



Explanatory Material of Group Company for the Fiscal Year Ended March 31, 2025

Makino Milling Machine Co., Ltd.
April 30, 2025

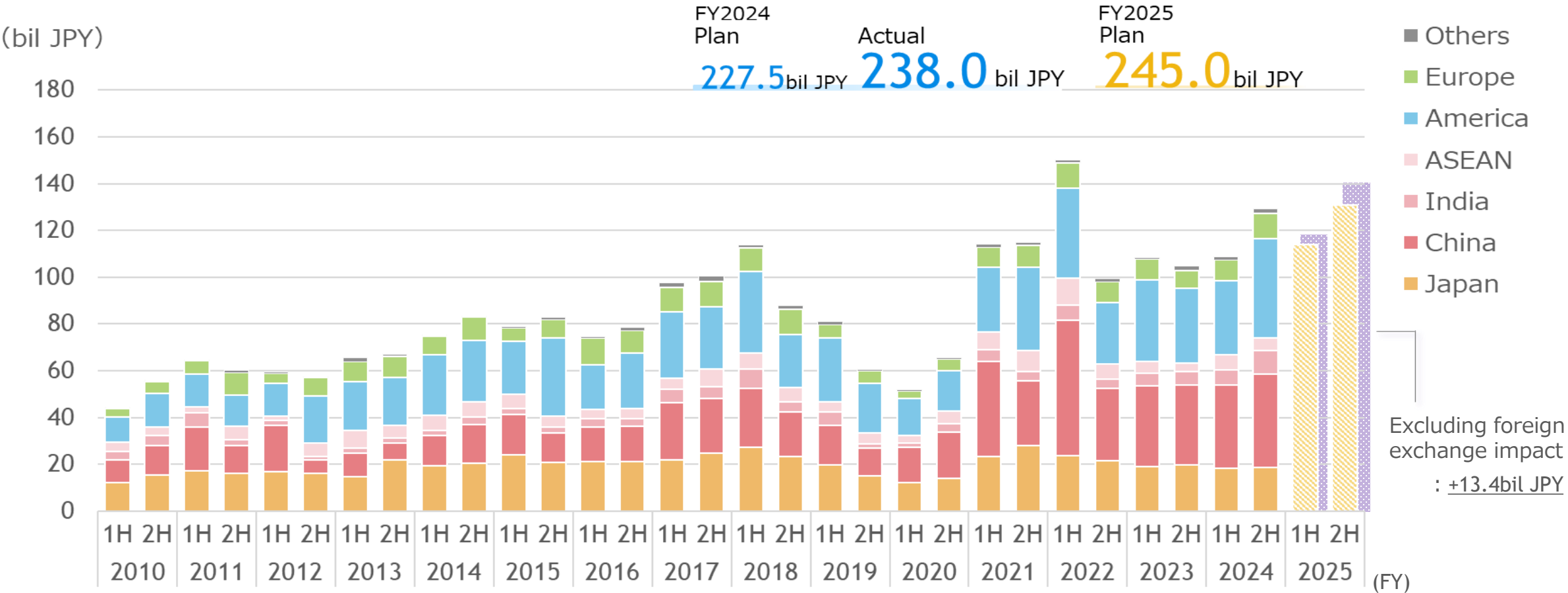


Actual of FY2024		Compared to FY2023	Compared to plan
Orders	238.0 billion yen	+11.5 %	+ 4.6 %
Sales	234.2 billion yen	+ 3.9 %	+ 4.1 %
Operating Income	18.5 billion yen	+13.1 %	+ 8.9 %
Plan of FY2025		Compared to FY2024	
Orders	245.0 billion yen	+ 2.9 %	
Sales	240.0 billion yen	+ 2.5 %	
Operating Income	21.5 billion yen	+16.1 %	

Orders

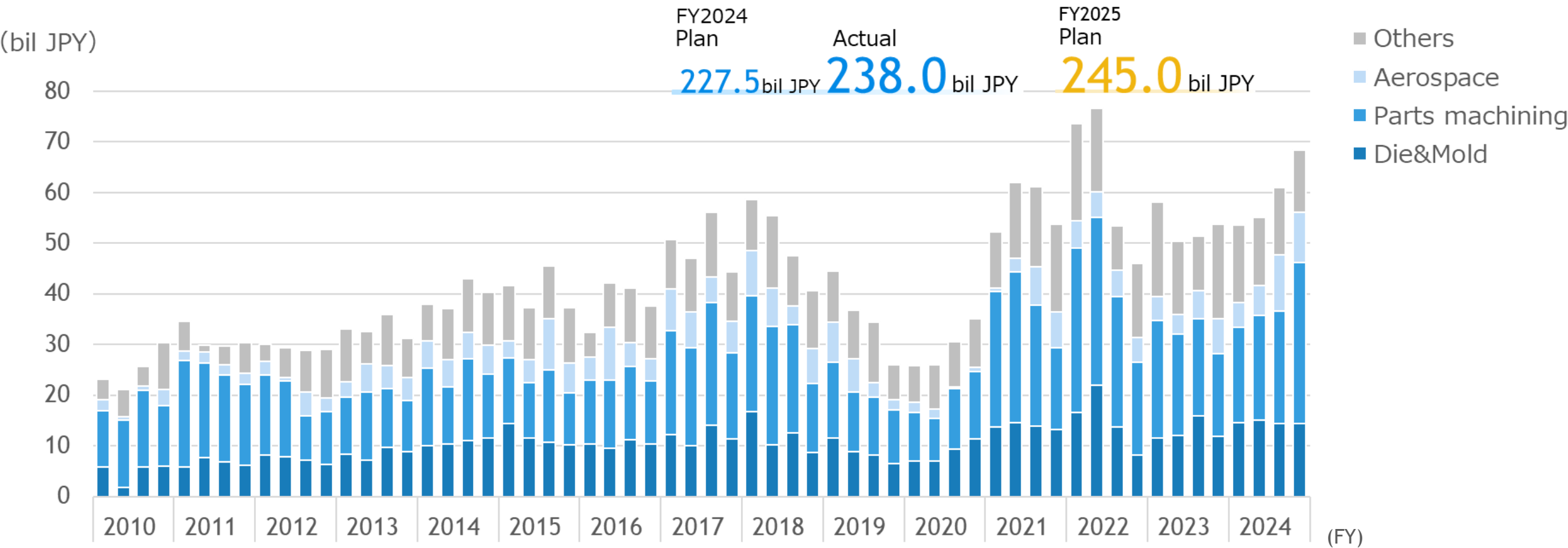


FY2024 orders increased from plan and FY2023.
FY2025 plan is up from FY2024 due to increase in orders from FY2025 2Q.



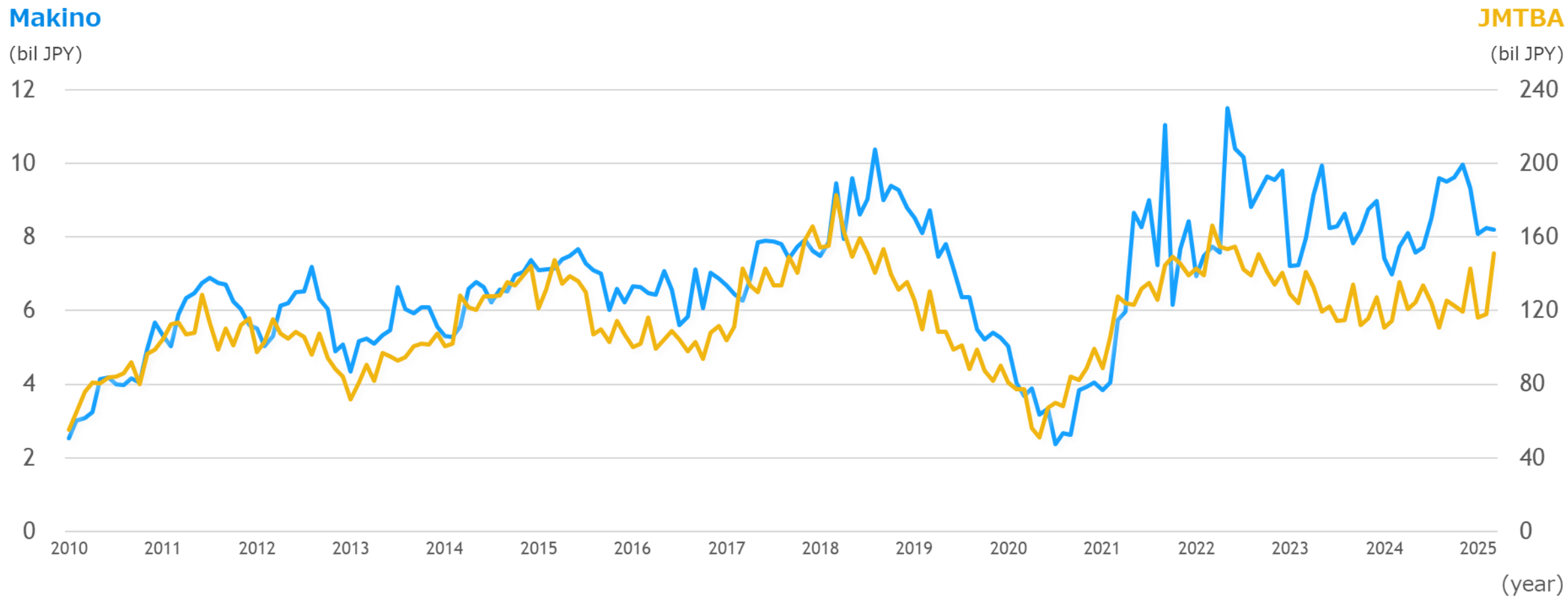


FY2024 4Q orders increased from FY2023 4Q for parts machining and aerospace.





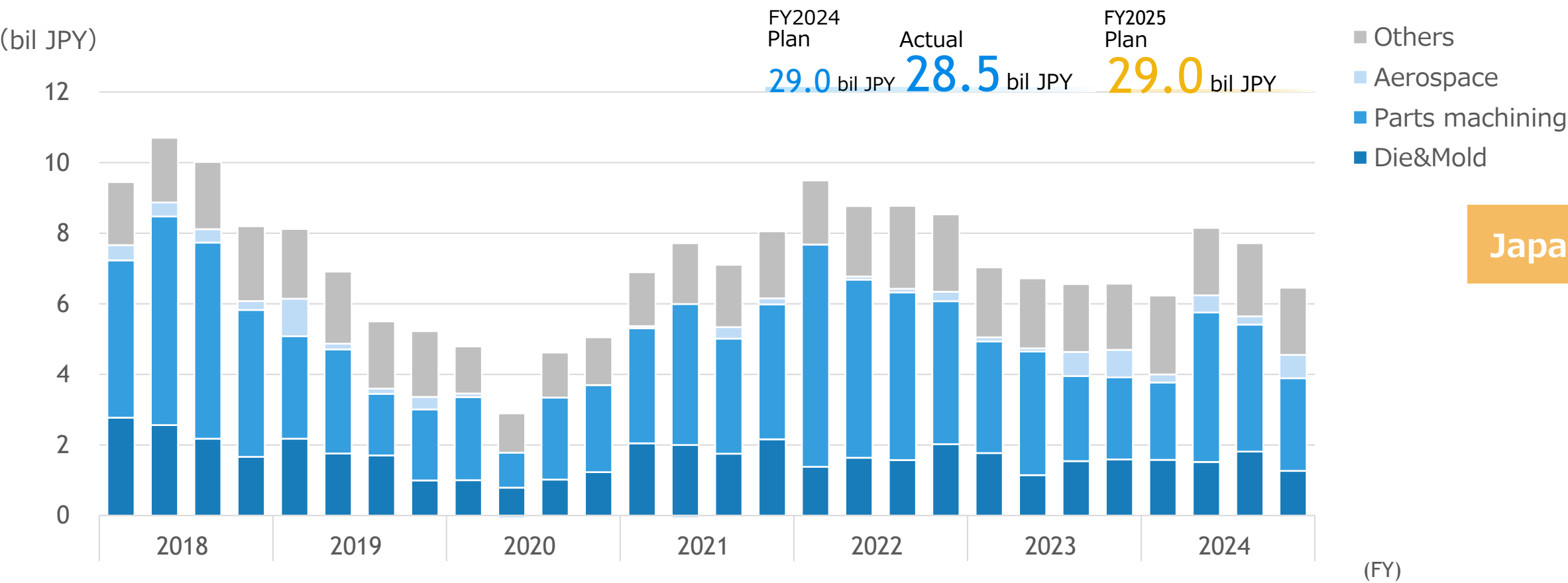
Makino's share in 4Q was 6.4%.



Domestic Order (non-consolidated)

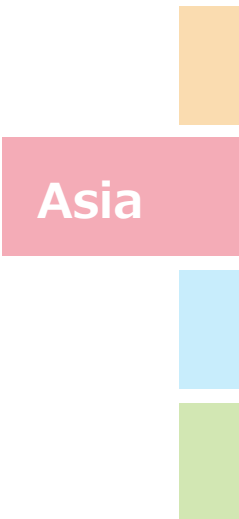
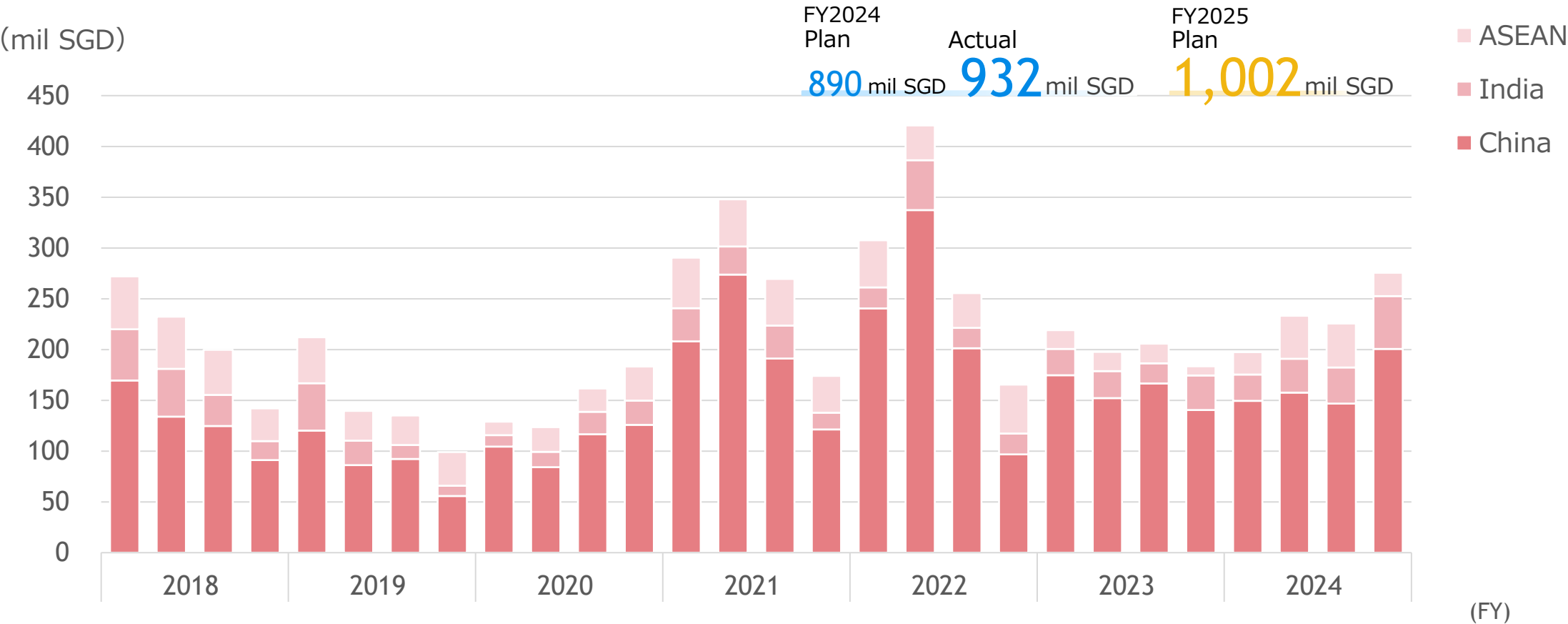


4Q orders increased from FY2023 4Q mainly for parts machining.





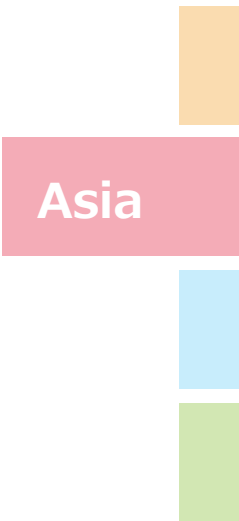
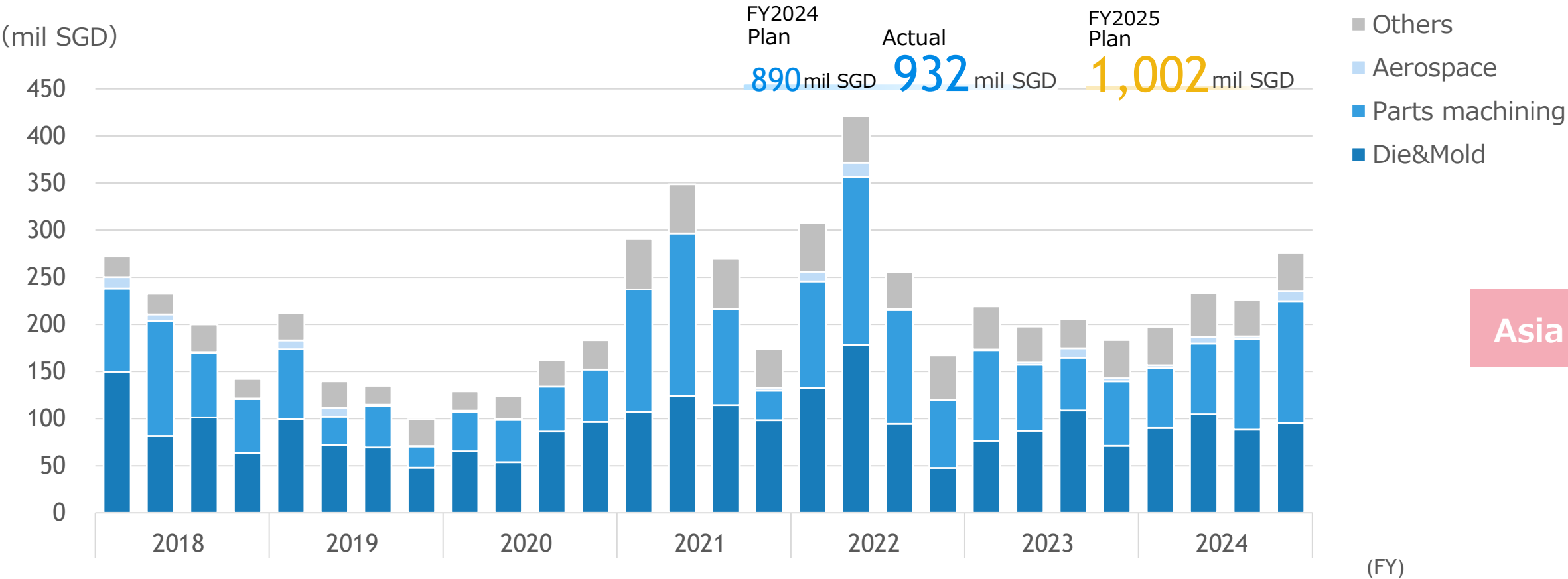
4Q orders both in China and India increased significantly from FY2023 4Q.



Asian subsidiary Order by industry

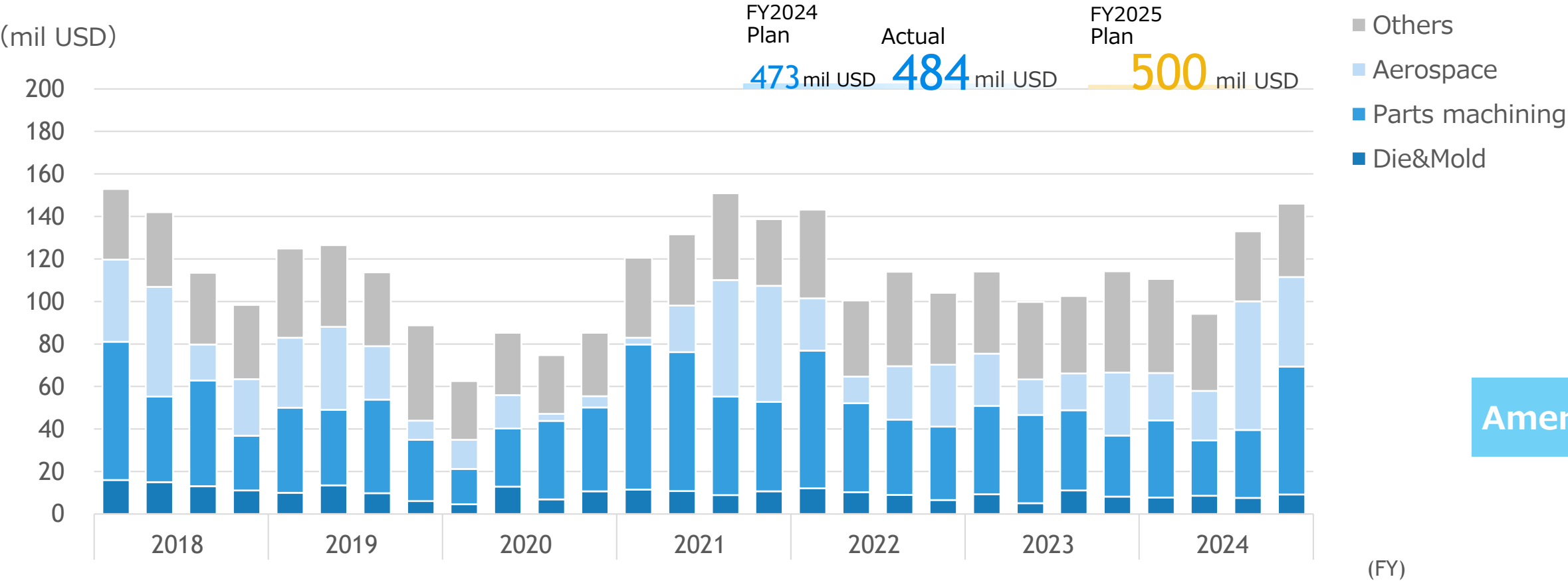


Strong orders continued in China for new energy vehicles.
Orders in India increased for parts machining and semiconductor production equipment.





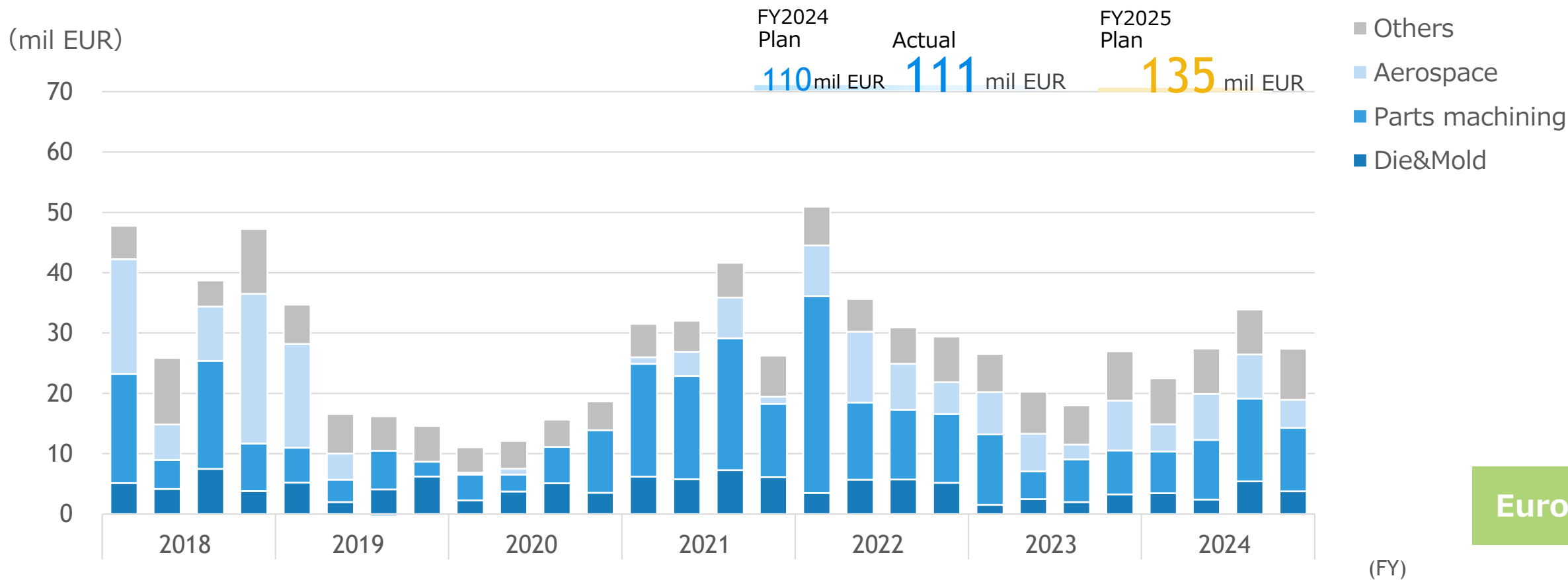
4Q orders increased from FY2023 4Q and strong orders continued for aerospace from 3Q.



America



4Q orders were flat from FY2023 4Q and strong orders continued for aerospace.





Profitability

- Timely launch of new products into growth markets
- Increase in sales unit price through expansion of large-size machines and 5-axis machines
- Proposal with combinations of our unique technologies (machines, automation equipment, software, etc)
- Reduction in new model launch lead time through the implementation of a new PLM
- Introduction of modular production methods for large-size machines and EDM



Asset Efficiency

- Actively investing in manufacturing and human capital to improve production efficiency
- Reduction of investment securities, etc
- Aiming for a CCC* of 165 days or less through inventory optimization and operational improvements

* CCC: Cash Conversion Cycle



Shareholder Returns

- Stable and consistent dividend payments
- Flexible share buybacks



Sustainability

- Address climate change
- Enhancement of human capital investment

Expansion of the Product



Profitability



Timely Development of New Products that Help Customers Overcome their Challenges

■ Japanese Products
■ Asian Products

2020 - 2024

2025 - 2029

Machining Center (MC)	Sm. Med.		Horizontal MC JA6		Vertical MC Slim8n		Vertical MC V300		New machine Horizontal MC		New machine Horizontal MC				
			Horizontal MC a91nx		Vertical MC PS155		Vertical MC V900		New machine Vertical MC						
	5-axis	Sm. Med.		5-axis vertical MC DA300 Automation PKG		5-axis vertical MC DA500		5-axis horizontal MC a500iR		New machine Small-Size 5-axis MC					
				5-axis horizontal MC a800Z		5-axis vertical MC V100S		5-axis horizontal MC a900Z		5-axis horizontal MC MAG4		New machine Large-Size 5-axis MC			
Electrical Discharge Machine (EDM)	Laser Machine		Large-Size Sinker EDM EDNC22		Laser machine LB300/LB500		Hole-Drilling EDM EDBV3*		New machine Wire/ Sinker EDM						
Automation Software SMART TOOL			SMART TOOL Rapid Calibrator		SMART TOOL Belt track finisher		Automatic pallet transfer system PZ1/PZ2		SMART TOOL Flush set mill		Operation software for the pallet transfer system MAS-NX		Next-Generation Control Unit		Next-Generation Automation Software
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Challenge

Trends

Launch new products that address challenges based on the needs of the times and customer requests

Regional Strategy in China and India



Asset Efficiency

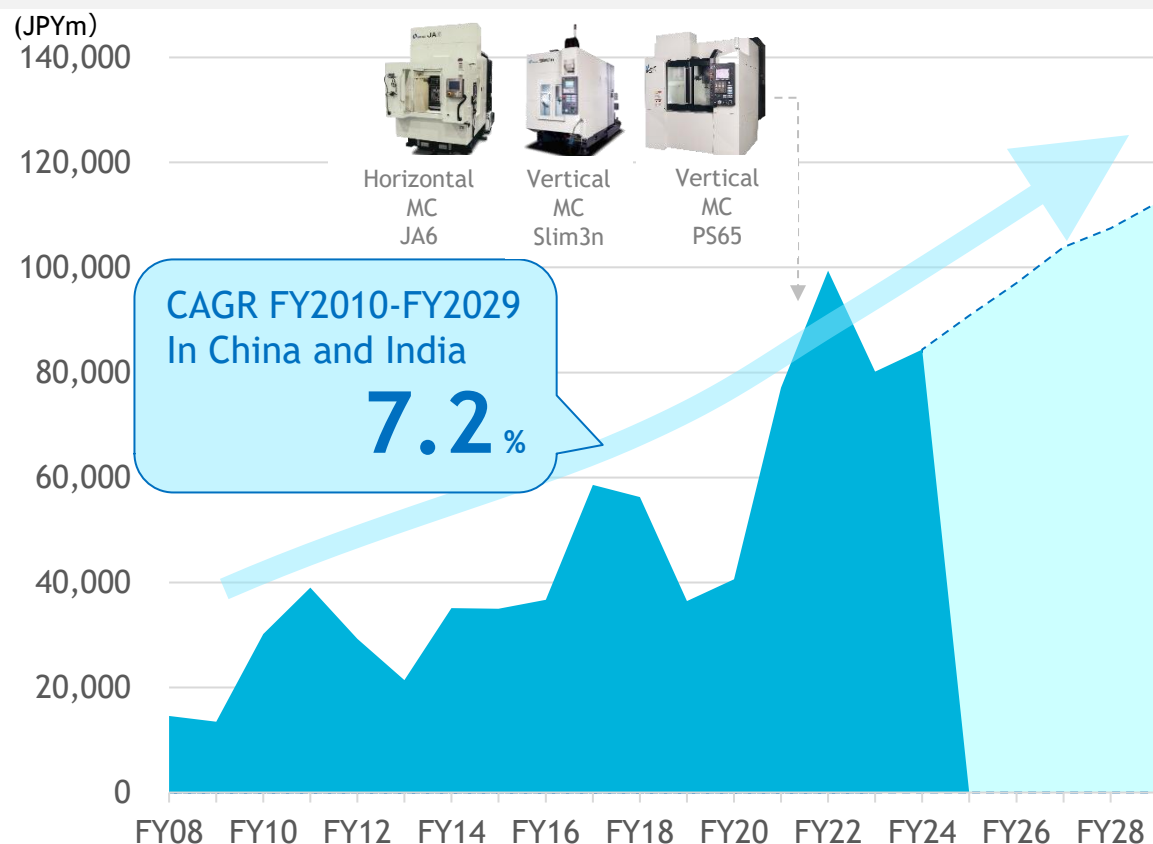


Profitability



Introducing New Products and Strengthening Services to Respond Swiftly to Changing Customer Needs

Sales in China and India



Changes
in Needs

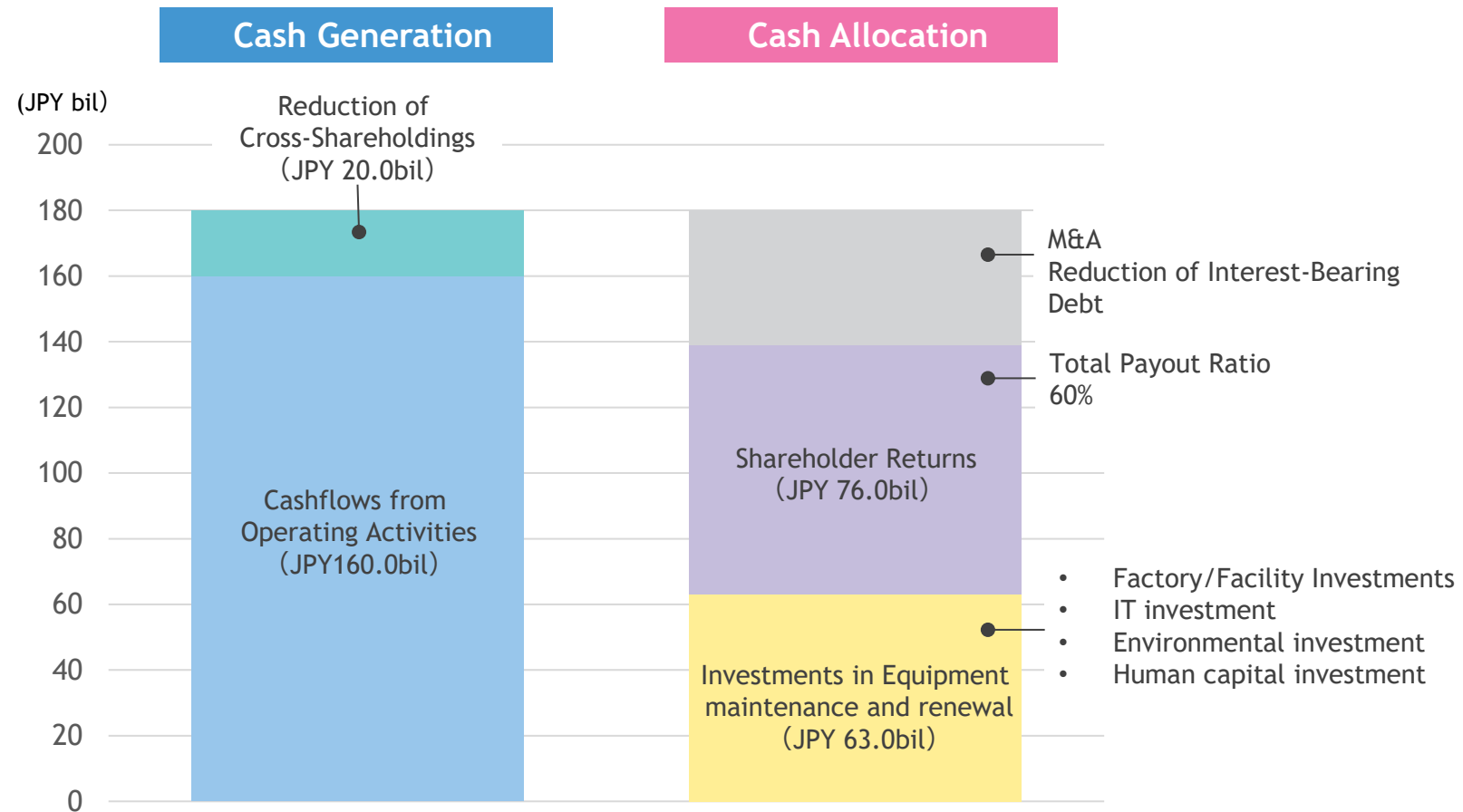


Production Capacity Expansion in Asia

		(Unit) FY2023		(Unit) FY2029	Increase
	Kunshan, China 	1,100	▶	1,300	+200 (+18%)
	Wuhan, China 	600	▶	750	+150 (+25%)
	Singapore 	1,200	▶	1,300	+100 (+8%)
	India 	600	▶	600	—



FY25-29 (Plan)



Education／Training

We are working to enhance our education programs based on our human resource development policies. We provide growth opportunities for all levels of employees and encourage the drawing up of personalized career plans.

In order to accelerate the development of employee skills, in 2021 we established an in-house university called MAKINO Business Academy. We provide various other learning opportunities, too, such as level-based training, joint research in collaboration with universities, and support for obtaining degrees.

In addition, we are creating an environment where employees can proactively design their careers through regular career interviews and an internal recruitment system.



▶ Growth Support System Examples

- Level-based Training
- Academic support for personal development
- Support for the acquisition of doctoral and other degrees
- In-house university: "MAKINO Business Academy"

Tackling Climate Change

→ SBTi certification acquisition



Our FY2023 Near-Term Targets of Greenhouse Gas Emission Reduction have been certified by the SBT (Science Based Targets) initiative as being based on scientific evidence aimed at limiting the global average temperature increase to 1.5°C compared to pre-industrial levels, in line with the Paris Agreement.

▶ Greenhouse Gas Emission Reduction Targets (by FY2030)

- CO2 emissions reductions (Consolidated, Scope 1 and 2) of 42% compared to 2022 by 2030
- CO2 emissions reductions (Consolidated, Scope 3 Category 1 and 11) of 25% compared to 2022 by 2030

→ CDP assessment

We have responded to the CDP questionnaire of Climate Change and Water Security in FY2024. We received the following scores.



	FY 2023	FY 2024
Climate Change	B-	B
Water Security	B-	B



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.

Finances

Consolidated Operating Results for FY2024

(Comparison with the same period of last year)



Net sales increased due to yen depreciation and price pass-through.
Operating income increased by 2.1 billion yen from FY2023.

(Mil JPY)	FY2023 (Apr. 1, 2024 - Mar. 31, 2024)	FY2024 (Apr. 1, 2024 - Mar. 31, 2025)	Change (%)
Net sales	225,360	234,216	8,855 (3.9%)
Operating income	16,372 (7.3%)	18,516 (7.9%)	2,143 (13.1%)
Ordinary income	18,918 (8.4%)	20,090 (8.6%)	1,171 (6.2%)
Net income attributable to owners of the parent	15,981 (7.1%)	14,415 (6.2%)	- 1,565 (-9.8%)
<u>Exchange rate</u>			
USD	144.62	152.58	
EUR	156.80	163.75	
SGD	107.52	113.99	

Consolidated Operating Results for FY2024

(Comparison with the forecast)



(Mil JPY)	Forecast of FY2024 (Apr.1, 2024 - Mar.31, 2025)	Actual of FY2024 (Apr.1, 2024 - Mar.31, 2025)	Change (%)
Net sales	225,000	234,216	9,216 (4.1%)
Operating income	17,000 (7.6%)	18,516 (7.9%)	1,516 (8.9%)
Ordinary income	17,700 (7.9%)	20,090 (8.6%)	2,390 (13.5%)
Net income attributable to owners of the parent	14,500 (6.4%)	14,415 (6.2%)	- 84 (-0.6%)
<u>Exchange rate</u>			
USD	149.00	152.58	
EUR	160.00	163.75	
SGD	110.00	113.99	

Sales & Operating income by Segment



(Mil JPY)		I Japan	II Asia	III America	IV Europe	Eliminations	Consolidated
FY2024	Net sales (Sales in foreign currency)	132,590	104,713 (892,113)	70,005 (458,812)	18,775 (114,657)	- 91,868	234,216
	Operating income	11,982	4,379	2,729	302	- 879	18,516
FY2023	Net sales (Sales in foreign currency)	138,045	100,612 (903,925)	61,114 (422,587)	21,677 (138,252)	- 96,089	225,360
	Operating income	9,447	4,816	2,158	535	- 584	16,372
FY2022	Net sales (Sales in foreign currency)	141,258	106,141 (1,042,023)	64,261 (474,358)	17,699 (125,556)	- 101,374	227,985
	Operating income	7,644	7,569	4,051	113	- 1,886	17,492

*Units of foreign currencies:
Asia: K.SGD, America: K.USD, Europe: K.EUR

Sales amount by Destination

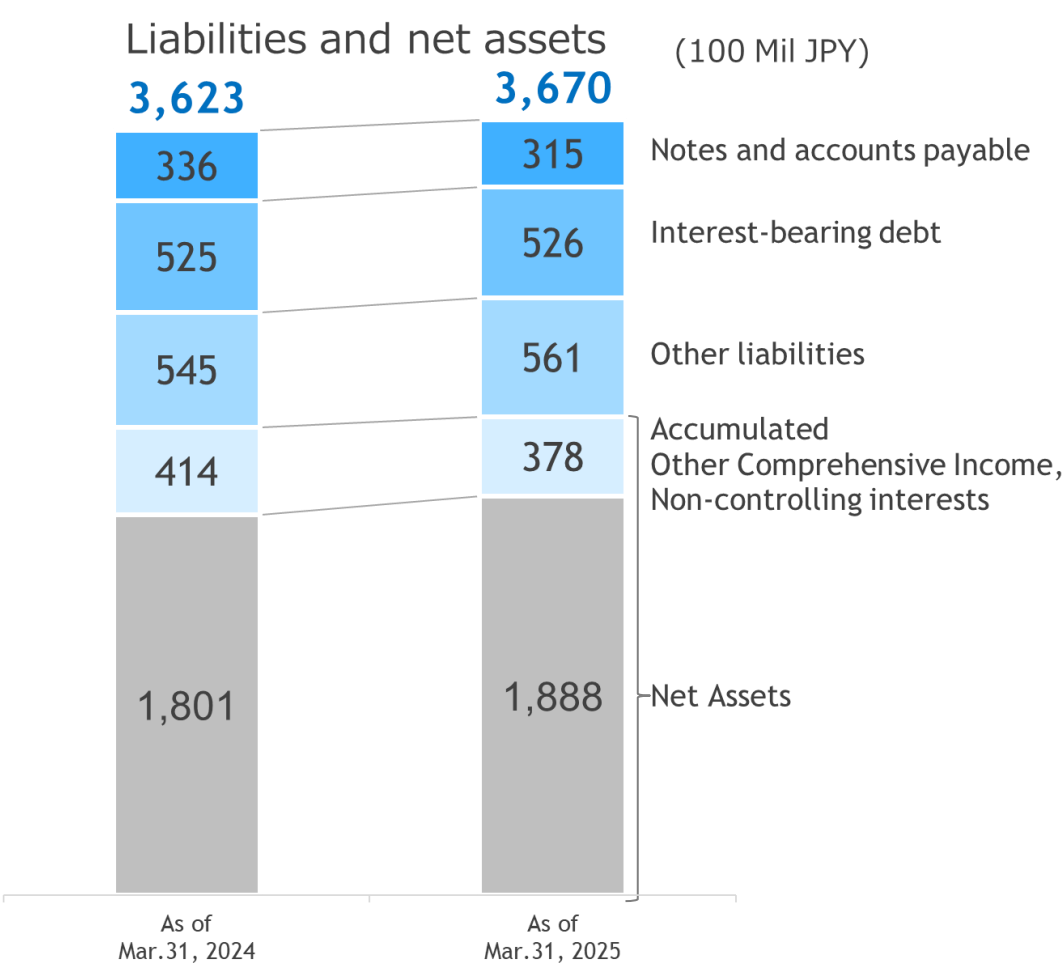
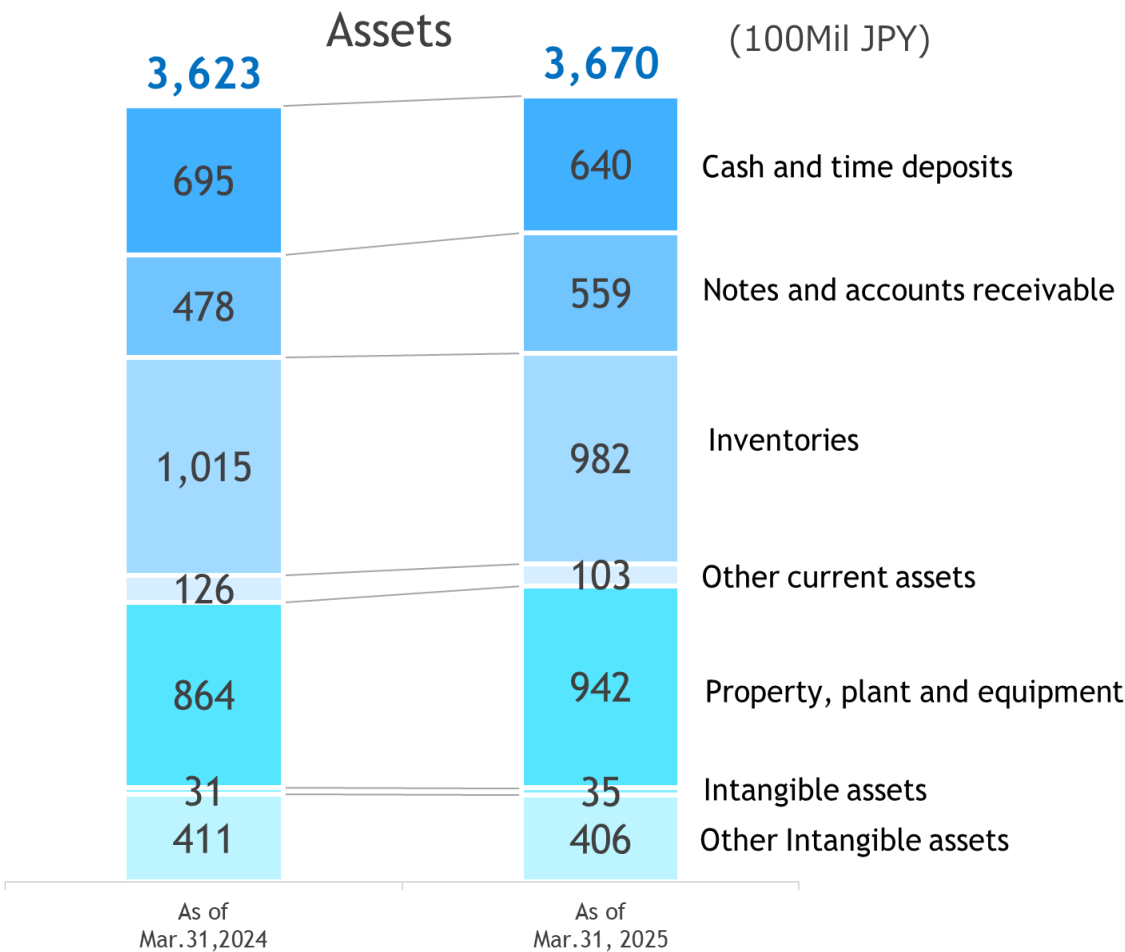


(Mil JPY)		Japan	Asia	America	Europe	Others	Consolidated
FY2024	Net sales	39,243	101,907	69,627	19,679	3,758	234,216
	Ratio	16.7%	43.5%	29.7%	8.4%	1.6%	
FY2023	Net sales	41,533	99,136	61,585	20,503	2,601	225,360
	Ratio	18.4%	43.9%	27.3%	9.0%	1.1%	
FY2022	Net sales	39,807	103,604	64,022	18,765	1,785	227,985
	Ratio	17.4%	45.4%	28.0%	8.2%	0.7%	

Balance Sheet Summary



Debt-to-equity ratio* : 23% at the end of FY2024 (24% end of FY2023)



*Interest-bearing debt / Net assets

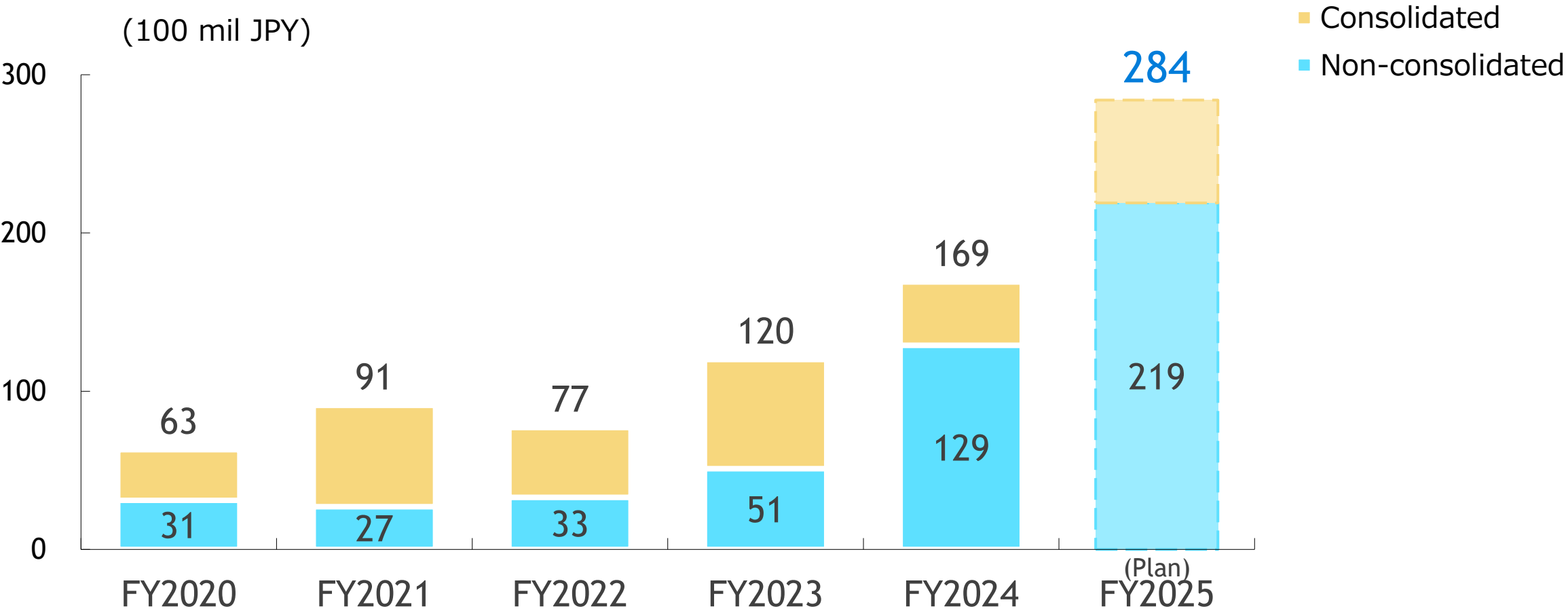
Consolidated Statements of Cash Flow

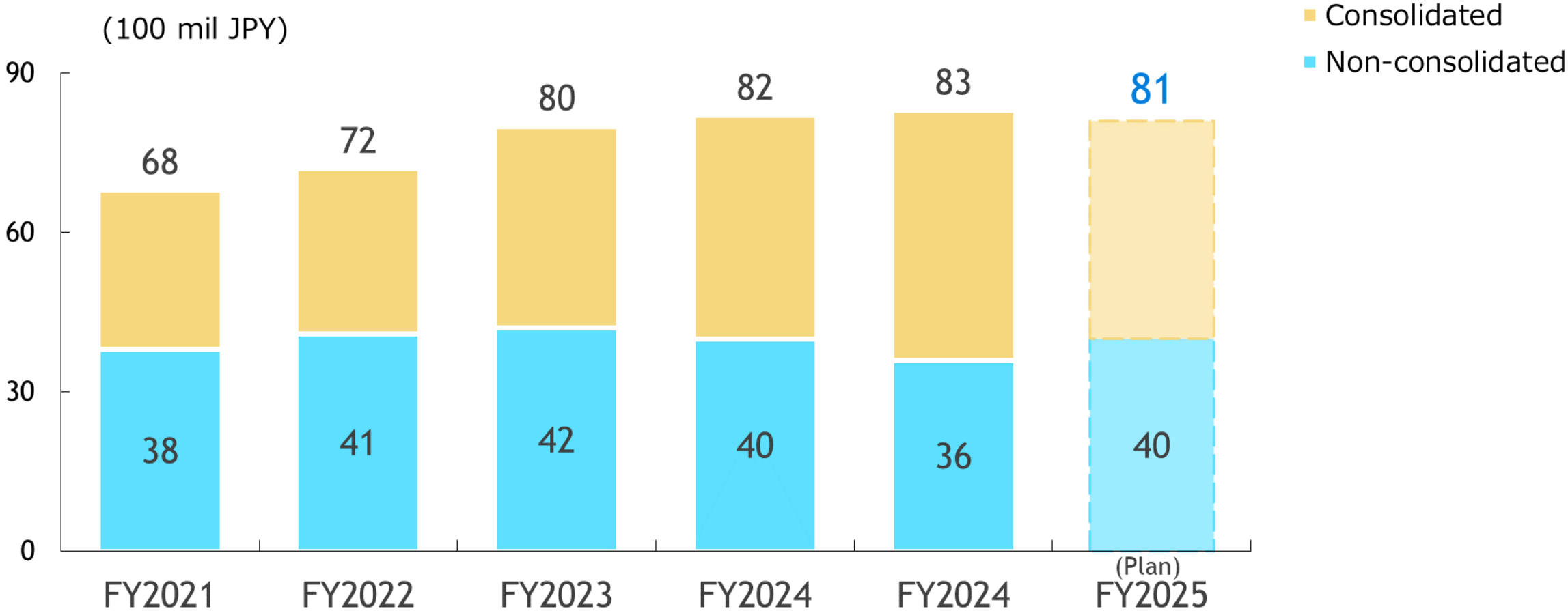


	(Mil JPY)	
	FY2023	FY2024
1. Cash flows from operating activities	12,910	13,571
Income (loss) before income taxes	19,629	19,983
Depreciation and amortization	8,266	8,313
(Increase) decrease in notes and accounts receivable, trade	7,589	- 8,757
(Increase) decrease in inventories	942	2,680
Increase (decrease) in notes and accounts payable, trade	- 11,972	- 826
Other, net	- 11,544	- 7,821
2. Cash flows from investing activities	-6,411	-13,877
Net decrease (increase) in time deposits	1,968	0
Purchase of property, plant and equipment	- 9,577	- 14,945
Proceeds from sales of property, plant and equipment	536	1,419
Sales of investment securities	651	877
Other, net	9	- 1,228
3. Cash flows financing activities	-6,390	-6,726
Increase (decrease) in short-term loans payable, net	619	5,975
Repayment of finance-lease obligations	- 1,073	- 1,081
Proceeds from long-term loans payable	4,000	0
Repayment of long-term loans payable	- 5,250	- 5,818
Payment for purchases of treasury stock	- 1,002	- 2,007
Payment for purchases of treasury stock of subsidiaries	- 100	- 25
Dividends paid by the parent company	- 3,577	- 3,763
Dividends paid to minority shareholders	- 6	- 4
4. Effect of exchange rate changes on cash and cash equivalents	3,002	-1,479
5. Net increase (decrease) in cash and cash equivalents	3,111	-8,511
6. Cash and cash equivalents, beginning of period	69,467	72,578
7. Cash and cash equivalents, end of period	72,578	64,067



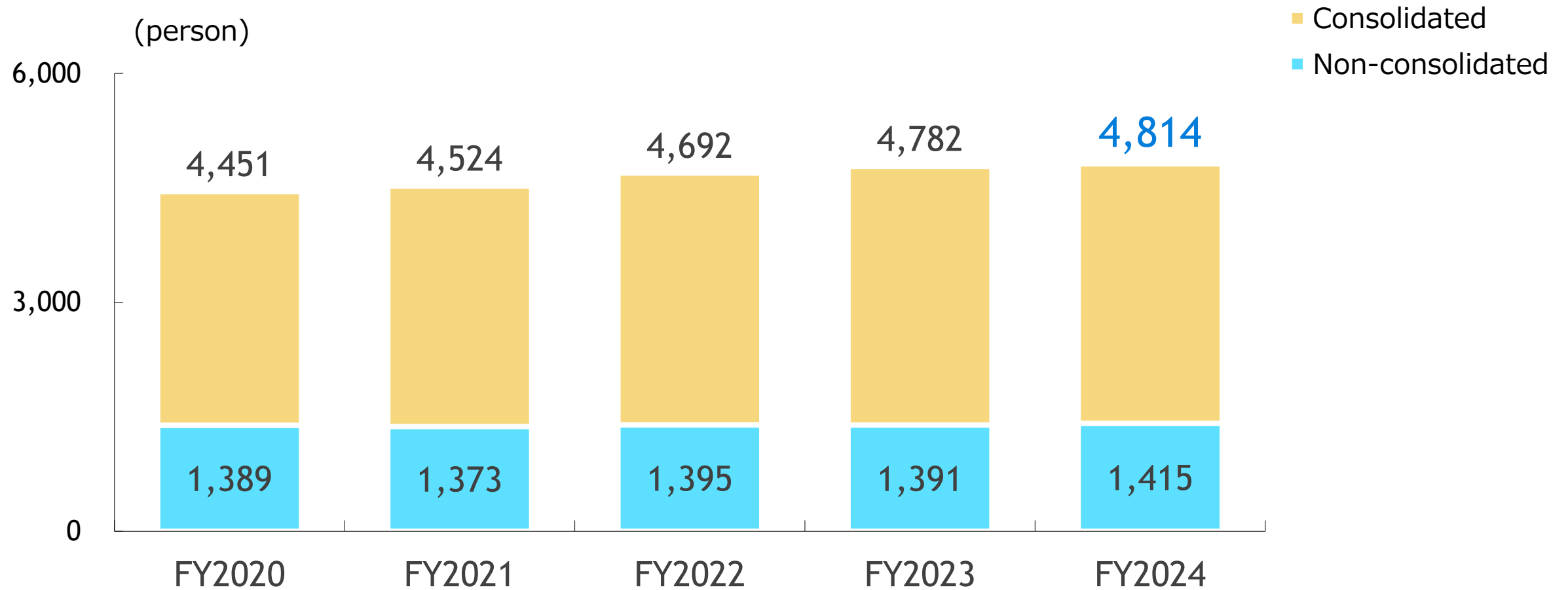
FY2025 investment plan is 28.4 billion yen, mainly in Japan.







Headcount increased by 32 since the end of FY2023.



Forecast of Consolidated Operating Results



An increase in sales and operating income is planned for FY2025.

(Mil JPY)	Actual of FY2024 (Apr.1, 2024 - Mar.31, 2025)	Forecast of			Change (%)
		1H FY2025 (Apr.1, 2025 - Sep.30, 2025)	2H FY2025 (Oct.1, 2025 - Mar.31, 2026)	FY2025 (Apr.1, 2025 - Mar.31, 2026)	
Net sales	234,216	115,700	124,300	240,000	5,784 (2.5%)
Operating income	18,516 (7.9%)	9,000 (7.8%)	12,500 (10.1%)	21,500 (9.0%)	2,984 (16.1%)
Ordinary income	20,090 (8.6%)	9,200 (8.0%)	12,800 (10.3%)	22,000 (9.2%)	1,910 (9.5%)
Net income attributable to owners of the parent	14,415 (6.2%)	8,700 (7.5%)	9,300 (7.5%)	18,000 (7.5%)	3,585 (24.9%)
<u>Exchange rate</u>					
USD	152.58	141.00	141.00	141.00	
EUR	163.75	161.00	161.00	161.00	
SGD	113.99	108.00	108.00	108.00	

The Influences on Sales and Operating income by exchange rate fluctuations



		(Mil JPY)	
Forecast of FY2025			
	External sales	Exchange rate (Same period last year)	
			The influence of exchange rate fluctuations in Sales
			The influence of exchange rate fluctuations in Operating Income
USD	USD 479M	141.00 (152.58)	-5,546
EUR	EUR 123M	161.00 (163.75)	-338
SGD	SGD 912M	108.00 (113.99)	-5,462
Total			-11,346
			-2,132



Quality First

Trust is the foundation of a company's existence.

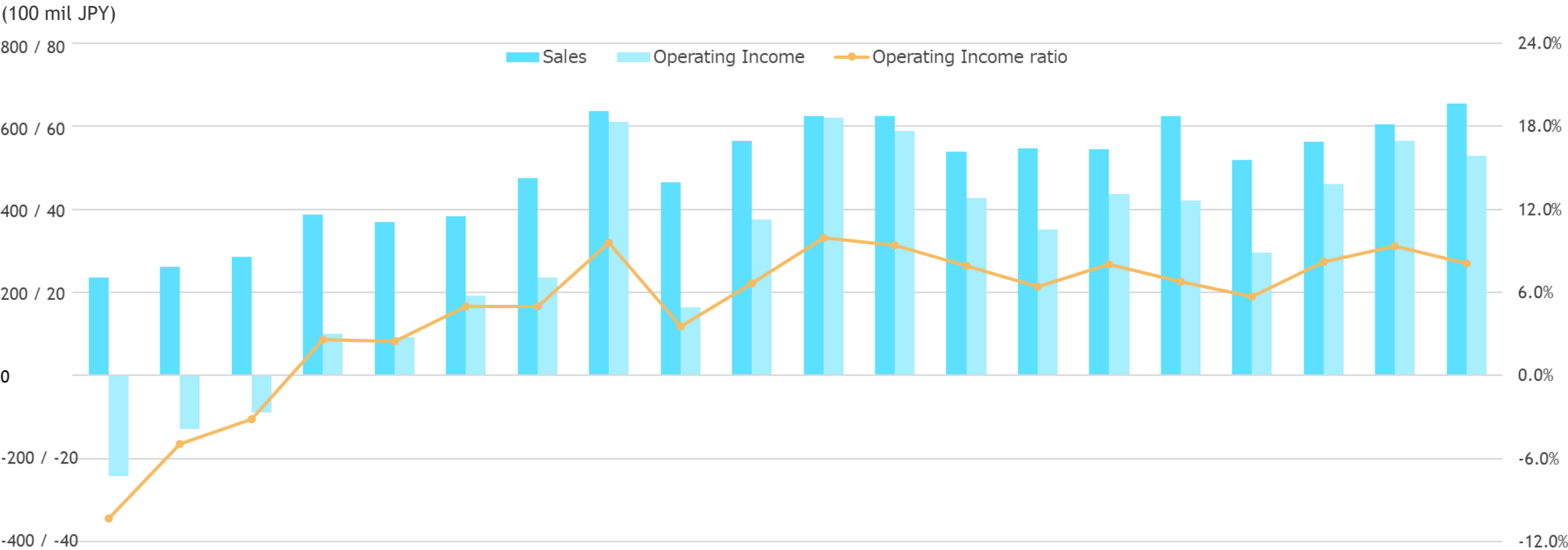
Makino pursues “Quality First”
in all of its products and services, as well as
in its own organization and employees,
with a strong belief in mutual trust among everyone
involved in building, selling, and using Makino products.



Reference Materials



Sales and Operating Income



	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020 4Q	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2022 1Q	FY2022 2Q	FY2022 3Q	FY2022 4Q	FY2023 1Q	FY2023 2Q	FY2023 3Q	FY2023 4Q	FY2024 1Q	FY2024 2Q	FY2024 3Q	FY2024 4Q
USD	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	152.57	152.58
EUR	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	164.83	163.75
SGD	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	114.25	113.99

The Influences on Sales and Operating income by exchange rate fluctuations (Comparison with the same period of last year)



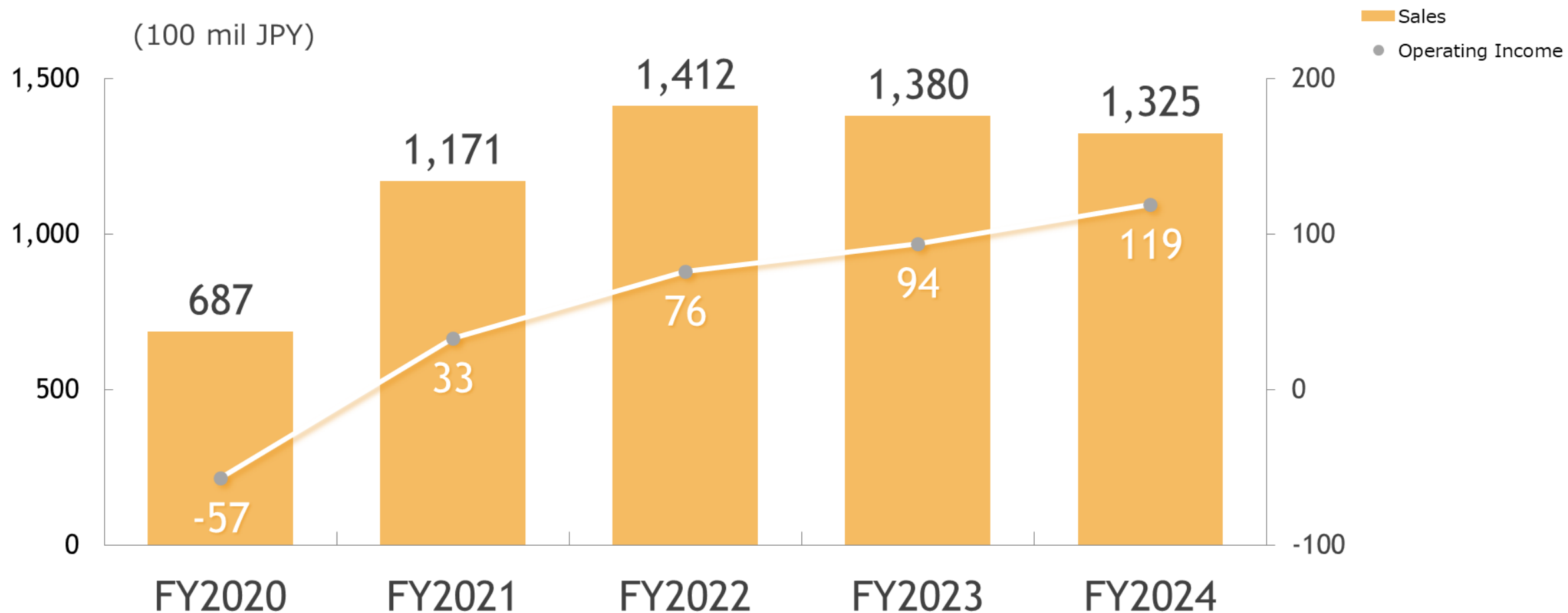
		(Mil JPY)	
Actual of FY2024		The influence of exchange rate fluctuations in Sales	The influence of exchange rate fluctuations in Operating Income
	External sales Exchange rate (Same period last year)		
USD	USD 456M 152.58 (144.62)	3,626	755
EUR	EUR 114M 163.75 (156.80)	795	72
SGD	SGD 832M 113.99 (107.52)	5,383	232
Total		9,804	1,059

The Influences on Sales and Operating income by exchange rate fluctuations (Comparison with the forecast)

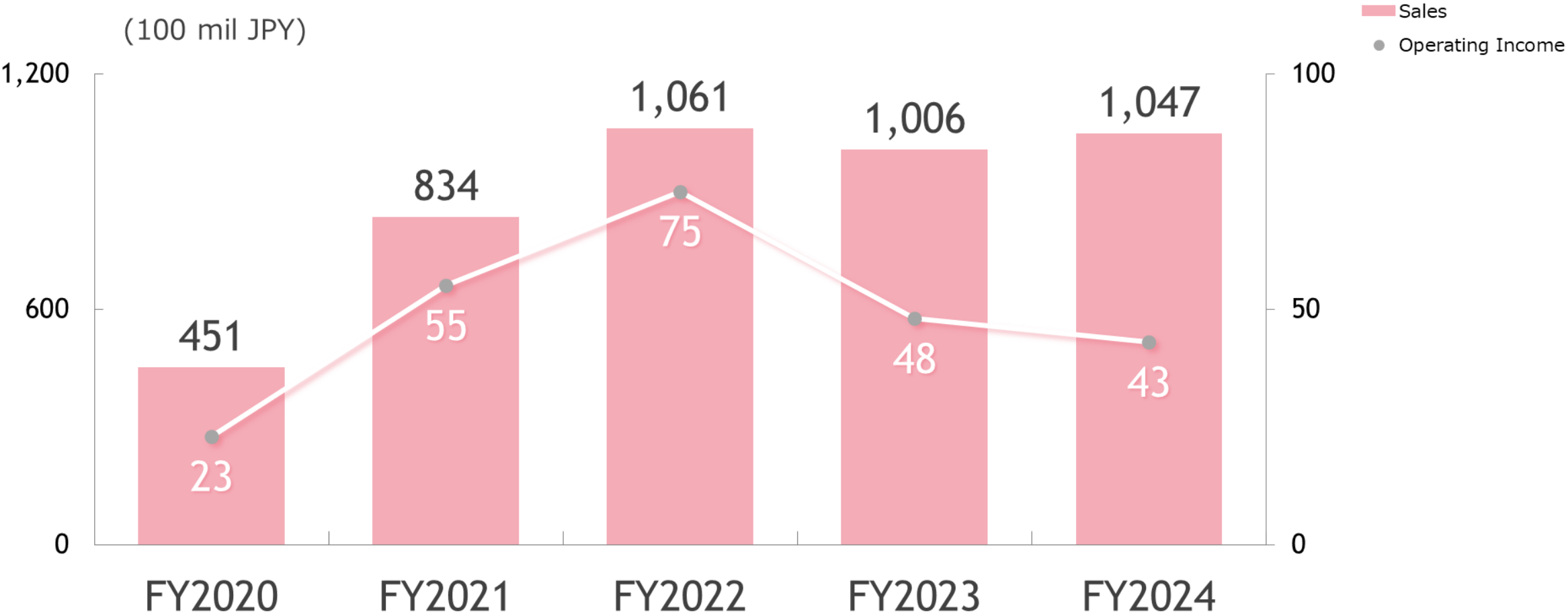


			(Mil JPY)	
Actual of FY2024			The influence of exchange rate fluctuations in Sales	The influence of exchange rate fluctuations in Operating Income
	External sales	Excahange rate (Forecast)		
USD	USD 456M	152.58 (149.00)	1,631	339
EUR	EUR 114M	163.75 (160.00)	429	39
SGD	SGD 832M	113.99 (110.00)	3,320	143
Total			5,380	521

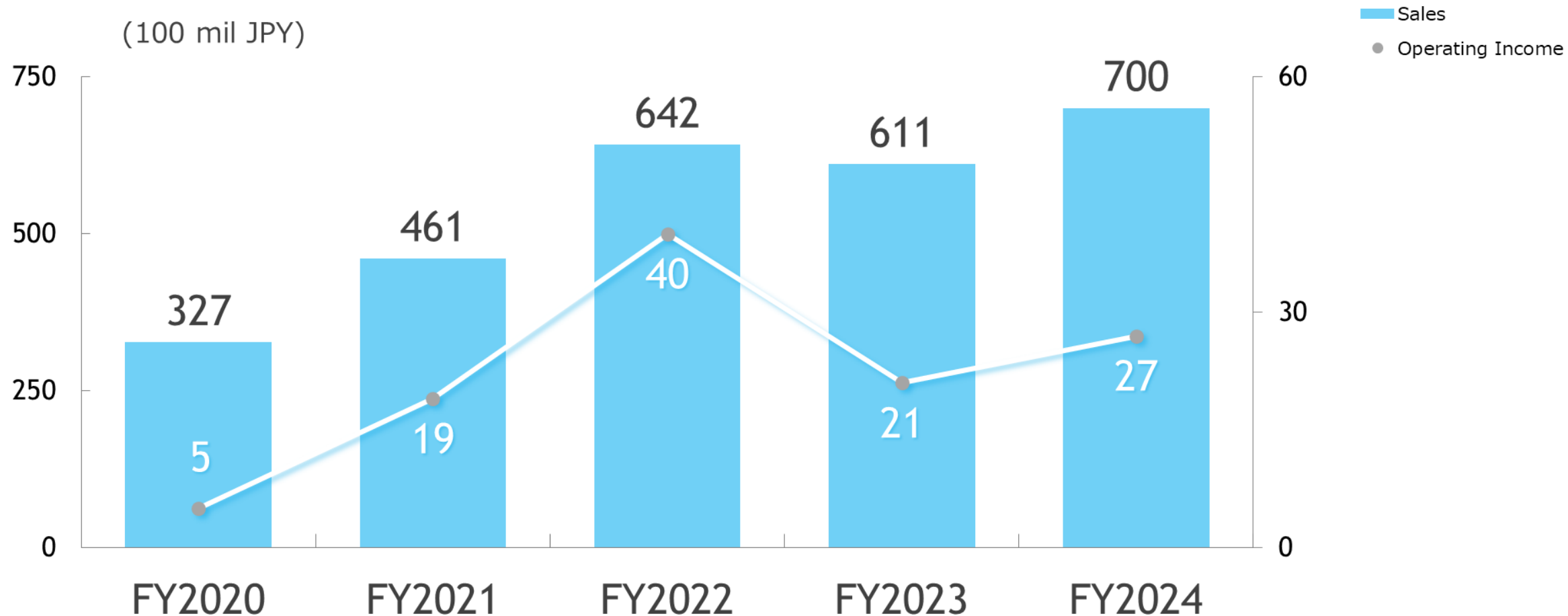
Net Sales and Operating Income (by Segment I / Japan)



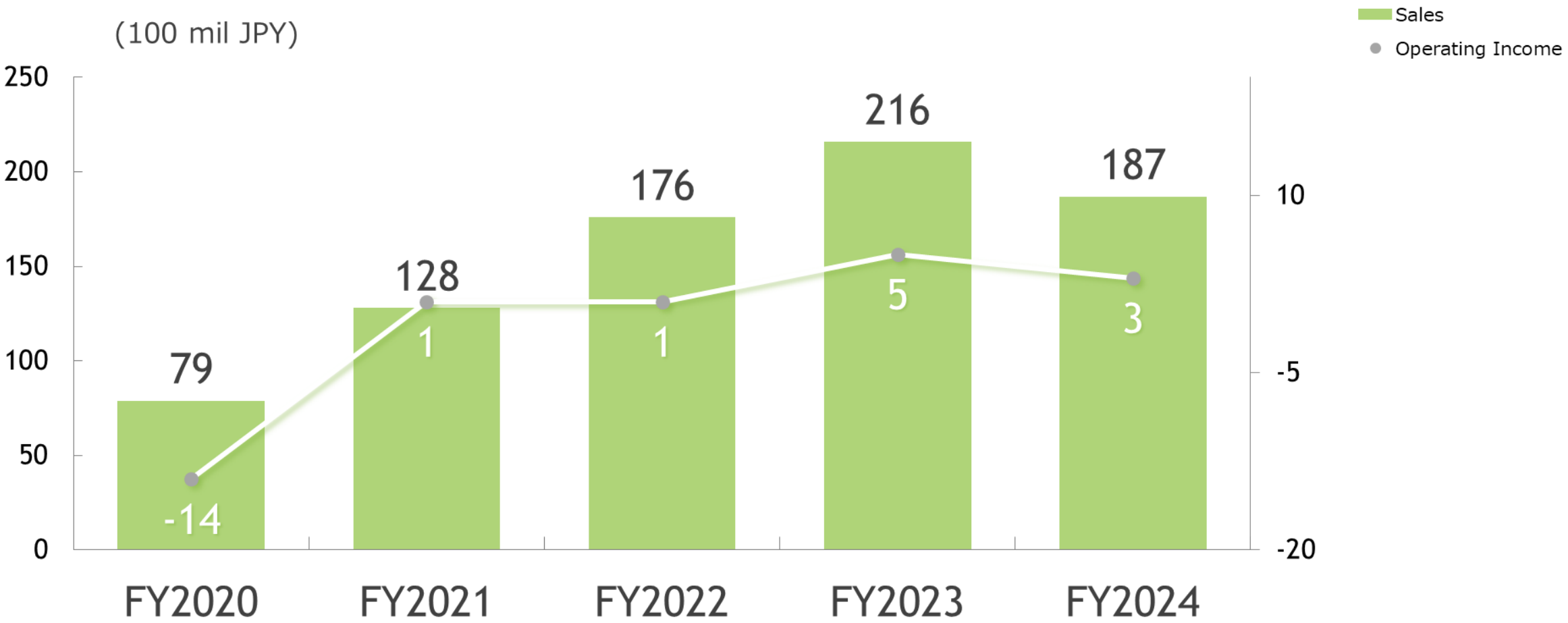
Net Sales and Operating Income (by Segment II / Asia)



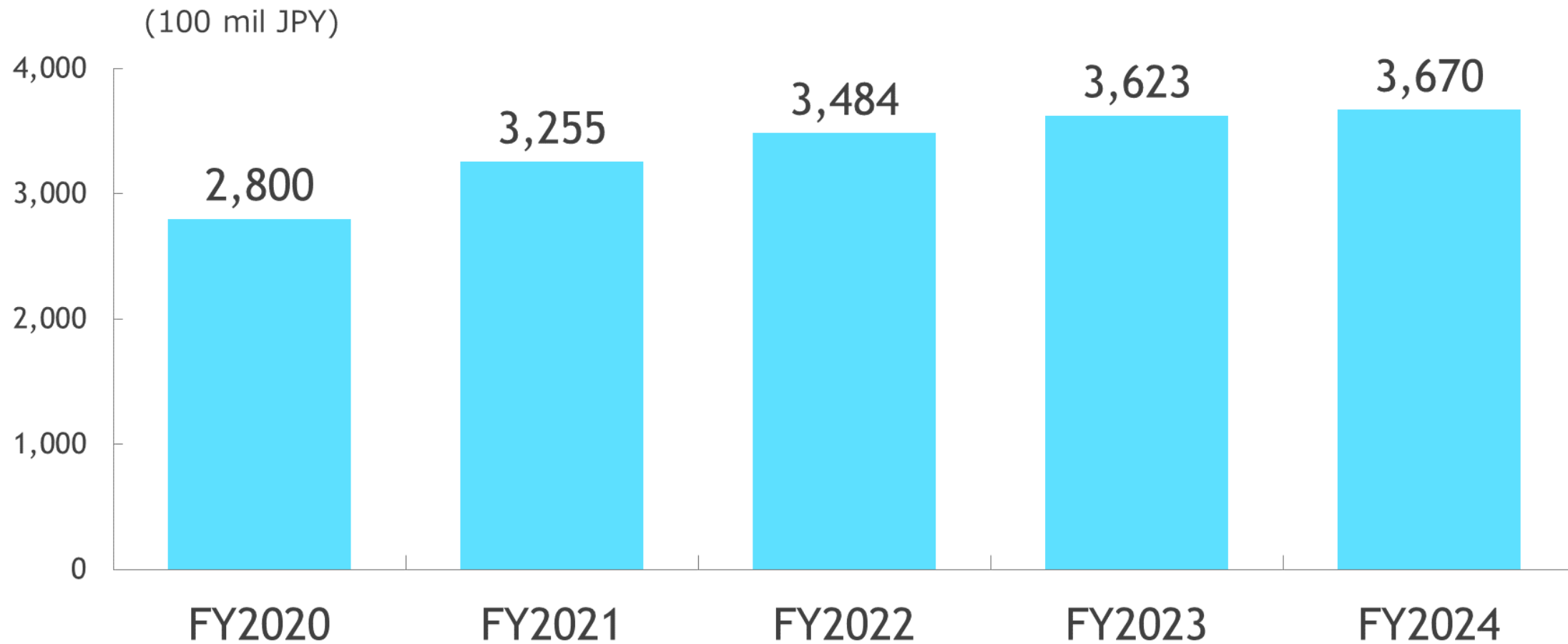
Net Sales and Operating Income (by SegmentⅢ／America)



Net Sales and Operating Income (by SegmentⅣ／Europe)

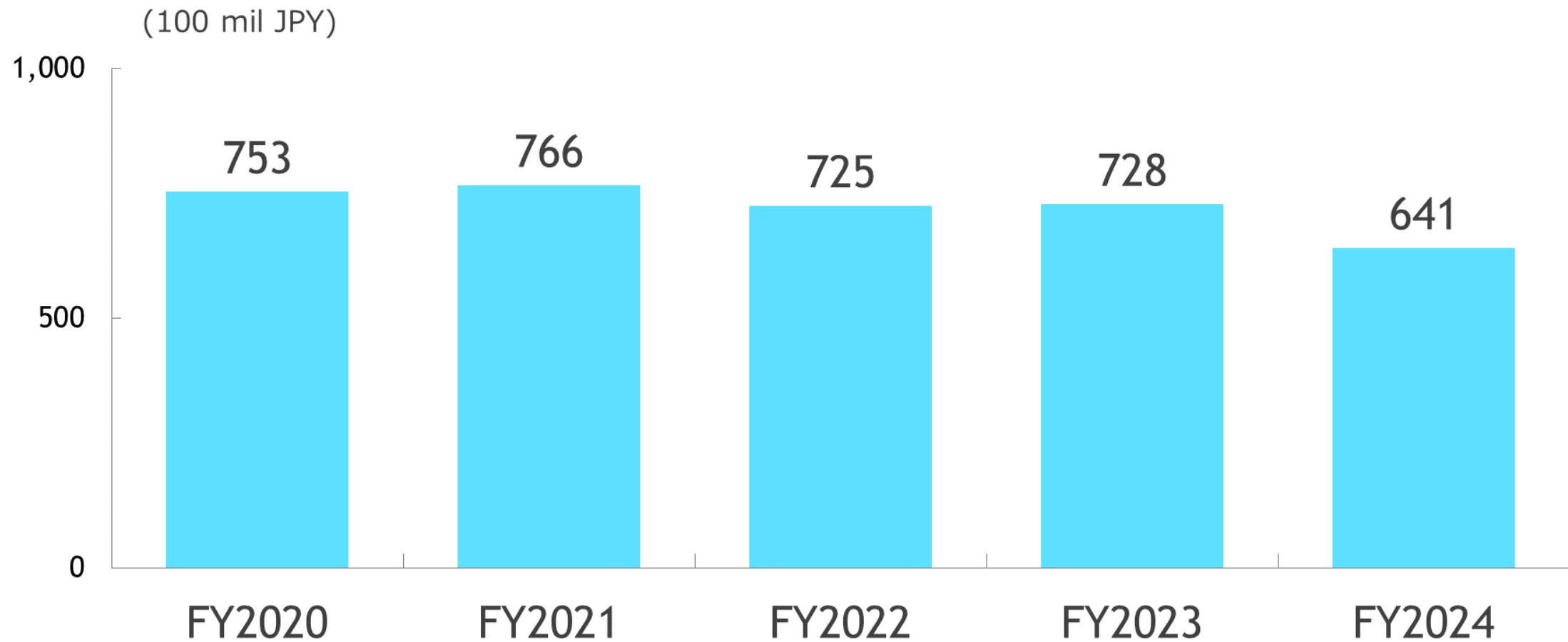


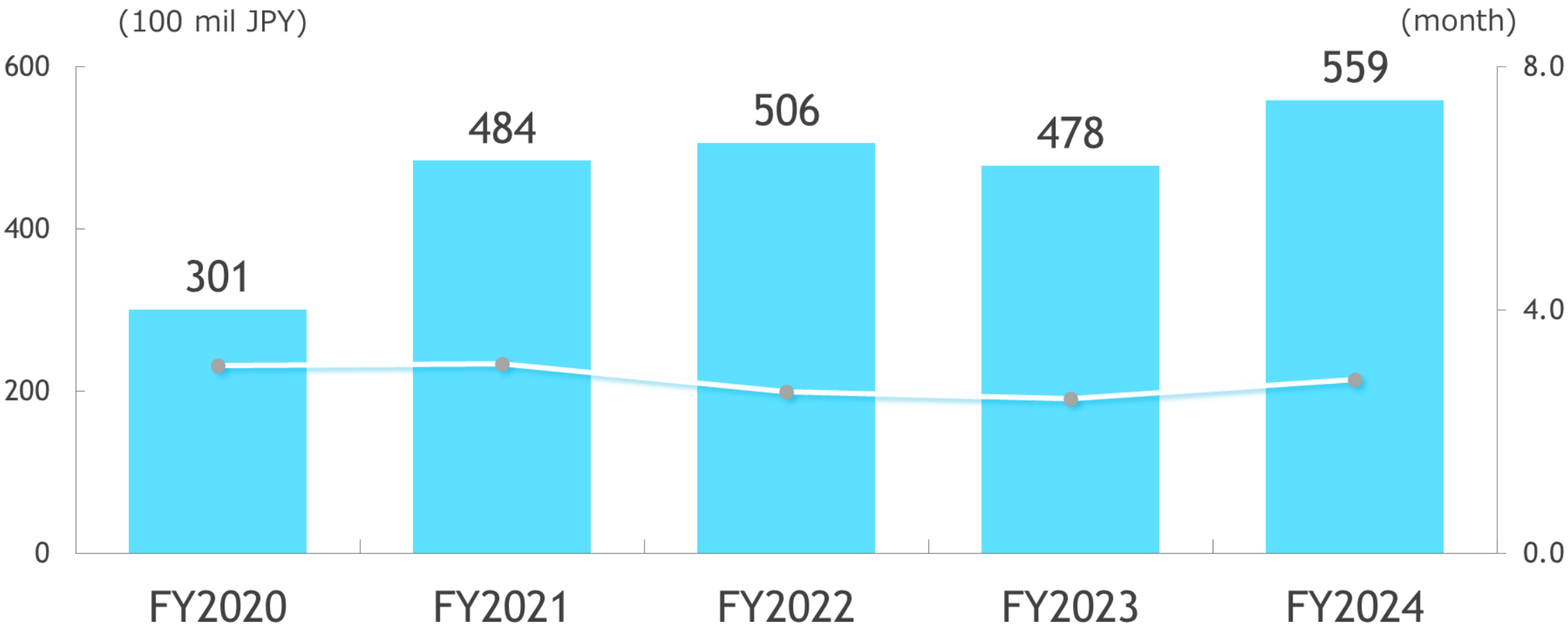
Total assets



Changes in Major Items in Consolidated Balance Sheets

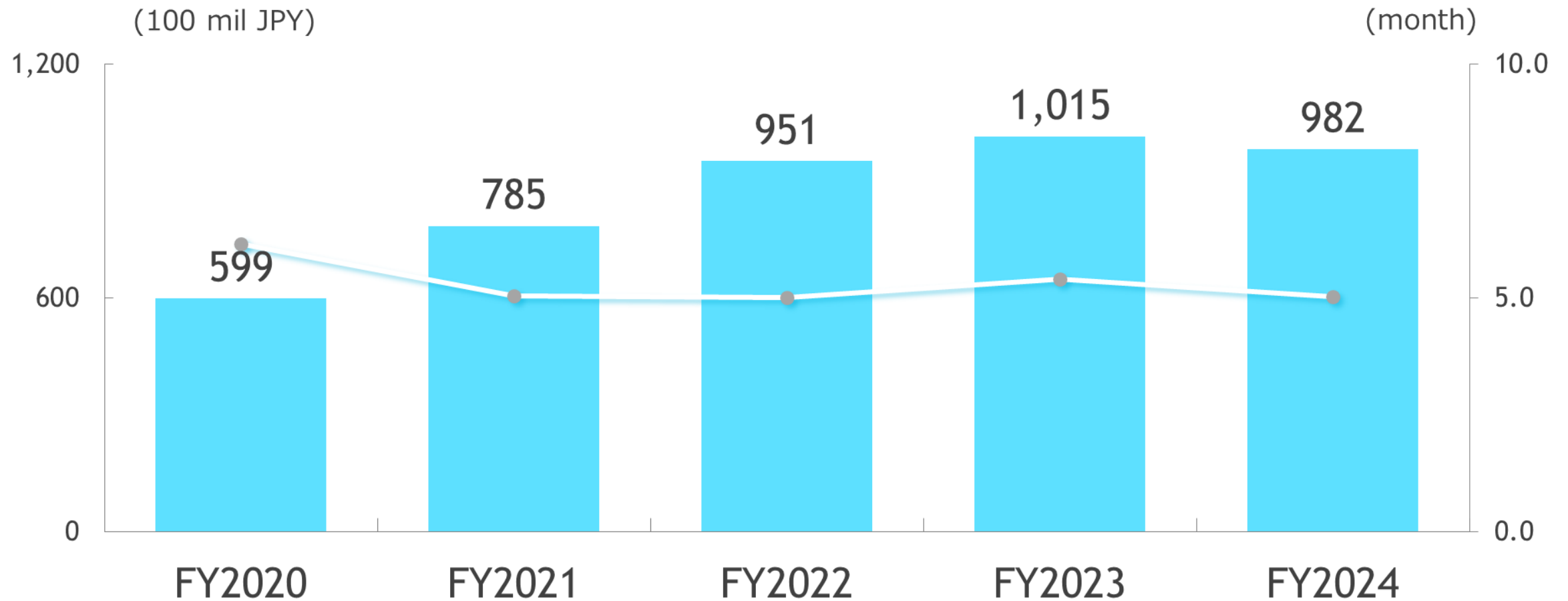
Cash and time deposits + securities





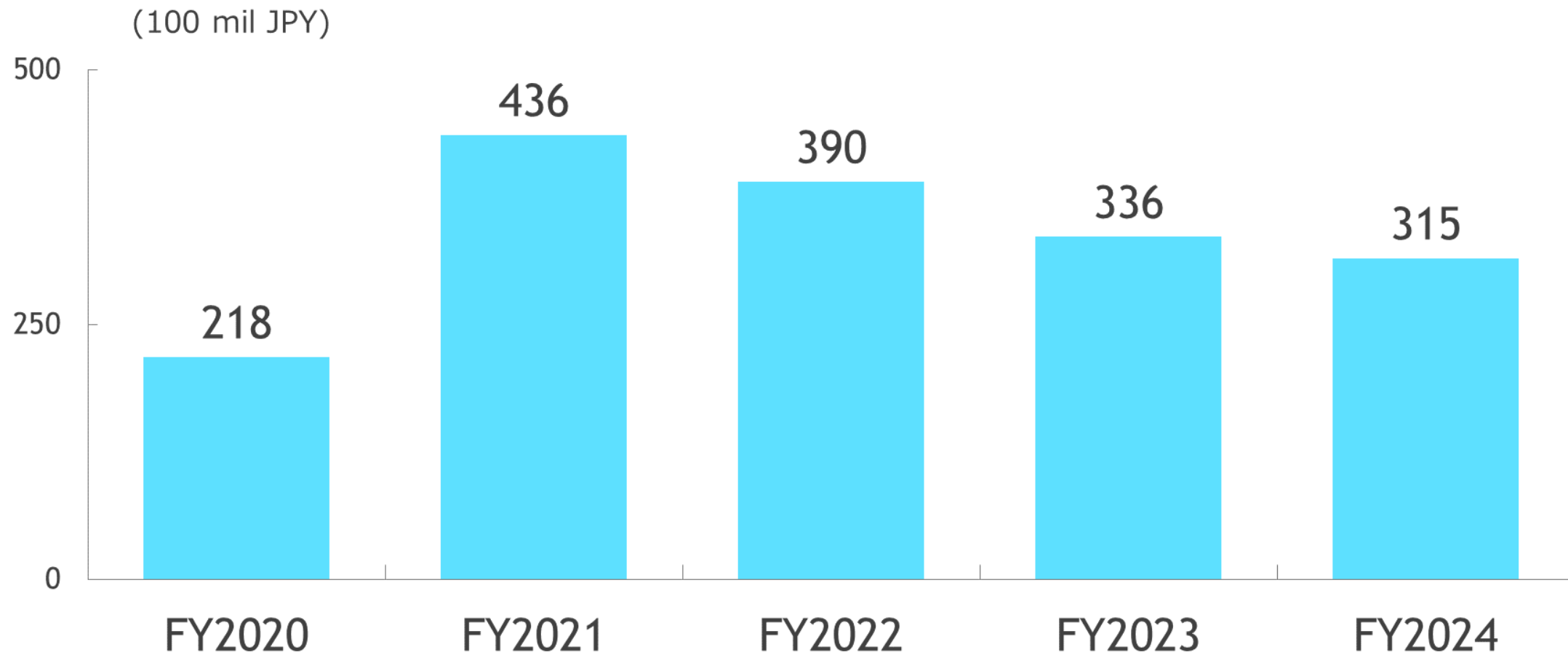
Changes in Major Items in Consolidated Balance Sheets

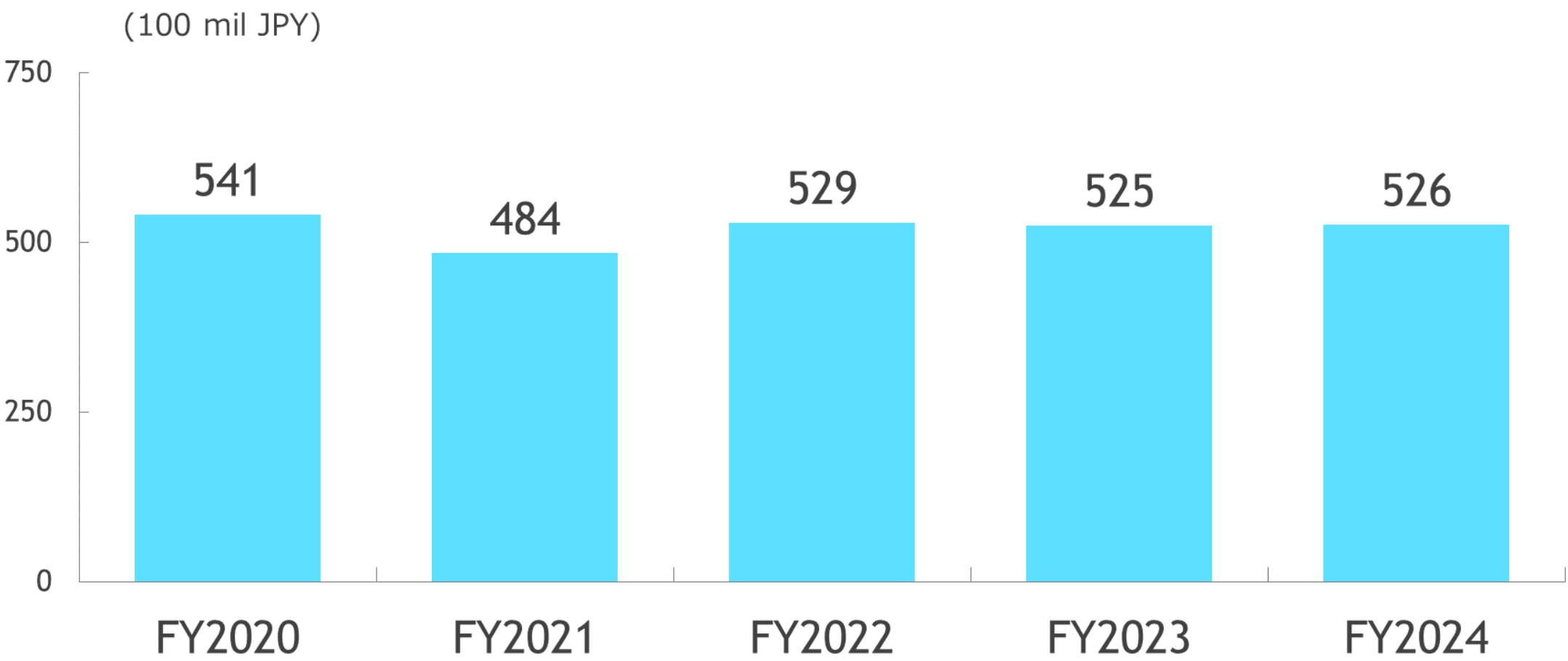
Inventories(left) / Turnover(right)



Changes in Major Items in Consolidated Balance Sheets

Notes and accounts payable, trade







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.

