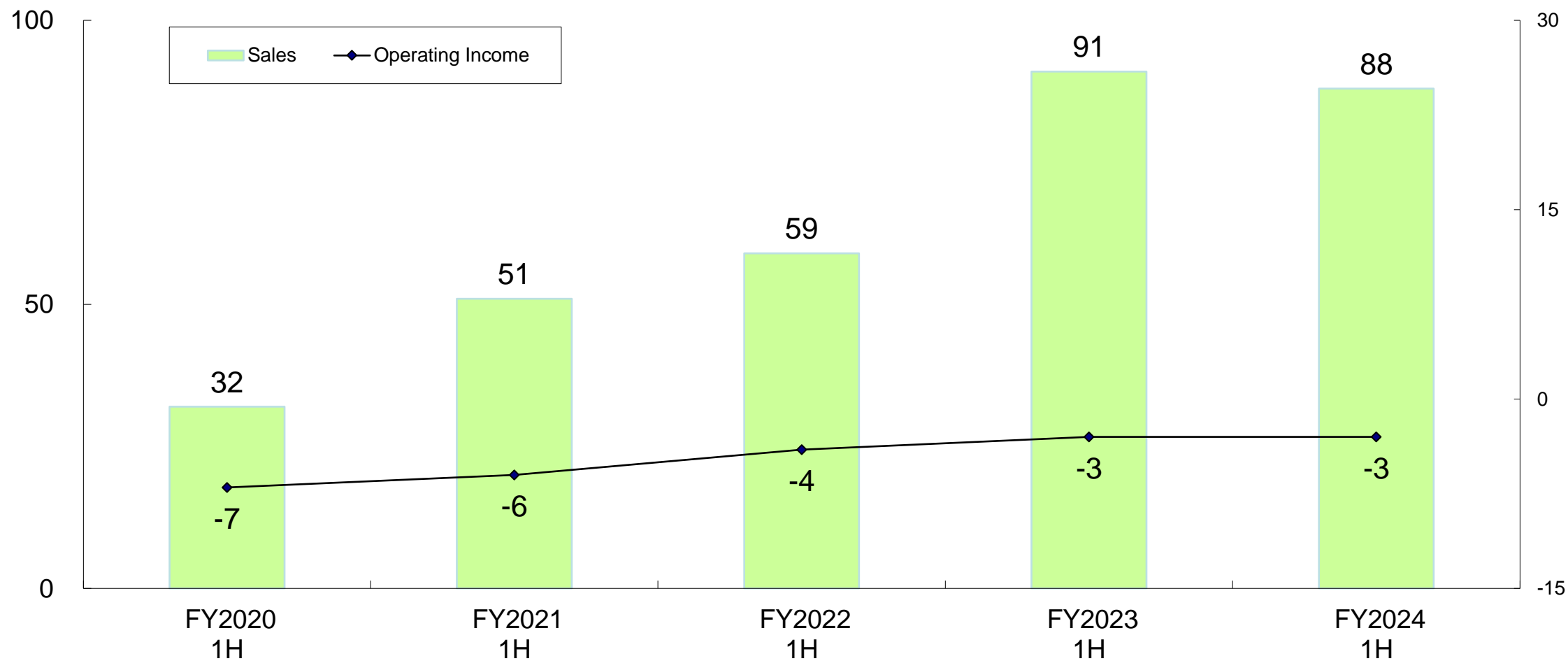
Net Sales and Operating Income (by Segment III / America)



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

2024/10/31

(100 mil JPY)

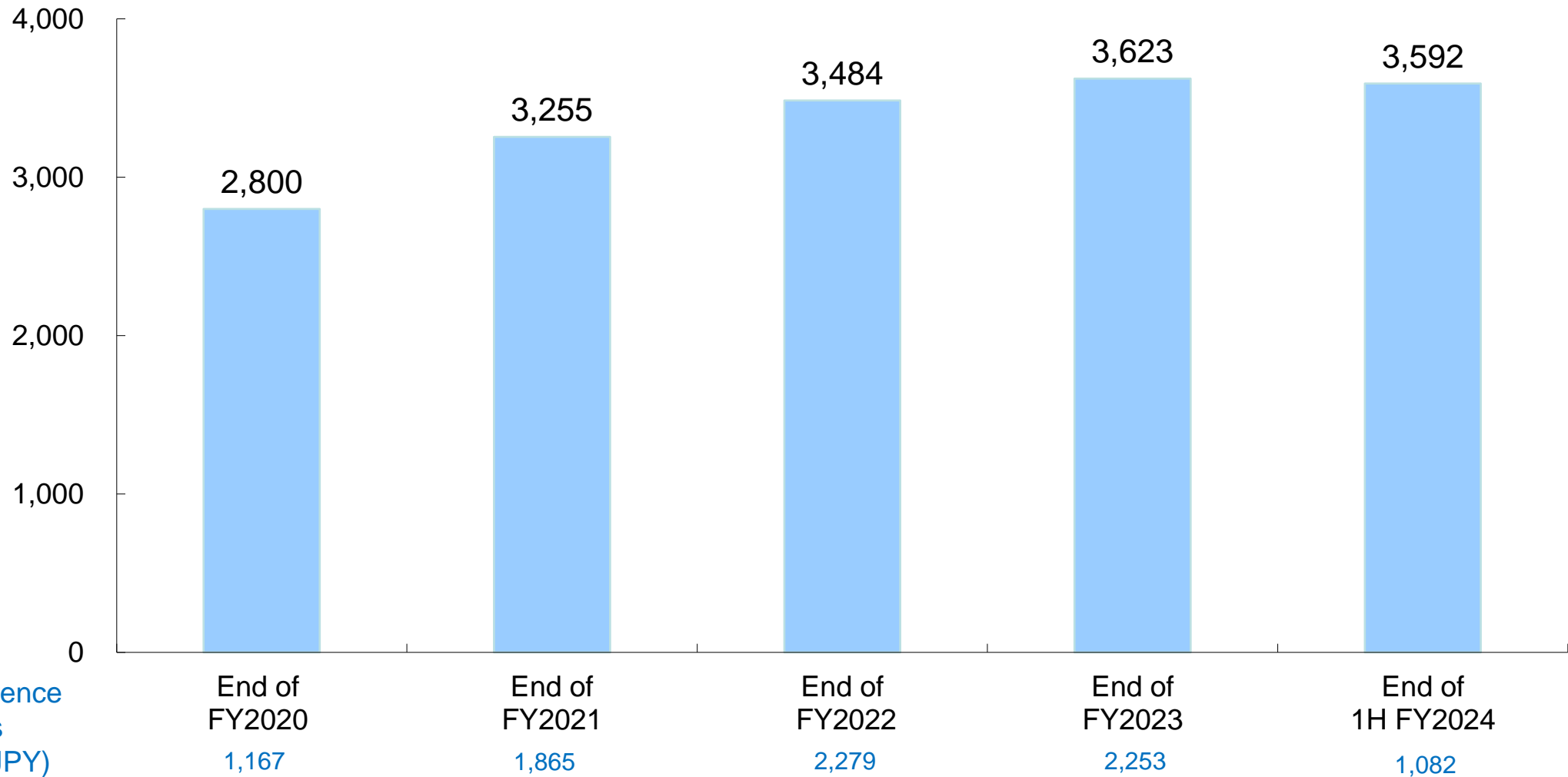


Changes in Major Items in Consolidated Balance Sheets

- Total assets -



(100 mil JPY)



*For reference
Net Sales
(100 mil JPY)

End of
FY2020
1,167

End of
FY2021
1,865

End of
FY2022
2,279

End of
FY2023
2,253

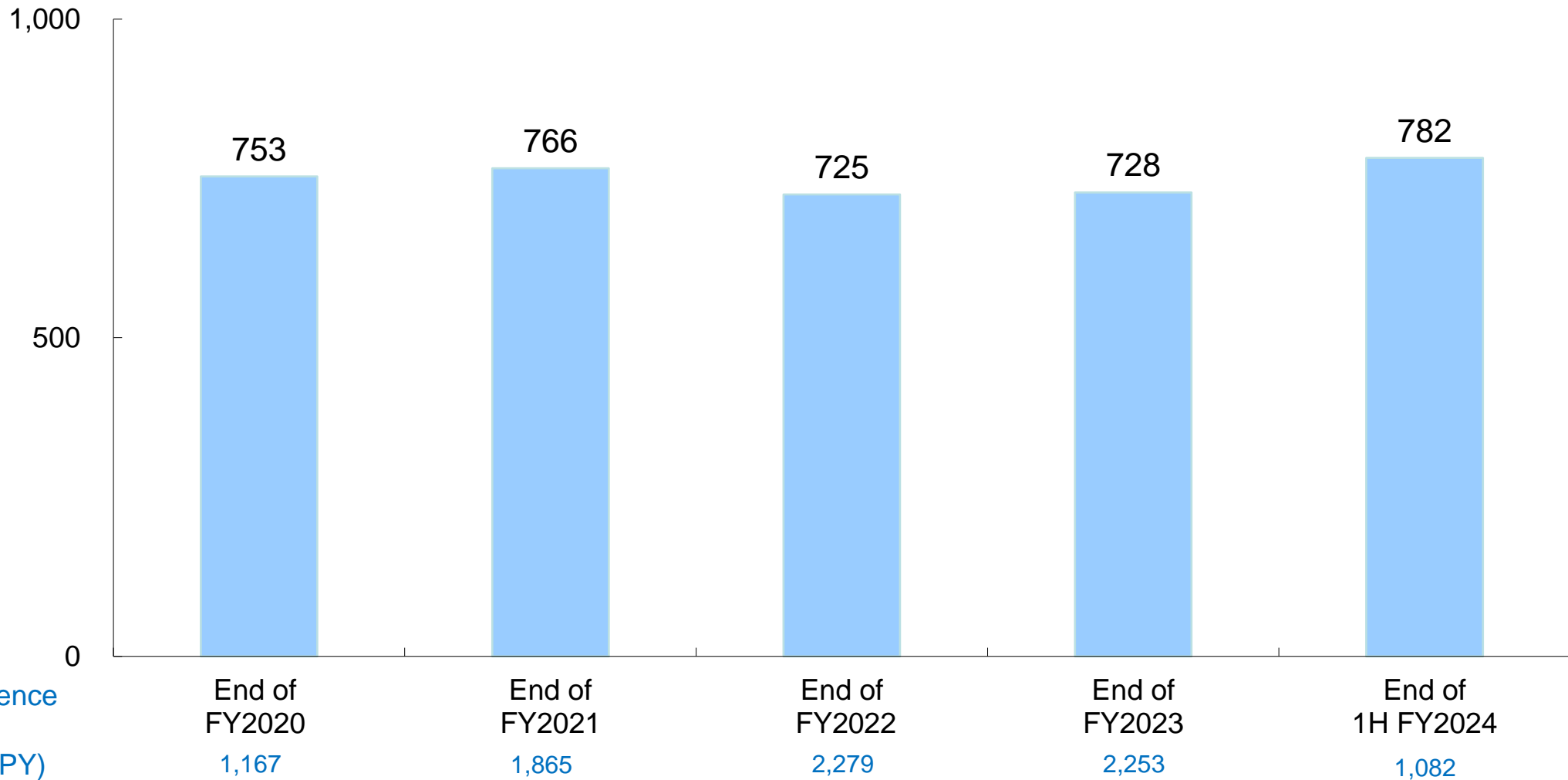
End of
1H FY2024
1,082

Changes in Major Items in Consolidated Balance Sheets

- Cash and time deposits + securities -



(100 mil JPY)



*For reference
Net Sales
(100 mil JPY)

End of
FY2020
1,167

End of
FY2021
1,865

End of
FY2022
2,279

End of
FY2023
2,253

End of
1H FY2024
1,082

Changes in Major Items in Consolidated Balance Sheets

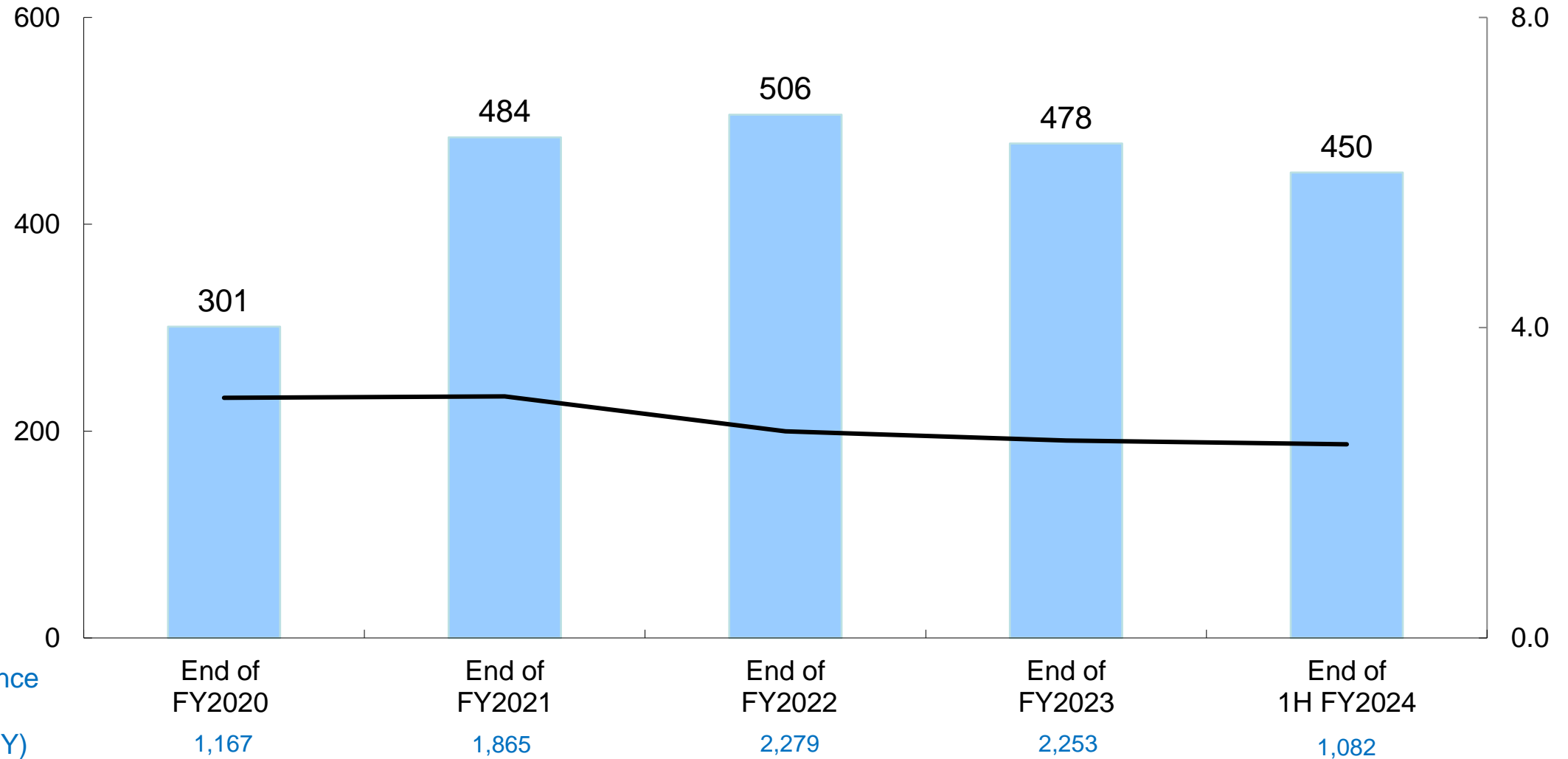
- Notes and accounts receivable, trade(left) / Turnover(right)

2024/10/31

No.35

(100 mil JPY)

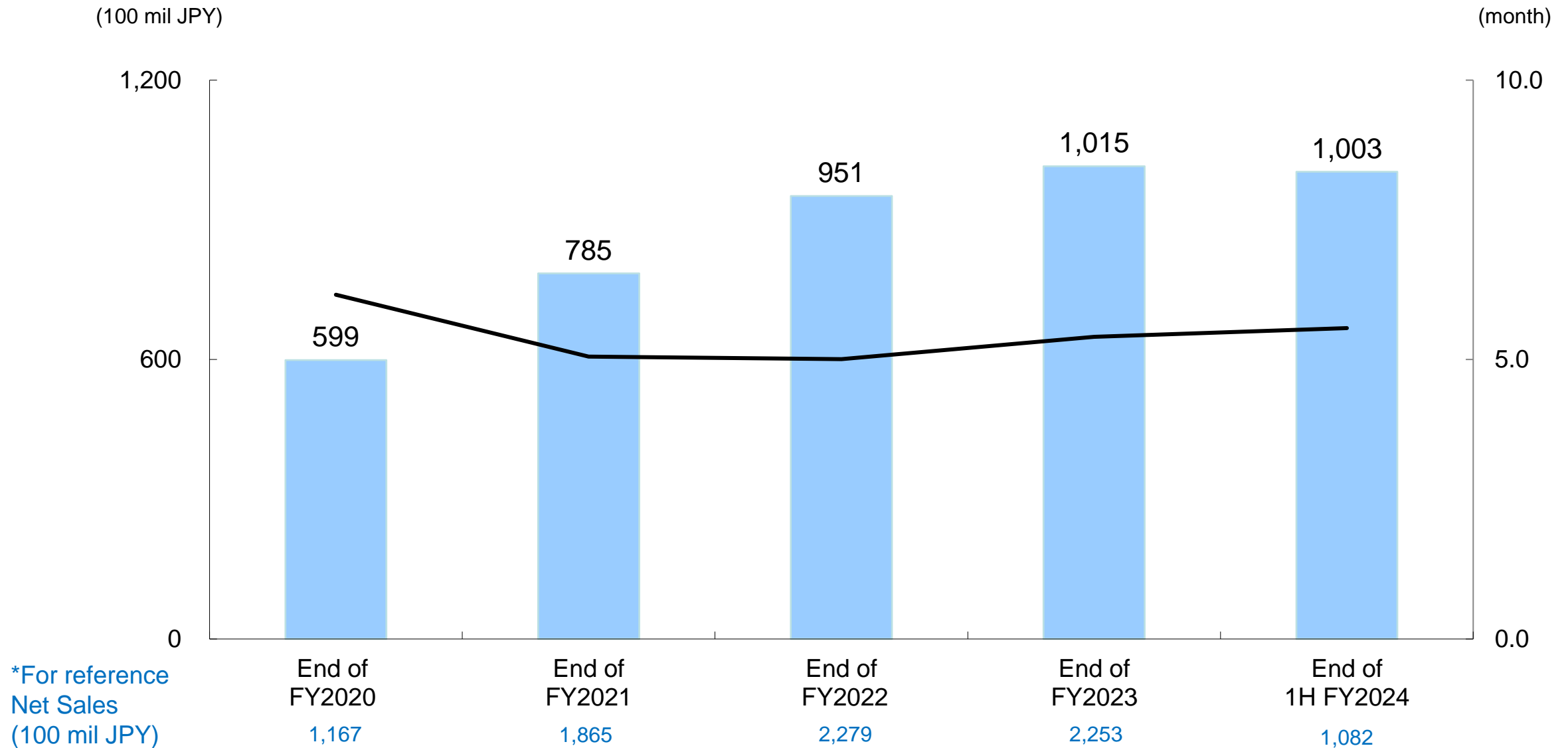
(month)



*For reference
Net Sales
(100 mil JPY)

Changes in Major Items in Consolidated Balance Sheets

- Inventories(left) / Turnover(right)

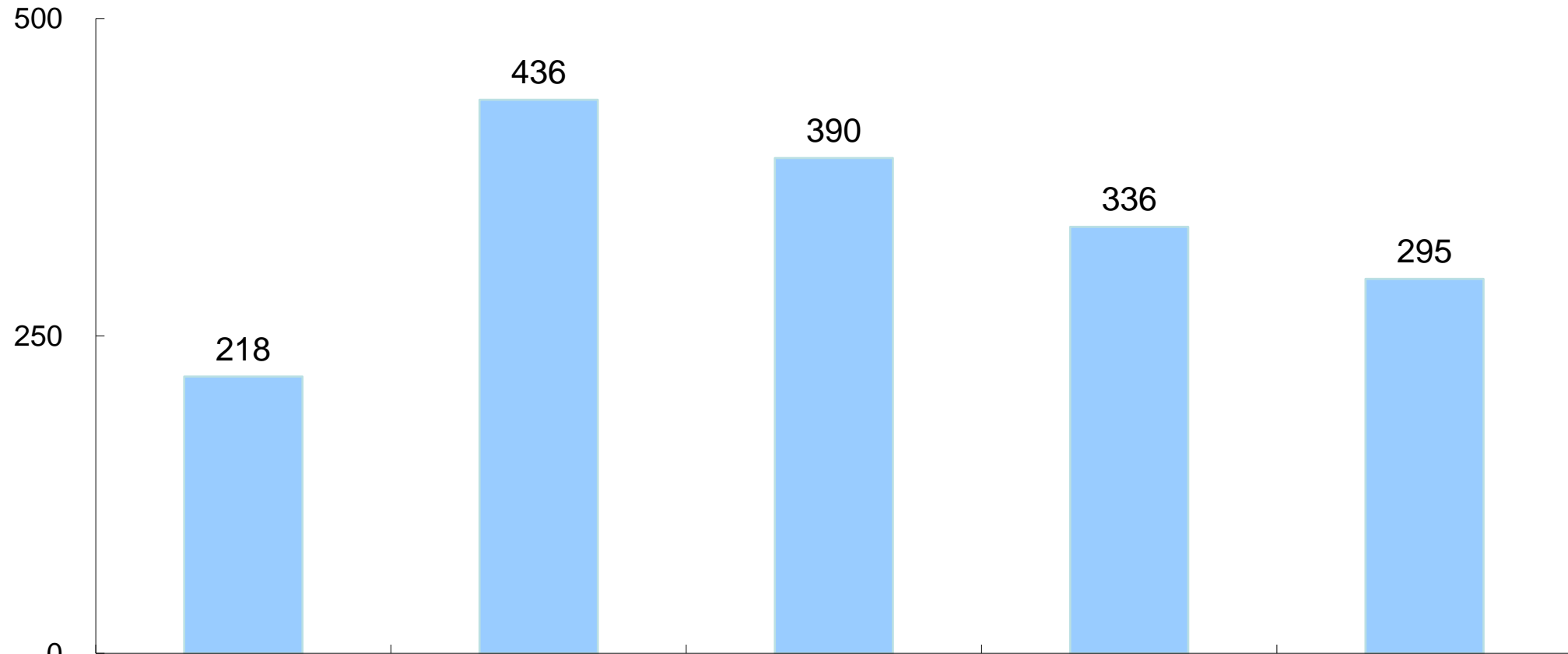


Changes in Major Items in Consolidated Balance Sheets

- Notes and accounts payable, trade -



(100 mil JPY)



*For reference
Net Sales
(100 mil JPY)

End of
FY2020

1,167

End of
FY2021

1,865

End of
FY2022

2,279

End of
FY2023

2,253

End of
1H FY2024

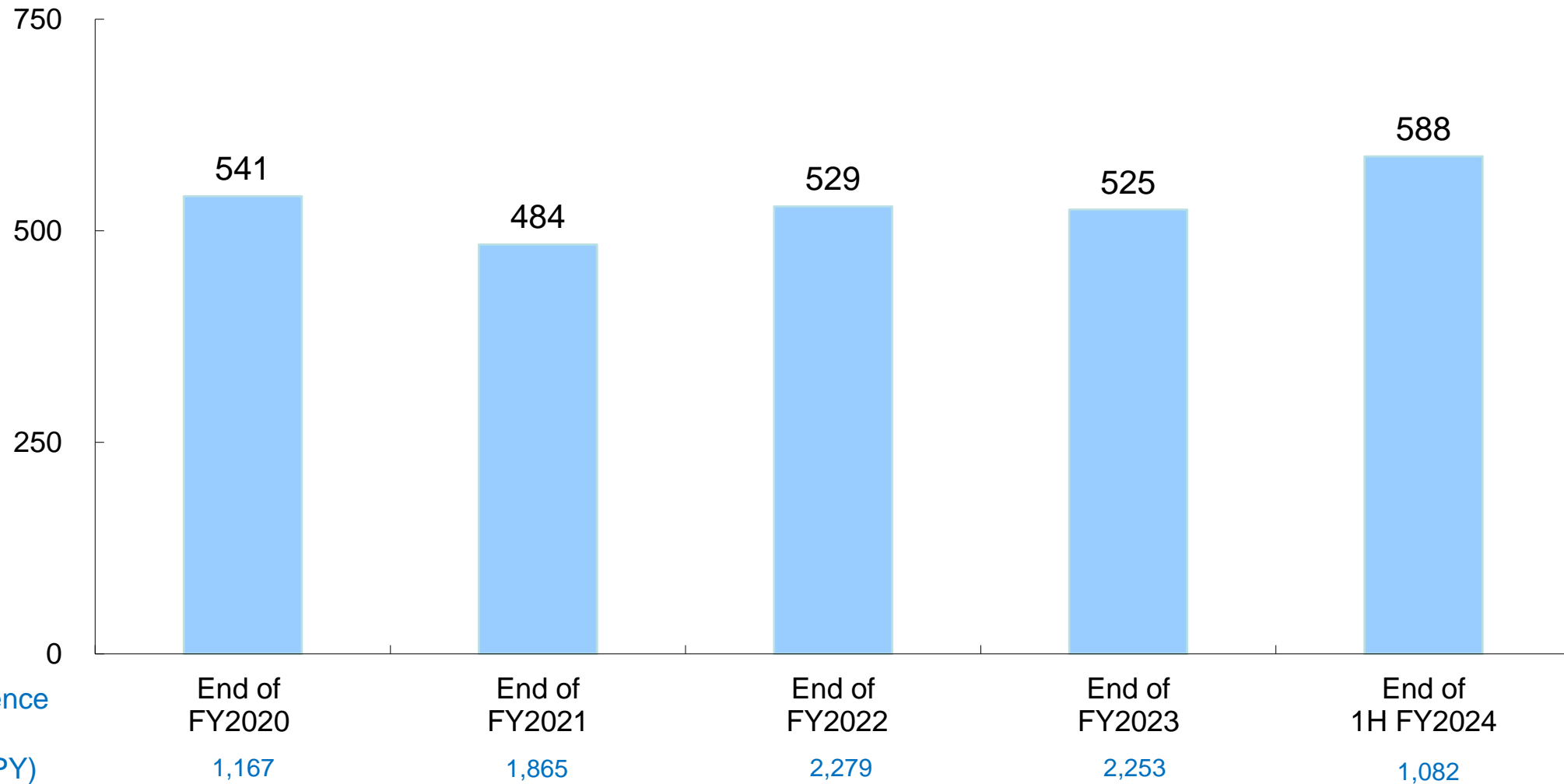
1,082

Changes in Major Items in Consolidated Balance Sheets

- Interest-bearing debt -



(100 mil JPY)



*For reference
Net Sales
(100 mil JPY)



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.