



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

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

# Summary of FY23 1-3Q



## Sales/Income

- Sales: 162.9 bil yen(Decrease by 1.5% from FY22 1-3Q)
- Operating Income: 12.1 bil yen  
(Increase by 4.7% from FY22 1-3Q, Operating Income ratio: 7.4%)

## Orders

- Orders: 159.6 bil yen(Decrease by 21.6% from FY22 1-3Q)
- 3Q(Oct.-Dec.) orders were short of 3Q plan

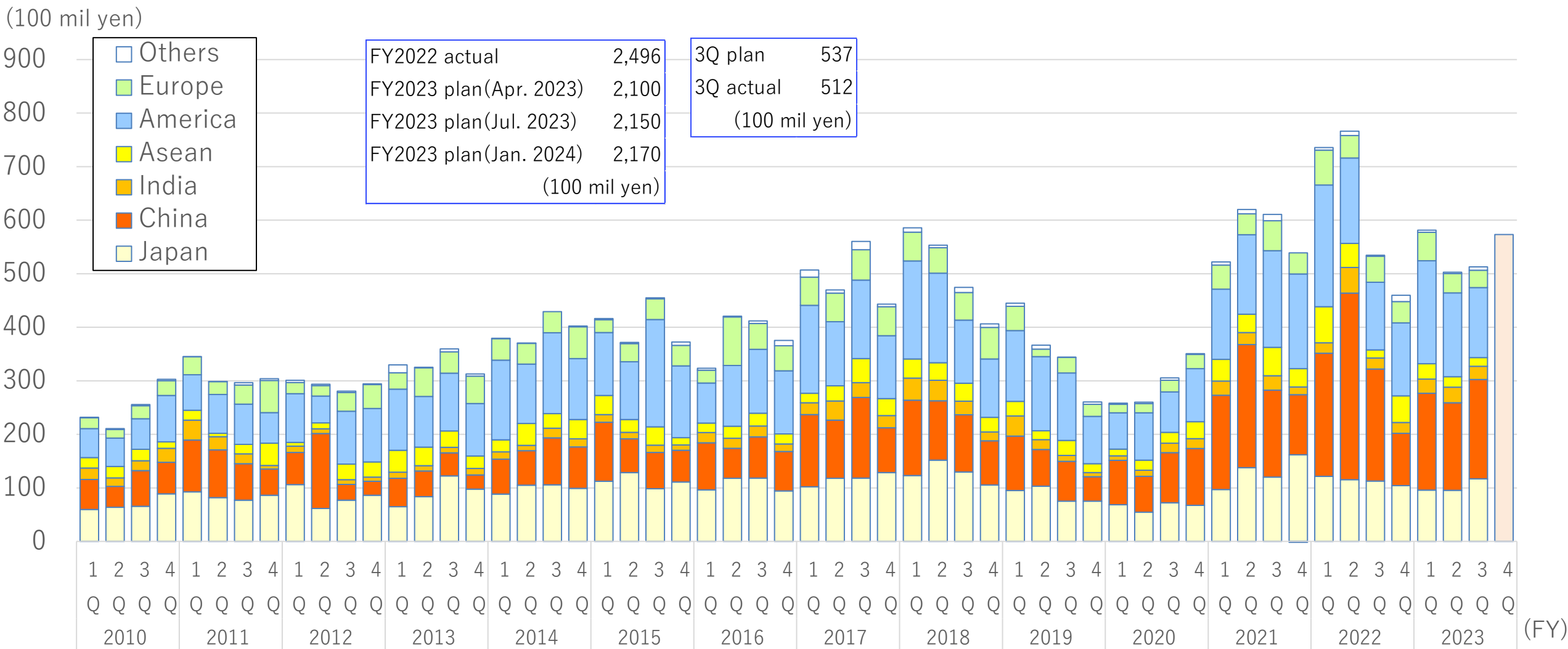
## Revision of Forecast

- Annual sales/income forecasts and orders plan were revised up due to depreciation of the yen.
- Sales                                      210.7 → 217.0                      (bil yen)
- Operating Income                      13.2 → 14.8                      (bil yen)
- Orders                                      215.0 → 217.0                      (bil yen)

# Order by Destination

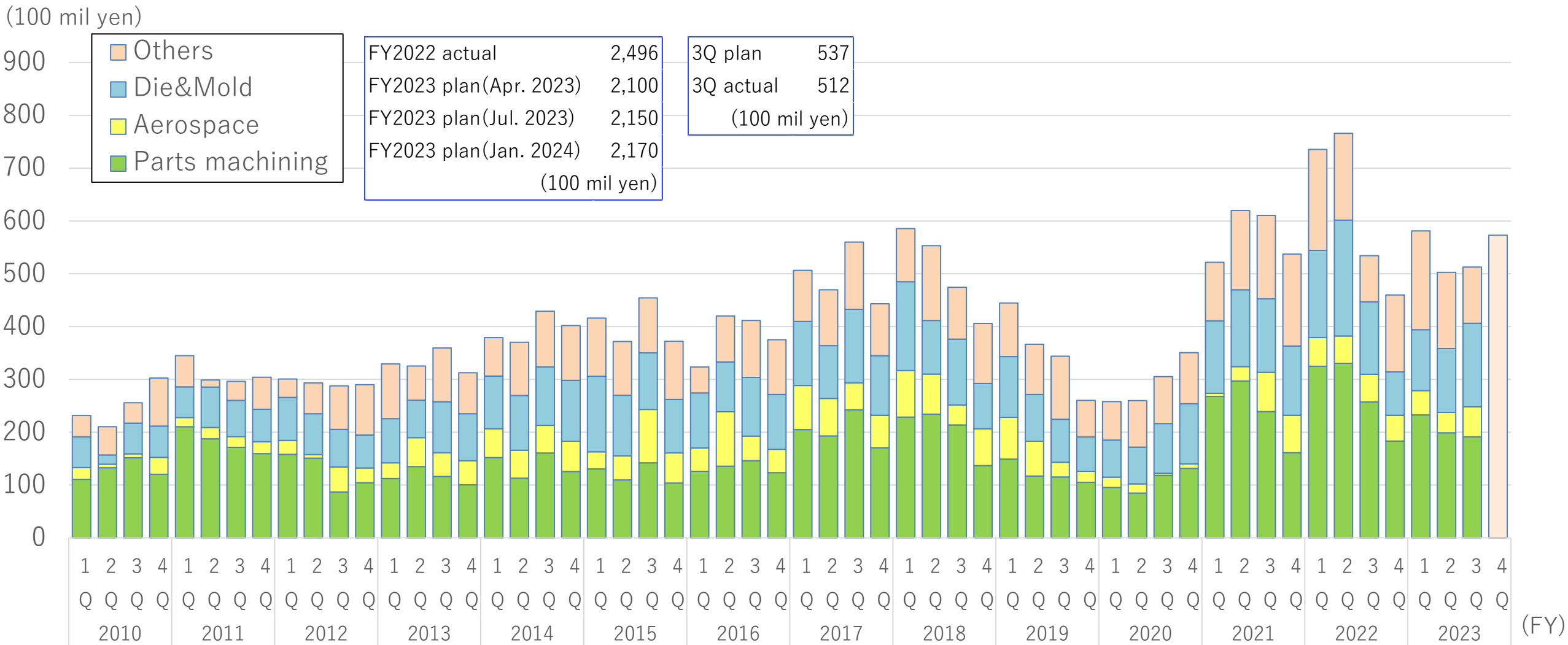
Orders decreased from both FY22 3Q and 3Q plan.

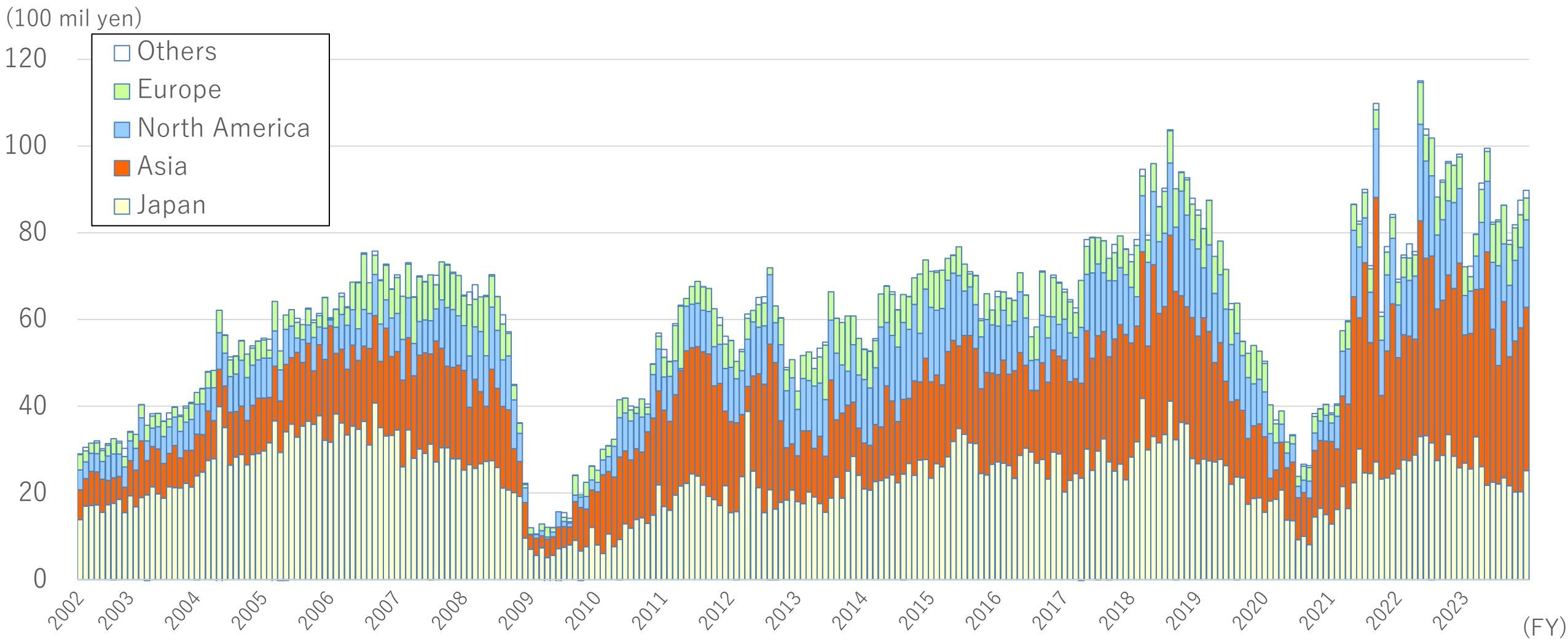
No.3



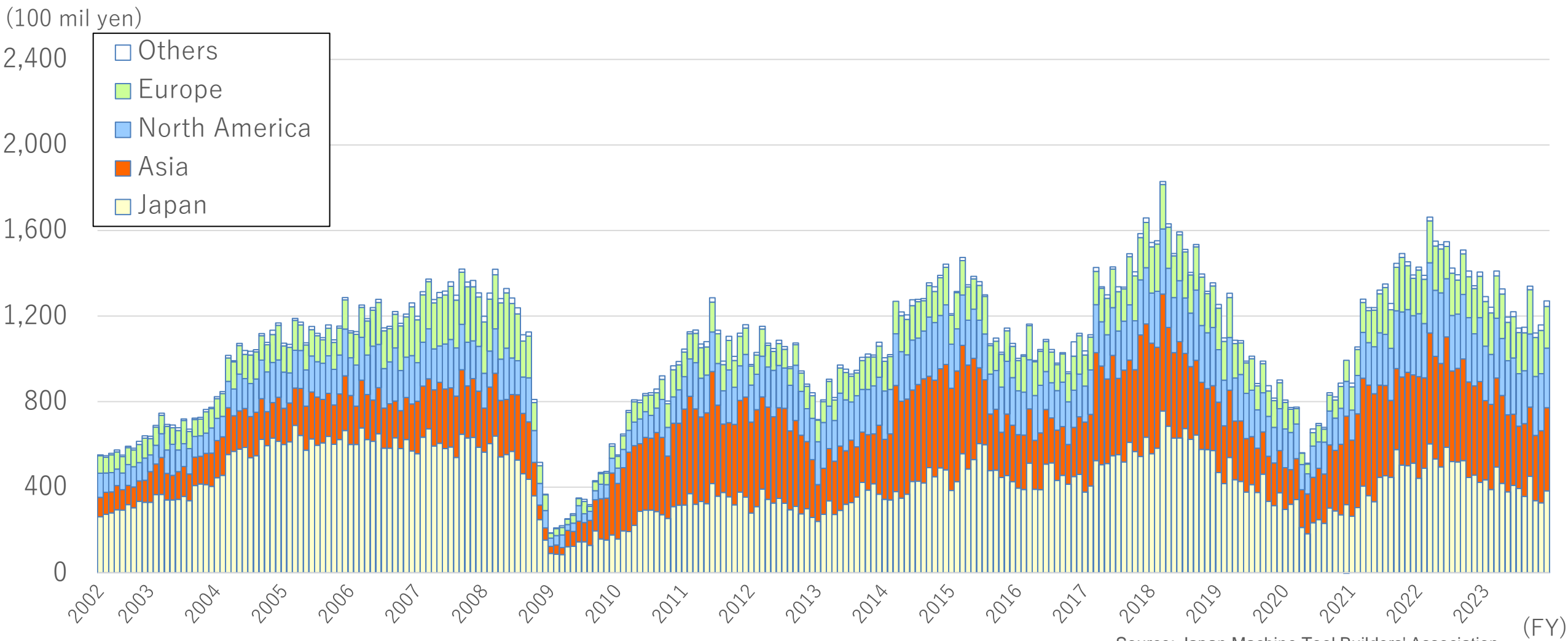
# Order by Industry

Orders decreased from FY22 3Q especially for Parts machining.





# JMTBA Monthly Orders







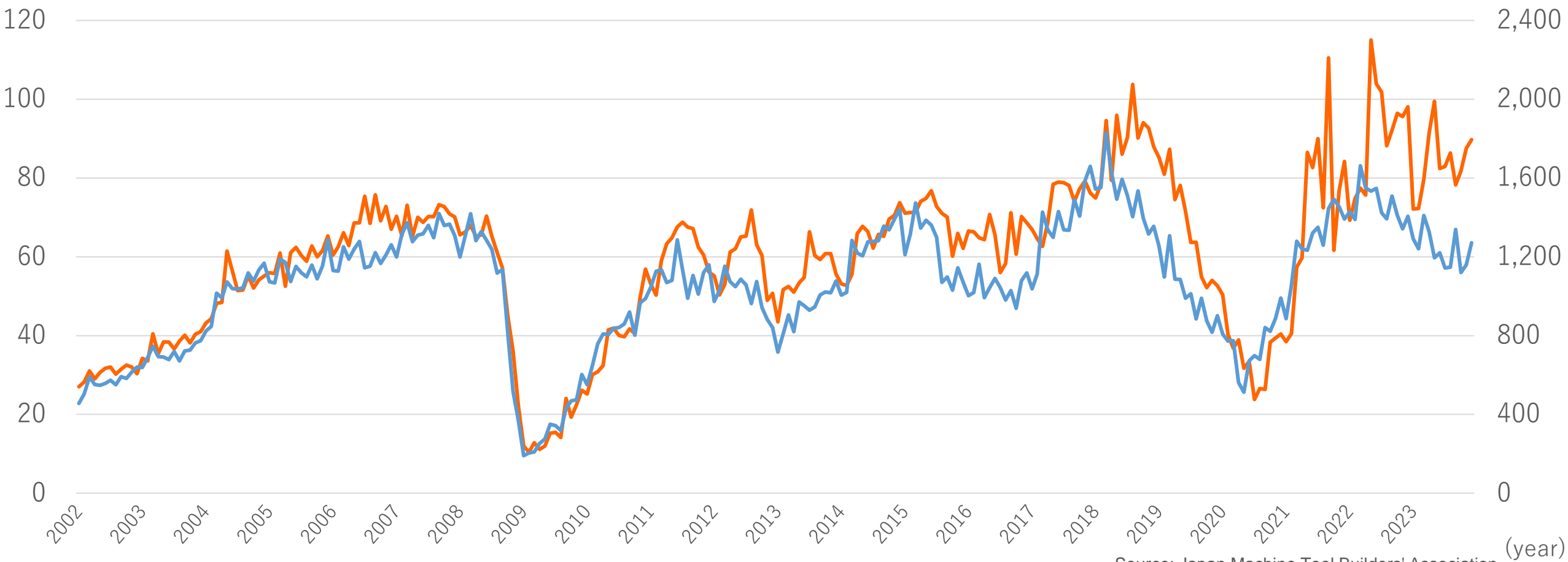
Makino's share in 3Q was 7.3%

Makino

(100 mil yen)

JMTBA

(100 mil yen)



## JMTBA・Makino Domestic Order

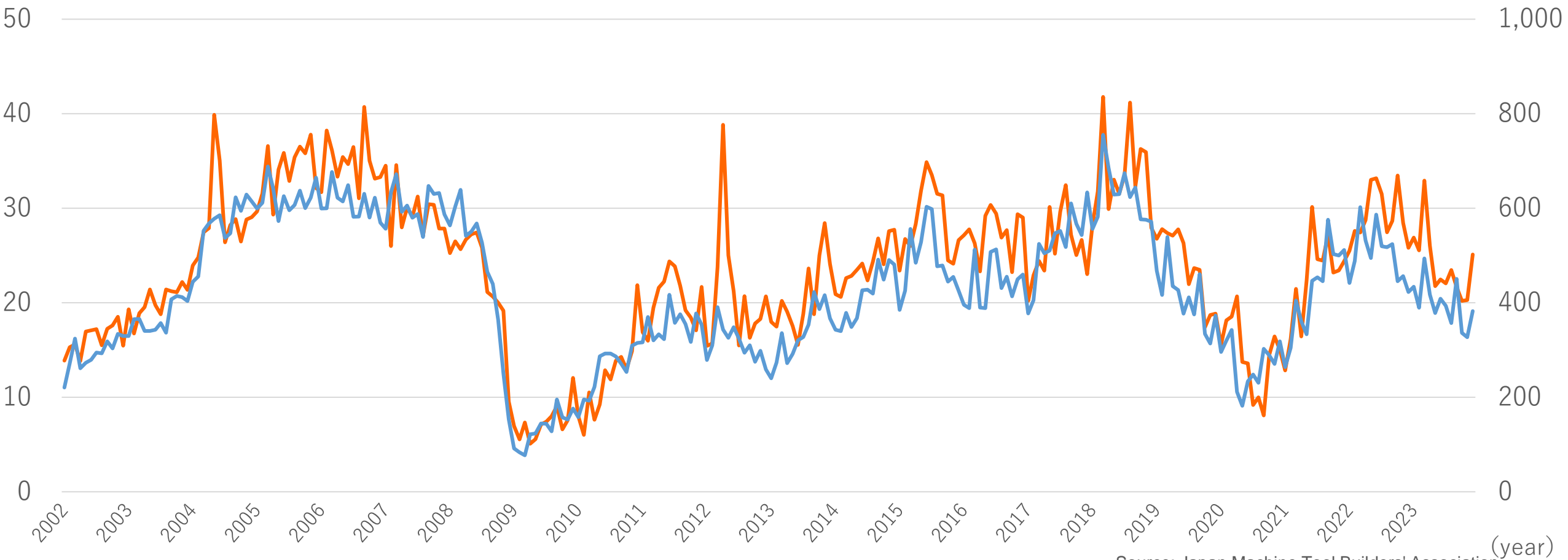
Makino's share in 3Q was 6.3%

Makino

(100 mil yen)

JMTBA

(100 mil yen)



Source: Japan Machine Tool Builders' Association



## JMTBA・Makino Overseas Order

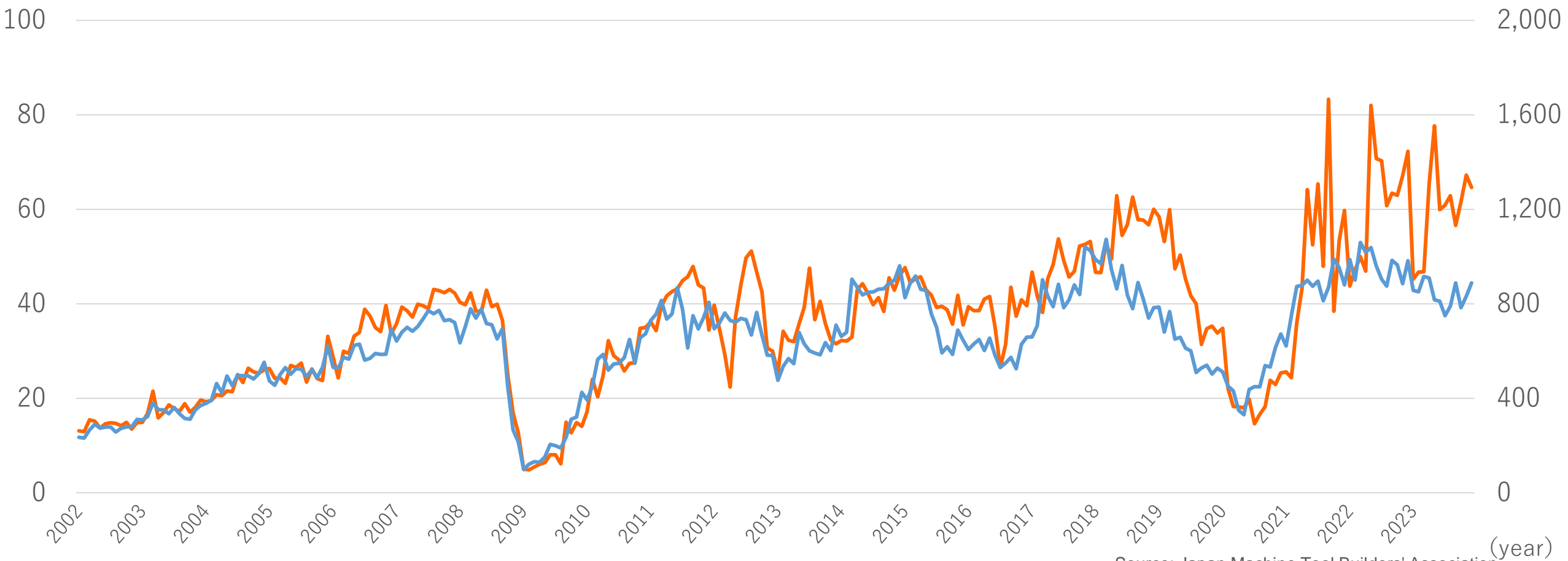
Makino's share in 3Q was 7.7%

Makino

(100 mil yen)

JMTBA

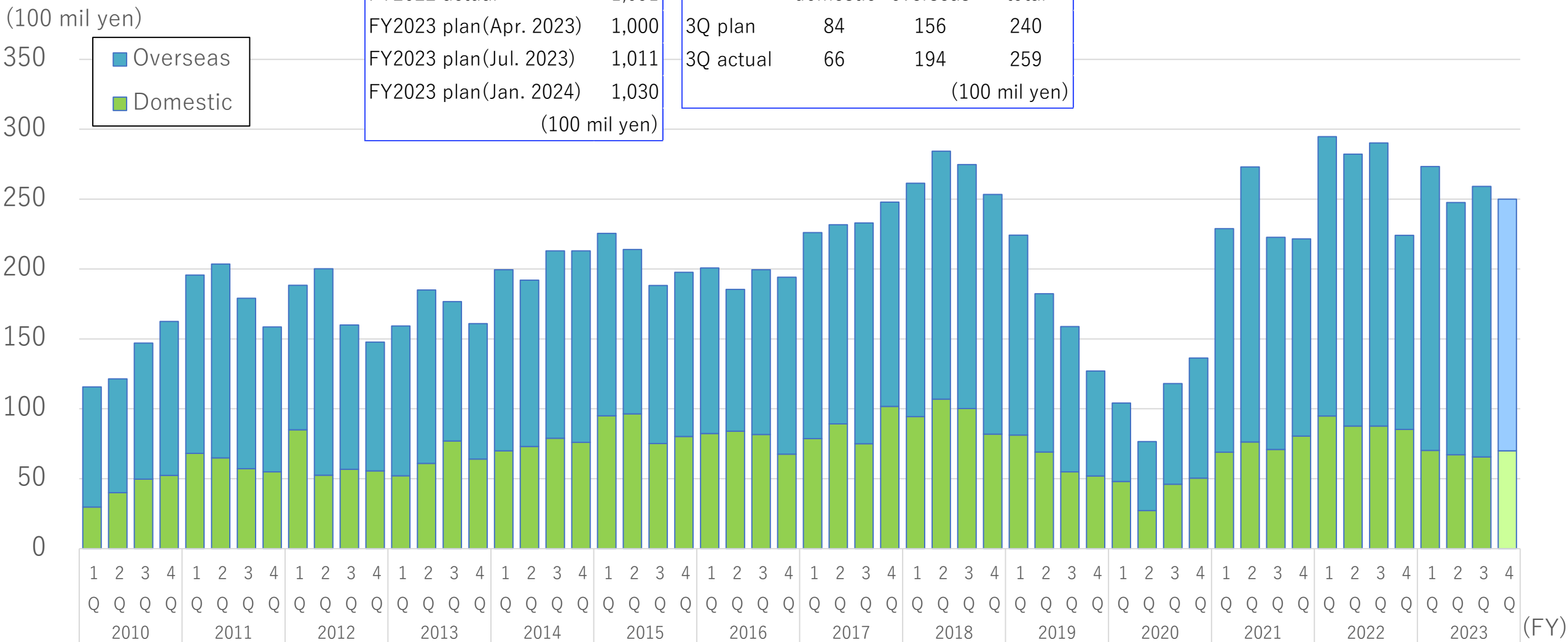
(100 mil yen)



Source: Japan Machine Tool Builders' Association

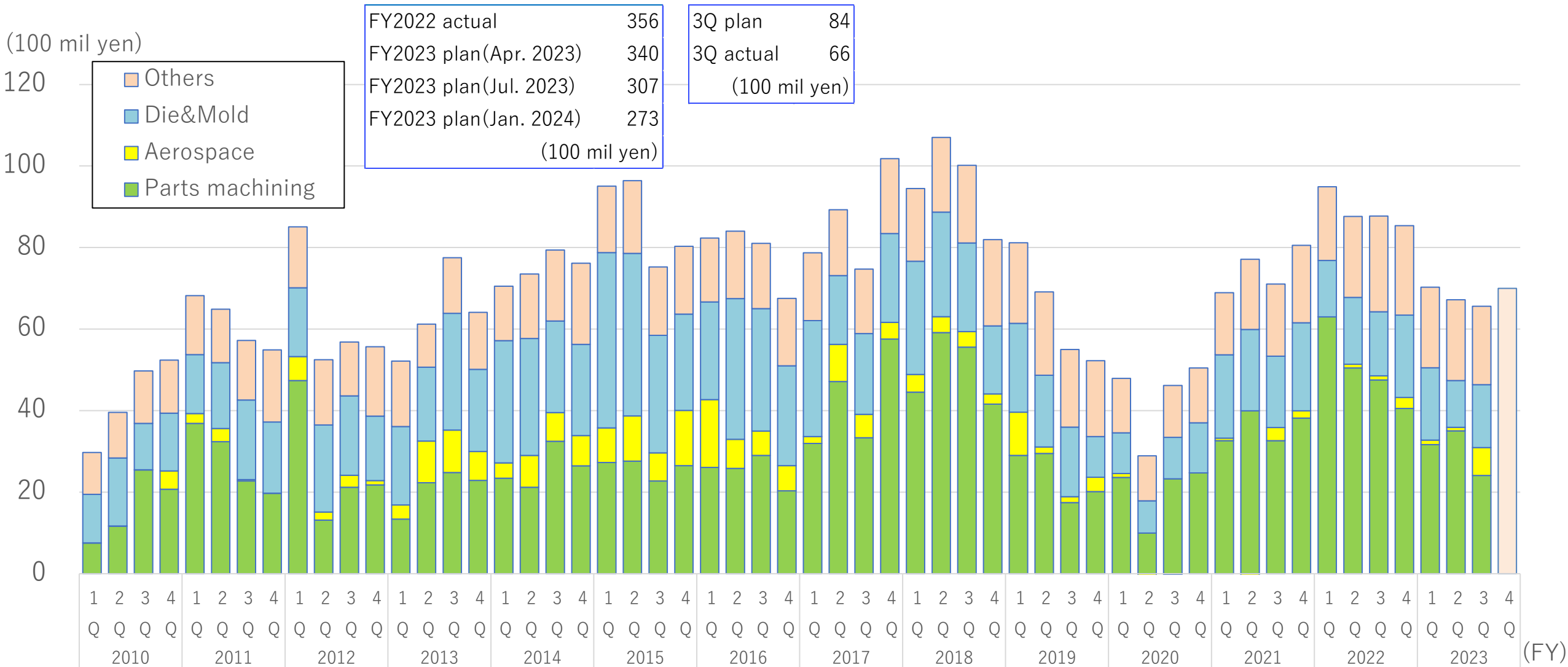


Both Domestic and Overseas' Orders decreased from FY22 3Q.





Orders for semiconductor production equipment decreased from FY22 3Q.



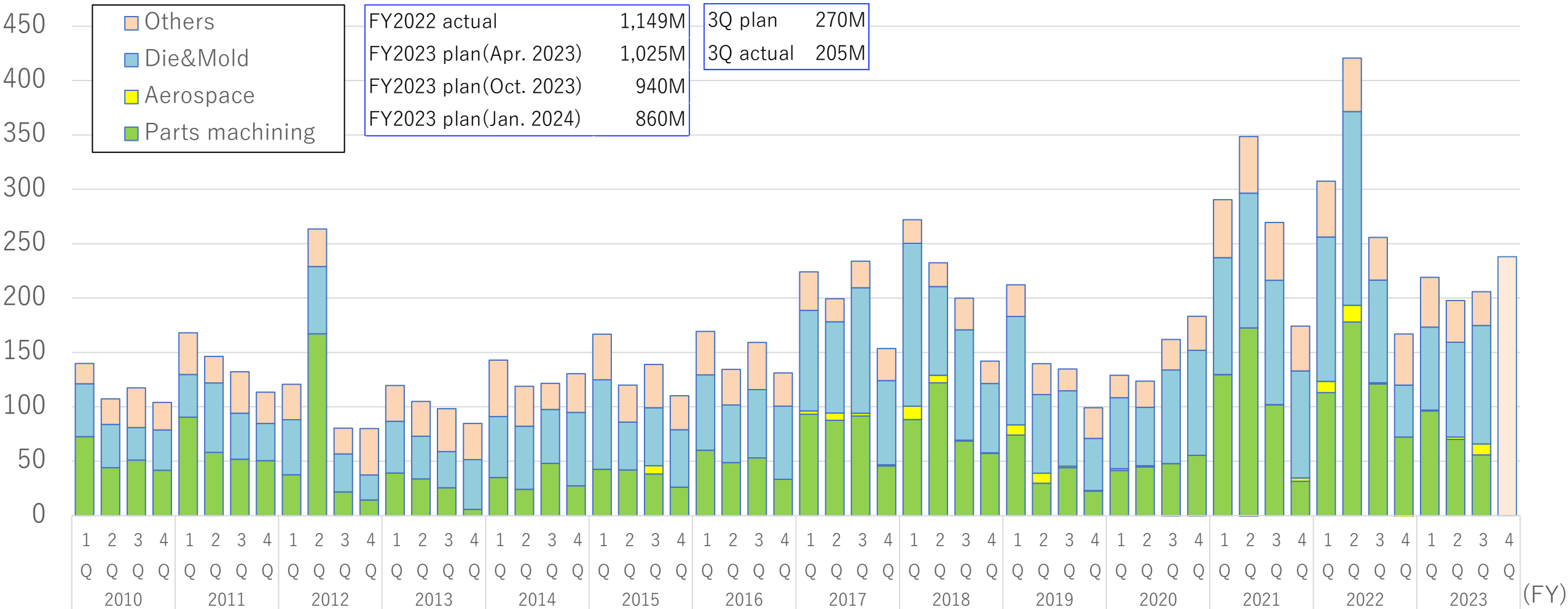
# Asian subsidiary Order by industry



Orders decreased from FY22 3Q.

Orders for new energy vehicles remained steady in China.

(mil S\$)

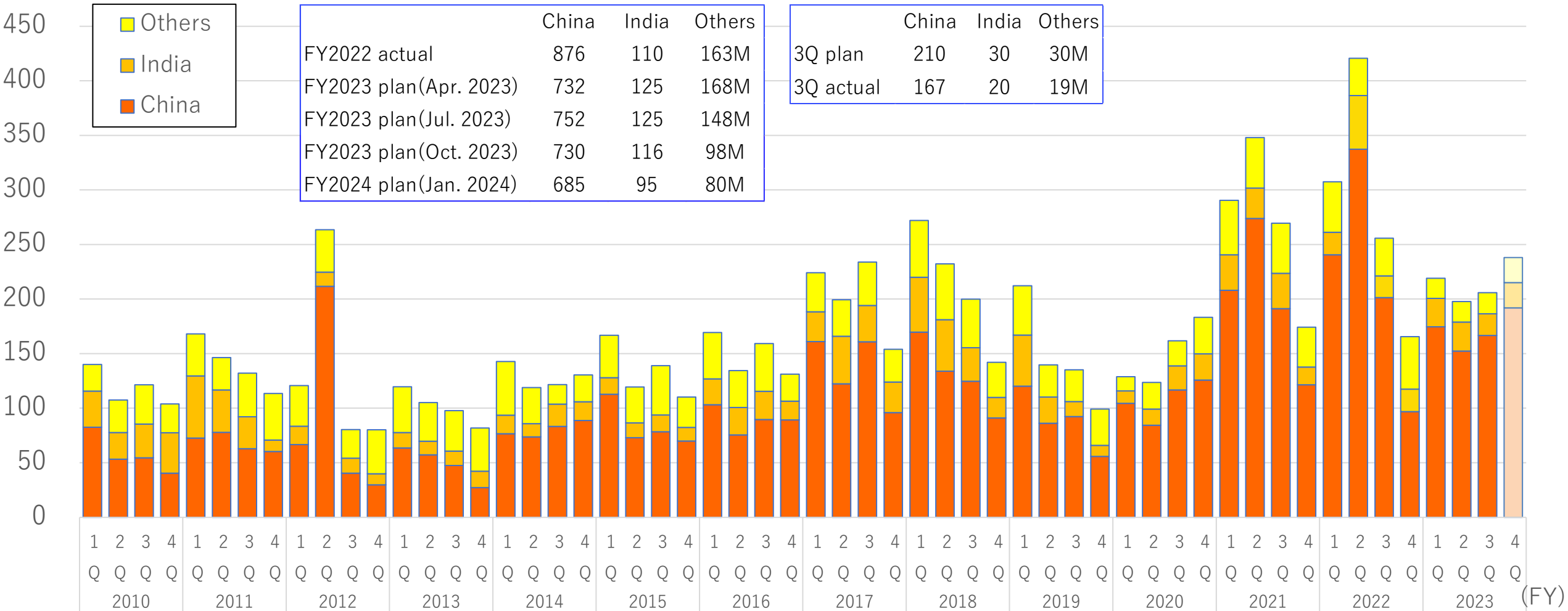


# Asian subsidiary Order by area



Orders for Parts machining for automotive/general machinery in China decreased from FY22 3Q. Orders in India increased for aerospace.

(mil S\$)

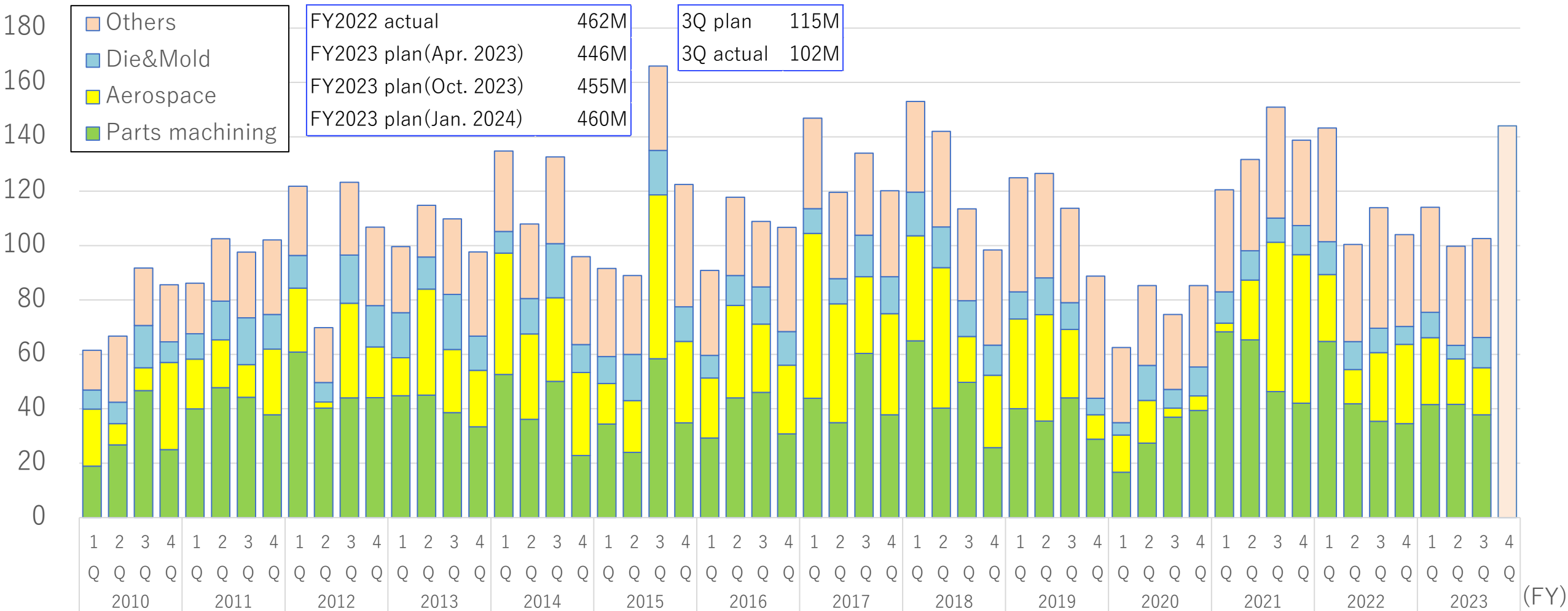


# US subsidiary Order



Orders decreased from FY22 3Q due to continued cautious stance on capital expenditures. Orders for medical devices remained steady.

(mil USD)



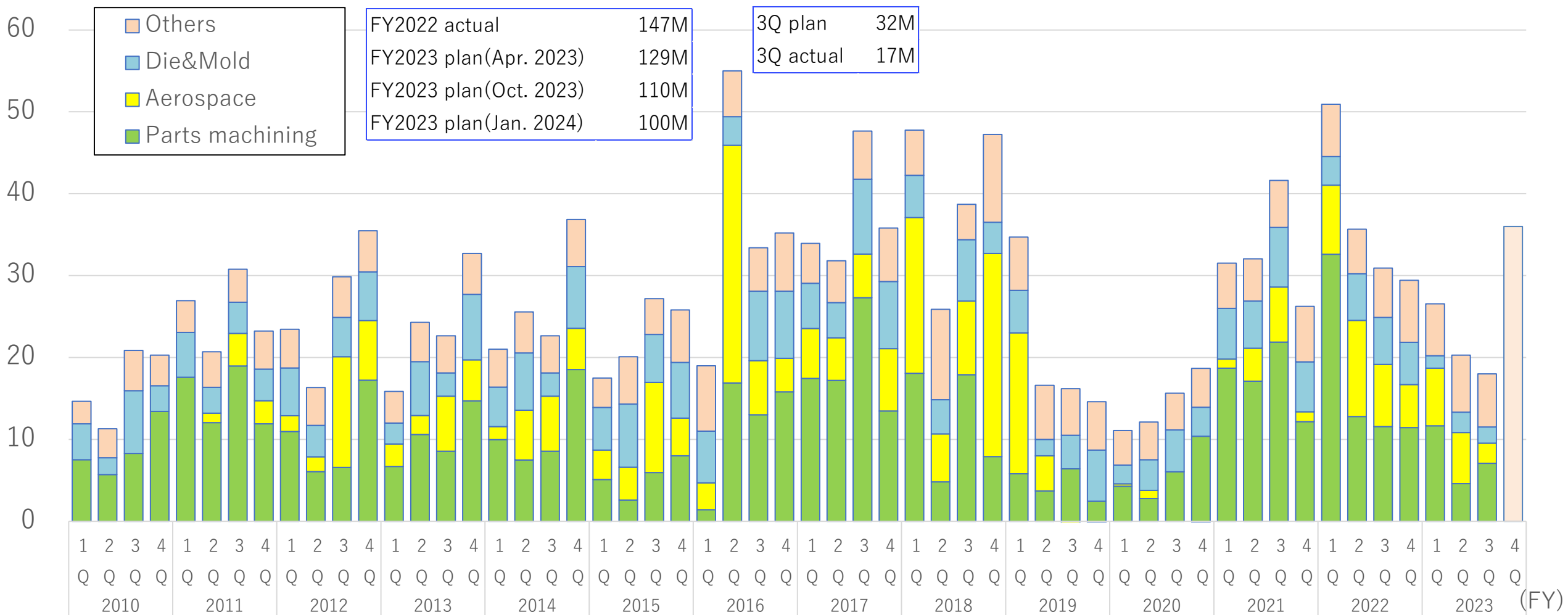


# European subsidiary Order



Orders decreased from FY22 3Q both for automotive and aerospace.

(mil €)





# DA500

## Usage

Industrial equipment parts  
(Semiconductor production  
equipment,  
Aerospace, Robots, Energy, etc.)

## Energy-saving function

- ▶ eSTABILIZER  
(machine control technology)
- ▶ Reduced air consumption in  
standby mode

## 【Customers' Issues】

# Increasing parts size and machining man-hours



### Larger model

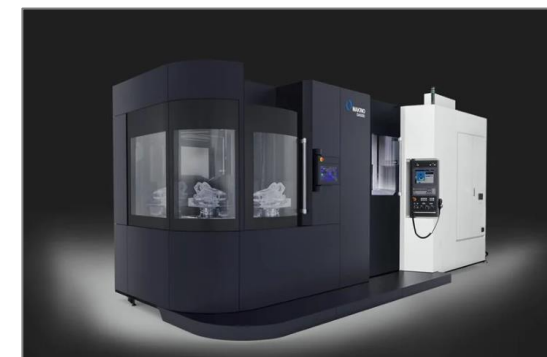
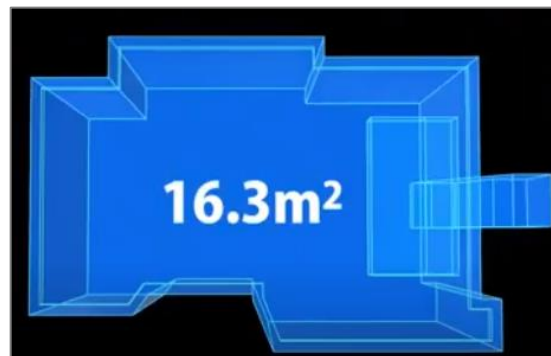
Larger model of DA300  
Enables machining of larger parts  
even in a small space

### 5-axis

Complex 3-dimension shapes  
Smooth curved shapes  
High surface quality

### Automation/Process integration

Automatic exchange of workpieces  
Setup error detection by AI  
Process integration with turning function



Productivity per area



Productivity per hour





## Providing fixtures globally from India



### ● Designing area



### ● Processing area





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 FY23 1-3Q (Comparison with the same period of last year)



Lower sales but higher profit compared with 1-3Q FY22

(Million yen)	1-3Q of FY2022 (From Apr.1, 2022 to Dec.31, 2022)	1-3Q of FY2023 (From Apr.1, 2023 to Dec.31, 2023)	Change (%)
Net sales	165,498	162,992	- 2,505 (-1.5%)
Operating income	11,610 (7.0%)	12,156 (7.5%)	546 (4.7%)
Ordinary income	13,217 (8.0%)	13,843 (8.5%)	625 (4.7%)
Net income attributable to owners of the parent	10,574 (6.4%)	11,270 (6.9%)	696 (6.6%)
Exchange rate, against USD	136.51	143.29	
Exchange rate, against EUR	140.59	155.29	
Exchange rate, against SGD	98.36	106.42	



# Segments



(Million yen)

1-3Q of FY2023	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated
Net sales	100,822	72,204	45,850	15,364	-71,249	162,992
(Sales in foreign currency)		(653,347)	(319,984)	(98,942)		
Operating income/loss	7,227	3,318	1,998	-78	-307	12,156

1-3Q of FY2022	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated
Net sales	101,259	80,169	47,734	11,175	-74,842	165,498
(Sales in foreign currency)		(787,054)	(349,681)	(79,493)		
Operating income/loss	4,023	6,133	2,999	-209	-1,335	11,610

1-3Q of FY2021	I (Japan)	II (Asia)	III (America)	IV (Europe)	Eliminations	Consolidated
Net sales	76,695	59,902	30,714	7,906	-52,345	122,872
(Sales in foreign currency)		(701,192)	(276,459)	(60,526)		
Operating income/loss	-31	5,036	876	-590	-96	5,193



# Sales amount by Destination



(Million yen)

1-3Q of FY2023	Japan	Asia	America	Europe	Others	Consolidated
Net sales	29,420	69,873	45,386	16,246	2,064	162,992
Ratio	18.0%	42.8%	27.8%	9.9%	1.2%	

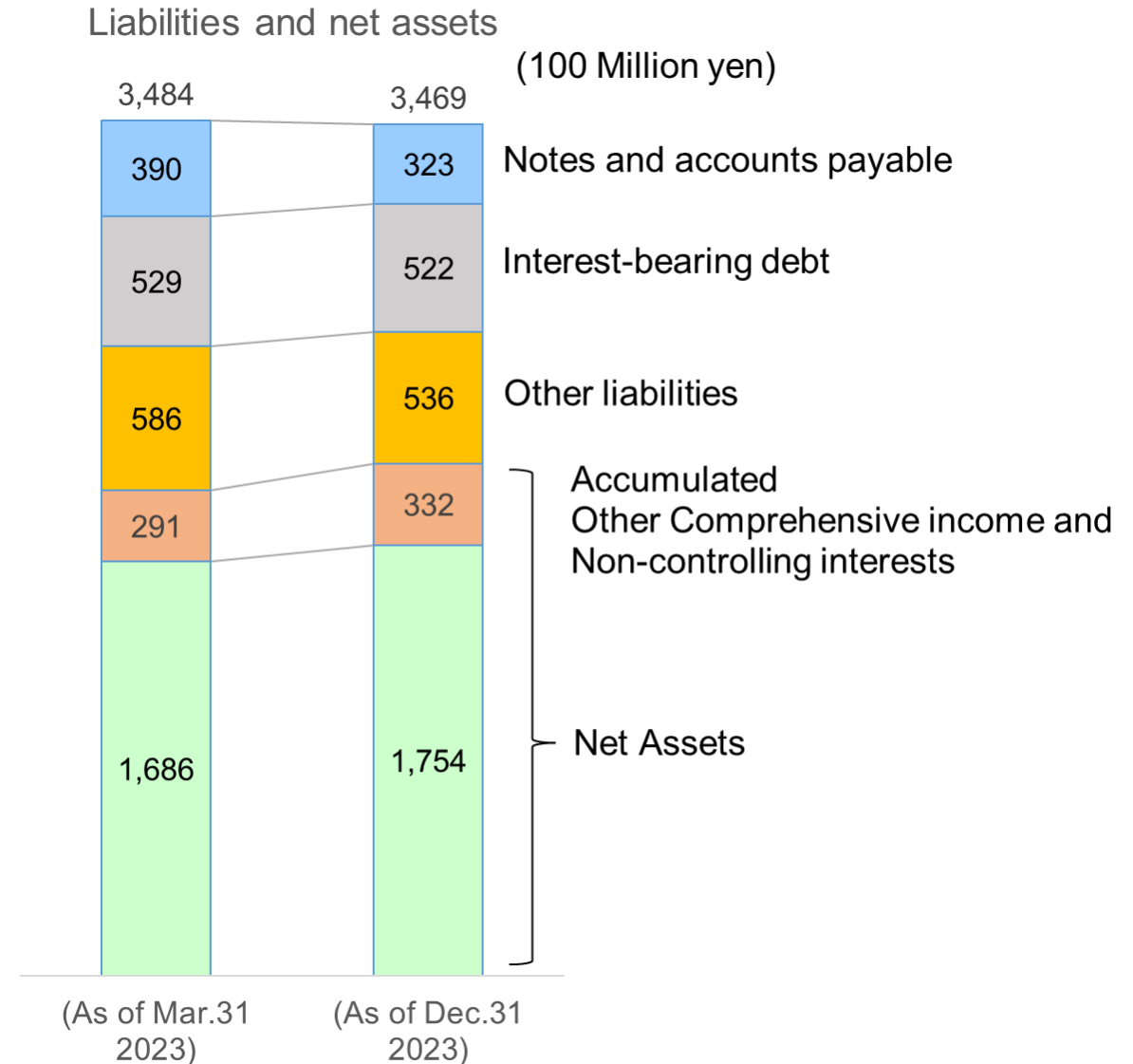
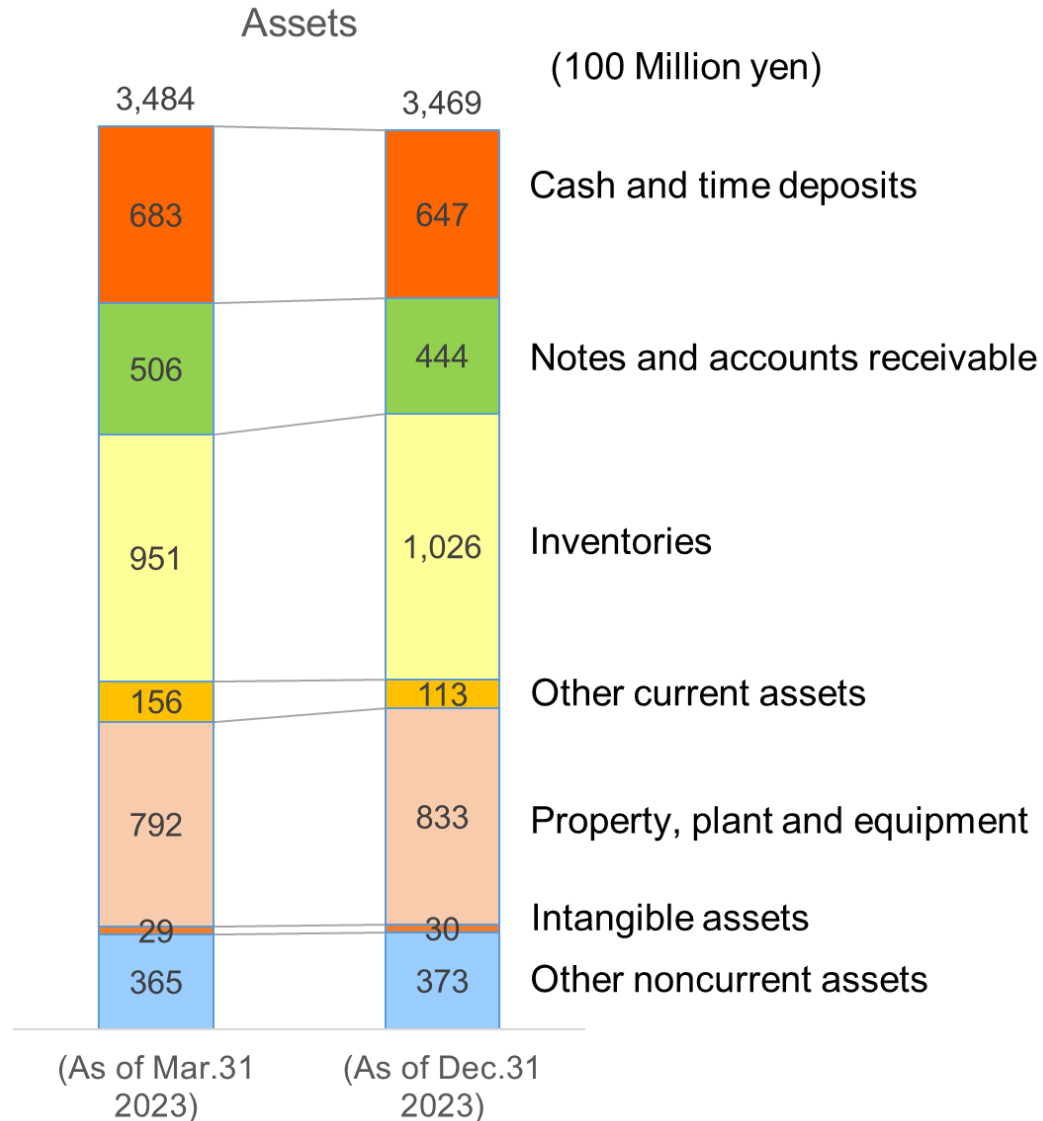
1-3Q of FY2022	Japan	Asia	America	Europe	Others	Consolidated
Net sales	25,710	78,725	47,534	11,866	1,661	165,498
Ratio	15.5%	47.5%	28.7%	7.1%	1.0%	

1-3Q of FY2021	Japan	Asia	America	Europe	Others	Consolidated
Net sales	23,616	59,307	30,432	8,269	1,247	122,872
Ratio	19.2%	48.3%	24.8%	6.7%	1.0%	

# Balance Sheet Summary



Debt-to-equity ratio<sup>※</sup> : 25% at the end of 3Q FY23 (27% end of FY22) <sup>※</sup>Interest-bearing debt ÷ Net assets



# Consolidated Statements of Cash Flow



Net cash<sup>※</sup> of 15,056 Million yen at the end of 3Q FY23 ( 19,567 Million yen end of 3Q FY22 )

※ Cash and cash equivalent — Interest-bearing debt

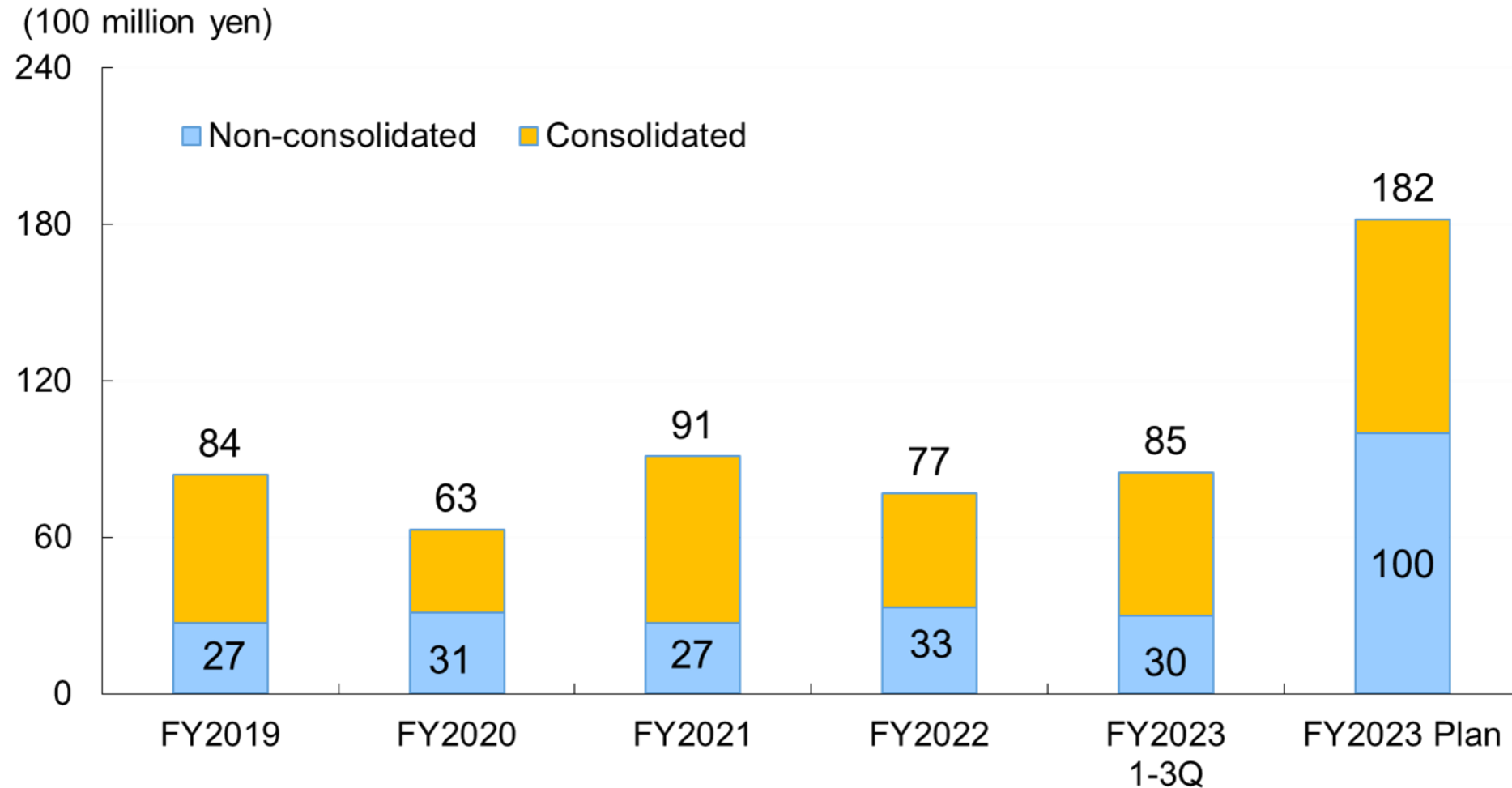
(Million yen)

Item	1-3Q of FY2022 (From Apr.1, 2022 to Dec.31, 2022)	1-3Q of FY2023 (From Apr.1, 2023 to Dec.31, 2023)
<b>I. Cash flows from operating activities:</b>		
Income (loss) before income taxes	12,814	14,145
Depreciation and amortization	5,834	6,025
Increase (decrease) in notes and accounts receivable, trade	6,057	9,066
(Increase) decrease in inventories	- 11,894	- 3,607
(Increase) decrease in notes and accounts payable, trade	- 9,025	- 9,924
Other, net	- 653	- 7,619
<b>Cash flows from operating activities</b>	<b>3,132</b>	<b>8,085</b>
<b>II. Cash flows from investing activities:</b>		
Net increase (decrease) in time deposits	- 1,405	1,552
Purchase of property, plant and equipment	- 4,177	- 7,151
Proceeds from sales of property, plant and equipment	133	391
Other, net	- 271	409
<b>Cash flows from investing activities</b>	<b>- 5,721</b>	<b>- 4,796</b>
<b>III. Cash flows from financing activities:</b>		
Net increase (decrease) in short-term loans payable	-	155
Repayment of finance-lease obligations	- 747	- 757
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	- 30	- 1,001
Payment for purchases of treasury stock of subsidiaries	- 50	- 100
Dividends paid by the parent company	- 2,955	- 3,572
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	-
<b>Cash flows from financing activities</b>	<b>3,344</b>	<b>- 6,282</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>- 879</b>	<b>847</b>
<b>V. Net (increase) decrease in cash and cash equivalents</b>	<b>- 122</b>	<b>- 2,146</b>
<b>VI. Cash and cash equivalents, beginning of period</b>	<b>75,712</b>	<b>69,467</b>
<b>VII. Cash and cash equivalents, end of period</b>	<b>75,590</b>	<b>67,320</b>

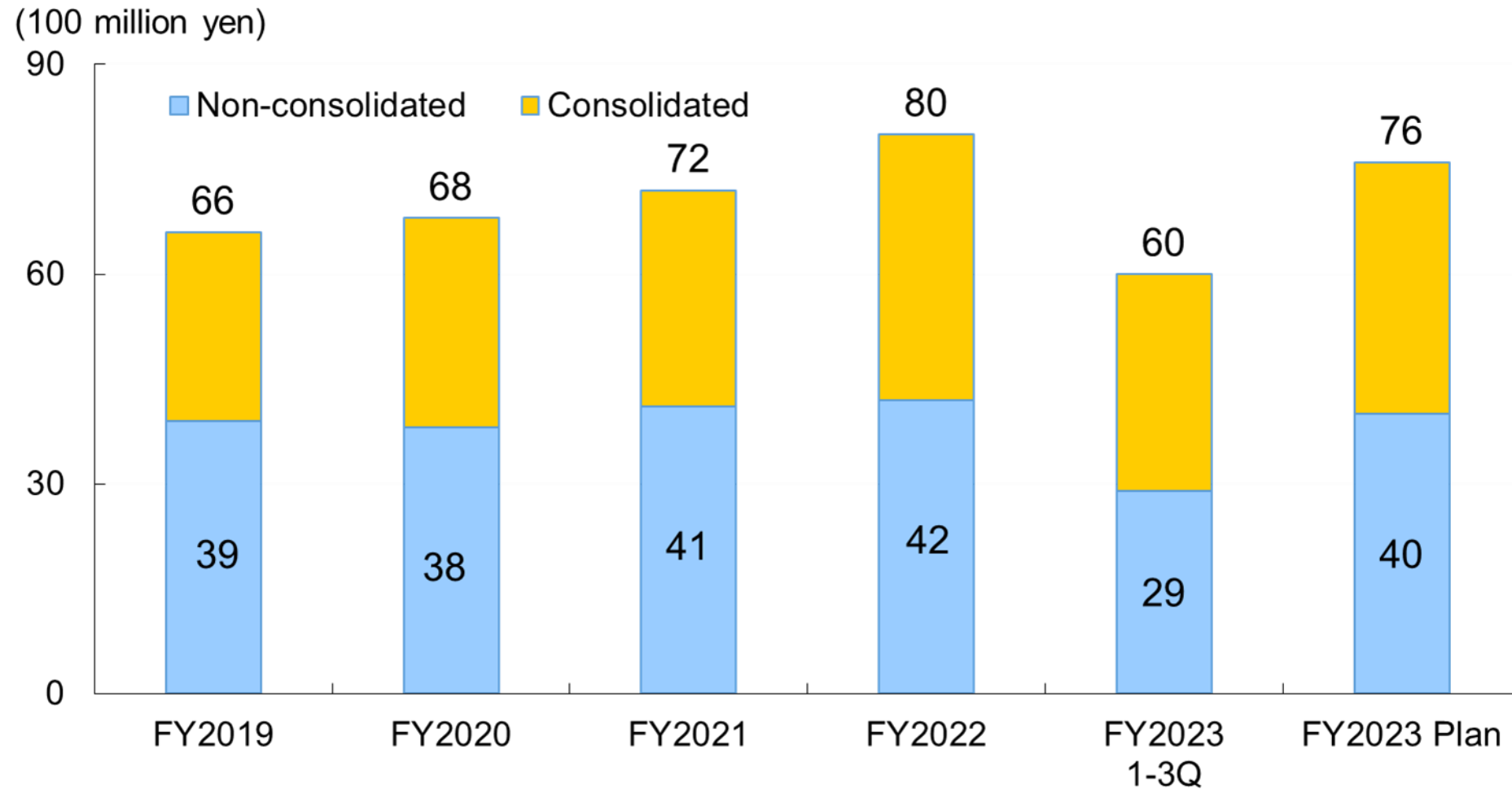
# Capital Investment



As for overseas, capital investment mainly in Asia

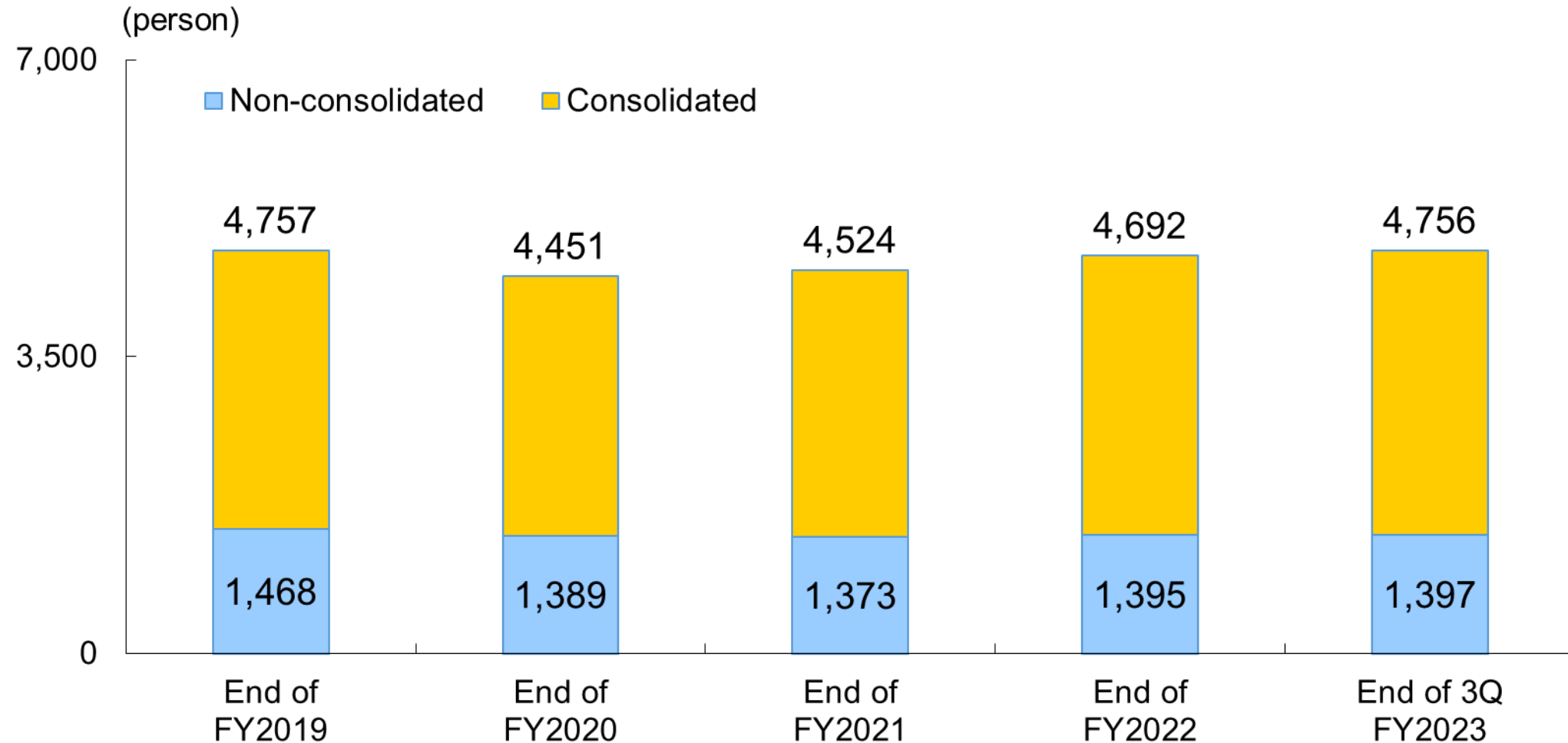


# Depreciation





Increase in headcount by 64 employees compared with the end of FY22





# Forecast of Consolidated Operating Results

(Comparison with the same period of last year)



Upward revised according to the recent exchange rate

(Million yen)	Revised Forecast FY2023 (From Apr.1, 2023 to Mar.31, 2024)	Original Forecast FY2023 (From Apr.1, 2023 to Mar.31, 2024)
Net sales	217,000	210,700
Operating income	14,800 (6.8%)	13,260 (6.3%)
Ordinary income	16,700 (7.7%)	15,730 (7.5%)
Net income attributable to owners of the parent	13,400 (6.2%)	12,670 (6.0%)
Exchange rate, against USD	143.50	129.60
Exchange rate, against EUR	155.80	140.90
Exchange rate, against SGD	106.90	96.90

# Reference Materials

# The influences on Sales and Operating income by exchange rate fluctuations

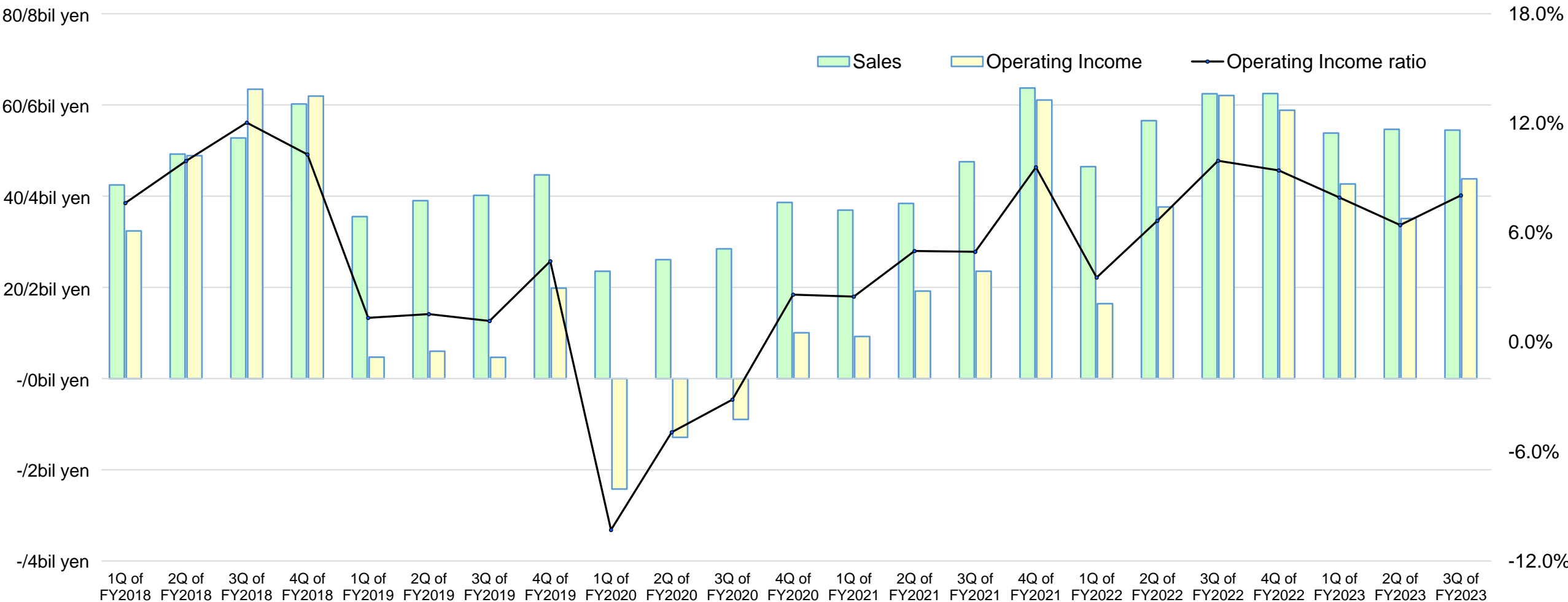


Comparison with the same period of last year

(Million yen)

	1-3Q of FY2023			The influence of the exchange rate fluctuations in Sales	The influence of the exchange rate fluctuations in Operating Income
	External sales	Exchange rate	(Same period of last year)		
USD	USD 317M	143.29	(136.51)	2,146	290
EUR	EUR 99M	155.29	(140.59)	1,453	332
SGD	SGD 598M	106.42	(98.36)	4,820	244
Total				8,419	866

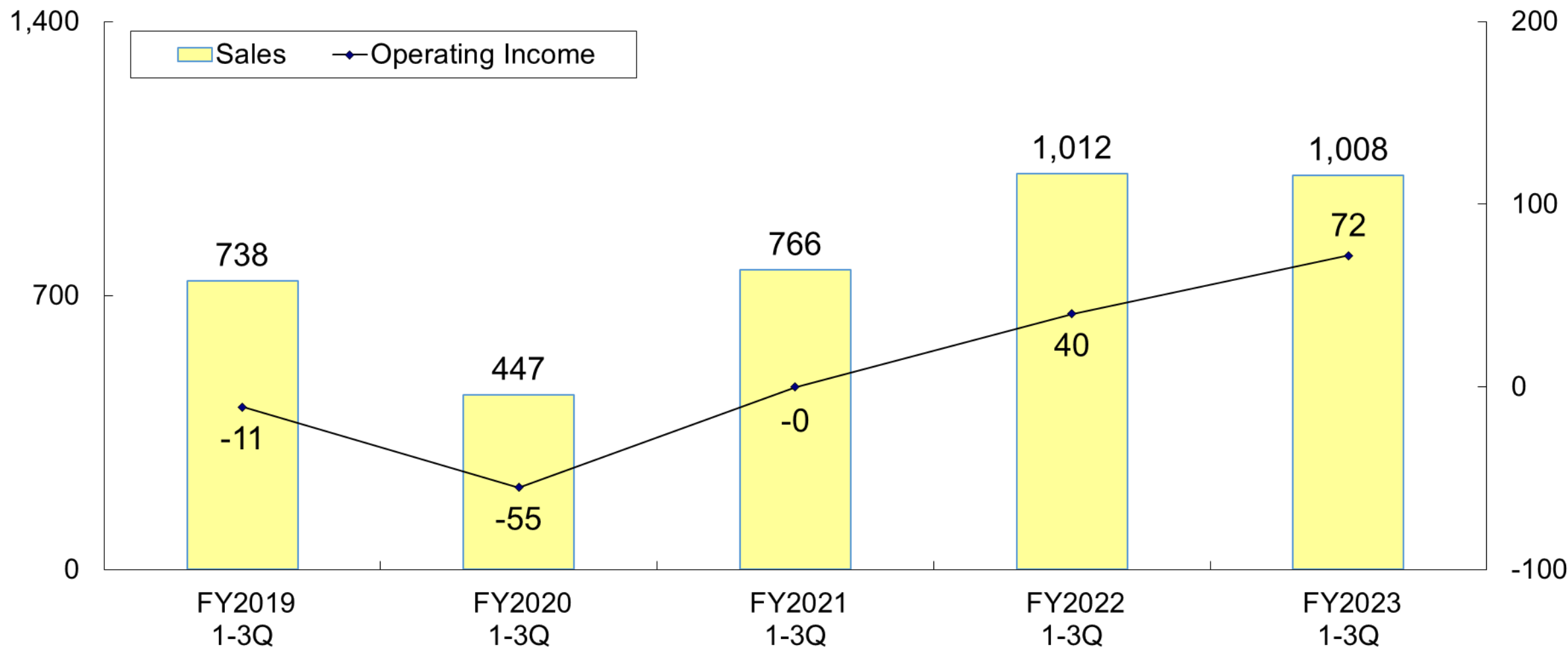
# Sales and Operating Income



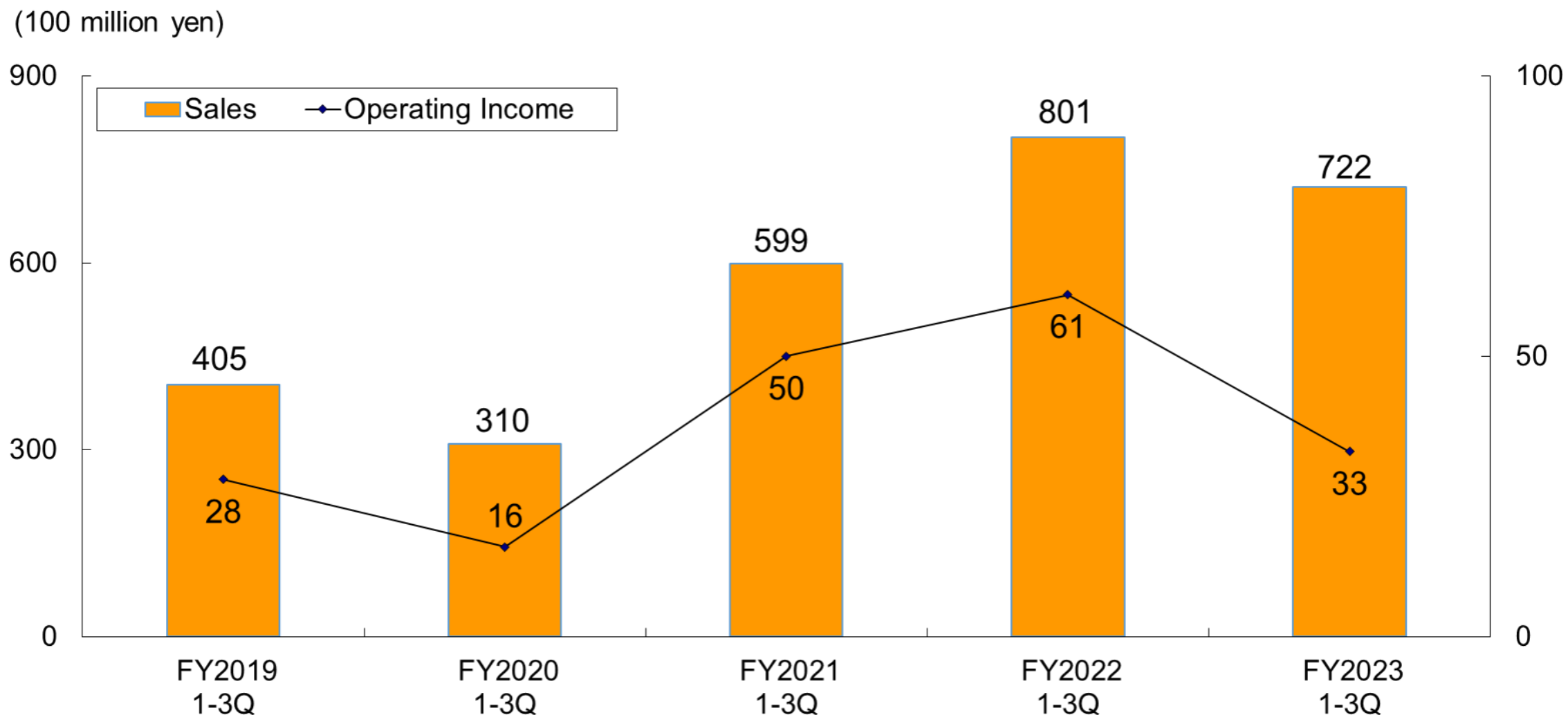
USD	109.07	110.26	111.14	110.91	109.90	108.63	108.67	108.74	107.62	106.92	106.11	106.06	109.49	109.80	111.10	112.38	129.57	133.97	136.51	135.47	137.37	141.00	143.29
EUR	130.06	129.85	129.49	128.41	123.49	121.42	121.05	120.82	118.48	121.30	122.38	123.70	131.96	130.90	130.62	130.56	138.12	138.73	140.59	140.97	149.47	153.39	155.29
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

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

(100 million yen)

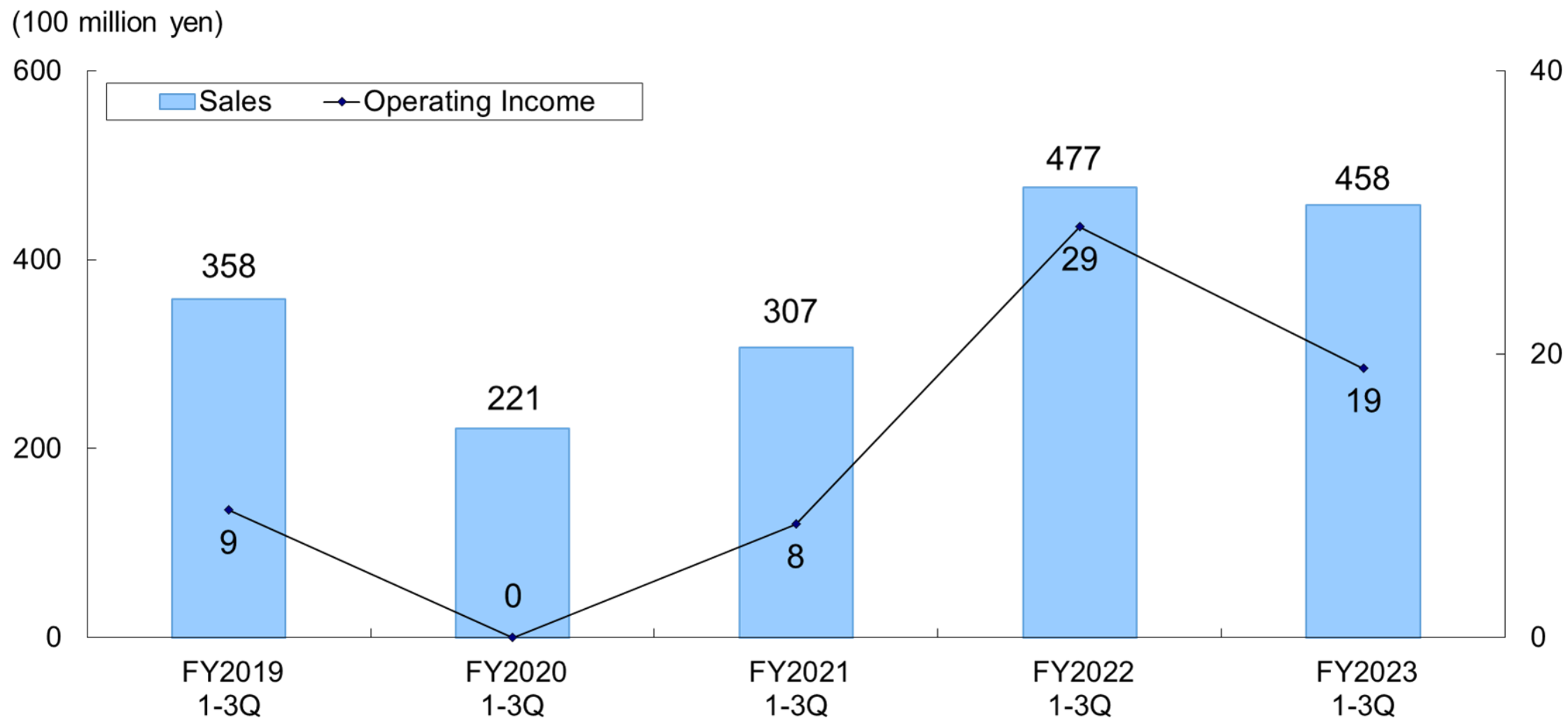


# Net Sales and Operating Income (by Segment II / Asia)

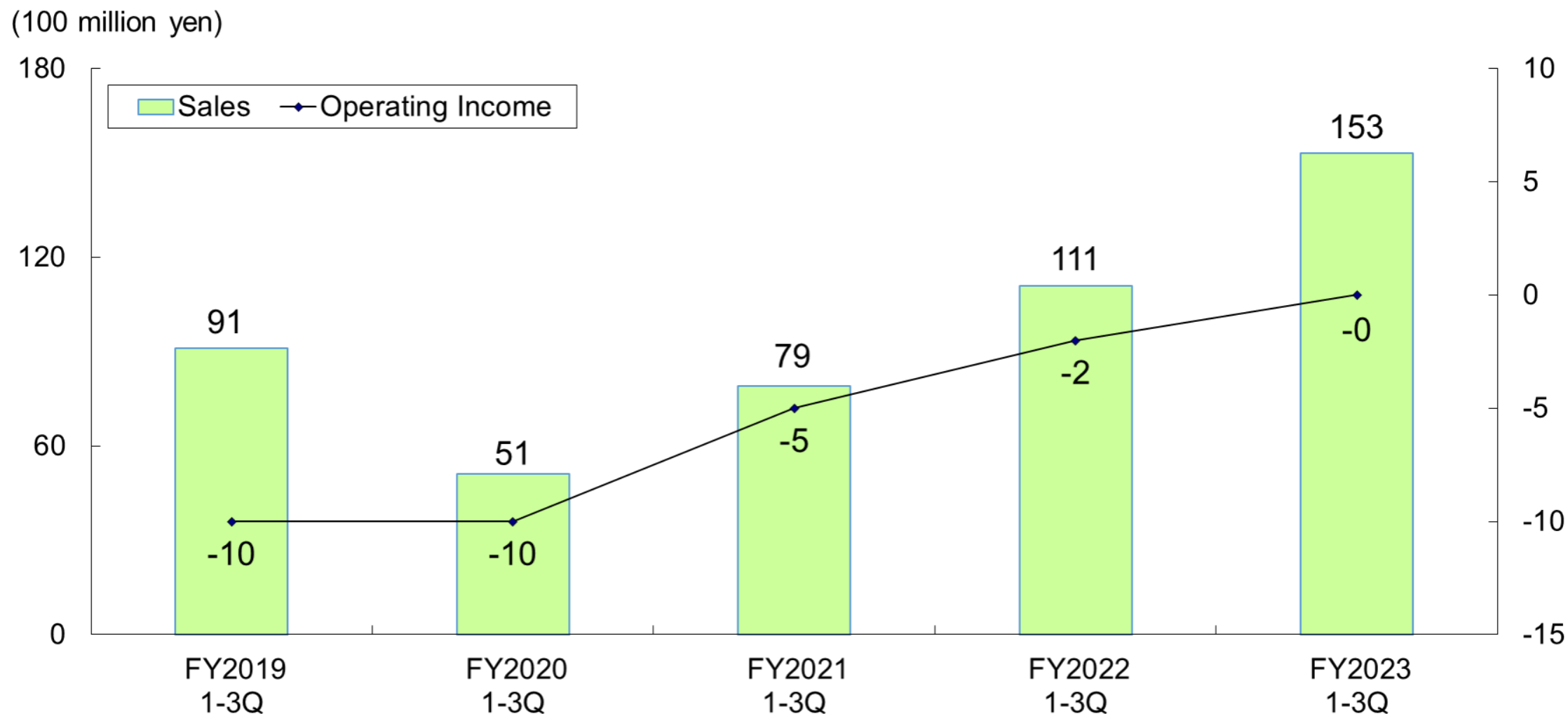




# Net Sales and Operating Income (by Segment III / America)



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

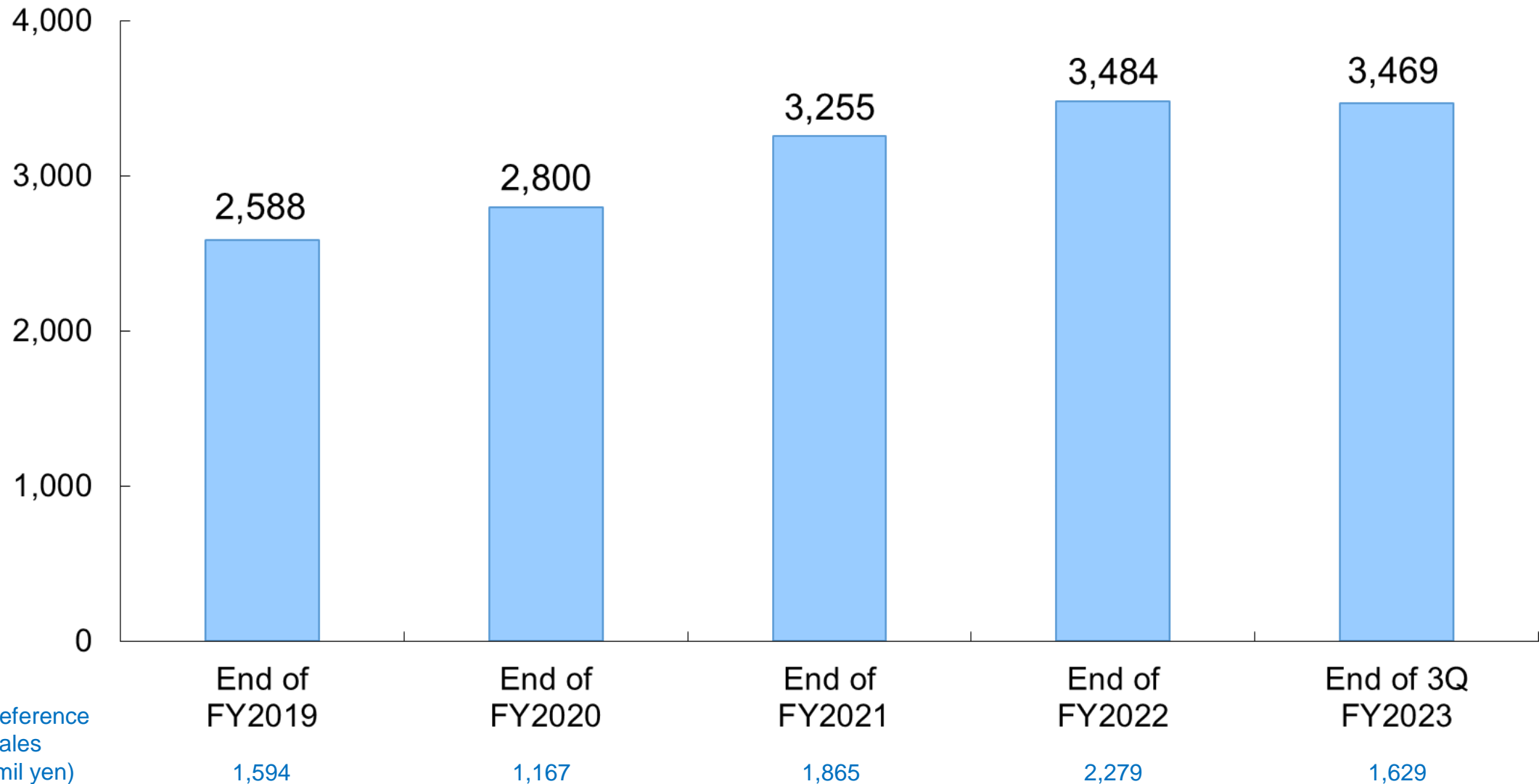


# Changes in Major Items in Consolidated Balance Sheets

## - Total assets -



(100 million yen)



\*For reference  
Net Sales  
(100 mil yen)

1,594

1,167

1,865

2,279

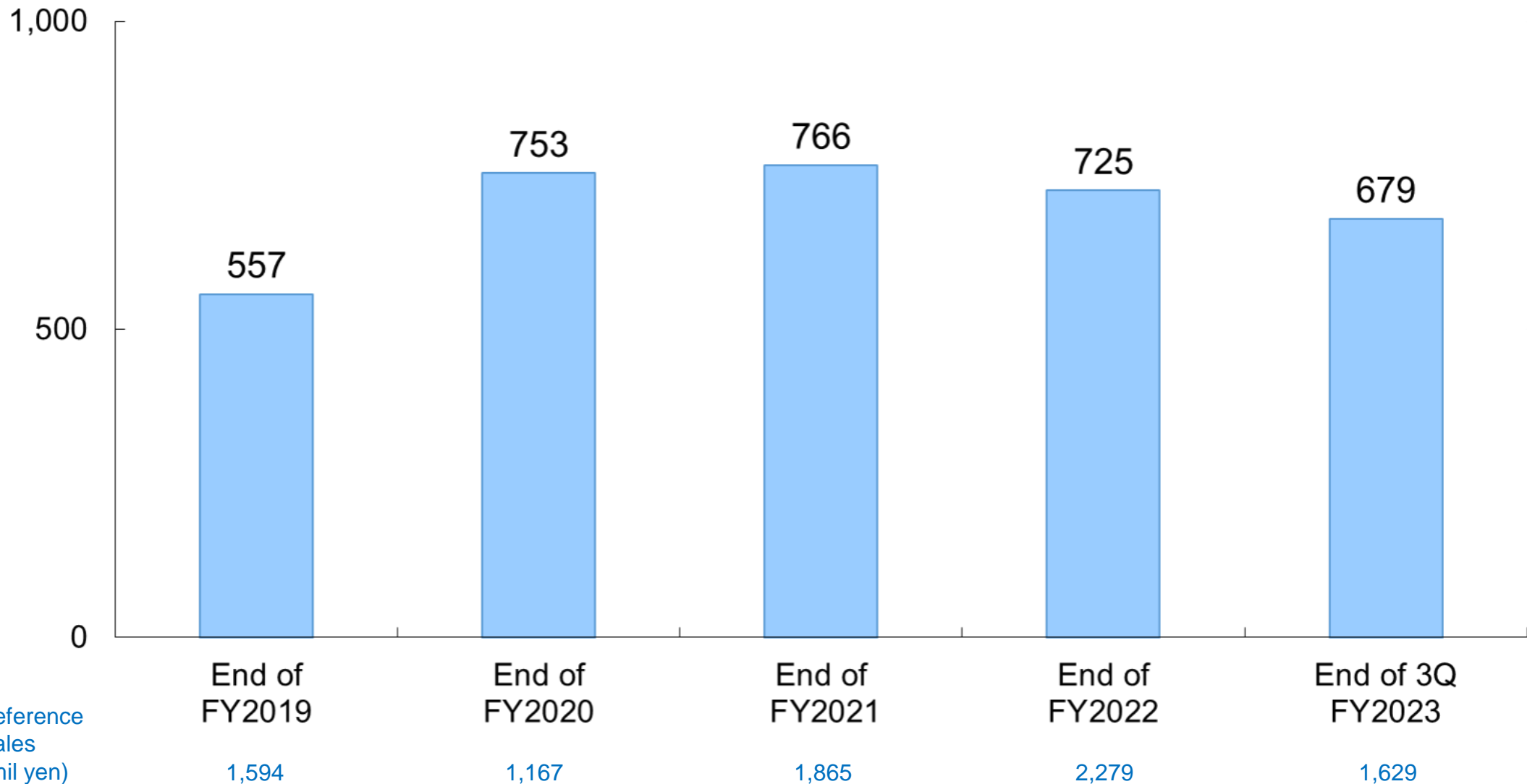
1,629

# Changes in Major Items in Consolidated Balance Sheets

## - Cash and time deposits + securities -



(100 million yen)



\*For reference  
Net Sales  
(100 mil yen)

1,594

1,167

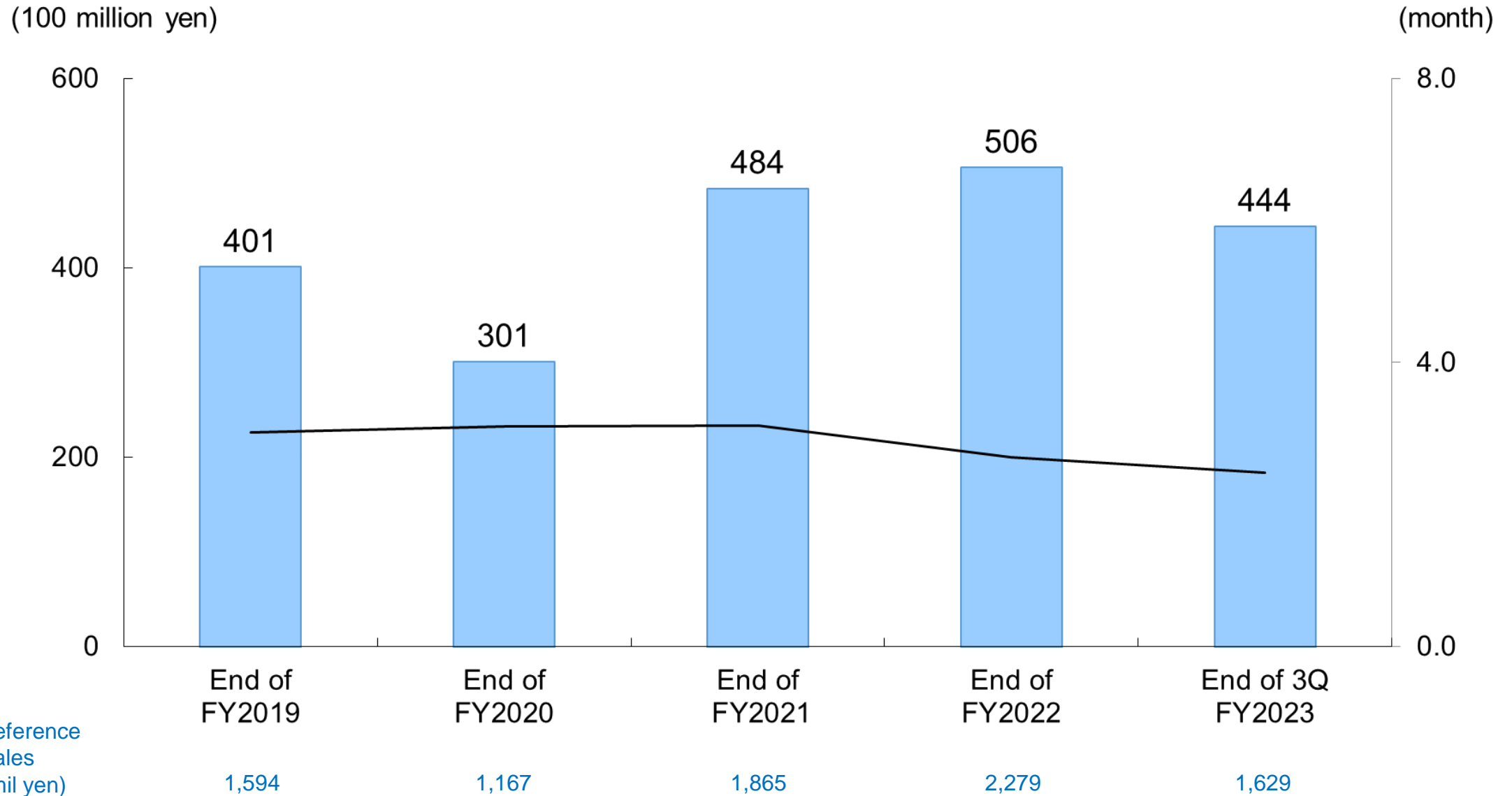
1,865

2,279

1,629

# Changes in Major Items in Consolidated Balance Sheets

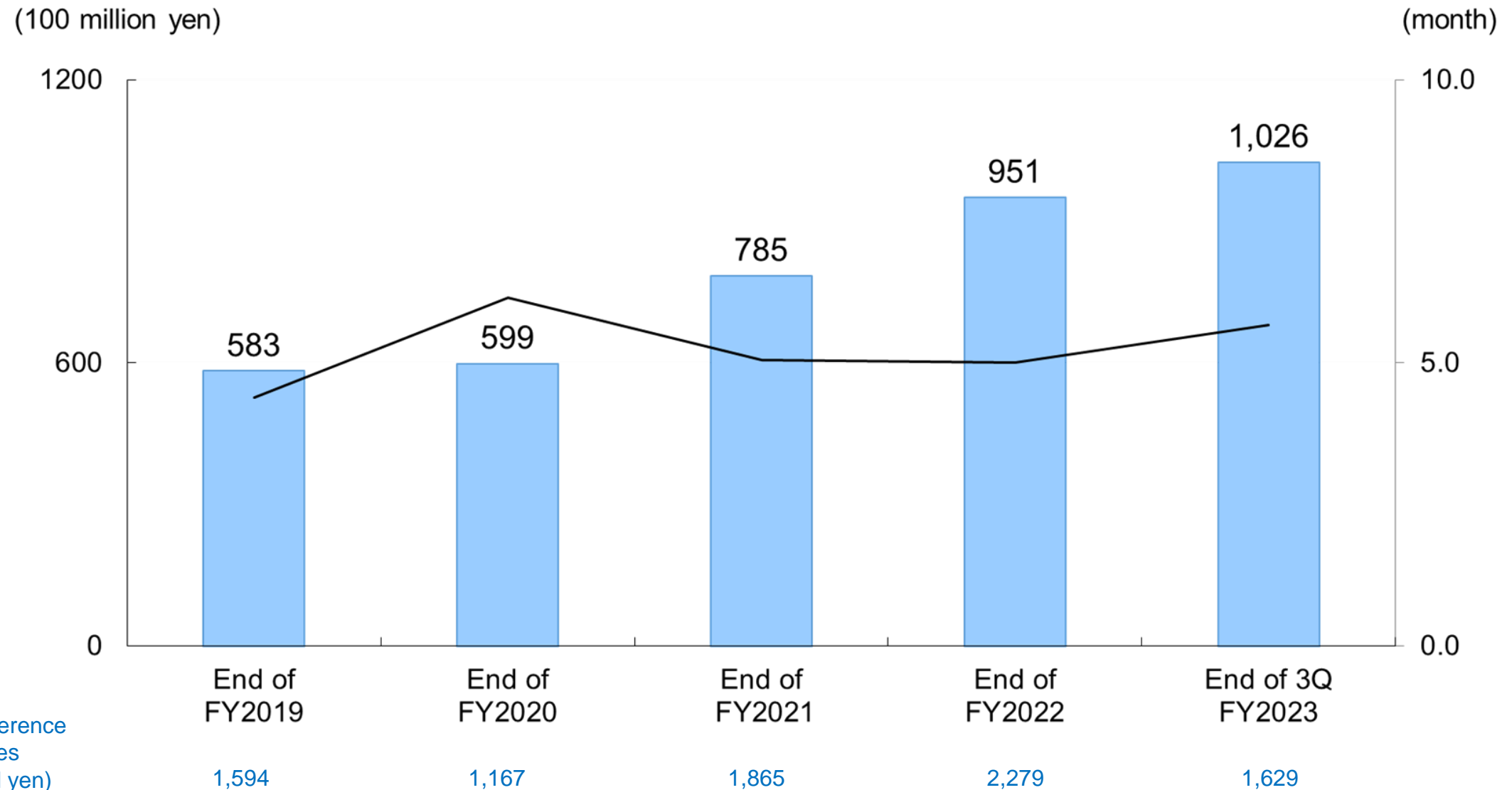
## - Notes and accounts receivable, trade(left) / Turnover(right)



\*For reference  
Net Sales  
(100 mil yen)

# Changes in Major Items in Consolidated Balance Sheets

- Inventories(left) / Turnover(right)

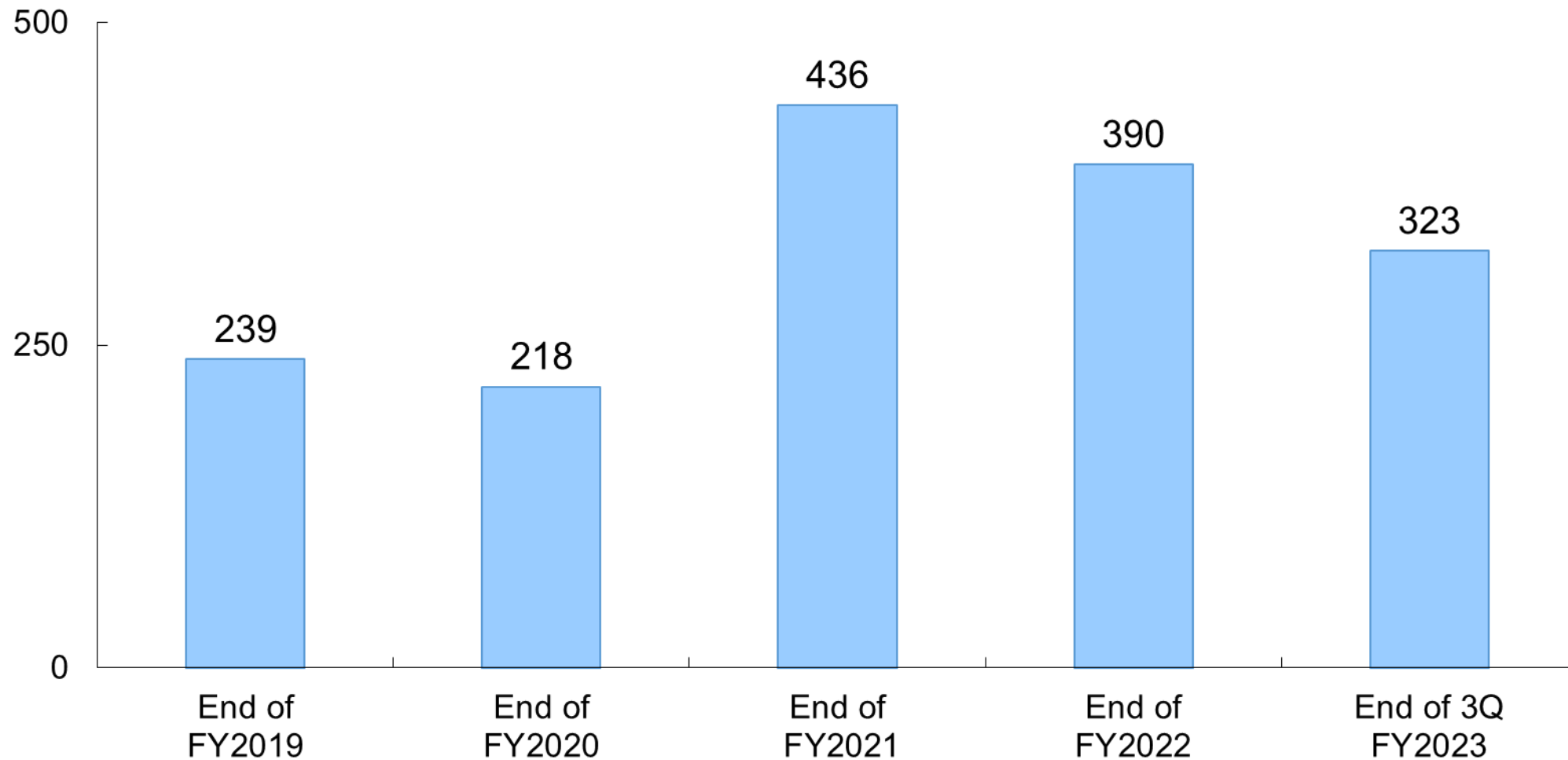


# Changes in Major Items in Consolidated Balance Sheets

## - Notes and accounts payable, trade -



(100 million yen)



\*For reference  
Net Sales  
(100 mil yen)

1,594

1,167

1,865

2,279

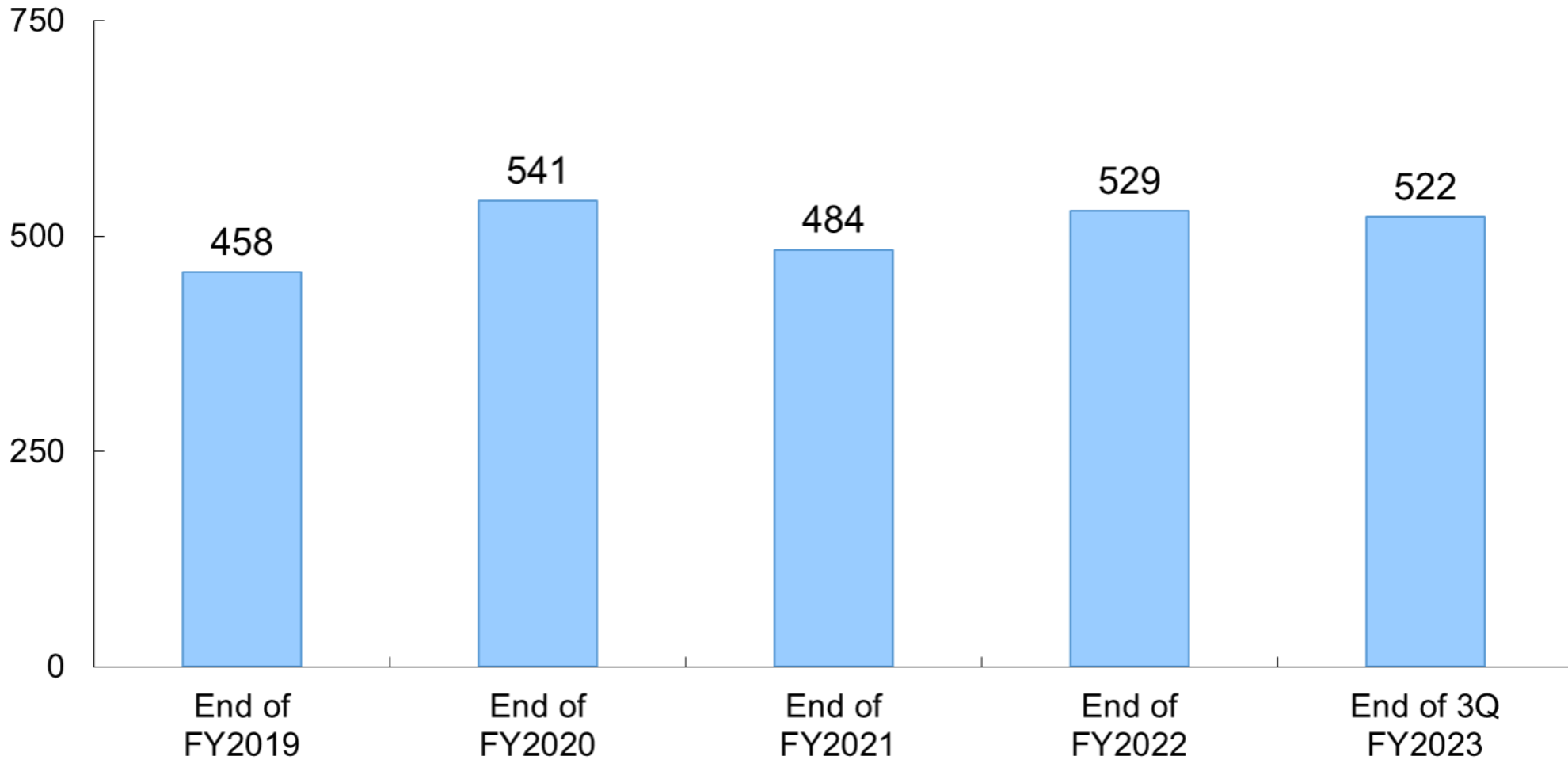
1,629

# Changes in Major Items in Consolidated Balance Sheets

## - Interest-bearing debt -



(100 million yen)



\*For reference  
Net Sales  
(100 mil yen)

1,594

1,167

1,865

2,279

1,629





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.