MAKINO Report 2025

Makino Milling Machine Co., Ltd.

Integrated Report 2025

Fiscal Year Ending March 2025

MAKINO
Promise of Performance

QUALITY FIRST

● Corporate philosophy

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.

● Corporate tagline

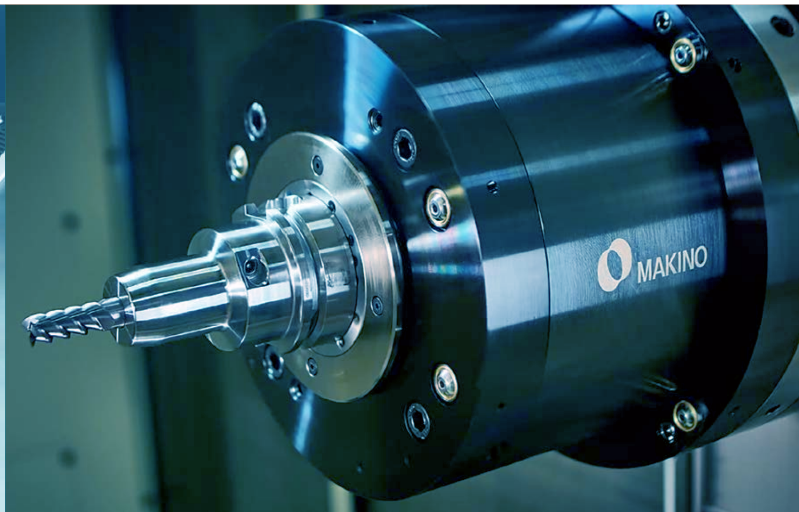
Promise of Performance

We measure our success by your success.
Our promise is rooted in relentless craftsmanship. Every day, we strive to get better and resolve to work harder.
Doing our unconditional best is more than a goal, it's a responsibility we feel to our customers. Today, our Promise of Performance drives everything we do for you.
Makino is more than our name. It's our word.

● Code of Conduct

1 Compliance with laws and regulations
2 Respect for human rights
3 Sensible corporate activities
4 Environmental protection
5 Internal control

https://ir.makino.co.jp/en/company/code_of_condect/pdf/2022/code_2022.pdf



MAKINO Report 2025

CONTENTS

Editorial policy

This report presents business activities and environmental, social and governance (ESG) efforts from a medium- to long-term perspective to aid shareholder, investor, and other stakeholder understanding of how Makino Milling Machine Co., Ltd., contributes to the resolution of social issues and the realization of a sustainable society. Detailed information on ESG is available on our website. We sincerely hope the information presented in this report will assist readers in understanding Makino business activities.

Applicable Period

April 2024 - March 2025

Note: Includes some information from April 2025 onward (FY2025)

Scope

Makino Group, consisting of Makino Milling Machine Co., Ltd. and its 40 consolidated subsidiaries

Referenced guidelines

- IFRS Foundation's International Integrated Reporting Framework
- Corporate Governance Code of Japan
- Global Reporting Initiatives Sustainability Reporting Standards
- Environmental Reporting Guidelines 2018, Japan Ministry of the Environment
- ISO 26000 (International Social Responsibility Standard for Organizations)

Caution regarding forward-looking statements

This report includes plans and strategies based on forward-looking statements. They involve risks, uncertainties, and other factors that may cause actual results and performance to differ materially from those described herein.

Information

Investor information

Financial

- **IR information**
  https://ir.makino.co.jp/en/
- **IR library**
  https://ir.makino.co.jp/en/library/
- **Securities report**
  https://ir.makino.co.jp/library/securities-report/ (Japanese only)
- **Results briefing materials**
  https://ir.makino.co.jp/en/library/explanatory/

Integrated report
https://ir.makino.co.jp/en/library/integrated-report/

ESG and sustainability information

Non-financial

- **Sustainability website**
  https://ir.makino.co.jp/en/sustainability/
- **SDGs VISION**
  https://ir.makino.co.jp/en/sdgs
- **ESG activities**
  https://ir.makino.co.jp/en/esg
- **Corporate Governance**
  https://ir.makino.co.jp/library/corporate-governance/ (Japanese only)

At a Glance


Head Office (Tokyo)

In addition to vertical and horizontal machining centers, including 5-axis models, Makino develops, manufactures, and sells machine tools that include electrical discharge machines (EDMs), laser machines, and milling machines.

We have sites throughout Japan and around the world, so local application engineers and service engineers can quickly respond to issues.

We don’t just sell products; we provide services that cover the entire machine life cycle, from pre-installation technical proposals to maintenance, around the world, helping maximize our customers’ factory throughput.

Makino by the Numbers

Established
88 years ago
(1937)

No. of employees
4,814

No. of application/service engineers
Approx. 1,600

No. of sites
64
(20 countries)

No. of production sites
9
(5 countries)

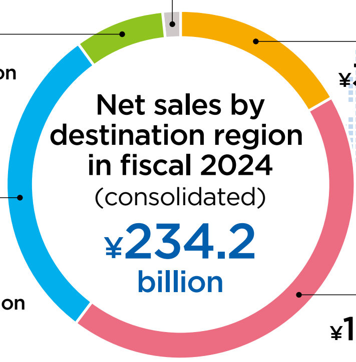
R&D expenses
¥9.38 billion

Operating income (operating margin)
¥18.5 billion
(7.9%)

Compound annual growth rate (CAGR)
4.2%
* Fiscal 2015 to 2024

Overseas sales ratio
83.2%

*As of March 31, 2025



Note: Numbers are rounded down to the nearest 0.1 billion yen.

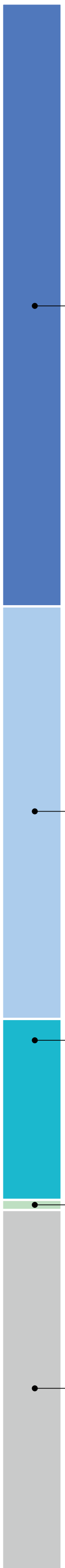
Makino Europe GmbH Headquarters (Kirchheim, Germany)

Makino Asia Pte Ltd Head Office (Singapore)

Makino Inc. Headquarters (Ohio, USA)

Machine tools

These machines are used to cut away unnecessary portions of various materials, such as metal, and shape them into the required forms. As many machine components are manufactured using machine tools, they are also known in Japan as "mother machines."



Fiscal 2024 Net sales by product (consolidated)

¥234.2 billion

Horizontal machining centers ¥**90.3** billion

Vertical machining centers ¥**61.8** billion

Electrical discharge machines (EDMs) and laser processing machines ¥**27.1** billion

Milling machines ¥**0.1** billion

Others ¥**54.6** billion

Note: Numbers are rounded down to the nearest 0.1 billion yen.

Machining Centers

In machining centers, spinning tools are used to perform multiple different types of machining, such as drilling and facing, with a single machine. Machining centers are divided into horizontal and vertical machining centers depending on the direction of their spindles. Three-axis machines only perform linear movement, while 5-axis machines add two rotation axes. In recent years, demand has risen for 5-axis machining centers that can efficiently process complex shapes and large machining centers for processing large workpieces.

EDMs : Electric Discharge Machines

These machines use electrical discharge to process materials. They're used to process hard materials, to create fine, deep grooves, and to perform other processing that is difficult to achieve with machining centers.

Laser Processing Machines

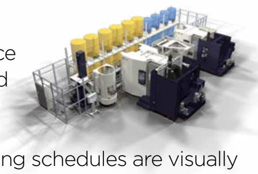
Laser processing machines use laser energy to perform cutting, drilling, and the like. While they have diverse applications, Makino is developing machines for precision processing of materials such as ceramic that are not electrically conductive.

Milling Machines

Milling machines use rotating milling cutters (cylindrical tools with multiple teeth) to process material. Milling machines with numerical control devices (computers that automatically control machine movement) and automatic tool changers are called machining centers.

Other Products & Services

Automation



Automatic workpiece transfer systems and other devices are used to automate operations. Processing schedules are visually represented and optimized to increase production efficiency and help reduce workloads.

Software

State-of-the-art software enables optimal machine control, the creation of highly efficient machining programs, machine monitoring, and more, helping customers improve their productivity.

After-sales services

Through our preventive maintenance packages, which fix machines before they break, and inspection plans based on actual conditions, we support stable machine operation. Our service engineers rapidly respond to any problems that arise.

Engineering Services

To enable customers to make the most use of Makino machines, we provide not only machining know-how but also engineering services, which propose automation and turn-key solutions based on customer requests.

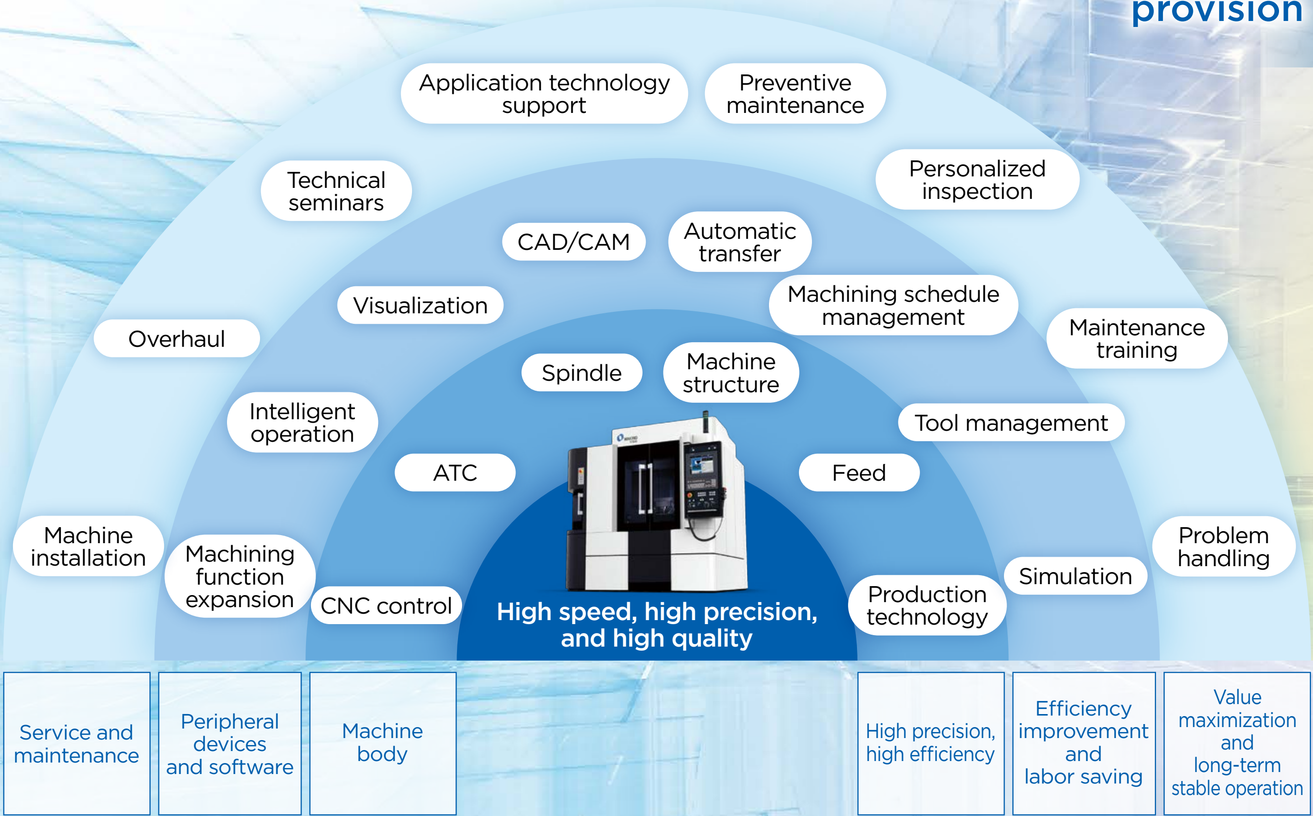
The Value that Makino Offers

By integrating a wide range of technologies at a high level, Makino provides as a unified offering: high-speed, high-precision, and high-quality machines; peripherals and software that enhance production efficiency and enable labor savings; and application technology support and maintenance services that maximize machine performance. Through this integrated offering, we contribute to the long-term enhancement of our customers' corporate value.

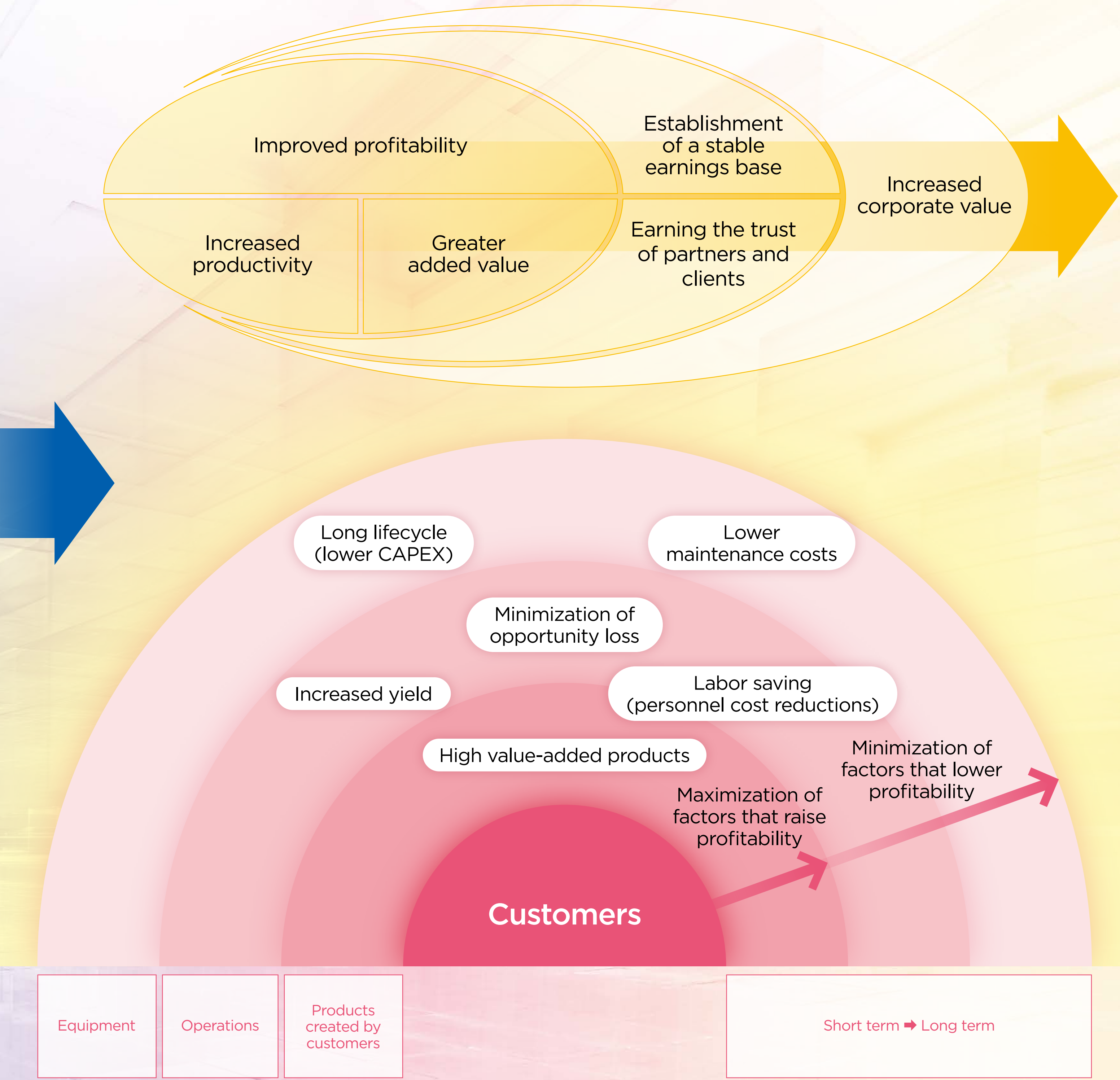
The products and services supplied by Makino

- High performance machines
- Optimized machining proposals
- Automation systems
- Agile response
- Long-term stable operation support

Value provision



Benefits to customers



Message from the President

President and CEO

宮崎 正太郎

We will continue to refine our strengths and enhance corporate value, guided by our unwavering belief that "trust-based relationships with our customers are the foundation of our existence."

Summary of fiscal 2024 and outlook for fiscal 2025

Fiscal 2024 began amid persistent concerns from the previous year about global economic slowdowns, including Russia's invasion of Ukraine, heightened tensions in the Middle East, and instability in China's real estate market. In addition, uncertainty surrounding U.S. tariff policies emerged in the latter half of the year, resulting in a challenging business environment throughout the year. Despite these conditions, we achieved consolidated net sales of ¥234.2 billion (up 3.9% year-on-year) and operating income of ¥18.5 billion (up 13.1% year-on-year), resulting in increased revenue and profits compared to the previous fiscal year. Our marginal profit ratio and operating margin also improved. These results were supported by continued orders from customers in growth industries in China and the U.S. who maintained investments despite the challenging environment, coupled with the positive impact of a weakening yen. However, due to expenses related to a tender offer, net income decreased by 9.8% year-on-year to ¥14.4 billion.

Looking ahead, we aim to achieve further growth in fiscal 2025. In the U.S., the first half was characterized by a wait-and-see approach regarding tariff policies, particularly related to automobiles. However, investment appetite remains strong in the aerospace industry, and we anticipate continued orders for large machines, 5-axis machines, and automated equipment with high added value. In China, demand related to new energy vehicles is expected to remain robust, alongside replacement demand for electronic part-related equipment and increased infrastructure-related demand. Orders from small and medium-sized customers have been particularly active recently, keeping our Chinese factories very busy. Furthermore, in India, efforts to strengthen the manufacturing sector are accelerating, and we anticipate growing demand in automotive, electronic parts, aerospace, and semiconductor manufacturing equipment.

To capture these opportunities, we will concentrate resources, including human resources, on these markets while further strengthening after-sales services and customer support.

Background of the disclosure of the new business plan

We received an acquisition proposal on December 27, 2024, and established a special committee on January 10, 2025, to evaluate it and explore alternatives. Reflecting on this process, I recognize that we lacked sufficient speed in engaging with the capital markets. Our P/B ratio had remained below 1x for many years, which we believe reflected our inability to fully convey our growth potential and commitment to enhancing shareholder value to investors. Therefore, we were increasing discussions on enhancing corporate value within the Board of Directors and seeking expert opinions from outside directors, as well as focusing on strengthening IR activities such as disclosing issues for enhancing corporate value, setting financial targets like ROE and total return ratio, and disclosing cash allocation. As a result, our PBR had been gradually rising, but it had not reached 1x at the time of the proposal, indicating that our efforts had not yet reached the level demanded by the market. In such circumstances, we received this sudden proposal. As management, I deeply regret that the resulting instability caused significant concern for our stakeholders, including shareholders, customers, suppliers, and employees.

Under our philosophy that trust is the foundation of our existence, we prioritize working closely with our customers and helping them solve their issues, believing that sales and profits will accumulate as a result of these activities. In addition, the issues faced by our customers are constantly changing due to the external environment, and our plans must constantly change accordingly. For this reason, we have deliberately refrained from disclosing detailed business plans. However, through this experience, I have keenly felt the necessity of clearly communicating our approach to enhancing corporate value over the medium to long term, based on concrete numerical targets, to our shareholders and investors.

The new business plan announced in February 2025 was developed based on these reflections. While maintaining the issue recognition and direction of initiatives outlined in the plan announced in 2023, we have significantly expanded its content as a communication tool for our investors. This includes presenting examples of how we deliver value in response to changes in the business environment and trends as well as reflecting the progress of each measure and the latest market conditions.

I have clearly communicated to all employees that the ideas we value and the working environment we provide will remain unchanged. At the same time, it is now more important than ever to focus on achieving our numerical targets. I firmly believe that by translating our daily customer-focused activities into measurable figures and working diligently, we can achieve significant results. We are committed to providing employees with an even more secure working environment and sufficient resources, and to working together to enhance corporate value.

Our strengths and value creation

Our customers belong to a wide range of industries, but what they all have in common is that we help solve the issues they face in machining, and that these issues are related to creating products that address various social issues. Our development, manufacturing, sales, and service departments work as one, refining our approach through trial and error as we strive to realize the machining goals of our customers by combining "high speed, high precision, high quality" machine tools with the application techniques, automation technologies, software, and after-sales services needed to maximize their potential. Through these repeated efforts, our products have come to play vital roles across various industries, contributing to solving social issues through our customers' products.

Throughout our history, we have built trust-based relationships in growing markets across each era by helping numerous customers achieve high-quality manufacturing through the rapid development and delivery of products and technologies tailored to the needs of each era and region. This approach has also enabled our own growth. Currently, we are addressing global issues such as labor shortages caused by declining birthrates and aging populations, as well as the shift away from the manufacturing industry, by expanding various systems that support automation and efficiency on the factory floor. These systems include automated material handling equipment for raw materials and processed goods, as well as software that monitors multiple machines and proposes optimal operations based on conditions. This includes semiconductor manufacturing equipment, where demand is expanding due to data center needs driven by the rapid spread of generative AI and the increasing multi-functionality of devices; aircraft, where demand is expanding due to equipment renewal demand aimed at improving environmental performance and new demand driven by the development of air route networks; and space, where development by private companies is accelerating. Demand is expected to continue to rise for so-called difficult-to-machine materials—such as titanium and ceramics—which are difficult to machine or brittle, due to their heat resistance, light weight, and other properties. Demand is also expected to grow for the machining of high-precision parts, complex-shaped parts, and large parts. We are sequentially introducing new models to the market, such as 5-axis or large machining centers, as well as laser machines that enable precision machining of ceramics, which is difficult with conventional cutting or electrical discharge methods.

This ability to respond promptly to changing customer needs is our strength, built on three pillars: understanding customer needs, technical capabilities, and support capabilities.

First, understanding customer needs: While this may sound counterintuitive, we initially have no clear idea how customers will use our products, because metal processing varies from customer to customer, and that also changes how our products are used. To truly understand their needs, we immerse ourselves deeply in their operations. Rather than simply asking questions, we work together with them through repeated trial and error. This process reveals underlying issues and enables us to propose concrete solutions, building strong trust-based relationships with our customers.

Second, technical capabilities: We have been honing our expertise by specializing in machining centers and electrical discharge machines for high-precision parts and molds within the machine tool field in order to meet the needs of our customers. What our customers seek is to "do something different from other companies" or "achieve machining that has never been done before," and our role is to provide the products and services that make this possible.

Finally, support capabilities: Our Customer Application Center—a department specializing in application technologies for utilizing our products—along with Makino Technical Service, our subsidiary, and local subsidiaries that handle after-sales services for products used for decades all play extremely important roles. We maximize the value of our products by clearly defining what customers want to achieve using our products, designing products to meet these needs, carefully assembling them, and providing seamless support to ensure they are fully utilized after installation. Furthermore, these support activities uncover customer needs, leading to the development of new products.

Rather than competing for share in large markets, we will continue to grow steadily by leveraging these strengths to establish an overwhelming presence in various markets that require high-value-added machining.

Toward achieving the new business plan

The new business plan targets net sales of ¥290 billion and an operating margin of 12.5% by fiscal 2029. We will steadily increase sales while improving profitability through greater operational efficiency.

To ensure the success of this plan, we also restructured our Board of Directors in June 2025. The three newly appointed internal directors each possess an extensive track record and expertise in business in Asia, our key region; application technology, the foundation of our proposals to customers; and administrative fields such as financial accounting, which supports efficient business operations. We will make swift and precise decisions to enhance the plan's effectiveness from a governance perspective.

Capturing growth areas through new product launches that meet customer needs and increased production capacity

We will respond swiftly to changes in customer needs and introduce new products in a timely manner. We will focus on large machines, 5-axis machines, and automation in particular, where demand is growing, and strengthen combined proposals that integrate automation equipment and software rather than just individual machines. In doing so, we will enhance the added value of our products and improve profitability.

We fundamentally revised our product development system in 2022 to deliver what our customers need, when they need it most. This has enabled us to conduct planned and speedy development that stays closer to our customers. In 2023 and 2024, we steadily expanded our product lineup, focusing on large machines, 5-axis machines, and automation. Going forward, we plan to continue releasing new products sequentially in 2025 and beyond, steadily expanding sales in the rapidly growing Asian region centered on China and India, as well as in key industries such as aerospace, semiconductor manufacturing equipment, automotive, and medical across all regions. In addition, we will strengthen our customer support system in key regions, aiming to further enhance not only our products but also our services. For example, our new Vietnam factory, which began operations in August 2025, includes a Technical Center providing engineering support. We will enhance support for local manufacturers and overseas manufacturers establishing new factories in Vietnam, a rapidly developing market, with the aim of expanding our user base and improving customer satisfaction.

To reliably capture demand and deliver the machines our customers desire even faster, it is essential to increase production capacity and streamline processes. In the five-year period from fiscal 2025 to fiscal 2029, we will proceed with establishing and renovating production bases in Japan and other regions in Asia.

The expansion of the Fuji Yoshida Plant, our largest investment, is intended to increase production capacity for large machines, where demand is growing in aerospace and other sectors. It is scheduled to begin operations in 2026. At the same time, we are advancing the application of the modular production system used for small and medium machines to large machines. This, in combination with increased production, is designed to halve order lead times. While the new plant currently focuses on accommodating large machines, its flexible layout design will enable us to swiftly establish production systems tailored to specific machines should demand fluctuate in the future.

In Asia, we will enhance our cost competitiveness by establishing new factories, renovating existing ones, and expanding the localization of our supply chain in China and India. These initiatives will strengthen our global production capacity, resulting in an expected 20% increase in our annual production capacity by 2029 compared to current levels.

Optimizing the organizations and talent that support plan realization and streamlining business operations

As markets grow increasingly complex and customer issues become more sophisticated, the importance of advancing business strategies as a unified Group has never been greater. Today, overseas sales account for over 80% of our Group's total net sales. Until now, we have worked to respond swiftly to customer needs in each region by appointing local human resources with a deep understanding of the features and characteristics of their regions as local managers and by giving significant discretion to local subsidiaries while having parent company executives, including myself, participate as board members of those subsidiaries. We have also maintained a management structure where the parent company's Board of Directors oversees major items such as large-scale investments. However, it is also true that this approach has led to partial optimization in some respects. There is a significant amount of overlap in organizational functions and operations, and therefore considerable potential for streamlining through cross-regional collaboration. Our management team is taking the lead in strengthening this collaboration.

Each Group company has its own long history, and we expect that deepening collaboration will take time. Therefore, developing global human resources at the management level will be crucial. Our goal is to cultivate executives who have broadened their perspectives through experience in diverse regions and who will strengthen the Group's overall capabilities in the future.

In terms of the technologies that support our value creation, we are tackling initiatives to maintain and enhance our competitiveness in both development and manufacturing.

In development, we are focusing on further strengthening the capabilities of our existing human resources. Specifically, we assign development themes that have been subdivided to mid-level employees around their 10th year with the company. By having them tackle the development of new models and functions, we aim to enhance their project management and promotion capabilities. In addition, with the growing industry-wide need for automation and the utilization of IoT and AI, we must further enhance our software capabilities. The competition to acquire software development human resources is intensifying. Although we utilize partner companies, we are also committed to training human resources who are well-versed in our products and services.

In manufacturing, the aging and declining number of skilled workers is a pressing issue. While we are strengthening recruitment ahead of the new Fuji Yoshida factory's operation, it will take years for new hires to become fully competent. To maximize the contribution of our limited pool of skilled workers, we are promoting efficiency initiatives such as modular production system. This approach, which breaks down processes into smaller units, not only

shortens lead times but also enables the efficient allocation of workers by separating processes requiring skilled techniques from those that do not. It is also an effective method for unskilled workers to acquire skills. We plan to expand its application to large machines in order to further enhance efficiency.

In terms of systems, we are advancing operational innovations across the engineering and supply chains, centered on the newly established "Design and Manufacturing Process Re-engineering Center" launched in 2024 as part of our DX strategy. Our first priority is completing the introduction of the new PLM system, which we have been advancing for some time. By centralizing drawing and part information across development, production, and service departments, we will strengthen interdepartmental collaboration and improve operational efficiency. We also plan to renovate production-related systems and strengthen our data analysis infrastructure for production going forward, enabling more timely and precise management of costs and inventory.

Promoting sustainable business activities

Our Group aims to contribute to realizing a world where economic prosperity and social and environmental sustainability are balanced at a high level by pursuing sustainable manufacturing together with our customers through our machine tool business. Based on this belief, we regularly discuss matters related to the environment at Board of Directors meetings, advance various specific initiatives, and strive to enhance our information disclosure. In May 2025, we obtained Science Based Targets (SBT) validation for our medium-term greenhouse gas (GHG) emission reduction targets set for fiscal 2030. In addition, we received a B rating in climate change and water security in the 2024 CDP assessment, one level higher than the previous year, reflecting external recognition of our efforts.

As part of our climate change initiatives, we are working to reduce Scope 1 and 2 GHG emissions by installing solar panels at production sites and introducing energy-efficient air conditioning systems. We are also striving to reduce Scope 3 emissions by developing products with improved environmental performance.

In terms of water resources, we have introduced rainwater reuse facilities at our factories in India, where risks are particularly high. For example, at our Coimbatore Plant, we have installed equipment that can treat wastewater without using electricity, thereby promoting business activities that consider both water conservation and GHG emissions reduction.

Going forward, we will continue to deepen our understanding of the impact our business has on the environment, the impact the environment has on our business, and our dependence on natural capital. We will then work to improve these impacts to enhance the sustainability of our business.

Our machines consist of a vast number of parts, making it essential to maintain a robust supply chain so that we can consistently provide the machinery and services our customers require. To conduct responsible business activities, we declare in our Code of Employee Conduct that we contribute to society through fair and sound transactions with contractors and suppliers. In addition, we disclose our own standards for transactions with suppliers, such as pricing and payment terms, as well as our transaction policy aimed at coexistence and co-prosperity with suppliers, in our Declaration of Partnership Building. Going forward, as a partner that provides greater value for our customers' manufacturing, we will continue to enhance our systems to maintain a sustainable supply chain so that we may stride into the future alongside our suppliers.

To our stakeholders

The concerns expressed by many of our customers during our response to the proposal reaffirmed the weight and origin of the Makino brand, as well as how deeply our products and services are intertwined with our customers' business activities and, by extension, the development of society and industry. We are implementing activities aimed at increasing profitability so that we may achieve our business plans, but the core values that underpin our corporate value—the vision of what we aspire to continue being—will not change. We pledge to continue contributing to solving the issues of our customers based on our "Quality First" philosophy, which places trust at the foundation of our existence. We will do our utmost to deliver value that exceeds our customers' expectations more than ever before.

We will continue to build a better future based on the trust we share with all of our stakeholders. I sincerely ask for your continued support.

President and CEO **Shotaro Miyazaki**

Makino's History

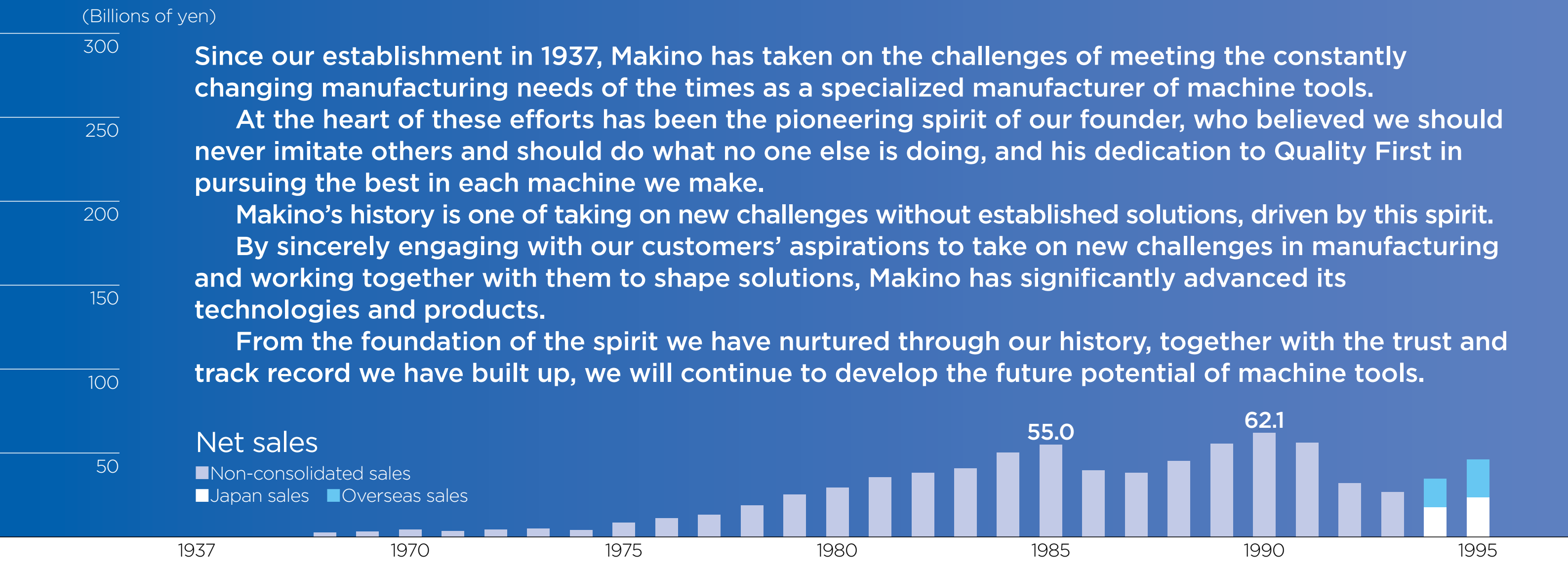
Since our establishment in 1937, Makino has taken on the challenges of meeting the constantly changing manufacturing needs of the times as a specialized manufacturer of machine tools.

At the heart of these efforts has been the pioneering spirit of our founder, who believed we should never imitate others and should do what no one else is doing, and his dedication to Quality First in pursuing the best in each machine we make.

Makino's history is one of taking on new challenges without established solutions, driven by this spirit.

By sincerely engaging with our customers' aspirations to take on new challenges in manufacturing and working together with them to shape solutions, Makino has significantly advanced its technologies and products.

From the foundation of the spirit we have nurtured through our history, together with the trust and track record we have built up, we will continue to develop the future potential of machine tools.

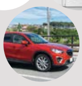


1960s and earlier
Our foundation in 1937 and the great strides we made along with Japan's growing manufacturing industry

1970s and 1980s
Acceleration of overseas expansion, driven by the rise of the die & mold industry

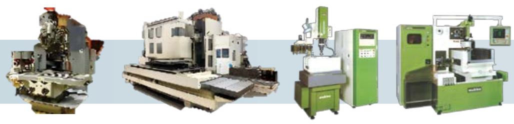
Growth markets


Electronics / Digital cameras


Automotive

Makino's products

Die & mold machines



Mass production parts machining machines

Constantly leading the industry in releasing new products for growth markets

Domestic developments

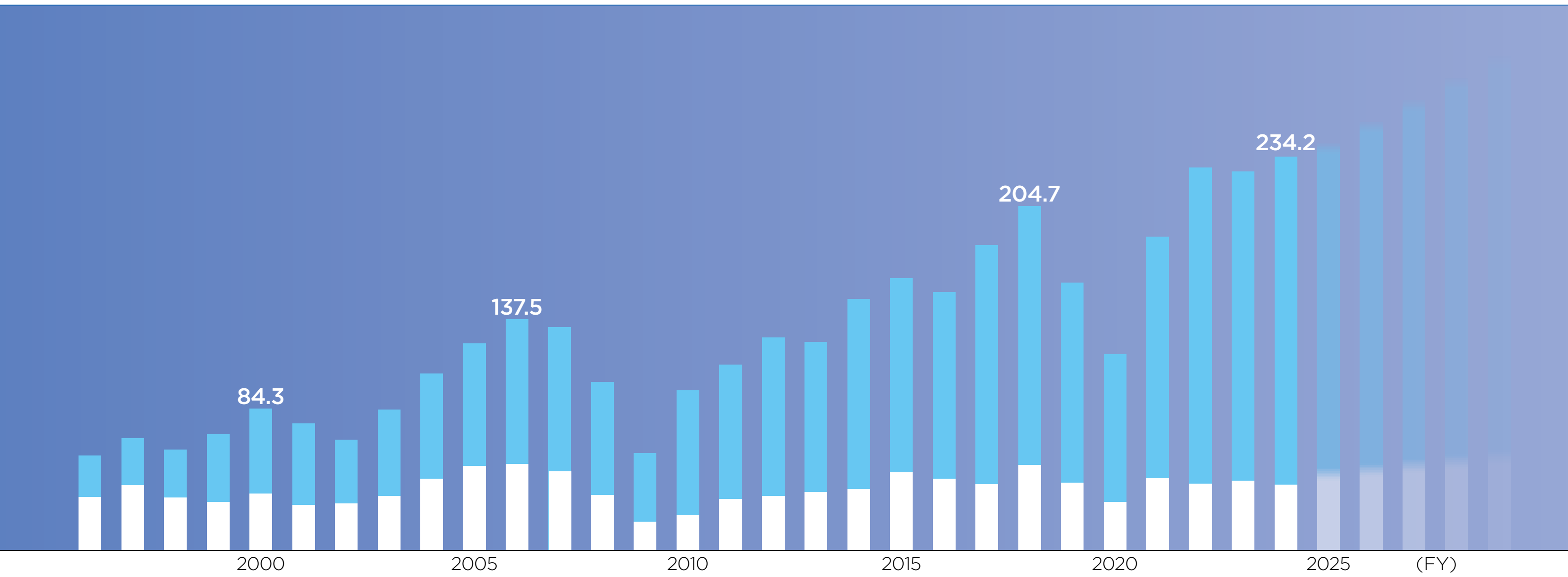
- **1937** Founded as a manufacturer specializing in No. 1-type vertical milling machines
- **1958 Developed the first NC milling machine produced in Japan**
- **1964** Listed on the Second Section of the Tokyo Stock Exchange
- **1966 Developed the first machining center produced in Japan**
- **1967** Atsugi Plant (Kanagawa Prefecture) completed and began operation
- **1971** Listed on the First Section of the Tokyo Stock Exchange (currently the Prime Market of the Tokyo Stock Exchange)
- **1977** Established Makino Technical Service Co., Ltd. as a company specializing in after-sales service
- **1987** Fuji Katsuyama Plant (Yamanashi Prefecture) expanded and began operation
- **1993** Established Makino J Co., Ltd. as a company specializing in mass production parts machining and turnkey engineering

Overseas developments

- **1975** Established U.S. corporation
- **1978** Acquired an equity interest in Heidenreich & Harbeck Werkzeugmaschinenfabrik GmbH (currently Makino Europe GmbH) in Germany

- **1981** Purchased U.S.-based LeBlond Machine Tool Company (currently Makino Inc.)
- **1981** LeBlond Makino Asia (indirectly owned subsidiary)
- **1987** LeBlond Makino Asia Became a directly owned subsidiary (currently Makino Asia Pte Ltd)

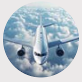
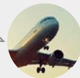
- Americas (Makino Inc.)
- Europe (Makino Europe GmbH)
- Southeast Asia, India, and China (Makino Asia Pte Ltd)



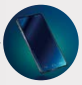
1990s and 2000s
Full entry into the mass production parts machining and aerospace fields

2010s
Full-fledged 5-axis machining business, business expansion in Asia in conjunction with industrial development

2020s
Accelerating DX and achieving higher added value processing


Fuel-efficient aircraft →

Widespread use of compact RJs* / Next-generation aircraft →

*RJs: Regional jets


PC / Cell phones / Internet penetration →

Smartphones / Tablets / Cloud service penetration →

AI / Humanoid robots →


Emergence and Spread of HVs (Lightweight design / Fuel-efficient) →

EVs / NEVs* / Autonomous driving →

*NEVs: New energy vehicles

Large 5-axis machines for aircraft components

High-precision die & mold machines

5-axis machines for medium-sized and small parts


Fuji Katsuyama Plant

■ **2008** Added assembly factory for large machines to Fuji Katsuyama Plant

■ **2012** Commenced operations at Fuji Yoshida Plant (Yamanashi Prefecture)

■ **2013** Constructed Atsugi Factory No. 3 in Atsugi Plant (spindle head factory)


Atsugi Plant

■ **2015** Expanded Fuji Yoshida Plant through addition of machining factory

■ **2026** Expansion of Fuji Yoshida Plant through addition of large-scale assembly factory (planned)

■ **2001** Established Makino India Private Limited (subsidiary of Makino Asia Pte Ltd)

■ **2002** Established Makino (China) Co., Ltd. (Kunshan subsidiary of Makino Asia Pte Ltd)


Wuhan Plant

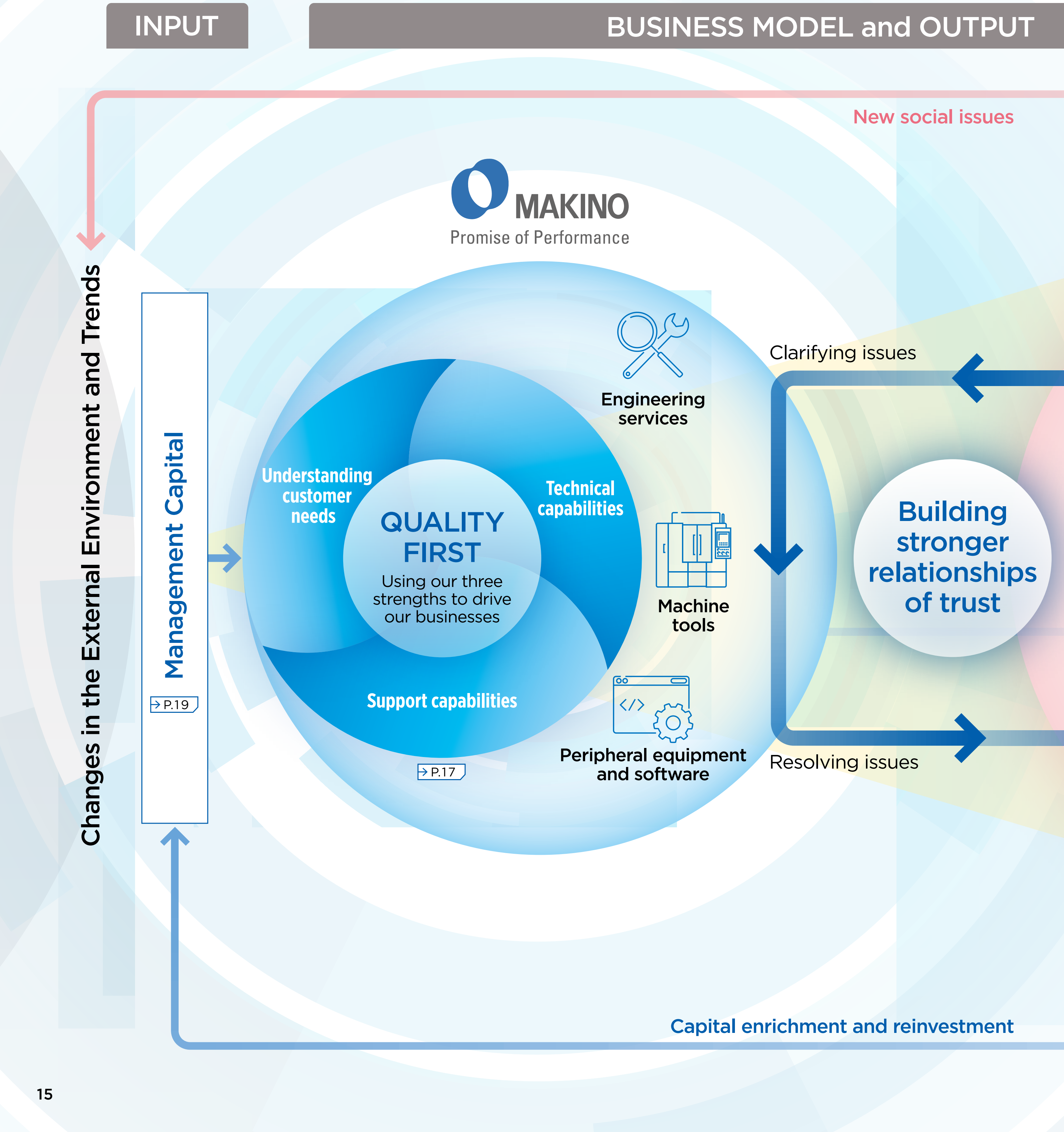
■ **2019** Established Makino J China Co., Ltd. (Wuhan subsidiary of Makino Asia Pte Ltd)

Main sites in the Americas
- United States
- Canada
- Mexico

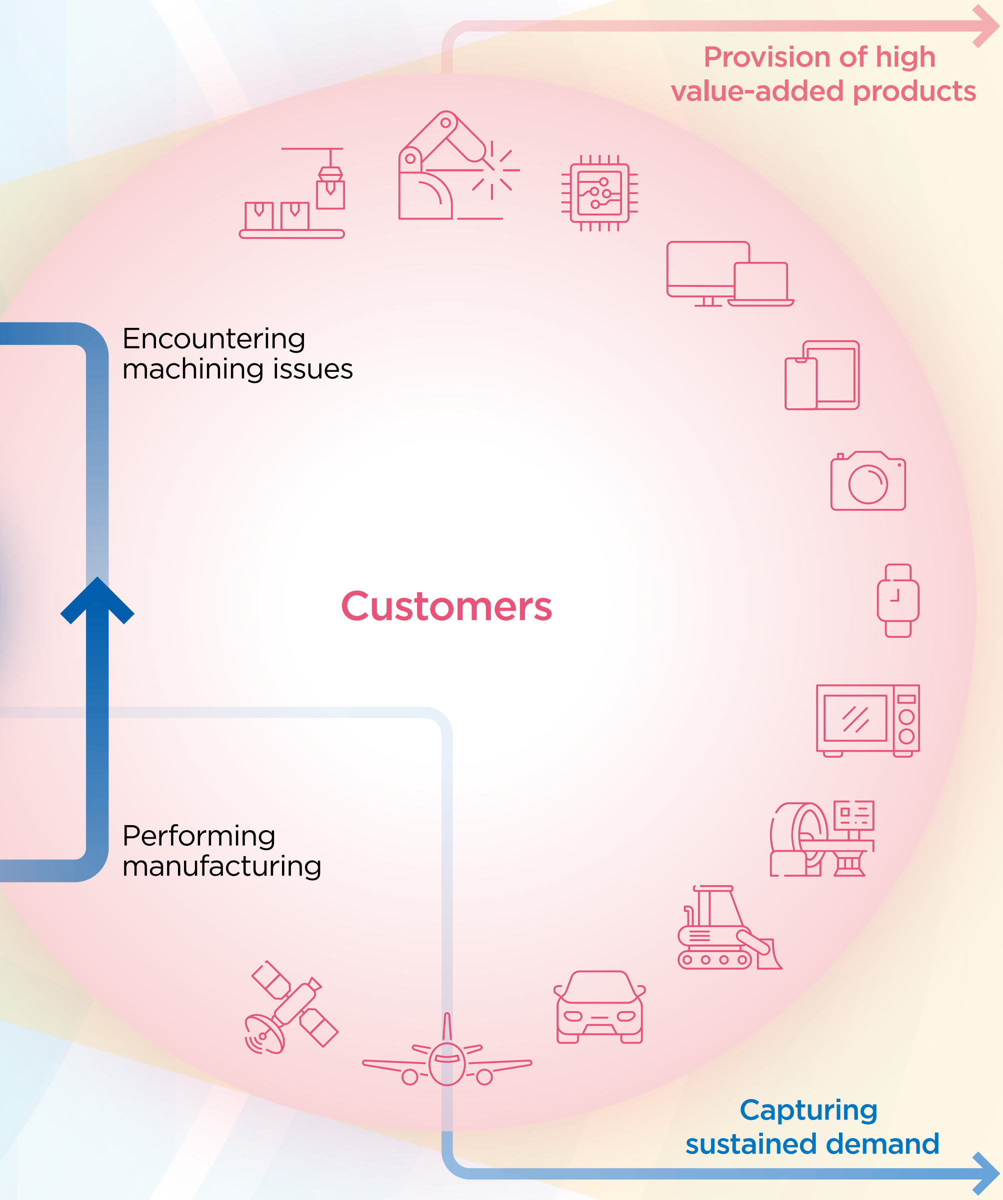
Main European sites
- Germany
- Italy
- France
- Spain
- Slovakia

Value Creation Process

Makino proposes and provides products and services to customers through a trial-and-error process, addressing the challenges customers face with machining, an essential part of manufacturing.
We contribute to the advancement of industry and the creation of a richer society through the high value-added products our customers create as a result of our solutions to their problems.
Through this ongoing process and the relationships of trust we continuously build with customers, our products have come to play an important role in various industries, including the automotive, aerospace, and medical sectors, thereby enhancing our corporate value.



OUTCOMES



Realization of a sustainable future

Society/Environment

- Solutions to manufacturing problems
- Industrial development
- Prosperous society
- Carbon neutrality → P.33

Business

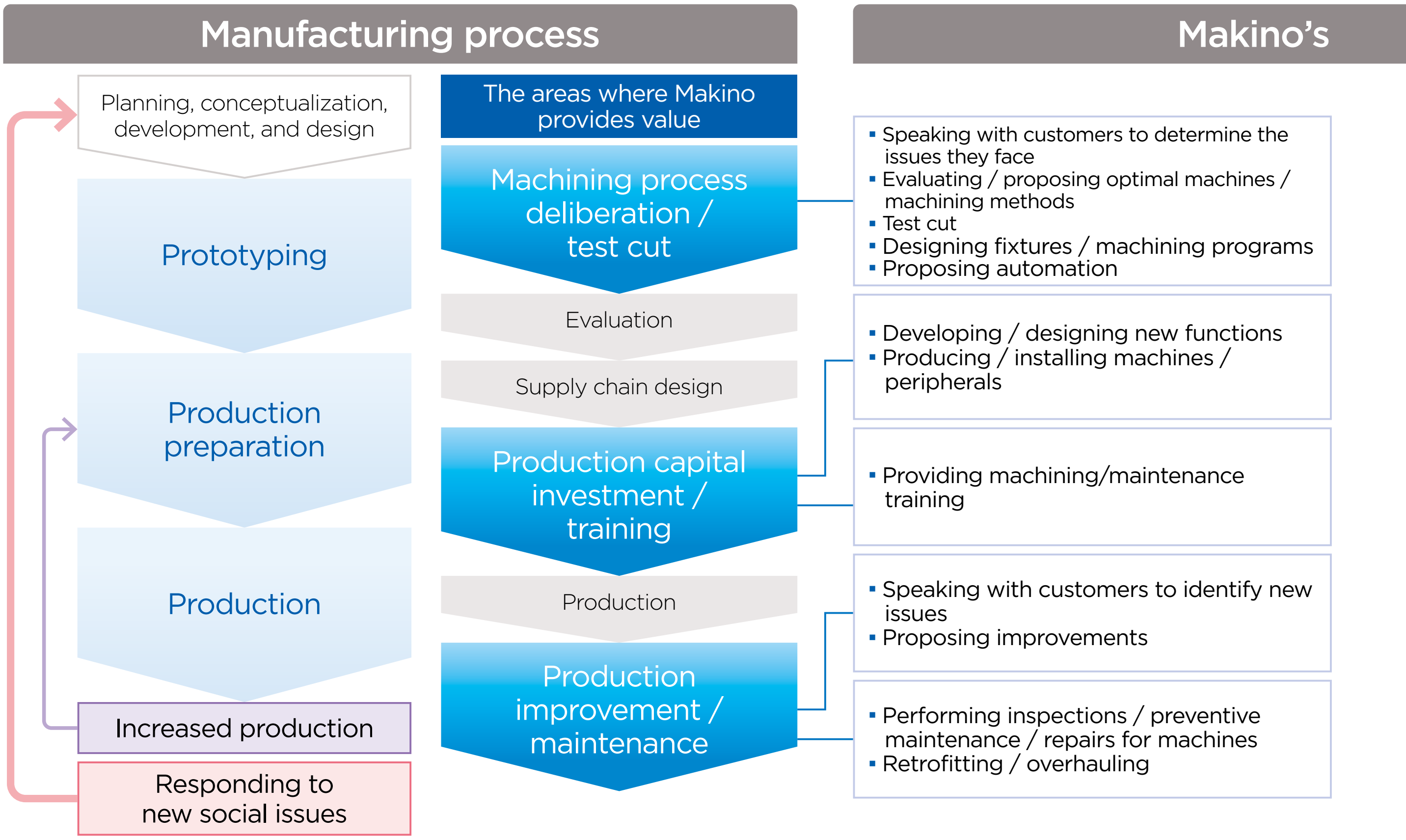
Increasing medium- and long-term corporate value

Fiscal 2029 targets → P.21	
1 Net sales	¥290.0 billion
2 Operating margin	12.5%
3 Capital investment	¥63.0 billion (cumulative for fiscal 2025-2029)
4 Total asset turnover	0.72

▶ Organization and individual growth → P.39

Business Model and Strengths

Makino's sales, application technology, development, production, and service departments work together as one to help solve the challenges customers face in the machining stages of their manufacturing processes. This covers everything from deliberating machining methods and proposing automation during the prototyping stage to maintaining equipment after its installation and implementing new initiatives.



Strengths that provide us with our competitive advantage

Led by the spirit of Quality First, we have built up three key strengths through a repeated trial-and-error process with customers. We use these capabilities to immediately meet constantly evolving machining needs and resolve the issues our customers face.

Strength 1 Understanding customer needs

Understanding our customers' machining needs at a deep level is our highest priority. We don't just interview our customers, but we also go on-site, using a trial-and-error process to discover latent issues. We then make specific proposals for addressing these issues, and through this process we establish a relationship of trust with our customers. Because of this trust, our customers come to us to consult about new issues they encounter, and we are able to more speedily identify their needs.

Furthermore, we have sales sites across the globe, using a hybrid model that fuses face-to-face sales deeply rooted in local markets with digital technologies. Our sales departments function as integrated contact points, coordinating closely with development and service departments to propose products and automation solutions that match the issues our customers face. This site-centered information is also reflected in our development of new products and new functions. We don't just engage in simple sales activities; we continuously provide value that surpasses our customers' expectations through our proposal capabilities, which are based on customer input and solve customer issues.

activities

Features of each process

Sales	CAC*	Development	Production	Service	Features of each process
●	●	●			▪ Collaborative creation with customers through dialogue with a focus on the actual field ▪ Communications that reflect the latest technologies from the department specializing in application technology support (CAC) ▪ Integrated proposals for machines, automation equipment, and software
		●	●	●	▪ Design philosophy and technologies that pursue "high speed, high precision, and high quality" ▪ Automation and labor-saving technologies and expertise based on an extensive track record ▪ Production system that provides both quality and production efficiency
	●			●	▪ Application professionals and service professionals specializing in Makino products maximize product value ▪ Holding of over 100 free online seminars each year
●	●	●		●	▪ Ongoing technology support and function improvements even after product delivery
●	●		●	●	▪ Inspection and maintenance cycle personalized for individual customers to ensure uninterrupted machine operation ▪ Aggregation of information in the IoT Center and speedy support, both in Japan and overseas

*Customer Application Center

Strength 2 Technical capabilities

To solve our customers' issues, we develop technologies in a wide range of fields, including machines themselves, control devices, automation equipment, and software. The primary mission of our new product development is to listen attentively to those in the actual field, accurately identifying their issues and needs, and then creating products that eliminate those pain points and satisfy those desires. Our strengths lie in our development technology capabilities and also in our craftsmanship, producing high-precision machines. In our production processes, we focus on how we can achieve greater accuracy and efficiency, and whether our designs are optimized. From procurement to machining and assembly, we work as one to improve quality. Furthermore, we build up a wealth of data that encapsulates this craftsmanship, realizing it through machining technology, to improve both efficiency and quality.

Our culture of attention to detail and creativity is what has led to our products achieving world-class levels of performance and reliability. Furthermore, we combine the latest software to realize automation and highly efficient production, contributing to the improvement of our customers' competitiveness, as well.

Strength 3 Support capabilities

We have established a framework that provides seamless technical support from before equipment installation through post-installation operation.

Not only do application technology departments answer customer questions and provide concrete solutions to customers' technical issues, including cost and time information, but they also coordinate with sales and development departments to participate in product development. This flexible responsiveness fosters a feeling of trust in customers—the knowledge that they can overcome the issues they encounter by consulting with Makino.

Furthermore, our service departments provide precise technical services, such as installation, inspection, and repair, and assist with maintaining high operation rates and long-term, stable operation. In 2022, we launched our preventive maintenance service. Through this service, inspections and preventive maintenance are performed based on customer usage conditions. This helps prevent unexpected machine stoppages and contributes to maximizing the mean time between failures.

Each support department is positioned midway between sales and development and offers borderless implementation support. This assists customers in reliably improving their productivity.

Makino's Capital

Makino will continuously expand the six forms of capital, which have been accumulated by developing advanced technologies and solving customers' issues, through strategic measures to strengthen our three strengths for immediately responding to changes in our customers' needs and form a competitive edge.

Intellectual Capital

Since our founding, "high speed, high precision, and high quality" have been at the core of our product development. We have built a development system that can respond swiftly to trends by pursuing technologies to meet the common needs of our customers, such as labor saving and workforce reduction, automation, and support for larger workpieces.

Our sales, R&D, production, and service departments share information from the initial stages for swift decision-making and collaboration within the Group, establishing a system that develops products meeting both customers' needs and production efficiency within short time frames.

Using such a system, we provide one-stop services for our customers' production facilities, including machine tools, software for automation, and automatic pallet transfer systems. We use our technical capabilities to help solve our customers' issues, which arise from social issues, i.e., addressing labor shortages in the manufacturing industry and reducing the use of raw materials and energy.

Key indicators (fiscal 2024 results)

R&D expenses (consolidated)

¥9.38 billion

Number of people in the R&D Division (consolidated)

614

Initiatives to strengthen and expand capital

- Strengthening of software development capabilities
- Faster incorporation of advanced knowledge through collaboration within the Group
- Joint development in partnership with universities

Human Capital

As a global company, we have a corporate culture that embraces and values perspectives of a diverse range of human resources. Based on this culture, our human resources are active in solving our customers' issues in various countries, regions, and fields.

In order to form a virtuous cycle in which the growth of each employee leads to the growth of the company and the growth of the company further promotes the growth of employees, we provide various growth opportunities for autonomous career development, skill enhancement and skill shifting for employees regardless of nationality, gender, or age. To further enhance the added value of our products and services toward solving the diverse issues of our customers, we are strategically implementing the securing of technical human resources and human resource development.

Key indicators (fiscal 2024 results)

Ratio of overseas employees (consolidated)

53.4%

Ratio of employees with expatriate experience (non-consolidated)

13.0%

Utilization rate of childcare leave by male employees (Group companies in Japan)

70.5%

Initiatives to strengthen and expand capital

- Global human resource development
- Enhancement of education programs
- Establishment of an environment that makes it easy for diverse human resources to demonstrate their abilities

Manufactured Capital

We have built a production system to meet the demands of global customers with a total of nine production sites in five countries: Japan, Singapore, China, India, and Malaysia. In Japan, we develop and produce cutting-edge models, such as 5-axis machines, large-size machines, and high-precision machines, while in Asia, we develop and produce models with localized specifications.

Our plants have strict temperature controls to prevent minute deformation of the machines due to temperature changes. This allows us to produce machines of high precision and quality. Our unique production system enables us to efficiently supply a wide range of products of various models and specifications. We are also improving productivity by using our automation solutions to build machining lines and reduce manpower for machining parts.

Key indicators (fiscal 2024 results)

Capital investment (consolidated)

¥16.9 billion

Number of production sites (consolidated)

9 locations

Initiatives to strengthen and expand capital

- Expand production capacity by expanding and enhancing our production sites
- Investment for productivity improvement
- Investment for automation

QUALITY FIRST

Three strengths for immediately responding to changes in our customers' needs

Understanding customer needs | Technical capabilities | Support capabilities

Social and Relationship Capital

Our basic stance is to develop and provide products and technologies that meet the issues and needs of our customers. The relationships of trust we have built with our customers over many years of business, and our sales, technology, and service departments that listen to our customers' needs and realize them represent our assets and greatest strength. We have technical centers and sales offices around the world to promptly respond to customer needs, from proposing the optimal production equipment and machining methods for our customers, to developing products and providing support after delivery.

Makino is registered with the Declaration of Partnership Building. We are building strong partnerships with business partners in the supply chain by strengthening cooperation and promoting coexistence and co-prosperity.

Key indicators (fiscal 2024 results)

Number of technical centers (consolidated)

33 locations

Number of suppliers (consolidated)

More than 2,000

Initiatives to strengthen and expand capital

- Development of global supply chain
- Strengthening of service systems

Financial Capital

We have consistently maintained a shareholders' equity ratio of 50% or higher and have built a strong financial base in the rapidly changing machine tools market.

We are focusing on shortening the cash conversion cycle (CCC) to improve asset efficiency and are working on specific measures to shorten the inventory turnover ratio. The cash generated through these measures is used to make strategic investments to strengthen our business foundation. For example, this includes capital investment to improve productivity, development investment for new products, system development to promote global information sharing, human resource training for employees, and environmental measures to achieve carbon neutrality.

Key indicators (fiscal 2024 results)

Operating margin

7.9%

ROE

6.4%

CCC

191 days

Initiatives to strengthen and expand capital

- Shortening of CCC
- Improvement of profitability by expanding lineup of large-size and 5-axis machines and offering proposals with combinations
- Cost reduction by improving production processes and efficiency of Group management
- Selling of cross-shareholdings

Natural Capital

With regard to greenhouse gas (GHG) emissions, we have set a long-term target of becoming carbon neutral (effectively zero GHG emissions) by 2050 for Scope 1 and 2, as well as a medium-term target of reducing CO_2 emissions (consolidated, Scope 1 and 2) by 42% by 2030 compared to 2022, and reducing CO_2 emissions (consolidated, Scope 3 Category 1 and 11) by 25% by 2030 compared to 2022.

In order to achieve these targets, we have established a system to monitor energy consumption, including that of our overseas subsidiaries. We also visualize CO_2 emissions on a global basis and promote reduction of emissions and waste at our plants, various energy-saving activities, and utilization of renewable energy such as solar power generation. We also contribute to the reduction of environmental impact throughout the supply chain by developing products with high energy-saving performance and reducing waste in production.

Key indicators (fiscal 2024 results)

GHG emissions (consolidated, Scopes 1 and 2)

43,447 t-CO_2e

GHG emissions (consolidated, Scope 3)

1,908,269 t-CO_2e

Solar power generation (consolidated)

10,501 MWh

Initiatives to strengthen and expand capital

- Installation of solar power generation equipment
- Environment-friendly products and technologies
- Efficient use of water resources

Overview of Business Plan

Deploying strategic measures to achieve targets set for fiscal 2029

To continue to achieve Makino's vision of realizing a sustainable future by providing products and services sought by customers, we have developed a five-year business plan spanning fiscal 2025 to fiscal 2029. We seek to sustainably enhance corporate value by steadily implementing this plan.

Toshiyuki Nagano
Executive Vice President,
Representative Director
Executive Manager,
Corporate Service Division

■ Key measures and financial targets of the business plan

Improving 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, and software)
- Reduction in new model launch lead time through the implementation of a new PLM
- Introduction of modular production methods for large-size machines and EDMs

Increasing Asset Efficiency

- Actively investing in manufacturing and human capital to improve production efficiency
- Selling of cross-shareholdings, etc.
- Aiming for a CCC*1 of 165 days or less through inventory optimization and operational improvements

Sustainability

- Addressing climate change
- Enhancement of human capital investment

*1 CCC: cash conversion cycle

Indicator	Fiscal 2024 actual	Fiscal 2025 plan*2	Fiscal 2027 target	Fiscal 2029 target
❶ Net sales	¥234.2 billion	¥252.0 billion	¥270.0 billion	**¥290.0 billion**
❷ Operating margin	7.9%	9.4%	12.0%	**12.5%**
❸ Capital investment	¥52.0 billion (Fiscal 2020-2024 actual)	¥28.4 billion (Fiscal 2025 plan)	¥47.0 billion (Fiscal 2025-2027 cumulative)	**¥63.0 billion** (Fiscal 2025-2029 cumulative)
❹ Total asset turnover	0.64	0.65	0.70	**0.72**

*2 Figures based on revised performance forecast announced in January 2026

● Performance exceeded the plan in fiscal 2024

The forecast for fiscal 2024's consolidated results was lower sales and profits as we expected full-scale recovery from the previous year's sluggish capital investment to take place from the second half of the fiscal year. Orders for products related to aerospace, semiconductor manufacturing equipment, and new energy vehicles trended stronger than initially expected, and there was the impact of a weaker yen and effects from passing on prices. As a result, our results exceeded the previous year's, with consolidated net sales at ¥234.2 billion (3.9% higher than fiscal 2023), operating income at ¥18.5 billion (13.1% higher than fiscal 2023), operating margin at 7.9% (7.3% in fiscal 2023). We received ¥238.0 billion in orders (11.5% higher than fiscal 2023), with outstanding orders at more than ¥100.0 billion. By region, we performed well in China and the United States, and Japan also trended relatively strongly. We achieved these results amid the overall machine tool industry being in a sluggish state, and the results are relatively highly evaluated within the Company.

● Extension of business plan toward further enhancement of corporate value

In the five-year plan from fiscal 2023 to fiscal 2027, Makino worked to improve profitability, with net sales of ¥270.0 billion and an operating margin of 12.0% as the targets. A part of this plan was extended in February 2025, and we aim to achieve net sales of ¥290.0 billion and an operating margin of 12.5% by fiscal 2029. This plan continues the initiatives toward improving profitability and increasing asset efficiency undertaken so far to show, in great detail, stakeholders that Makino is a company that can continue to grow sustainably into the future.

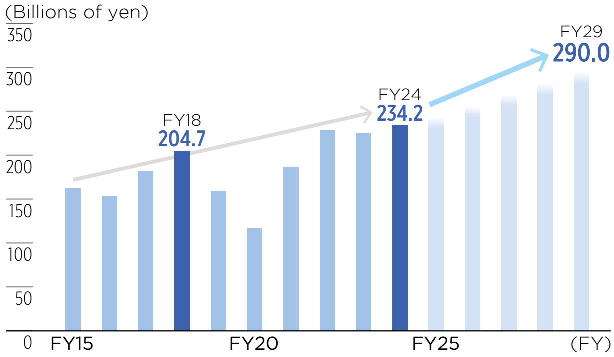
● Sales strategy responding to global trends and regional needs

To build a stable, global business, we are adapting to local needs through strengthening overseas sites, while agilely understanding the market characteristics of each region and changes in demand.

While the future of the Chinese market looks uncertain, it is one of the largest markets in the world with demand for machine tools across a wide range of sectors. For more than 20 years, we have engaged in business in the Chinese market, accounting for changes in the market environment and growth areas, and contributed toward addressing issues faced by local customers. Such continued provision of value serves as the foundation for a relationship of trust. Currently, market growth in new energy vehicle-related sectors has slowed somewhat, but we continue to maintain firm results. Going forward, even if demand fluctuates in specific sectors, we aim to accurately capture demand in areas with expected growth for business stability and further growth.

The Indian market is expected to grow the most in the future. In addition to the expansion of the automotive industry, against the backdrop of further electric vehicle-related investments and progress in infrastructure development, the foundation for the manufacturing industry as a whole is being strengthened. The demand

■ Sales target



for machine tools is also increasing rapidly, including the transfer of smartphone-related production from China and the expansion of aerospace component supply chain from Europe. Given India's large population, medium- to long-term market growth is expected, and Makino will expand contracted production at our plants in Bangalore and Coimbatore.

The U.S. market spans a wide range, including automobiles, aerospace, medical equipment, and semiconductors. We will seek to expand market share by allowing customers to use our latest automation and machining technologies. The higher prices from tariffs are transferred to customers after explaining the situation to them, and the impact on profits and losses is limited.

The European market is mature and we expect the pace of growth to be gradual. The automotive industry of western Europe, which led market growth in the past, is now stagnant. Meanwhile, production site relocation is making progress in eastern Europe, and there is a rapid increase in demand for highly versatile machines. Here, we expect demand for machines made by Makino Asia. In southern Europe, there continues to be a certain level of demand from aerospace-related industries, and we expect to maintain strong performance.

Due to the structural factor of an aging population with low birthrate and population decline, there is a limit to demand expansion for the Japanese market as a whole, but some sectors continue to show solid performance. We expect stable demand in die and mold-related sectors as there continues to be investments in high-performance machines centered on existing customers. Subsidies and tax incentives have a significant impact on investment decisions for small- and medium-sized enterprises, and we support our customers' investments by providing comprehensive support for improving productivity—including application technology and automation—with consideration for the requirements of subsidy systems. In addition, we expect a certain level of demand to continue in infrastructure sectors, such as aerospace and power generation equipment, although the market size is not as large as that of the automotive industry.

●Model strategy

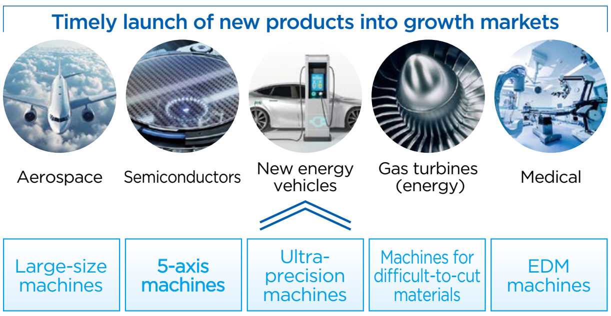
Demand for large-size and 5-axis machines remains strong, mainly for those related to aerospace, semiconductor manufacturing equipment, and medical equipment. Going forward, demand is expected to expand to automotive dies and molds as well. As there is a limited number of manufacturers in the world who can meet the sophisticated requirements in these high-value-added fields, there are increasing needs for our products. In view of such demand, we are expanding production of large-size machines at our new Fuji Yoshida Plant scheduled for completion in April 2026. In addition, amid rising needs for machining precision and labor saving, we are also strengthening our software proposals that help to maximize the performance of machines and contribute toward overall production process optimization. Our automation goes beyond unmanned operations, integrating machines, software, and operations, such as reducing setup time by consolidating processes, maintaining accuracy during long hours of operation, improving production efficiency using operation data, and managing schedules with an eye on tool wear. In particular, we are using our knowledge—developed through increasing automation needs in the United States—to provide proposals according to the issues faced in each region.

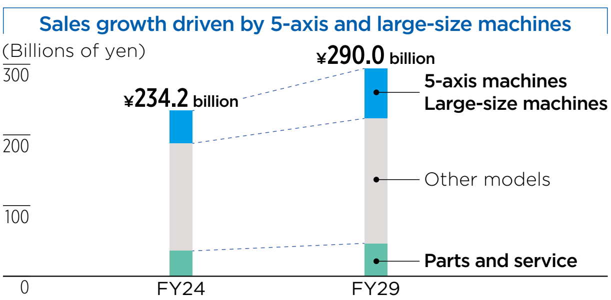
●Focusing on greater productivity toward improving profitability

Currently, as we implement initiatives toward improving profitability, our biggest issue lies in how to efficiently operate our domestic and overseas production sites. Besides Japan, Makino has plants in countries such as China, Singapore, India, and Vietnam. Due to the nature of machine tools, however, there are limitations on the flexible transfer of production between sites from the perspectives of national security and technology management. In particular, there are restrictions on the transfer of machines and technologies from Japan to other countries, and while we can transfer the production of overseas manufactured models to Japan, there are issues in terms of the supply chain and costs. Under such conditions, the key to improving profitability lies in building a system that can increase the operating rate of our plants and absorb fixed costs. Therefore, we are considering the overseas production of unit parts and greater flexibility in the supply of parts between plants. Recently, we have been advancing collaboration between overseas sites, and it is important to achieve overall optimization, thinking about how to involve our plants centered on Japanese sites, which have significant production scale.

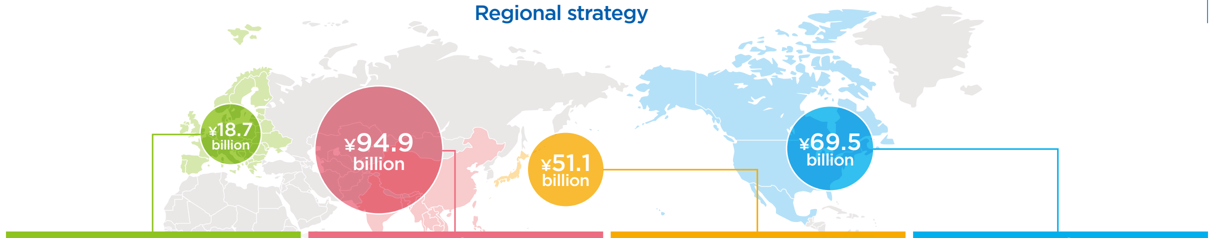
There are also other on-going initiatives, such as encouraging information sharing and improving production processes. In November 2025, we introduced a new product life-cycle management (PLM) system in Japan and Makino Asia, which have development and production sites. In this way, we seek to strengthen collaboration—from development to production and service—and improve productivity from the perspective of overall optimization. Furthermore, we are working to improve productivity and profitability through optimizing production methods according to model characteristics and demand trends, and expanding module production methods at the new Fuji Yoshida Plant.

■ Measures for sales growth





Regional strategy



	Europe	Asia	Japan	Americas
Fiscal 2024 sales (actual)	¥18.7 billion	¥94.9 billion	¥51.1 billion	¥69.5 billion
Function	Sales	R&D and manufacturing / Sales	R&D and manufacturing / Sales	Sales
Trends & strengths	(+) Expansion in the aerospace and semiconductor-related sectors (+) Progress in transplanting to Central and East Europe and North Africa (+) Advantages in aerospace, medical, and die & mold sectors (−) Cost increase due to environmental regulations	(+) High-growth markets (especially China and India) (+) Progress in transplanting to Southeast Asia (+) Advantages in the new energy vehicle (NEV) and die & mold sectors (−) Intensifying competition in delivery time and cost	(+) Energy and semiconductor-related demand (+) Advantages in high-value-added machining and die & mold sectors (+) Strong engineering capabilities (automation compatibility, etc.) (−) Population decline and aging society with low birthrate	(+) Expansion in the aerospace and medical sectors (+) Recovery in the automotive sector (+) Strong engineering capabilities (automation compatibility, etc.) (−) Intensifying competition
Initiatives	▪ Strengthening new product lineups (collaboration with European manufacturers) ▪ Rebuilding sales and service structures ▪ Cost reforms through digital utilization, etc.	▪ Development of OEM supply chain (cost reduction through local production) ▪ Strengthening of collaboration between regions ▪ Capital investment for growth and productivity improvement	▪ Strengthening new product lineups (large-size machines and 5-axis machines) ▪ Development of next-generation control units/software ▪ Investment in production capacity enhancement and productivity improvement	▪ Strengthening new product lineups ▪ Continued strengthening of engineering capabilities ▪ Strengthening of service provision capabilities

● Optimization of cost structure

Toward optimization of cost structure, we are emphasizing the achievement of economies of scale by first expanding our top line. An increase in production volume helps to improve our ability to negotiate parts procurement and our machining efficiency, supporting us in improving profitability. We are also seeking cost optimization by commonizing parts and consolidating procurement lots across the Group. However, for parts directly linked to quality, we retain specifications for each model, selecting parts to be commonized with caution. Furthermore, design, procurement, production, and service departments collaborate to select parts and change designs, keeping cost in mind from the initial stages of development. Through this, we are optimizing our overall product cost structure.

Increasing Asset Efficiency

● Capital investment

We plan to invest ¥27 billion in our new Fuji Yoshida Plant. While depreciation and other expenditure will increase by around ¥1.3 billion each year, we have many outstanding orders for large-size machines planned to be produced at the new plant, centered on those related to aerospace, and we also expect strong demand to continue in this sector. In this way, we expect to adequately absorb the costs from initial investment and further solidify our profit structure. Furthermore, at our domestic and overseas sites, we will continue to invest in plant renovations aimed at improving productivity as well as in strengthening their service and engineering functions. Through these initiatives, we will strengthen our system that allows us to flexibly respond to the demand in each region, and at the same time, further improve customer satisfaction by raising the level of our after-sales service.

● Improving the efficiency of funds

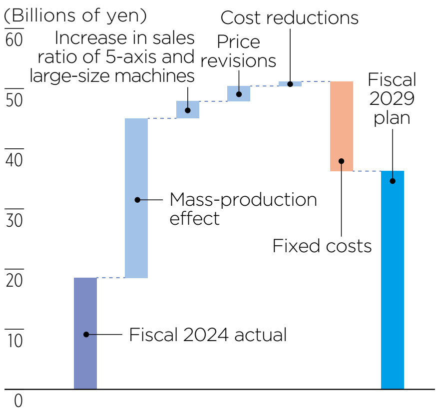
We are working to improve our cash conversion cycle (CCC) to strengthen our financial constitution and improve the efficiency of funds. Against the worsening in shortening of payment term in recent years, we are implementing measures centered on improving operating capital toward achieving our fiscal 2029 target of a CCC of 165 days or less. Specifically, we are optimizing inventory levels by reducing the accumulation of work-in-progress and parts inventory through production efficiency-focused design and production process

■ Improving productivity through strengthening sales, production and service functions of sites

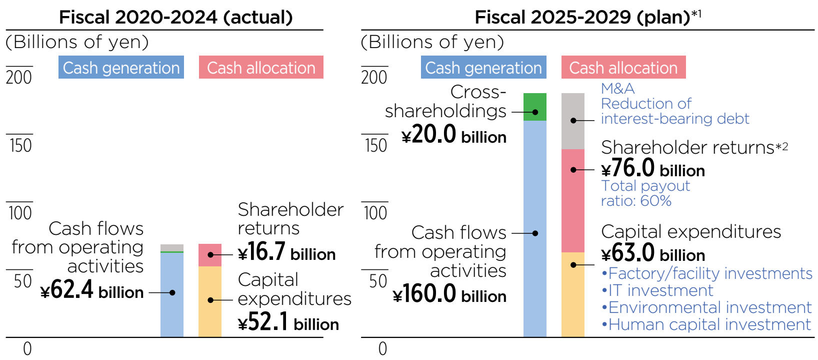
	Kunshan, China	Mason, USA	Hanoi, Vietnam	Fuji Yoshida, Japan	Japan/Asia
Completion schedule	FY25	FY26	FY25*	FY26	5-year cumulative total (FY25–29)
Investment details	Renovation	Renovation	Establishment	Expansion	Renovation and new construction
	Assembly plant Logistics warehouse	Headquarters plant Showroom	Unit assembly plant Peripheral equipment assembly plant	Assembly plant Logistics warehouse	Machining equipment
Capital expenditure	¥3.0 billion	¥1.8 billion	¥2.6 billion	¥27.0 billion	¥8.0 billion
Purpose	▪ Responding to the demand for large-size machines ▪ Improving logistics efficiency	▪ Enhancing sales and service capabilities ▪ Enhancing engineering capabilities	▪ Cost reduction	▪ Responding to the demand for large-size machines ▪ Improving logistics efficiency	▪ Labor saving ▪ In-house production
Completion image					

*Completed in August 2025

■ **Operating income**



■ **Allocation of funds**



*1 As of February 2025
*2 In light of the planned tender offer for our shares by MBK Partners, we have decided as of June 3, 2025, not to pay dividends of surplus with record dates of September 30, 2025 and March 31, 2026.

sophistication. Toward shortening the collection period for accounts receivable, we are also setting appropriate terms for advances received and improving the efficiency of processes from machine delivery to acceptance. Furthermore, our procurement, production, and sales departments collaborate from the development stage to create product designs that emphasize overall efficiency and shorten delivery times and reduce costs through in-house production. Each department has set KPIs, and we are promoting continuous operational improvements based on indicators such as assembly work efficiency and inventory turnover. We will aim to improve fund efficiency and build a sounder and more agile financial base through these initiatives.

●Financial strategy

Through initiatives to improve profitability and increase asset efficiency, we plan to increase cash flow from operating activities to ¥160 billion, which is approximately 2.6 times the actual results for the past five years from fiscal 2020 to fiscal 2024. We will also gradually sell our cross-shareholdings, which currently stand at approximately ¥25 billion. We plan to use the resulting cash on hand as a source of capital for shareholder returns, capital investment, and reduction of interest-bearing debt. In addition, we will consider and implement additional growth investments toward enhancing our medium- to long-term corporate value.

Sustainability

●Organizational transformation and human resource development

Makino is promoting organizational transformation and human capital investment to increase our competitiveness in the global market and achieve sustainable enhancement of corporate value. With overseas sales accounting for approximately 80% of our sales, to accurately grasp the market characteristics and business environment of each region, we have established a system based on region-led management centered on local human resources while providing support and coordination from the head office as necessary from the perspective of Group-wide optimization. Under this management system that balances regional leadership with overall optimization, it is essential to develop human resources who can collaborate smoothly with each site while having a global perspective and understanding local cultures and markets. Furthermore, we see an understanding of finance, technology, and the overall market as well as a perspective that can perceive overall optimization within the Group as the qualities required of human resources responsible for management in the future. To develop such human resources, we have established systems that allow employees to broaden their perspectives by gaining diverse experiences, including the rotation of young employees between departments as well as human resource exchanges and assignments within the Group. In addition, through mid-career recruitment, we bring in external knowledge, increasing organizational diversity and flexibility.

Our human capital investment is based on our Quality First corporate philosophy and seeks to improve the quality of work in each department. We are implementing a variety of measures, including level-based education, on-the-job training (OJT), language training, external seminars, and joint research with universities.

●Environment

Machine tools are products that consume a lot of energy both during the manufacturing process and when used at their installation sites. Therefore, toward the realization of a sustainable society, we have positioned environmental impact reduction as an important management issue and are continuing to implement effective initiatives. So far, we have introduced solar power generation equipment at key domestic and overseas sites and promoted the use of renewable energy. We are making steady progress in our initiatives based on international environmental standards, including obtaining certification from the Science Based Targets initiative (SBTi), and have also achieved results in reducing CO_2 emissions. Going forward, we will also look at purchasing electricity derived from renewable energy and using carbon credits to continue reducing our Scope 1 to 3 emissions. For our sustainability-related governance structure, reports are made to the Board of Directors every quarter, with discussions and evaluations conducted as necessary. Progress is being made according to the plan so far, and we will also consider the possibility of further enhancing our initiatives, such as linking to executive remuneration.

●To our stakeholders

Makino is implementing various initiatives toward achieving the targets in our business plan, but the essence of the Group's business does not change. While it is definitely not easy to reach these targets, we believe that we can achieve steady growth by providing products and services meeting market expectations while further refining the strengths we have developed so far and seriously facing the issues of our customers. We will unite as one Group to seek further enhancement of corporate value.

Global / Japan

Improving Profitability by Using a Timely Approach to Growth Markets and Providing Proposals Focused on Solving Customer Challenges

Tadashi Nishino
Executive Officer
Executive Manager,
Sales Division

●Introducing new machines and supply systems that accurately meet market needs

Global demand related to aerospace and semiconductor manufacturing equipment is expected to grow. Demand related to aerospace, which is an area of specialization for us, fell precipitously for a short time as a result of the pandemic, but then fully rebounded, and our order volume in fiscal 2024 reached a record high. There is a rising need for high-precision processing and process aggregation in these industries. Given these market trends, we are actively rolling out new 5-axis and large-scale machines. Furthermore, with the launch of operations in new factory being built in Fuji Yoshida, we aim to reduce lead time for large-scale machines and strengthen our supply system so as to take advantage of favorable opportunities as they arise. For our existing products, as well, we will contribute to greater customer productivity through the release of more efficient successor models.

●Japanese market outlook and initiatives

While Japan's domestic manufacturing industry is shrinking, requirements for processing are rising overall in line with the shift toward higher added value, and we see this as a tail wind that will benefit us. In particular, we anticipate medium- and long-term growth in semiconductor manufacturing equipment, and we are reinforcing our ability to meet needs for higher precision machining and process aggregation. We will also steadily capture aerospace-related demand, which is expected to see solid growth. While automobile-related business has been sluggish recently, die and mold are becoming larger and more precise parts machining is becoming necessary in anticipation of the shift to EVs, and we will respond to these challenges in a timely manner.

●Supporting the introduction of automation through proposals matched to the challenges faced by production sites

In recent years, there has been growing demand for automation as a result of labor shortages and increasingly diverse consumer needs. However, specific automation objectives vary from customer to customer, and sometimes customer needs have yet to manifest themselves. At our Atsugi Plant, we have created a labor-saving parts machining line that makes full use of our own proprietary automation solutions, such as the latest MAS-NX automation support software, which was released in October 2023. We use the plant as a showroom to actively provide customers with opportunities to gain a clearer idea of the kind of automation they need. →P.32
Furthermore, we flexibly meet diverse customer needs, such as by packaging highly versatile functions and issuing proposals for the multi-stage deployment of automation. Through our own internal deployment and verification, and by having in-house system integrator functions, we are able to provide one-stop overall automation solutions. This is one of our strengths and it assists us in realizing effective and thorough automation.

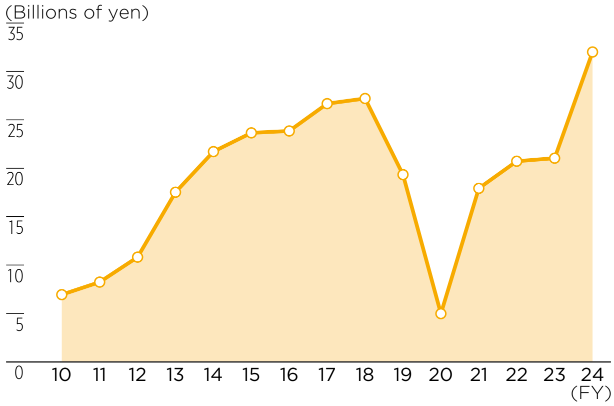
●Passing on our ability to understand customer needs to the next generation and strengthening our growth foundation

Our brand image wasn't created simply by our pursuit of machine performance. It is also the result of our track record of inter-departmental coordination as we have persistently worked together to contribute to solving customer challenges. This track record has earned us the trust of our customers and elevated their expectations, so they know that even when it comes to difficult or unprecedented machining, they are in good hands with Makino. Consultations from our customers provide us with precious input that contributes to the further evolution of our products and services. We believe that the key to sustained growth is maintaining and deepening the relationships of trust we have with our customers. In our domestic sales departments, our strengths lie in our communication skills, with veteran staff members leveraging their extensive experience. We are also focusing on developing junior employees so that this expertise can be passed on to the next generation. We will also build systems to ensure that our veteran employees can remain motivated and continue to contribute over the long term.

We've also integrated our inside sales, which was previously an independent organization, with our domestic sales departments to strengthen coordination with field sales. To increase the sales efficiency of our Group as a whole, we are working to strengthen our coordination with Makino Asia, through which we are aiming to improve our marketing capabilities and optimize our sales structure.

To steadily capture business opportunities in the face of the accelerating changes in our business environment, we are further facilitating coordination between departments and throughout the Group, while at the same time focusing on creating an organization in which each and every person is highly motivated in their work.

■ **Aerospace-related orders received (consolidated)**



Asia

Speedily Responding to the Needs of Growth Fields, Primarily in China and India, and Establishing Even Greater Competitive Advantage

Neo Eng Chong
President and CEO
Makino Asia Pte Ltd

●The changes in the Asian market and Makino Asia's strategy

Over the past twenty years, the sales composition of Asia has changed dramatically. China now accounts for the majority of sales, followed by India and ASEAN. Makino Asia is headquartered in Singapore and is involved in R&D, manufacturing, and sales of products globally. We are also responsible for the sale of Makino Japan products in Asian markets. We implement flexible product and market strategies that are responsive to the industrial structures of individual areas and the changing needs of customers.

In China, Makino Asia has grown through the expansion of the EMS field for electronic devices and by capturing EV demand. We currently position automobile component machining, as well as die and mold, as critical business pillars. At the same time, we are working to enhance our presence in the semiconductor manufacturing equipment field, where demand is expanding amid U.S.-China trade friction, and in the medical and aerospace fields. We are also considering expansion into next-generation industries, such as humanoid robots.

We entered the Indian market 30 years ago, and over the years we have earned the trust of the local manufacturing industry, primarily focusing on automobile component machining. In recent years, as production has shifted from China, we have also seen an expansion of die and mold for use in everyday products and EMS for electronic devices. The arrival of Western companies is also driving rapidly growing demand in the semiconductor and aerospace fields. We plan to accelerate our efforts in these growth industries and increase our sales by fiscal 2029.

We are refocusing our efforts on the ASEAN region in response to the shift away from reliance on China. Vietnam, in particular, has a large population of young people and its supply chains are improving, so expectations are high for it to serve as a supply hub for an expansive market. Makino Asia is dedicating itself to rapidly establishing a presence in Vietnam.

●Makino Asia's strengths and competitive advantages

To respond to these market changes, we are strengthening our ties with local communities. Our greatest strength lies in our arrangement of development, production, sales, application, and service functions in Singapore, China, and India. Through these, we are able to gather input from our customers through those in the actual field, so we can propose speedy and accurate solutions.

We are employing a two-pronged product strategy, in which we are leading the high-precision field with products made in Japan and capturing volume zone demand through highly cost-competitive products developed for the Asian market. Through these strategies, we ensure the flexibility to meet the diverse needs of a wide range of industries.

Another important part of Makino Asia's competitive advantage is its application proposal strength, made possible by local engineers. By supporting process improvements and the introduction of new technologies, our local engineers ensure that machine capabilities can be leveraged to their fullest and we can provide added value that contributes directly to greater customer productivity and quality. These technology proposal capabilities we offer at manufacturing sites are one of the things that differentiate us.

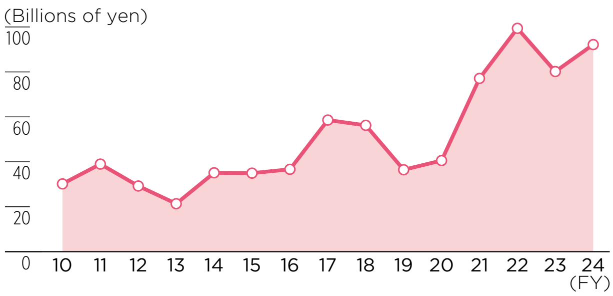
In addition to the brand power we have created through our early entry into the markets of China and India, on the production side, we are also increasing our cost and delivery time competitiveness by leveraging local supply chains. In India, we are using the technical strengths we have developed with the automobile industry, along with our experience in the Chinese market, to expand our business in the field and grow our business further.

In the ASEAN region, we are establishing our presence and strengthening our supply chain, with a focus on Vietnam. We are accelerating our approach toward growth markets by strengthening our sales capabilities. This is being achieved by leveraging the functions of the technical center that adjoins the new plant which went into operation in August 2025. Singapore will continue to serve as the Makino Asia Group's headquarters, supporting our overall growth.

●Inter-regional coordination supporting our global expansion

Over the past two or three years, Chinese companies have been accelerating the shifting of their production sites to Southeast Asia and Eastern Europe. Close inter-regional coordination is essential for dealing with market changes like these. In a rising number of cases, we're supporting customers by collaborating with other regions, and we're strengthening our technical support by dispatching or locally stationing application engineers. We also expect to see synergy be created by tighter inter-organizational collaboration between Makino Asia and Japan. We have only recently begun these efforts, but in the future we plan to deepen our collaborations with other regions to solidify our global growth foundation.

■ **Orders received in China and India**



Americas

Flexibly Responding to Changes in Trade Policies and Expanding Our Single Source Philosophy for Solving Customer Challenges

Peter Hoecklin
President and CEO
Makino Inc.

●Building trust-based relationship with customers through our deep knowledge of manufacturing processes and our one-stop shop structure

Makino's machine tools are being used in a wide range of industries around the world. In the Americas, they have developed an especially strong reputation in the aerospace, die and mold, production machining, and medical fields.

Makino Inc. has application engineers well-versed in these fields and deeply understands the manufacturing processes of individual industries, along with their particular characteristics. By specifically showing customers how the capabilities and technologies of Makino's machines can help solve customers' machining issue, we're building bonds of trust with our customers. We also believe that an important part of establishing these bonds is providing after-sales service, throughout the machine's lifecycle. With our highly skilled application and field service engineers, we maximize equipment operation rates, extend equipment lifespans, and provide continuous support to help ensure that customer production activities proceed without interruption. In this way, we build long-term partnerships with our customers.

In addition to the process orientation mentioned above, Makino Inc. provides turnkey and integration services to many of the markets that we serve. As the manufacturing industry continues to struggle with finding manpower, automation is becoming something that most companies, regardless of industry segment, are looking for. Makino Inc. has been and continues to be a significant player in this space, as we are comfortable taking on the integration and automation requirements for our customers as they look for a single-source supplier. The ability to supply these integration services is a significant differentiator for Makino Inc., and we have many repeat customers for where Makino Inc. has provided these integration and automation services.

●Minimizing the impact of tariffs through flexible inventory strategies

The level of disruption to the global trading system in the past year has been unprecedented. The only thing we can do is remain flexible and react quickly. It is very important that we are transparent with our customers and explain what we are doing and why to maintain their trust.

When tariff measures were announced, we were keeping some degree of product inventory in the U.S. This contributed to our ability to mitigate short-term risk for our customers. When additional tariffs are implemented, we provide our customers with detailed explanations of their contents and reasons, earning their understanding and fairly reflecting the additional costs in sales prices. We have maintained high machine inventory levels through this turmoil to be able to quickly respond to customer demands. Using free-trade zones enables us to rapidly respond to sudden changes in trade and logistics environments and minimize the impacts of these changes on customer production plans.

Going forward, we will keep our eyes on the stabilization of the business environment and domestic recovery trends in the U.S., while at the same time further strengthening our supply system and our service provision capabilities.

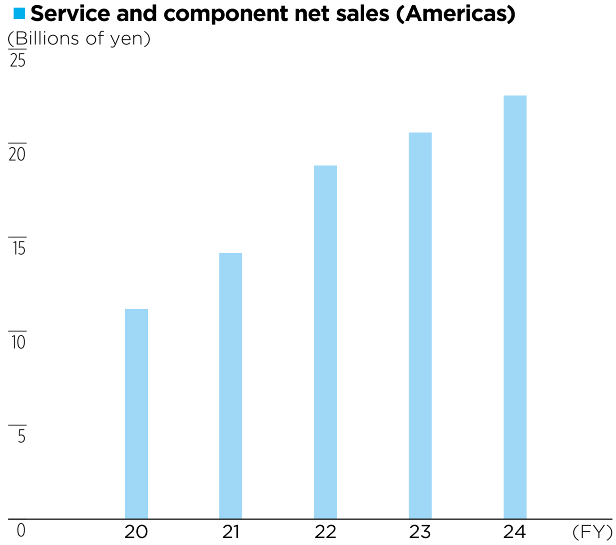
●Active investment aimed at enhancing our technical capabilities and our sales/service system

Currently, Makino Inc. is actively implementing three initiatives. First, to meet the growing automation needs we anticipate for the future, we're refining our ability to integrate Makino machine tools into customized systems based on customer needs and requests. This will provide a key competitive advantage that differentiates us from our competitors, and we're achieving it not just by hiring and training experts, but also by continuously investing in sophisticated system integration technologies.

Second, we're enhancing our service provision capabilities through a major renovation project in Mason. This renovation work, which is already underway, is scheduled to end in fiscal 2026. Not only will it improve our ability to better showcase our technologies, but it will expand and automate our supplying spare part warehouse. In addition, we will gain a state-of-the-art facility to remanufacture spindles and other critical components in a controlled environment. This is positioned as the foundation of medium- and long-term improvements to after-sales service quality and responsiveness.

Third, for the Latin American market, we are continuing to strengthen our sales and service system and our local teams, especially for Mexico, where we expect to see future growth. The Querétaro technical center renovation project is temporarily on hold due to the USMCA renegotiation planned for 2026, but we are ready to adapt the planned facility quickly to meet future needs.

■ **Service and component net sales (Americas)**



Europe

Contributing to the European Market by Expanding High-Accuracy Machines for Aerospace and Semiconductor Manufacturing and by Enriching Automation Solutions that Help Address Labor Shortages

P. Anders Ingemarsson
President and CEO
Makino Europe GmbH

● Despite its unpredictability, the European market environment will be supported by solid demand in the aerospace field and high expectations for semiconductor manufacturing equipment business

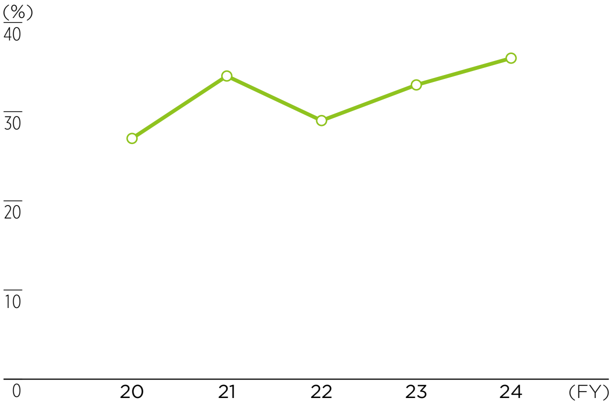
The future outlook for the European market remains unclear due to economic stagnation and geopolitical risk. SMEs face difficulties with financing and securing personnel, while major corporations are cutting workforces and making operational adjustments.

The automobile industry, which has been one of the main industries leading the European market, is also struggling, but the aerospace industry has seen an ongoing high level of desire for capital investment, backed by the recovery of export demand following the pandemic. For semiconductor manufacturing equipment, despite ongoing trade friction between the U.S. and China, the segment is enjoying the support of data center investment driven by growing AI demand, and medium- and long-term growth expectations are rising. In addition to this, capital investment is also gradually rising in fields such as construction machinery, hydraulic machinery, and general industrial components, backed by the need to renew aging infrastructure and investment in environmental initiatives.

● Expanding our lineup and making operational improvements to enhance our ability to respond to growth markets

Makino Europe has established a firm market position in the aerospace field thanks to its advanced technical capabilities in processing structural components and engine components, along with its high level of reliability. Over the past decade, sales of products for machining aluminum and titanium, especially large 5-axis machining centers, have been solid. That demand is also spreading to medium- and small-sized machines. We launch several new models every year. The a500iR, a 5-axis horizontal machining center released in fiscal 2024, strategically addresses the component-size segment that conventional models had not fully covered. It is helping strengthen our ability to provide proposals for the engine component field.

■ **5-axis and large machine sales ratio (Europe)**



In the semiconductor manufacturing equipment field, demand is expanding for high-precision components, and there is a growing need for technologies used to machine complex shapes. Makino Europe continues to implement various measures to meet these needs, and as a result of these ongoing efforts, it is further expanding the range of areas in which it can provide customers with concrete proposals.

In the future, we will continue to coordinate with development sites in Japan, precisely rolling out the lineup of enhanced 5-axis machines to the European market. We will also strengthen our coordination with outside partners and enrich our training to heighten our ability to meet complex machining demands and requests.

On the service front, we will invest in digital tools to rationalize our component inventories and shorten lead times as we strive to further strengthen our stable supply system.

● Focusing on enriching automation solutions and support for nearby regions in order to maintain the competitiveness of European manufacturing

For European manufacturing to maintain its global competitiveness, it is vital that it supply high-value-added products and services that are differentiated from those of other regions. By creating sophisticated production processes necessary for high speed, high precision, and high quality, Makino Europe is supporting its customers' high-quality manufacturing. However, competitiveness does not come from technical strengths alone. It is also vitally important to effectively utilize human resources. Much of Europe's manufacturing industry faces severe problems with both achieving cost competitiveness and dealing with the lack of veteran operators. It is urgent that effective automation be introduced to address these issues. This trend is expected to continue into the future, so Makino Europe will use automation equipment from European partners, as well, to expand its automation solution portfolio and flexibly meet the needs of customers.

Another major movement in improving competitiveness is expanding the scope of "best cost" procurement from Central and Eastern Europe countries, as it had been in the past, to also include countries in North Africa, where aerospace and automobile industry sites are being established. As manufacturing sites are launched and expanded in regions such as these, Makino Europe is coordinating with Asian sites in the Makino Group to provide technical and service support from the initial project stages. We will continue to strengthen our support structure in Central Europe, Eastern Europe, and North Africa, and contribute to making our customers even more competitive.

Product Portfolio Expansion

Message

Expanding Our Lineup of Products that Meet Diverse Needs and Increasing Added Value

Haruyuki Shiraishi
Vice President, Director,
Executive Manager,
R&D Division

●Expanding our range of 5-axis machines and large machines and rolling out upgrades to our existing models

We are working to expand our product portfolio to accurately meet the diverse machining needs of our customers. In recent years, there has been a growing need for 5-axis machines, which improve productivity by aggregating machining operations, and large machines that can work with the large dies and molds used for automotive parts and large workpieces such as aircraft parts. We are dedicating ourselves to enriching our lineups of 5-axis and large machines. The new Fuji Yoshida factory, which is scheduled to go into operation in 2026, will be capable of producing even larger machines than our past plants, so we are developing models with scales even greater than any in our existing lineup. For our 3- and 4-axis models, which were launched over a decade ago, we are developing and rolling out successor models and upgrade models that offer even higher levels of speed, precision, and quality.

●Speedily and accurately understand customer needs through coordination with different departments

We coordinate with our sales and service departments around the globe to accurately identify the needs of individual regions and reflect those needs in our product development. Through their day-to-day activities, our sales and service departments collect information about our customers' requests and the difficulties our customers face. Our development departments sometimes talk directly with customers to identify their root issues. Through our information-gathering, firmly based in the actual field, we rapidly analyze issues and begin deliberating the functions needed to address them, so our development isn't just speedy, it also accurately reflects customer needs. I believe this speedy responsiveness is one of our development strengths. We identify the common issues that underlie our customers' individual needs and reflect them in our products in the form of highly versatile functions that can be applied in many different fields. This increases development efficiency while lowering costs.

●Promoting automation and maximizing the value of machining by enriching software

Since 1996, we have supplied pallet transfer systems, which automatically feed workpieces into machines. Initially, we had envisioned these systems as being used in mass production, such as parts machining for mass-produced industrial machinery or automobiles. However, labor shortages and increased global price competition have led to a growing need among variable-mix, variable-volume customers and relatively low-production customers for automation and the productivity improvements it provides. This has led to demand for systems that go beyond simply keeping machines running to also providing greater added value, such as through sophisticated data utilization.

Based on these market trends, we are implementing three core software development projects and working to maximize the value of customers' machining. MAS-NX, our latest automation support software, uses a "proactive scheduling" approach to predict future risks such as tool wear and optimize production plans. It flexibly supports variable-mix, variable-volume production. MAS-3i uses remote monitoring functions and data analysis to make improvement proposals, heightening on-site decision-making capabilities and efficiency. We provide diverse options so that customers can implement the automation that is best for them, based on their business type, scale, and operations system. We contribute to the improvement of our customers' productivity by providing flexible and highly effective automation solutions that cover everything from large-scale system creation, including pallet transfer systems and mobile robots, to improving the operation efficiency of individual machines.

■Developing new products and services in a timely manner to help customers overcome their challenges

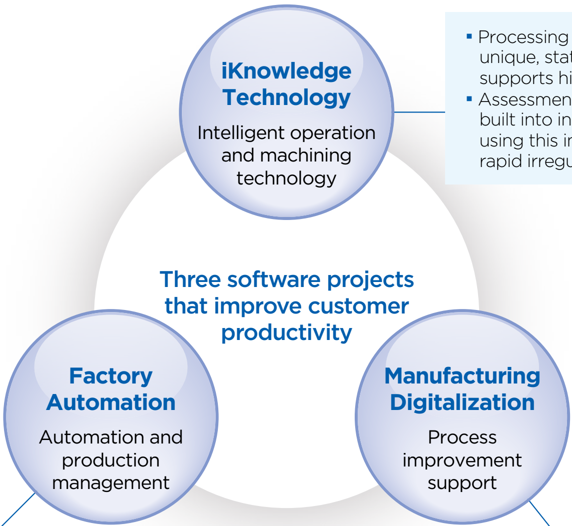
* The above are just some examples of our newly developed products

In fiscal 2022, we completely overhauled our development system, and we are now releasing new products that match our customer needs in an even more systematic and timely manner.

We will continue to grow our product lineup, focusing on 5-axis machines, large machines, and automation support, to further expand our range of proposals. At the same time, we will assess changes in trends using our global information network. By doing so, we will constantly review and revise our medium- and long-term development plans and steadily develop products to help customers overcome their challenges.

Increasing customer productivity through three software projects

Increasing individual machine performance



- Processing and control software, including our unique, state-of-the-art GI.6 control technology, that supports high speed, high precision, and high quality
- Assessment of machine conditions using sensors built into individual machine components and using this information for optimal speed control, rapid irregularity detection, etc.

MAS-NX automation support software (fiscal 2023)

- New, unique "proactive scheduling" approach predicts future production risks and indicates what response measures must be taken, helping create more flexible and efficient automated lines

Improved automation quality

Data platform for kaizen

MAS-3i machine visualization and analysis software (fiscal 2024)

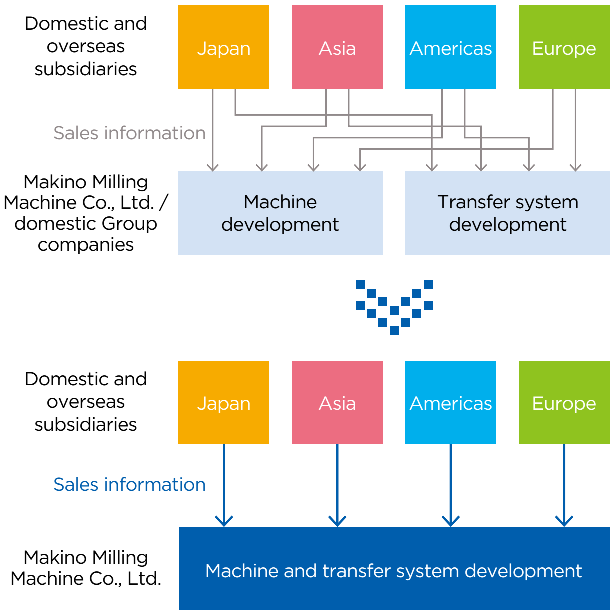
- A unified software package for data collection, visualization, and analysis support, assisting with machining process improvements

Restructuring our development system to enhance our automation capabilities

To further refine our automation technologies and our market responsiveness, we carried out a sweeping reorganization of our pallet transfer system development structure in 2025.

Previously, machine development and transfer system development were performed by separate development companies. This meant that hardware and software development functions were scattered across both companies, and when dealing with increasingly complex customer requests, there were overlapping development contents and a need to verify consistency between functions. The process was extremely inefficient.

Following the reorganization, the development of core technologies is all centralized in a single company, eliminating this inefficiency, improving quality, and accelerating development. Also, the sales information that had previously been scattered across the development companies is now aggregated in a single company. This system makes it possible for us to quickly and accurately respond to requests from customers, both in Japan and overseas. Local Group companies deal with the detailed, specific needs of customers, which vary from region to region, so we are able to maintain our flexible responsiveness.



Reinforcing hiring and development to further enrich our software human resources

Automation needs are becoming more diverse and sophisticated, and we believe that software technologies are an important element that supports our sustained competitiveness. That's why we consider one of our key challenges to be hiring and training human resources with an eye toward the future. We're enhancing our efforts to convey the appeal of machine tools to younger generations such as by having leaders from our technical departments visit universities to conduct lectures. We're also expanding our internship program and providing opportunities for university students to visit and experience actual development sites. Furthermore, we're actively hiring mid-career personnel to secure human resources with knowledge about software development in manufacturing worksites, who can immediately put their skills and knowledge to use. In the future, we will further improve our flexible development capabilities, through which we meet our customers' diverse automation needs, by cultivating human resources with knowledge that spans multiple fields.

Capital Investment/Productivity Improvement

Message

Pursuing SQCD+F through Capital Investment and Human Resource Enhancement and Coordination

Yukio Hayakawa
Executive Officer,
Executive Manager,
Production Division

●The mission of the Production Division

The Production Division is responsible for the core of Makino's manufacturing, so its mission is to establish a system that maintains high levels of safety, quality, cost, delivery times, and flexibility (SQCD+F). These involve mutual tradeoffs, so achieving high levels for all of them at the same time can be difficult, but I believe that diligently tackling and resolving each issue that arises is the key to sustainable growth.

We're not just focused on creating this system, but also on creating mechanisms for visualizing these metrics and using this data in ongoing improvement activities. Specifically, we are working to improve productivity through both our facilities and our people and to reduce both variable costs and fixed cost ratios. By doing so, we will contribute to the achievement of our business plan.

●Profitability improvement measures

We are enhancing coordination within our Group and with outside parties, improving our production system, which can immediately respond to changing needs, and optimizing our cost structure. First, with respect to increasing sales, we coordinate with the Sales Division to decide on strategic models of large machines, which in the past were primarily focused on built-to-order manufacturing. We maintain inventories of procured products with long lead times in order to shorten the time between order reception and product delivery. This helps us avoid opportunity loss and improves customer satisfaction.

As for procurement, we strive to build mutually beneficial relationships with our suppliers by providing support for productivity improvements as we aim to achieve both supply stability and cost competitiveness. Furthermore, we are also building a stronger global supply chain. By sharing information with overseas sites, we are implementing procurement strategies based on price and supply stability, and we have begun efforts to optimize total costs. In response to soaring logistics costs, we are improving loading efficiency, introducing consolidated transport, reviewing our logistics sites, and making other efforts to improve the efficiency of our transport methods.

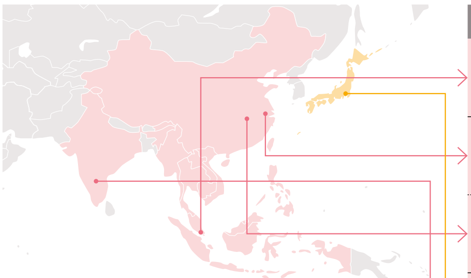
●Organization and human resource challenges and initiatives

Production sites face challenges due to the rising average age of experienced workers and the difficulty involved in passing on skills to younger workers. Our modular production method seeks to tackle these issues, and we are expanding its application scope. By finely segmenting processes and assigning personnel with the necessary skills for each, we are aiming to stabilize work quality, and by having work performed in parallel, we are seeking to reduce the lead times of the entire assembly process. For assembly processes which require advanced skills, we are improving machining quality and, to the greatest extent possible, replacing manual adjustment and fitting in assembly with machining processes in earlier stages to minimize the need for such work during assembly. However, for areas where the skills of experienced workers are vital, we are using job rotations to pass on skills to junior workers. Know-how tends to be highly specialized for production process design and improvements, and skills and judgment are refined through actual field experience, so we are seeking to raise the base level of our personnel through on-the-job training.

●Coordination with Makino Asia

We coordinate with Makino Asia's production sites to assist in their quality management and production management process improvements. Through this, we're helping elevate quality and improvement mentality among local staff. Our overseas members also have much to teach us, such as methods for speedily implementing improvements and initiatives based on new perspectives, so we learn from and inspire each other through our deepening collaborations. We will continue to provide support closely aligned with local conditions and improve the competitiveness of Group companies around the world.

■Expanding global production capacity by 20% through capital investment and efficiency improvements



While supplying models in a timely fashion based on the needs of individual regions, we are investing in new production facilities and making efficiency improvements so that we can flexibly respond to changes in demand.

Country/Plant	Main Products	FY24	FY29	Change
Singapore	MC, EDM, Laser (AM)	1,400 units	1,400 units	—
Kunshan, China	EDM	1,100 units	1,500 units	+400 units (+36%)
Wuhan, China	MC	1,000 units	1,600 units	+600 units (+60%)
India	MC	500 units	500 units	—
Japan	MC, EDM, Laser	3,300 units	3,900 units	+600 units (+18%)

Initiative Expansion of the Fuji Yoshida Plant

To meet rising global demand for large machines driven by the growth of the aerospace industry and the increasing size of automotive dies and molds, we are expanding our Fuji Yoshida Plant in Fuji Yoshida City, Yamanashi Prefecture, by adding a machining center plant, with completion scheduled for April 2026. This will be the first expansion of domestic machine production sites in 18 years, following the expansion of the Fuji Katsuyama site in 2008. With this investment, we aim to significantly increase production capacity for large machines and shorten lead times.

The new plant is based on the specifications of conventional plants capable of manufacturing high-quality products, but its structure has been modified to accommodate machines that are larger than those in our past lineups. This plant is equipped with a solid foundation for high-precision machine manufacturing. It also features high-efficiency air conditioning systems with minimal environmental impact to maintain an optimal temperature environment. In addition, it provides the space and equipment needed to handle larger products, enabling the establishment of a flexible production system.

The design of this new plant has a unit assembly area next to the main machine assembly area. Because of this, it can perform unit assembly for large machines and employ modular production methods, which were difficult with past product sizes and plant space limitations. Now, even for large machines, machine assembly operations and multiple unit assembly operations can be performed in parallel, reducing lead times.
What's more, to improve assembly efficiency, we are also working to eliminate the need to make adjustments when positioning components, and we have adopted the use of "sub-assembly," which divides processes into smaller, simpler sub-processes. These improvements also make it possible to perform processes in parallel, creating a system capable of flexibly responding to demand fluctuations.

"Backtrack-free, intersection-free, spiral-free" logistics movement line design

The logistics movement lines at the Fuji Yoshida Plant were optimized with the principles of being "backtrack-free, intersection-free, and spiral-free." Specifically, work spaces were arranged based on the sequence of processes, from component warehousing to painting, sub assembly, and main unit assembly. This produces a seamless and highly efficient flow of items between processes. We instituted these improvements based on our experience with past plants, in which the introduction of modular production to meet growing demand for small and medium-sized models led to complex flows that prevented us from creating the movement lines we had initially envisioned.

In order to support modular production for large units, the new plant uses movement line designs that support streamlined transport in individual unit increments. This ensures that components and units are transferred smoothly, prevents confusion and bottlenecks between processes, and improves both operational efficiency and safety.

With this design philosophy and operation system, we aim to create a standard model for future production site construction and renovation. We believe it will contribute significantly to the expansion of our production capacity.

Establishing an unmanned parts processing model at the Atsugi Plant

Our production model is characterized by low-volume, high-mix production. For parts machining, in particular, single lot sizes are small and involve frequent tool replacement. This limits effective machine operation time (net time spent adding value), and efficient utilization of production equipment poses challenges.

To deal with this issue, the Atsugi Plant's parts machining line has introduced a flexible manufacturing system (FMS), tool lifespan prediction system, robots for attaching and removing workpieces, an iAssist automatic transfer system, developed in house, and more. By eliminating the barriers to unmanned operation, it has improved its Machine-Man* ratio, a measure of productivity, by 1.5-fold compared to fiscal 2021 levels.

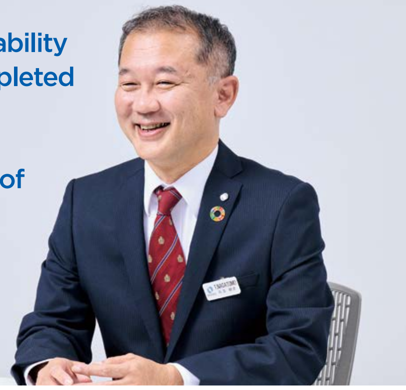
These improvements were made possible by close coordination with related internal departments, primarily machine sections responsible for machining in production sites. They have been highly effective initiatives, closely aligned with the issues actually faced in the field. Furthermore, using the knowledge we have accrued through our own plants, we are actively sharing improvement case examples and technical information with customers. Feedback from manufacturing sites is reflected in our new MAS-NX system, FMS management software that serves as a tremendous asset for our proposal capabilities.

*Machine-Man ratio = machine operating time ÷ worker labor time

Sustainability

In 2022, Makino established the Sustainability Promotion Office, promoting sustainability activities centered on responding to climate change issues. Currently, we have completed calculating CO_2 emissions and establishing reduction targets, and progressed to obtain certification from the Science Based Targets initiative (SBTi). It is due to the involvement and hard work of all employees that we have achieved this far. As part of our ongoing environmental management system (EMS) activities under ISO 14001, we continue to address environmental issues, particularly water management and pollution prevention. We will promote further activities and disclose them with transparency so that they can be widely understood by stakeholders.

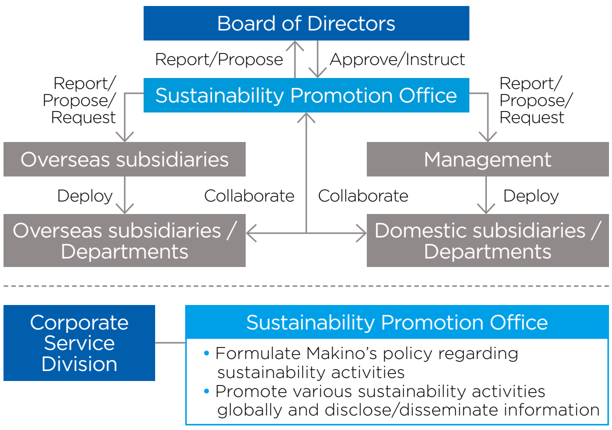
Tomofumi Nagatomo
Chief, Sustainability Promotion Office



Sustainability approach and governance

The Board of Directors approves key measures, receiving reports and deliberating the implementation status of these measures as appropriate (at least once every quarter for those related to climate change). In the event serious environmental risks materialize or are very likely to occur, or if the Board or Audit and Supervisory Board members assess that they should be studied by the Board, the Board receives reports on each risk, discusses the response policy, and makes decisions. Departments select major risks to be addressed, establish response measures and conduct risk mitigation and/or monitoring and measurement activities. After summarizing the results, they are reported to the Risk Management Committee, which serves as an advisory body to the president. The committee then deliberates the report and recommends to the president as necessary. The management of sustainability-related opportunities is assessed from a comprehensive perspective that considers the status of framework development that includes actual tasks as well as the feasibility and effectiveness of these opportunities. Regarding climate change, the Sustainability Promotion Office identifies major opportunities, with the relevant departments formulating and implementing response measures according to the identified details. These responses are evaluated and managed by the Sustainability Promotion Office.

■ Structure for responding to environmental issues



Environmental policy

Makino will always give consideration to the environmental impact of all processes in which our products are produced and used by customers to build societal trust.

Specific activities based on our environmental policy

1. Press ahead with energy and resource conservation.
2. Press ahead with waste reduction.
3. Offer products with low environmental impact.
4. Comply with laws, regulations, and voluntary controls.
5. Prevent environmental pollution.
6. Continue to enhance our environmental management system.
7. Build awareness of environmental conservation.

History of response to climate change issues

2022
- Established the Sustainability Promotion Office
- Develop calculation process (Japan: Scope 1 and 2)

2023
- Established reduction targets (Japan: Scope 1 and 2)
- Develop calculation process (Consolidated: Scope 1 and 2)
- Established reduction targets (Consolidated: Scope 1 and 2)
- Develop calculation process (Consolidated: Scope 3)
- CDP score: B-

2024
- Established reduction targets (Consolidated: Scope 3)
- CDP score: B

2025
- Obtained certification from SBTi
- Obtained independent third-party assurance

Disclosure based on TCFD recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

●Governance

The Board of Directors approves major investment plans aimed at reducing environmental impacts, receives reports, and deliberates the implementation status of these plans as appropriate. In the event serious environmental risks materialize or are very likely to occur, the Board receives reports on each risk and discusses the status of responses. Makino selects a General Manager of Environmental Management from management ranks with the authority to formulate and review environmental policies, prepare and provide management resources necessary for the establishment, maintenance, implementation, and management of the Environmental Management System, and appoint a person in charge of steadily implementing the system.

●Strategy

Makino identified climate-related risks and opportunities with the potential of impacting business, strategies, and financial plans in the short, medium, and long-term based on multiple scenarios, with one assuming a 4°C temperature increase relative to pre-industrial times and the other assuming a limited temperature increase of 1.5°C. The table below shows risks Makino believes have the potential to significantly impact business.

■Recognition of risks and opportunities based on scenario analysis and Makino's responses

Risk/opportunity attributes				Business impacts			
Risks & opportunities	Scenario	Type of risk/ opportunity	Cause of risk/opportunity	Timeframe for impact to manifest	Degree of financial impact	Impacts on business	Makino's responses
Transition risks	1.5°C	Policies and regulations	Progress of GHG emission pricing	Medium to long	Serious	Operating costs (electricity/fuel costs), transportation costs (fuel costs), and parts procurement costs will increase because the rise in carbon prices due to the progress of carbon pricing (such as the introduction of a carbon tax) and the tightening of GHG emission reporting obligations will lead to increases in the prices of emission rights and fossil fuels (such as crude oil and gas prices).	Makino is introducing solar power generation equipment globally, switching to high-efficiency air-conditioning equipment, and installing LED lighting. All new facilities being constructed in the future are set to be installed with solar power generation equipment. Capital expenditure related to the above responses are taken into account as environmental response expenditure when formulating budgets, and at the same time, operating expenditure related to the introduction of certificates/credits and processes for responding to them are also being considered.
			Stricter energy conservation policies	Short to long	Serious	Plant equipment costs (installation of power generation equipment, replacement with energy-saving equipment, and introduction of electric vehicles), product development costs, and parts procurement costs will increase.	
			Mandates and regulations on existing products and services	Short to long	Moderate to serious	As part of GHG emission reduction policies, there will be requirement to respond to the trend toward decarbonization-related mandates and regulations for existing products and services. The costs of complying with regulations, research and development costs, and capital expenditure will increase. Furthermore, there may be a decrease in sales of products and services that are slow to comply with mandates and regulations.	Development departments collaborate with procurement departments to verify the impacts that mandates and regulations have on Makino's products, and develop/update measures as standard design processes appropriately in a timely manner.
		Market	Rising raw material costs in response to GHG emission reductions	Medium to long	Serious	Parts procurement costs will increase due to higher prices from the greater demand for specific raw materials amid society changing toward reducing GHG emissions.	Manufacturing departments implement processes that minimize the risk of higher prices while maintaining quality by implementing measures such as in-house production and procurement from several suppliers. Improvement of quality and processes is also being practiced across the supply chain. This reduces defect rates and waste, improves productivity, and limits the increase in procurement costs.
Physical risks	4°C	Acute	Increased severity and frequency of cyclones, floods, and other extreme weather events	Short to long	Serious to severe	<Makino> If production equipment is affected, manufacturing capacity will be reduced, and there will be need for capital expenditure. <Supply chain> If suppliers are affected, product transportation will be disrupted, leading to reduced sales and compensation payments. If customers are affected, they will need support for swift recovery of production activities.	<Makino> By establishing disaster response processes for production equipment, Makino is building a system that minimizes damage and swiftly carries out recovery. <Supply chain> Through supplier mapping, a process for procurement from several suppliers is developed, seeking to diversify risk. In addition, a process is being developed to allow affected suppliers to be swiftly identified and supported during disasters. For customers, a system that allows swift support when floods and such occur is being developed by establishing sales and service sites close to customers around the world.
Opportunities	1.5°C	Products and services	R&D and expansion of low-carbon products and services	Short to long	Moderate to serious	The development of new products and application technologies will expand business and increase sales. Toward achieving carbon neutrality by 2050, products that achieve high productivity and energy savings will be developed using Makino's unique technologies and sold.	Makino carries out research and development in energy-saving technologies and implements them in products. 1. eSTABILIZER: Makino provides an environmentally friendly and energy-saving technology that achieves stable, high-precision machining even in environments that do not have precise factory air-conditioning equipment. 2. Energy-saving functions: Makino provides functions that can reduce power consumption by optimizing auxiliary equipment operation.

• The 4°C scenario references the representative concentration pathway (RCP) scenario of the Intergovernmental Panel on Climate Change (IPCC), while the 1.5°C scenario references the scenario of the International Energy Agency (IEA).

Definition of business impact timeframe: Short: Reporting year to less than 3 years; Medium: 3 to less than 10 years; Long: 10 to 30 years

Degree of financial impact (evaluation according to risk management regulations): Moderate: Less than ¥100 million; Serious: ¥ 100 million or higher; Severe: ¥3 billion or higher

● Risk management

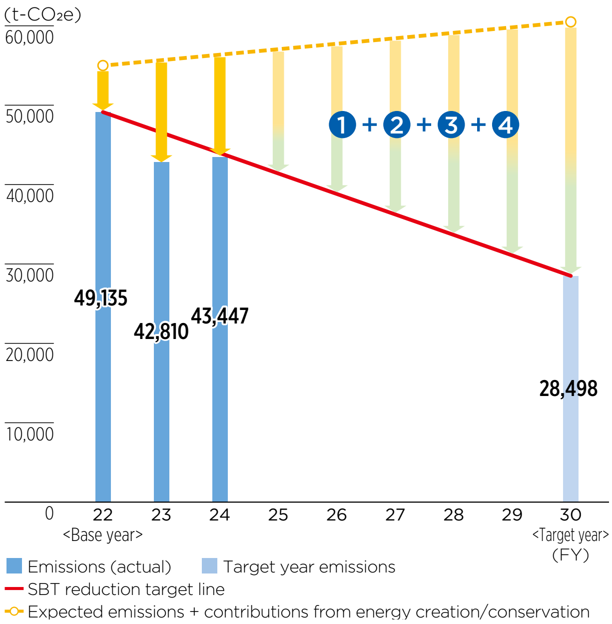
The Risk Management Department compiles and prioritizes manifested risks. The Board of Directors focuses on legal reform trends, the results of management reviews, and other information as risks that must be addressed from a Company-wide perspective, then presents them to each division. Executive managers in each division select major risks to be addressed, taking into consideration risks prioritized from a Company-wide perspective and risks identified in their division. They establish response policies and conduct risk mitigation and/or monitoring and measurement activities. A portion of the results of these efforts is disclosed on the Makino website.

The General Manager of Environmental Management summarizes environmental activities conducted during the year and conducts management reviews. In addition to sharing findings with each division, the Risk Management Department reflects findings related to key risks from a Company-wide perspective and reports them to the Risk Management Committee. In the event of a particularly important risk issue, the details are reported to the Risk Management Committee for discussion as necessary.

● Metrics and targets

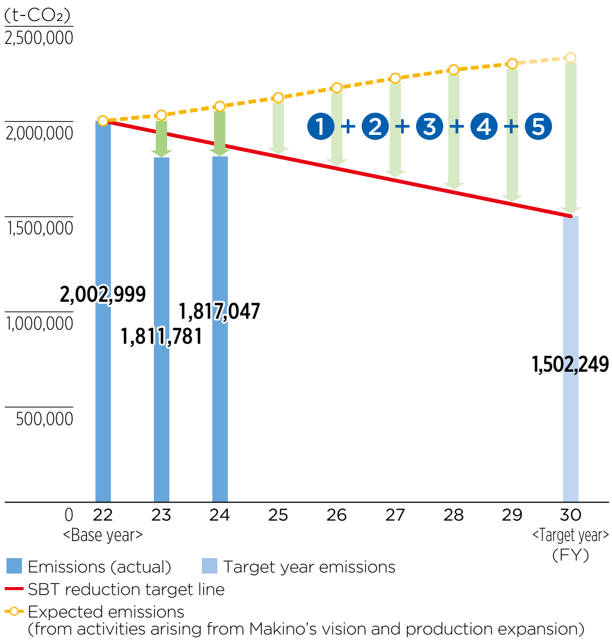
Long-Term Target	• Achieve carbon neutrality (virtually zero greenhouse gas emissions) in 2050 in Scope 1 and Scope 2
Near-Term Target	• Reduce CO_2 emissions (Consolidated, Scope 1 and 2) by 42% from those of 2022 by 2030 • Reduce CO_2 emissions (Consolidated, Scope 3 Category 1 and 11) by 25% from those of 2022 by 2030

■ Roadmap toward achieving near-term targets for Scope 1 and 2



		Scope 1	Scope 2	Timeframe
① Reduction of emissions from purchased energy (Introduction of solar power generation equipment, improvement of production equipment efficiency, energy-saving activities, and such)			○	Short, medium, and long
② Reduction of emissions from direction operations (Electrification of plant equipment and energy-saving activities)		○		Short, medium, and long
③ Expansion of renewable energy use and attainment of environmental value	③-1 Introduction of physical and virtual power purchase agreements (PPAs)		○	Medium and long
	③-2 Purchase of electricity derived from renewable energy		○	Short and medium
④ Attainment of environmental value (Purchase of various certificates and carbon credits)		○	○	Short/ spot

■ Roadmap toward achieving near-term targets for Scope 3

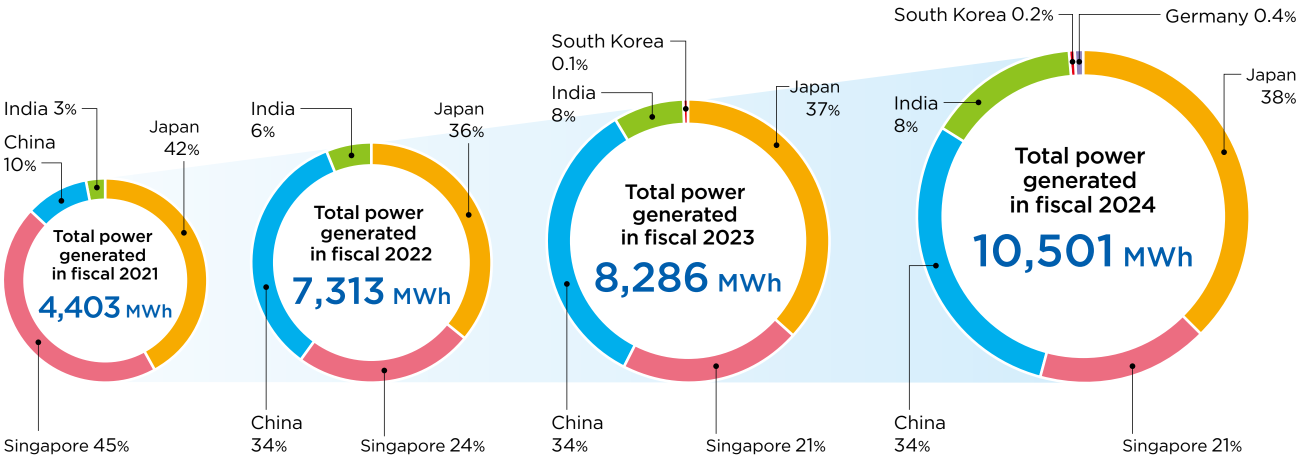


Scope 3 emission reduction steps	
Category 1	Category 11
① Visualization of activities and identification of reduction targets	
② Promotion of reduction activities (in-house elimination of waste)	
③ Visualization of reduction targets progress by reflecting actual measured figures	
④ Strengthening of supplier engagement	④ Expansion and enhancement of environmental response functions in products
⑤ Collaboration with suppliers to achieve continuous emissions reductions	⑤ Promotion of switch to new models with low environmental load

Introduction of renewable energy (solar power generation)

An environment without fluctuations in temperature is essential to the production of high-precision machine tools, and a huge amount of energy is consumed in the air conditioning of facilities. To reduce the emission of CO_2, we endeavor to increase our use of renewable energy by installing solar panels at our plants and sales offices.

In fiscal 2024, we embarked on using solar panels to generate power at the headquarters of Makino Europe in Germany. All our facilities that will be constructed in the future are set to be equipped with solar panels.



Initiatives of business sites

●Attainment of ZEB certification

As a result of energy creation through the installation of solar panels and energy-saving initiatives—such as adopting high-efficiency air-conditioning equipment and transformers as well as exterior wall materials with excellent insulation properties—at Fuji Yoshida Plant, which is currently being expanded, we have obtained Net Zero Energy Building (ZEB) certification for the new reception building and one of the existing buildings.

Reception building of new Fuji Yoshida Plant

●Initiatives of business sites

Initiatives are being implemented at our business sites toward reducing environmental load. In fiscal 2024, we achieved 100% LED lighting for plants in Japan. We are also making progress in the upgrading of air-conditioning facilities, and at Atsugi Plant, we are reducing CO_2 emissions by switching from using kerosene as fuel to electricity. Sales offices are also further saving energy by upgrading to high-efficiency air-conditioning equipment.

Sustainability activities are also supported by the daily actions of our employees. For example, besides using signs to imbue a mindset of making it a habit to switch off lights and equipment in plants, we also post bottom-up improvement ideas along corridors to share initiatives that help to reduce manhours.

The accumulation of such efforts saves energy through improving productivity and shortening working hours, and also contributes toward improving safety by reducing workload.


Improvement ideas by employees are posted to share information

Development of environmentally friendly products and technologies

We are developing products and technologies that achieve both high productivity and energy savings to reduce GHG emissions throughout the supply chain.

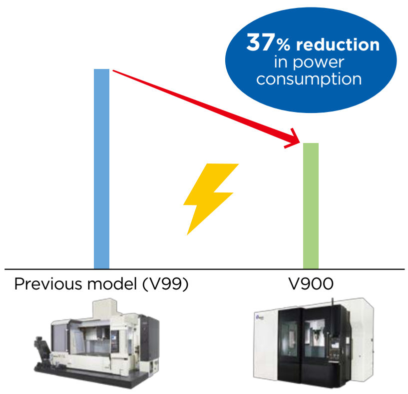
An energy-saving function that optimizes the operation of peripheral devices comes as standard for models with the Professional 6 CNC system. Our eSTABILIZER (machine stabilization control technology) automatically corrects for mechanical deformations according to temperature fluctuations inside factories, contributing toward maintaining stable machining accuracy and reducing the energy for air conditioning.

Having evolved to GI.6 and Super GI.6 control, our control technology can optimize axial operation in real time, allowing high-precision machining of complex shapes in a short time, thereby helping to reduce power consumption.

The new V900 vertical machining center launched in 2024 has such control performance improvements as well as better equipment specifications, reducing power consumption during machining by 37%* compared to previous models.

* When operated continuously for 10 hours under machining conditions established by Makino

■ Power consumption reduction rate



Water resources

●Water risk level understanding and measures

We use Aqueduct, an evaluation tool developed by the World Resources Institute (WRI), to evaluate water risk at the regions where key sites of the Group are located. The evaluation in 2024 showed that seven sales/service sites and two production sites are located in areas where the water risk level is extremely high.

The main purposes of water use at these sites are for employees' daily living and for watering plants. Although production activities at our production sites in Bangalore and Kunshan do not require large quantities of high-quality water, we are carrying out thorough purification, such as using natural and chemical treatment, to promote the reduction of environmental load from wastewater and the efficient use of water resources.

We are also working on preventing the leakage of water pollutants through environmental management systems based on ISO 14001. In particular, for processes that involve the handling of oils and fats, we have established SOPs, and besides physical measures such as sealing containers and installing weirs in storage areas, we also conduct regular inspections and cleaning as well as education and training for employees. Furthermore, in preparation for the unlikely event of a leak, we have prepared an emergency response manual that stipulates initial response procedures such as containment, recovery, and reporting, building a rapid response system.

We will continue to implement proper measures related to water risk after understanding the actual state of water use at our sites.

■ Water risk level at Makino's key sites based on Aqueduct

Risk level	Number of sites	Ratio	Japan	Asia	Americas	Europe
Low	6 (3)	17.1% (33.3%)	0 (0)	3 (3)	1 (0)	2 (0)
Low-Medium	7 (1)	20.0% (11.1%)	2 (0)	2 (1)	1 (0)	2 (0)
Mideum-High	9 (3)	25.7% (33.3%)	5 (3)	2 (0)	2 (0)	0 (0)
High	4 (0)	11.4% (0.0%)	0 (0)	2 (0)	0 (0)	2 (0)
Extremely High	9 (2)	25.7% (22.2%)	0 (0)	6 (2)	2 (0)	1 (0)
Total	35 (9)	100.0% (100.0%)	7 (3)	15 (6)	6 (0)	7 (0)

* The scope covers production and key sales/service sites, with the number of production sites shown in parentheses.

●Sustainable water resource circulation achieved without using electricity

With the shortage of water resources becoming more severe due to economic growth, the Indian government is pursuing a policy to increase the water reuse rate to 70% by 2030. Meanwhile, the instability of electricity supply is also becoming an issue because of the rapid increase in demand for electricity.

Under such circumstances, Makino India's plant in Coimbatore has introduced a sewage treatment system that uses the power of microorganisms and plants instead of electricity. All water discharged from the plant's toilets and washrooms are treated and reused for greening of the premises. In addition, more than 70% of the rainwater that falls on the plant's premises is collected and used as water for the plant's consumption, thereby reducing dependence on the region's water resources and contributing toward environmental load reduction.

Processing of industrial waste

Waste—such as metal chips or shavings and waste plastic—is generated in Makino's business activities. We reduce environmental load by formulating a processing flow for such waste, turning it into raw materials and energy resources. In fiscal 2024, we achieved a recycling rate of 97% for the industrial waste generated at our Atsugi Plant and Fuji Katsuyama Plant.

As part of our initiatives, in fiscal 2024, we changed our method for processing all discarded plastic pallets from the previous method of incineration, to collecting and reusing them as recycled materials, thereby suppressing CO_2 emissions.

We will continue to make improvements and further reduce environmental load.

Metal chips or shavings are compressed to make them easy to reuse

Plastic pallets are collected as recycled materials

Maintaining healthy supply chains

Makino maintains healthy supply chains by defining standards to be observed and transaction policies for coexistence and co-prosperity with suppliers.

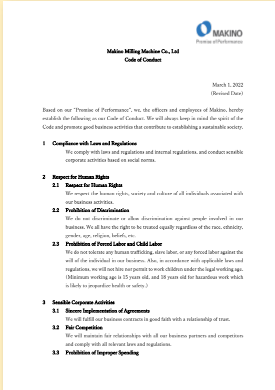
Code of Conduct

Based on our "Promise of Performance," the officers and employees of Makino and the Makino Group declare that we will contribute toward society by practicing the Code of Conduct (excerpt) outlined below.

Sound transactions with Subcontractors and Retailers

- We outsource and purchase through fair and impartial transactions.
- We will not engage in any unfair transactions using our superior position as an ordering party.
- We will select subcontractors and suppliers that comply with laws and regulations and fulfill their social responsibilities based on corporate ethics, as well as reliable quality.

https://ir.makino.co.jp/en/company/code_of_condect/pdf/2022/code_2022.pdf



MAKINO
Promise of Performance

Makino Milling Machine Co., Ltd
Code of Conduct

March 1, 2022
(Revised Date)

Based on our "Promise of Performance", we, the officers and employees of Makino, hereby establish the following as our Code of Conduct. We will always keep in mind the spirit of the Code and promote good business activities that contribute to establishing a sustainable society.

1 Compliance with Laws and Regulations
We comply with laws and regulations and internal regulations, and conduct sensible corporate activities based on social norms.

2 Respect for Human Rights
2.1 Respect for Human Rights
We respect the human rights, society and culture of all individuals associated with our business activities.
2.2 Prohibition of Discrimination
We do not discriminate or allow discrimination against people involved in our business. We all have the right to be treated equally regardless of the race, ethnicity, gender, age, religion, beliefs, etc.
2.3 Prohibition of Forced Labor and Child Labor
We do not tolerate any human trafficking, slave labor, or any forced labor against the will of the individual in our business. Also, in accordance with applicable laws and regulations, we will not hire nor permit to work children under the legal working age. (Minimum working age is 15 years old, and 18 years old for hazardous work which is likely to jeopardize health or safety.)

3 Sensible Corporate Activities
3.1 Sincere Implementation of Agreements
We will fulfill our business contracts in good faith with a relationship of trust.
3.2 Fair Competition
We will maintain fair relationships with all our business partners and competitors and comply with all relevant laws and regulations.
3.3 Prohibition of Improper Spending

Declaration of Partnership Building

パートナーシップ構築宣言

To advance collaboration, coexistence, and co-prosperity with suppliers on our supply chain and business operators seeking value creation, we have registered our Declaration of Partnership Building, and we are focusing on the items below.

1. Coexistence and co-prosperity of the entire supply chain and new cooperation that transcends business scale and affiliation
2. Compliance with the promotion standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises
   ❶Pricing method ❷Mold management and other cost burdens ❸Terms of payment by draft, etc.
   ❹Intellectual property and know-how ❺Consideration for work-style reforms at subcontractors

https://www.biz-partnership.jp/declaration/131337-05-18-tokyo.pdf (in Japanese)

External evaluation, certification, etc.

TCFD — TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Our near-term targets for fiscal 2030 toward reducing greenhouse gas emissions have attained certification from the international Science Based Targets initiative (SBTi).

CDP Discloser 2024

We responded to the CDP questionnaires (Climate Change and Water Security) in fiscal 2024 and received a score of B for both climate change and water security.

ISO 9001 ISO 14001 BUREAU VERITAS Certification — UKAS MANAGEMENT SYSTEMS 0008

The Atsugi, Fuji Katsuyama, Singapore, Kunshan, Wuhan, Bangalore, and Coimbatore plants have obtained ISO 14001 certification for their environmental management systems.

Human Capital

Centered on our Quality First corporate philosophy, we have used the strong collaboration capabilities between organizations as our strength to enhance our technical capabilities while sincerely addressing our customers' diverse challenges. The driving force behind creating further corporate value while cherishing the uniqueness of Makino is none other than the passion of our employees, who take pride in working at Makino and pursue challenges and growth. We will work on sustainable enhancement of corporate value by providing our employees with growth opportunities and systematic development programs, establishing conducive workplace environments, and promoting measures to improve engagement.

Izumi Nakashima
Deputy Executive Manager of Corporate Service Division
General Manager, Human Resource Department

Human resource development and internal environmental improvement policies

We believe that the term "resources" in human resources is an "asset." Makino, which provides high-precision and high-quality machine tools, needs to pass down the knowledge and know-how accumulated over many years in various fields, such as R&D, production, sales, and service, while also incorporating new technologies. Furthermore, our production bases are spread around the world, and with the rapid changes in technology and markets, the demands are also diversifying, requiring flexible responses. Ensuring diversity is an essential element in addressing these issues and sustainably enhancing corporate value.

From this perspective, we have established the following policies regarding human resource development and the improvement of the internal environment.

1. To realize a virtuous cycle in which employee growth leads to Company growth and growth of the Company further promotes employee growth, Makino provides various opportunities for career development and skill enhancements.

2. Makino will endeavor to provide a work environment that embraces different values to continue creating innovative products and services that can respond to issues faced by our customers.

Amid ever faster changes in the market, if we are to continue as a partner in resolving issues for customers in various countries, regions, and industries, it is free-thinking employees able to make customer proposals who shall drive Company growth. We will continue providing top-quality, high-precision machine tools, while creating an organization in which diverse human resources can play an active role in R&D, production, sales, service, and other areas, so that we can accurately respond to diversifying needs.

Key human resource-related issues and Makino's responses

Key issues	Key responses
Development of management human resources and succession	• Development of foundation from time as young employees • Introduction of an internal exchange program • Conduct of financial training for general managers to enhance corporate value
Recruitment and development of R&D engineers	• Greater use of diverse recruitment methods, including mid-career and alumni recruitment • Provision of various learning opportunities through the establishment of an in-house university, joint research with universities, support for obtaining degrees, and other measures • Planned introduction of global training for R&D engineers
Active participation of diverse human resources	• Conduct of training for promoting women's active participation • Conduct of interviews to support employees returning from childcare leave • Recruitment from vocational training school established by Makino in India
Occupational safety and health	• Individual follow-up and guidance for improvement after undergoing detailed medical examinations • Preparation for development of occupational safety and health management systems * Plan to obtain ISO 45001 certification in fiscal 2026
Improvement of employee engagement	• Conduct of engagement survey (fiscal 2025) • Conduct of workplace tours for employees' families

Development of management human resources

Makino has grown our business through the high level of specialization in each department—such as sales, development, manufacturing, and service—and collaboration between departments. Key issues toward further growth in the future are the strengthening of collaboration as one Group, including sites overseas, as well as improving the efficiency of operations.

Based on this recognition of issues, we emphasize the development of management human resources, from their time as young employees, into people with an overall optimization perspective and a global outlook that will come to have multifaceted approaches in the future.

●Key measures

Development of foundation

We introduced product briefing training in our new employee training to develop the ability to explain our products and services. During training, to deepen understanding, participants learn about products and services from the employees of different departments, and at the same time, come into contact with the concepts and values in the background. In addition, we provide motivated employees with opportunities for overseas assignments early in their careers to help them gain global experience.

Strengthening of an overall optimization perspective

Through an internal exchange program (introduced in July 2025) that allows employees to work for a certain period of time at another department, we develop an overall optimization mindset and further encourage cooperation between departments.

Enhancement of management perspective

We introduced financial training to enhance corporate value for general managers, which was conducted in July and October 2025. Participants acquire the necessary financial knowledge for management decisions and develop strategic decision-making skills for enhancement of medium- to long-term corporate value.

Education programs

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.

■ Education available

Type of training	General positions	Section chief	Specialist positions	Managers
Level-based	Engineering training	One-on-one training	Skill and knowledge succession training	One-on-one training
	Craftsmanship training	Evaluator training	* Mainly self-development as specialist positions are employees with high levels of specialization in their respective fields	Evaluator training
	Cross-functional training	New leader training		New manager training
	Global mindset training			Financial training
	Product briefing training			
	New employee training			
	Level-based theme training	Level-based theme training	Level-based theme training	Level-based theme training
Career development	Training for employees who have become 50 years of age			
	In-house examinations (for production departments)			
	Bachelor's degrees for working professionals, doctoral degrees for working professionals, and Master of Business Administration (MBA)			
	Career design training			
Company-wide	Makino Business Academy			
	Harassment prevention training			
	Language training			
	IT training			

Expatriate comment

Finance Department, Corporate Service Division O.K. (joined Makino in 2022)
■ Assignment: Makino Asia Pte Ltd

I am stationed in Singapore, where I work as a member of the local staff on tasks such as preparing financial statements. After being assigned, I had more opportunities to see detailed transactions in the ledgers of various Asian regions and came to be aware about the businesses behind those transactions. Working and living in a diverse society brings new discoveries each day, allowing me to spend time in a fulfilling way. I hope to gain a broad range of experiences by taking on many new challenges and contribute to Makino.

Recruitment and development of R&D engineers

R&D engineers play a central role in realizing functions that solve customer issues and creating product competitiveness. In recent years, the skills required for design and development have changed significantly due to the increasing need for process integration and automation. Besides traditional mechanical structure design, the ability to integrate mechatronics and software, including control technology, robotics, digital simulation, IoT and data analysis, has become essential. To respond to these changes, we are strengthening the development of human resources who can create customer value by acquiring composite technologies through specialized training and on-the-job training (OJT). We are expanding educational programs that improve digital technology and system design capabilities, and widely promoting development, from young employees to experienced ones.

In the recruitment of new graduates, we actively communicate the appeal and job satisfaction of working as a Makino engineer through means such as internships and school visits by engineers from our development departments. We provide students with opportunities to come into contact with operations and technologies, supporting them in creating an image of their future careers. In addition, we also focus efforts on mid-career and alumni recruitment, looking for human resources with software development experience in various sectors, primarily in the manufacturing industry, who can immediately apply themselves.

In the future, besides technical capabilities, we seek to develop engineers with global communication skills and a Group-wide perspective that can contribute to our business strategies and value creation from a Group-wide optimization perspective. To this end, we will implement practical English training and short-term overseas training programs for selected employees to enhance their international communication skills and cross-cultural understanding.

Creating an organizational culture that allows active participation of diverse human resources

●Promoting women's active participation

We have set a target of having female employees make up 5% of management positions and 10% of section chiefs (candidates for management positions) at the Company and consolidated companies in Japan by March 31, 2026. As of March 31, 2025, these ratios are at 2.5% and 9.6% respectively. Although the ratio of female section chiefs has increased, we recognized that we still have a lack of human resources who can serve as candidates for management positions. As such, we will first strengthen our recruitment of female employees, with a female recruitment ratio—excluding the production departments—of 20% as the target. To raise the ratio of female section chiefs to 15% in the long term, we are also conducting career design training aimed at developing a career mindset toward becoming section chiefs.

Career design training

■ Female employee ratio (As of March 31, 2025)

	Non-consolidated	Group companies in Japan
Manager	3.1%	2.5%
Section chief	6.7%	9.6%
Regular employee	10.7%	11.9%
All employees	11.3%	14.2%

●Foreign human resources

We have started continuous recruitment (three employees recruited in fiscal 2024, and three scheduled to join Makino recruited in fiscal 2025) from the vocational training school Makino Technical Training Center (MTTC) in Bangalore, India since opening it in 2006. In Japan, the shrinking workforce due to the country's declining birthrate and aging population is becoming an issue, and we will use this as a new channel for securing human resources to strengthen our stable production system. Besides being able to apply themselves immediately, we hope human resources born overseas with a certain level of technical skills and diverse cultural background can also contribute toward organizational invigoration.

Graduates of MTTC

Establishing conducive workplace environments

● Conduct of interviews to support employees returning from childcare leave

Our human resource departments conduct interviews to support employees returning from childcare leave to understand their mental and physical states, support their smooth return to work, and help maintain long-term motivation.

● Encouraging male employees to take childcare leave

The percentage of men taking childcare leave in fiscal 2024 was 80.8%, with the average number of leave days being 49.0 days. On our internal portal site, information about our childcare leave system and various support systems for balancing childcare and work is consolidated in an easy-to-understand manner. At the same time, we have produced a "Handbook to Support Balancing Work and Childcare for Men" to encourage male employees to actively take childcare leave.

■ Examples of support systems for balance work and childcare

- Subsidies for using babysitting and housekeeping services (can also be used by employees with family members requiring nursing care)
- Daycare subsidies for early return to work
- Reduced working hour systems for childcare (until the end of June of the year when the child is in the fourth grade of elementary school)

■ Percentage of employees taking childcare leave (non-consolidated)

	FY2022	FY2023	FY2024
Male	47.8%	56.0%	80.8%
Female	100.0%	100.0%	100.0%

Occupational safety and health

Our employees' safety and health are our utmost priorities. We go about our daily work with a mindset of "Safety First."

● Health-related initiatives

We place importance on maintaining the health of our employees, and strive to raise our employees' health awareness through lectures and health seminars by industrial physicians. In addition, new employees are interviewed by public health nurses when they join the company to check their lifestyle habits and health issues.

● Safety and hygiene-related initiatives

We provide education for experiencing hazards to prevent industrial accidents.

We are also making preparations for the development of occupational safety and health management systems at Makino and consolidated companies in Japan, seeking to establish a safety culture and improve our workplace environments.

Safety training area at spindle head factory

Employee engagement

● Workplace tours

In August 2025, we conducted workplace tours for our employees' families at our Atsugi and Fuji Katsuyama plants. Comments from employees include "Getting to know the families of colleagues helped to invigorate communication between employees" and "It was a great opportunity to show children their parents' workplace, something that cannot usually be done." This event is also an initiative that helps raise motivation by promoting understanding among family members and invigorating our internal community, and we will continue to hold it in the future.

● Engagement survey

Hoping to measure our employees' desire to contribute to their work, we plan to conduct an engagement survey to consider necessary measures.


Workplace tour

Roundtable Discussion by External Directors and Newly Appointed Directors

Kazuo Takahashi	Naofumi Masuda	Jun Kanaya	Neo Eng Chong	Hiroyuki Makino
Director, External and Independent	Director, External and Independent	Director Executive Manager, Customer Application Center Executive in charge of the Laser Business Division	Director Makino Asia Pte Ltd Chief Executive Officer	Director Deputy Executive Manager, Corporate Service Division Executive in charge of IR General Manager, Corporate Planning Office

Enhancing Corporate Value through Enduring Strengths and Transformation

Three new directors were appointed at the General Meeting of Shareholders held in June 2025. In this roundtable discussion, two external directors and these three newly appointed directors engaged in a frank and open discussion of Makino's essential value, the challenges involved in achieving future growth, and the roles of directors.

The strengths that have served as the sources of Makino's growth and the impact of changes in its environment

Makino: I reappraised our strengths while compiling our business plan, which we announced in February 2025. Before that, when I had examined our medium-term business plan, the external environment was relatively stable. There was a lot of free discussion about our vision for the future, including DX and automation. However, at the end of 2024, a we received an acquisition proposal, and it became even more important to think about how to further increase our corporate value. As part of that process, I engaged in deep discussions with management and people in the field and reexamined what our essential strengths are. Overseas locations account for a large percent of our sales and personnel, and this presents the issue of language barriers, so I expected there to be a breadth of ideas about what our strengths were. However, instead, I found that even though the language or exact phrasing might vary, there was a common theme of "trust." Our long-term relationships with our customers, the cooperation of our suppliers, the bonds between us and our employees—these all helped support our corporate growth. I think this reaffirmation, encompassing our overseas Group companies as well, will play an extremely significant role in our future efforts to sustainably increase our corporate value.

Kanaya: Members of the Customer Application Center, which I lead as Executive Manager, often have opportunities to visit customer's sites. They do not just visit for business negotiations, but for diverse reasons, including dealing with problems and providing technical consultations. They often encounter situations where customers are experiencing difficulties or where customers express dissatisfaction. When they do, they diligently take on the problems recognized by customers and also the concerns that underlie them, and I think that helps build relationships of trust.

"Trust" may sound like an impressive word, but in reality it is built through down-to-earth efforts on the ground and the steady accumulation of day-to-day communication. We value direct conversations on the factory floor, next to the machines, more than discussions in conference rooms or online meetings. We are not doing that with any sort of express intent to build trust, but because we have so many employees who simply like manufacturing and who work hard to solve the problems customers face. That approach naturally leads to back-and-forth with customers, and becomes the driving force that leads to developing even deeper relationships.

When we received the proposal, we received a lot of words of encouragement even from customers that we do not speak with on a very regular basis. It impressed me just how much trust we have built with our customers. Through our face-to-face discussions with those in the field, we are going to work even harder to become a partner that customers can rely on when they have problems.

Neo: Overseas, as well, trust is our greatest strength. Machine tools are expensive devices. Customers do not make snap decisions to buy them. Instead, sales personnel visit customer sites many times, work with them to identify their issues, and carefully explain how our technologies can help address those issues. Through that process, they gradually build trust with customers. This cycle is what leads customers to choose our products, and it leads to repeat orders.

Of course, if the products do not function as expected, we will lose that trust. That is why our technical strengths and our conscientious response to customer issues are absolutely vital. In Asia, due in part to cultural factors, the hard work and personal connections of sales personnel have a major impact on purchasing decisions. It is important to understand this while building relationships.

The essence of trust between people remains the same, regardless of the country. Engaging in extensive dialogue with customers in the actual field, dealing with customers with integrity, and providing our technical strengths, are what make Makino competitive, and this is true overseas, as well.

Masuda: Trust, for us, is not just a word. It is something we have built by combining our technical, product, and sales strengths. Through ongoing, detailed dialogue with customers, we identify their needs and enrich our lineup of products to meet those needs. We reflect customer feedback in our development and provide thorough support after customers begin using our products. These are the building blocks of the trust our customers vest in us.

At the same time, the market sees our machines as being expensive. I do not think that this is always seen in a negative light. Instead, it is seen as an indication of our added value. However, it is important that we provide a breakdown of that value from perspectives such as technical, service, and cost perspectives, to make those prices more persuasive. While high quality is a source of our brand power, we must also transform ourselves based on the needs of the times. For example, it is essential to clearly communicate not only product performance but also the overall value we provide—including after-sales service and technical support—so that customers understand the value behind the price.

We must use a strategic approach that assigns different priorities to individual requests and needs. It is critical now that we divide our corporate culture into areas that we should change and areas that we should hold firmly , maintaining the trust we have established while striving to make breakthroughs that will sustainably increase our corporate value.

Takahashi: I think the reason our customers trust us is because we supply a level of quality and technical ability commensurate with our prices. Our sales personnel listen closely to our customers' requests and coordinate with our development departments to reflect them in our products. These efforts combine to form the wellspring of our customer trust.

At the same time, the market expects high prices to mean high profits. However, our actual operating income ratio is not particularly high compared to other companies, so one of our issues is the gap between our prices and our profitability. I think this shows that we have room for improvement in our cost structure and management.

Going forward, it will be important for us to clarify the validity of our pricing given our technical strengths and the contents of our services, and to balance our prices with our profitability. I think that maintaining our high quality and our high added value while building a sustainable profit structure will link directly to the improvement of our corporate value.

Balancing meeting needs and profitability

Takahashi: A company's mission is to live up to the expectations of its customers, but it is important to balance this against profitability. In recent years, it has become less commonplace to provide services for free. In many fields, such as the IT field, it has become normal to require compensation for services. I think that the first step of our own advancement into our next stage of growth will be to create a structure through which we will maintain quality while receiving appropriate compensation.

Of course, making any sudden changes would affect our relationships with our customers, so our sales personnel should engage in ongoing dialogue with our customers, explaining changes in detail, as we gradually introduce this system. If our competitors are already charging for services, this will provide an opportunity for us to improve our profitability. I think an approach of receiving appropriate compensation for services that add value, while maintaining the relationships of trust we have built with our customers, will contribute to the sustainability of our business operations.

Masuda: To build trust, it is essential that we are always attentive to our customers, but providing everything free of charge is not always the best course of action. In the machine tool industry, the sales approach of going out into the field and pouring your sweat into your sales has been predominant for many years, but in other industries, it is becoming more common to draw the line with respect to service. I think we should balance trust and profitability by clearly deciding what to do for free and for what to charge.

We are confident about our technical capabilities. That is why we need to demand compensation for our high-value services. If we set prices that customers find reasonable, we will not lose their trust. In the future, I think we should organize the contents of our services and build a highly cost-effective model to further increase our corporate value.

Kanaya: Our application technology departments often provide technical consultations to our customers free of charge. They visit customer sites, ask about the issues customers face, investigate, and respond. This dialogue provides us with invaluable information. For example, we learn about differences between our products and competitors' products, functions that our products lack, future technical needs, and other insights that directly contribute to development. This information is leveraged in future product planning and differentiation strategies, and, I believe, ultimately helps increase our corporate value.

We actively show examples and introduce technologies in trade shows and other events. This is costly, but the feedback we get from customers and the market is priceless. I do not see activities like this as simply something we do for free for customers and the market, but investment in future growth. However, as the two of you point out, our free services generate a lot of value, but currently their impact on our business results is hard to see. Going forward, I think we need to establish a system that more clearly links this value creation to profit generation.

The challenges and reforms essential for reaching a higher growth stage

Neo: Our brand was once the kind of high value-added brand that people would compare to a luxury car. We steadfastly maintained a "Quality First" approach that encompassed not only products but also our service and response capabilities. This helped us build trust. However, as a publicly listed company, we must now maintain an awareness of corporate value in our management. We must use more flexible strategies, such as maintaining our high quality, long lifespan, full-service product lines while also rolling out product lines intended for replacement after a shorter period of time, dividing the brand into two segments. If we are to respond to market changes and advance to the next growth stage, it is vital that we implement structural reforms.

Kanaya: When I joined the company, I remember hearing that only special engineers could tap the full potential of Makino machines. However, in responding to our customers' requests, it is important that we deal with environmental changes like the manufacturing labor force becoming more fluid than it once was and a greater number of personnel being inexperienced. That has changed our very design philosophies. We are now maintaining our technical superiority but also becoming more flexible and able to support a wider range of users.

Masuda: I believe your comment contains important implications. If Makino is still widely perceived as a high-priced brand, then the value we provide to justify those prices should also evolve in response to changes in the external environment, such as increasingly diverse customer needs and intensifying competition. It is important for us to reassess the added value perceived from the outside, appropriate pricing, and the basis for differentiation, and to reflect these perspectives in our product development and sales strategies.

The expectations external directors have for the newly appointed directors

Takahashi: I would like the new directors to carry on the great traditions of our company while also carrying out modern reforms. Your role will be passing on the baton of corporate value to the generation to come. The Board of Directors has a free and unfettered feel, and exchanges of opinions are lively, so I would like you to speak without hesitation and engage in even deeper discussions.

Trust is built up over a long period of time, but it can vanish in an instant if a scandal occurs. That is why, as directors, I want you to focus on your supervisory functions, always thinking about how to maintain the health of the organization. I look forward to you actively sowing the seeds of reform even in the everyday discussions that us external directors are not part of.

Masuda: I think the new directors are an extremely well-balanced crew with diverse perspectives, such as corporate planning, technology, and overseas business. You are presented with great opportunities to protect our company's core while also instituting essential reforms in response to changes in the outside environment. I would like for you to create a foundation for future growth, from both the human resource and organization sides.

Inter-departmental collaboration should go beyond simple coordination. It requires relationships in which people respect each other's positions while engaging in frank and rigorous discussions. Each department needs to leverage its expertise and build even stronger connections with other departments so that we can bring out the full strength of the organization. Another essential element in improving future corporate value is developing the next generation of human resources who can support your visions. I look forward to seeing the leadership you apply in this area.

Commitments by new directors

Neo: Over 80% of our company's sales come from overseas sales. It is vital that we enhance our global coordination. Until now, overseas Group companies have grown using strategies and organizational structures tailored to local market conditions. However, global supply chains are growing more complex, and production is increasingly shifting between different regions, so if we are to provide customers with optimized solutions, our whole Group needs to coordinate and collaborate at an even deeper level. Specifically, we will coordinate closely with the development and manufacturing divisions in each region to reinforce our system of visiting customers and addressing their issues together. We also need to promote information sharing between regions and create a greater sense of unity throughout the Group to increase customer value. I see that as my mission.

Makino: Machine tools create value over long periods of time, but from the perspective of business performance, we need to produce results in shorter cycles than the two or three decades of machine lifecycles. My role will be to connect long-term and short-term value and to quantitatively demonstrate the story of how we will enhance corporate value. I will also focus on developing mechanisms for maximizing synergy between organizations. In dealing with customers, we have created a virtual cycle in which our sales and development personnel share information closely and supply high quality value, earning customer trust. This is one of our major strengths. However, we have not made sufficient progress with initiatives in areas which require inter-organizational sharing and coordination, like improving operation process efficiency or optimizing costs. By tackling these issues and coordinating more closely, I will aim to further increase efficiency and profitability. As a member of a corporate service division that supports those in the field, I will work to visualize issues along quantitative and timeline axes and build a foundation that supports sustained growth.

Kanaya: What I focus on, above all else, is people. Online communication expanded significantly as a result of the pandemic, and I am worried that there is less attachment to the actual field, especially among younger people. However, in the manufacturing world, I am confident that it is the dialogue in the field that will drive technological innovation and continue to serve as the wellspring of the trust our customers have in us. You do not just go on-site to check product or equipment conditions. You do it from the perspective of application technology staff, bringing together diverse perspectives— including those of customers, as well as our sales and development teams— to generate new ideas. When engineers get to see the products and services that they helped develop take form and be put to actual use, it provides tremendous insights and also a sense of pride. I believe my mission is to pass on to the next generation our culture of connecting people with the workplace, and to foster co-creation based on trust-based relationships both inside and outside the company.

Corporate Governance

Basic approach to corporate governance

In line with its corporate philosophy and basic management policies, Makino considers corporate governance to be one of the measures that enhances its corporate value in the medium to long term, while giving due consideration to various stakeholders. We aim to establish effective and efficient corporate governance given the extremely volatile nature of earnings in the machine tool industry.

Corporate governance structure

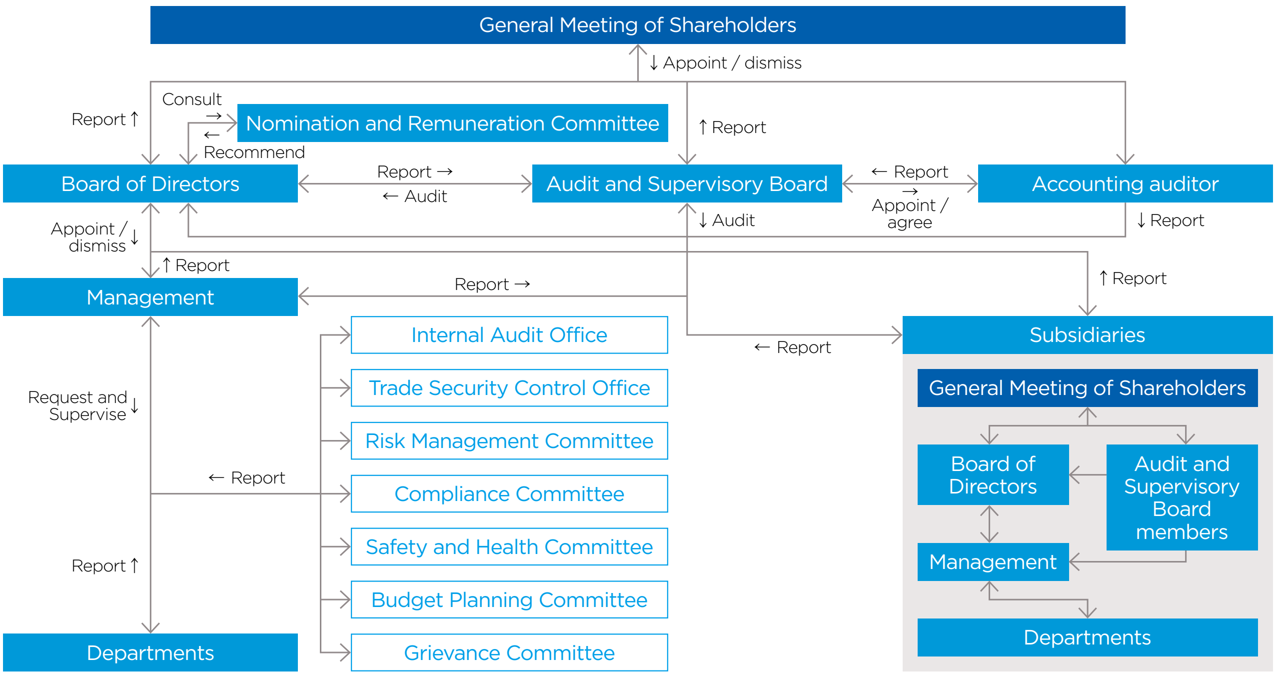
Makino has adopted a company structure with an Audit and Supervisory Board from the institutional designs stipulated in the Companies Act and related laws. In addition, for the sake of transparency and more active discussion, four of the Company's ten directors are external directors (including one woman), and two of the three Audit and Supervisory Board members are external members (including one woman).

In an industry where earnings fluctuate widely from year to year, we have established the aforementioned structure to ensure that we can make decisions promptly, respond quickly to changes in the environment, and make sound management decisions.

Makino's policy is to appoint external directors and external corporate auditors based on their experience working for other organizations and their ability to appropriately fulfill the role from an independent standpoint of supervising or auditing the execution of duties by Makino's directors entrusted by shareholders. We also believe the appointment of external directors allows for the inclusion of a wide range of management expertise and ensures a more thorough role for the Board of Directors.

Director nomination and remuneration are decided by the Board of Directors after consultation and reviewing the recommendation of the Nomination and Remuneration Committee, a voluntary advisory committee to the Board of Directors chaired by an external director and comprising a majority of external directors.

■ Corporate governance structure



Progress in Strengthening Corporate Governance

2014	2017	2018	2019	2020	2021	2022
Appointed one external director	Began evaluating the effectiveness of the Board of Directors	Introduced the executive officer system	Appointed two external directors	Increased the external director ratio of one-third or more	Established the Risk Management Committee	Appointed one female director
				Established the Employee Code of Conduct	Established the Nomination and Remuneration Committee	Introduced the restricted stock compensation plan

Overview of Main Organizations

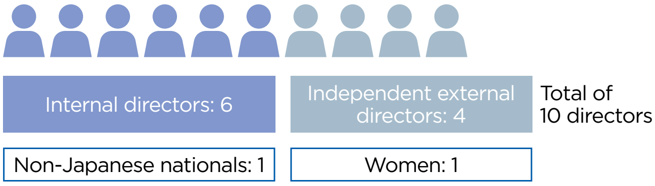
Board of Directors

Number of meetings held in fiscal 2024: 15

The Board of Directors meets every month and at other times, as necessary, in accordance with laws and regulations, the Articles of Incorporation, and the regulations of the Board of Directors, to decide on critical matters and supervise the status of business execution, etc. The representative director selected by the Board of Directors represents the company and executes operations. Directors other than external directors who are not representatives execute the operations which they have been assigned to.

■ Composition of the Board of Directors

Chair: President



■ Main Topics of Deliberation in Fiscal 2024

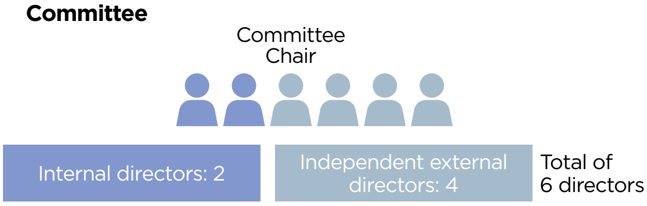
- Shareholder returns (dividends, purchasing of treasury shares)
- Cross-shareholdings-related matters
- Capital investment-related matters
- Business planning-related matters
- ESG initiatives
- Risk management activities, compliance-related matters
- Evaluations of the efficacy of the Board of Directors, etc.

Nomination and Remuneration Committee

Number of meetings held in fiscal 2024: 4

The Nomination and Remuneration Committee was created in June 2021 as an advisory committee to the Board of Directors. Although ultimate decision-making authority rests in the Board of Directors, the Board of Directors does not make its decisions unilaterally, but instead considers the contents of the Committee's report when making its decisions.

■ Composition of the Nomination and Remuneration Committee



■ Topics of Deliberation

1) Matters related to nomination
- Policies and procedures for nominating candidates for director positions
- Proposals for the appointment and dismissal of directors
- Other management team appointment and dismissal proposals

2) Matters related to remuneration
- Policy for deciding remuneration for directors and management executives
- Proposals regarding remuneration, etc., for directors
- Policies for making decisions regarding the contents of remuneration, etc. for individual directors
- Contents of remuneration, etc. for individual directors

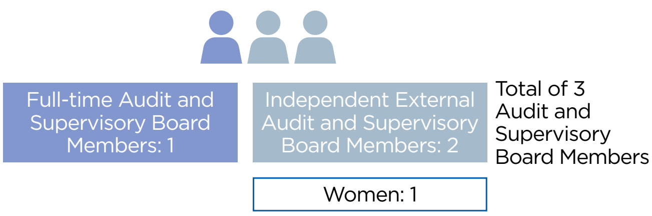
3) Other matters that the Board of Directors has consulted about regarding the above

Audit and Supervisory Board

Number of meetings held in fiscal 2024: 19

The Audit and Supervisory Board meets every month and at other times, to perform the duties stipulated by laws and regulations, to deliberate and make decisions essential for Audit and Supervisory Board Member activities, to provide advice regarding management improvements, and to supervise the execution of duties by directors from an independent standpoint.

■ Composition of the Audit and Supervisory Board



The full-time Audit and Supervisory Board Member plays a major role in performing interviews and on-site audits, regularly collects information, and strives to analyze issues.

■ Activities in fiscal 2024

Through the following activities, the Audit and Supervisory Board collaborates with the Audit and Supervisory Board as necessary and provides advice, etc.

- Attendance at Board of Directors meetings
- Receiving of reports on key matters related to business execution and finances through discussions, etc. with executives in the Company and in domestic and foreign Group companies
- Reviewing of important decision documents, etc.
- On-site auditing of key business sites
- Regularly meeting with and exchanging opinions with the accounting auditor

Appointment and dismissal of senior management, nomination of candidates for the posts of director and member of Audit and Supervisory Board

In selecting candidates for management executive or Audit and Supervisory Board Member positions, it is Makino's policy to select candidates who are qualified for the duties to be entrusted to them and who excel in character, experience, and ability. The representative director prepares candidate proposals.

Management executives are discussed and approved by the Board of Directors after deliberation by the Nomination and Remuneration Committee.

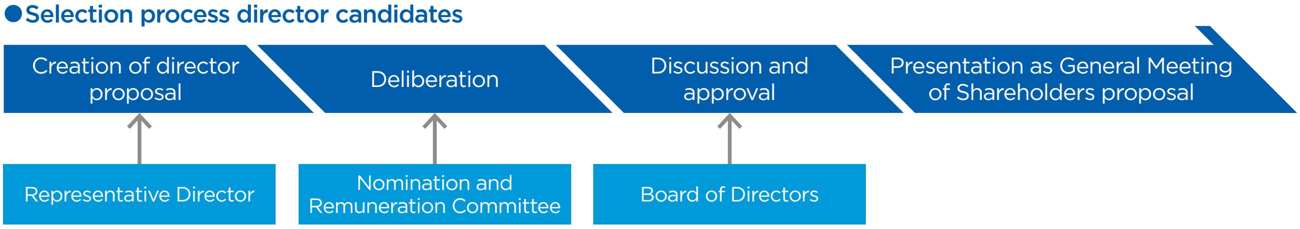
Director candidates are discussed and approved by the Board of Directors as an agenda item for the General Meeting of Shareholders after deliberation by the Nomination and Remuneration Committee.

The Board of Directors approves Audit and Supervisory Board Member candidates as an agenda item for the General Meeting of Shareholders with the consent of the Audit and Supervisory Board.

In accordance with the regulations of the Board of Directors, the dismissal of senior executives is based on the policy of dismissal or non-reappointment in the event of misconduct or serious breach of laws, regulations, or the Articles of Incorporation in the performance of their duties, or in the event that they are unable or unwilling to perform their duties due to physical or mental disability.

Moreover, Makino believes that maintaining an appropriate balance, diversity, and size of the Board of Directors in aggregate, in terms of knowledge, experience, and skills is important for the effectiveness of the Board of Directors and considers these factors when selecting board candidates. Please refer to → P.52 for the combination of skills and other attributes possessed by directors.

● Selection process director candidates



Succession planning

Makino's basic policy is to select its chief executive officers, including the president, from among individuals who are well versed in the machine tool industry and the attributes of Makino's business, and who have leadership qualities. To contribute to Makino's sustainable growth and medium- to long-term enhancement of corporate value, we provide educational opportunities through our executive officer system to candidates for the next generation of executives who have the necessary attributes to serve. We have also established the Makino Business Academy as an internal institution to provide employees with opportunities for education on a wide range of management-related topics. The Nomination and Remuneration Committee will continue to consider the optimal state of Makino's succession planning.

Evaluating the efficacy of the Board of Directors

We conduct an annual survey of Board of Directors participants in recognition that improving the efficacy of the Board of Directors is one of the issues we face. The results of this survey are reported to the Board of Directors, which discusses current issues and future initiatives.

The following is a summary of the most recent results. While we believe that our Board of Directors is performing effectively, we will work to further improve its efficacy in the future.

■ Main survey question topics

- Composition of the Board of Directors
- Operation of the Board of Directors
- Contents of discussions by the Board of Directors
- Monitoring functions of the Board of Directors
- Roles and contributions of directors

■ Overview of evaluation results

1	Regular monthly reports and regular resolutions, as well as business plans, investments, and other necessary agenda items are being deliberated.
2	Directors and Audit and Supervisory Board members engage in an active and constructive exchange of opinions and comment as appropriate.
3	The activities of the Board of Directors, including the number of meetings and the time spent on them, are rated at a certain level by the directors and Audit and Supervisory Board members.

Executive remuneration

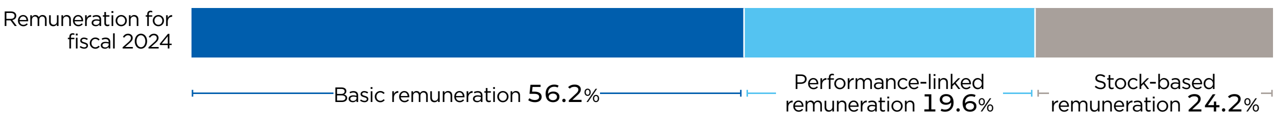
Remuneration for directors is determined by the Board of Directors in consideration of shareholder value so that it functions as an incentive to improve the Company's corporate performance and the resultant corporate value, as well as in consideration of the individual responsibilities of each director. Remuneration for external directors consists solely of a fixed amount of basic remuneration.

●Remuneration for directors

Type	Contents
Basic remuneration	• Monthly fixed remuneration in accordance with job responsibilities
Performance-linked remuneration	• Determined for each position within a range of up to 50% of the total amount of basic remuneration and stock-based remuneration, based on the Company's performance in the previous fiscal year and an evaluation of the individual director's performance • Remuneration is determined by deciding on an annual amount and dividing this into 12 equal portions to be paid as monthly remuneration [Method of calculating performance-linked compensation] (1) Evaluate consolidated ROA, consolidated ROE, consolidated sales growth rate, and consolidated operating margin ratio as indicators of company performance* Directors are responsible for the Group's overall business performance, so consolidated indicators are used for each. Each indicator is weighted and the sum of the weighted indicators represents the company's business performance. (2) The performance score is determined by multiplying different weight factors to company performance and individual performance depending on the position of the individual. The higher the person's position, the greater the weighting of company performance when calculating the performance score. Performance-linked remuneration is calculated based on the finalized performance score. (3) The Board of Directors decides on the remuneration amount after consulting with the Nomination and Remuneration Committee.
Stock-based remuneration	• Stock-based remuneration is provided in the form of common stock whose restriction period is set to end on the day that the director or other person in a position decided on by the Board of Directors loses said position. This stock-based remuneration is paid annually a specified period of time after the completion of the Annual General Meeting of Shareholders. • The amount and number of restricted stock that are granted are decided based on the position of each director within the range specified by the General Meeting of Shareholders.

* The forecasted values (externally announced values) of the performance-linked indicators for the fiscal year ended March 31, 2025 were a consolidated sales growth rate of -0.2% and consolidated operating margin ratio of 7.6%, while the actual values were a consolidated ROA of 5.5%, a consolidated ROE of 9.0%, a consolidated sales growth rate of 3.9%, and a consolidated operating margin ratio of 7.9%. Forecasts for consolidated ROA and consolidated ROE are not disclosed as they affect capital policy.

●Composition of remuneration for directors (other than independent external directors)



The amount of remuneration for Audit & Supervisory Board Members is decided by the Audit and Supervisory Board based on the regulations on remuneration for Audit & Supervisory Board Members. Remuneration is made up of fixed remuneration based on the responsibilities of each Audit & Supervisory Board Member, and there are no performance-based remuneration or bonus payments.

●Total amount of remuneration by officer classification, total amount of remuneration by type of remuneration, and number of directors eligible

(Fiscal 2024 results)

Officer classification	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. (Millions of yen)			Number of directors eligible (persons)
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.	
Director (excluding external directors)	196	109	38	47	4
Audit and Supervisory Board Member (excluding External Audit and Supervisory Board Members)	24	24	—	—	1
External officer	69	69	—	—	8

Executives (Director and Audit & Supervisory Board Member experience and expertise) (As of June 19,2025)

●Directors

	Position	Name	Positions within the Group/significant concurrent positions	Board meeting attendance in fiscal 2024: Board of Directors	Board meeting attendance in fiscal 2024: Nomination and Remuneration Committee
	President and Representative Director	**Shotaro Miyazaki**	–	15/15	4/4
	Executive Vice President and Representative Director	**Toshiyuki Nagano**	Executive Manager, Corporate Service Division; Office Manager, Trade Security Control Office	15/15	4/4
	Vice President and Director	**Haruyuki Shiraishi**	Executive Manager, R&D Division; Executive Manager, Design and Manufacturing Process Re-engineering Center	15/15	–/–
	Director	**Jun Kanaya**	Executive Manager, Customer Application Center Executive in charge of the Laser Business Division	Newly appointed	–/–
	Director	**Hiroyuki Makino**	Deputy Executive Manager, Corporate Service Division Executive in charge of IR General Manager, Corporate Planning Office	Newly appointed	–/–
	Director	**Neo Eng Chong**	MAKINO ASIA PTE LTD CHIEF EXECUTIVE OFFICER	Newly appointed	–/–
	External and Independent Director	**Naofumi Masuda**	External Director & Member of the Audit & Supervisory Committee, YASUNAGA CORPORATION*1	15/15	4/4
	External and Independent Director	**Kodo Yamazaki**	–	14/15	4/4
	External and Independent Director	**Kazuo Takahashi**	Outside Director and Audit and Supervisory Committee Member, Paramount Bed Holdings Co., Ltd. Outside Director, Ai Holdings Corporation	15/15	4/4
	External and Independent Director	**Ayako Takai**	Professor, Division of International Social Sciences, Faculty of International Social Sciences, and Professor of Department of Business Administration, Graduate School of International Social Sciences, and Professor of Specialization in Management, Department of Business Administration, College of Business Administration, and Professor of Interfaculty Graduate School of Innovative and Practical Studies, Yokohama National University Public Interest Committee Member of Labor Council in Kanagawa Area Councilor of Asahi Mutual Life Insurance Company*2 Public Interest Committee Member of Minimum Wage Council in Kanagawa Area Trustee, The Academic Association for Organizational Science	11/11	1/1

*1 He left this position on June 26, 2025, upon completing his term of office.
*2 She left her position as Councilor on July 1, 2025, upon her appointment as External Director.

●Audit and Supervisory Board members

	Position	Name	Significant concurrent positions	Board meeting attendance in fiscal 2024: Board of Directors	Board meeting attendance in fiscal 2024: Audit and Supervisory Board
	Audit and Supervisory Board Member	**Akio Koumura**	–	15/15	19/19
	External and Independent Audit and Supervisory Board Member	**Jinei Yamaguchi**	–	15/15	19/19
	External and Independent Audit and Supervisory Board Member	**Naoko Takatsuka**	Representative Partner, Arai and Takatsuka Tax Accountant Corporation (currently Takatsuka and Motegi Tax Accountant Corporation) Auditor, Signarex Co., Ltd. Auditor, Palma Co., Ltd. Auditor, Machine Tool Engineering Foundation Auditor, ORTHOREBIRTH CO., LTD.	11/11	13/13

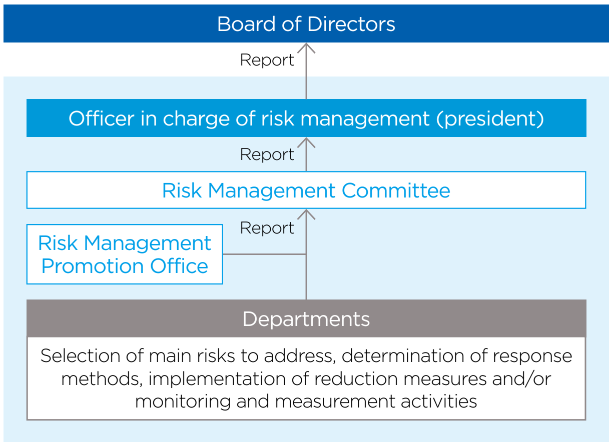
Reasons for selection	Main experience and expertise					
	Management	International Experience	R&D / Production	Sales / Marketing	Finance / Accounting	Legal / Risk Management
• Mr. Miyazaki has served as the general manager in the company's overseas sales departments, primarily in Asia and Europe, and has extensive experience and insight into global machine tool business. • In June 2000, he was appointed representative director of a European subsidiary, and in June 2022 he was appointed President and Representative Director of the Company, demonstrating his leadership.	●	●		●	●	
• Mr. Nagano has served as the general manager of management divisions, primarily focusing on accounting, and has extensive experience and insights, primarily in the management field. • He was appointed Director in June 2009, Vice President and Director in June 2014, Executive Vice President in June 2016, and Representative Director in June 2021. He uses his expert knowledge to lead the growth of the Group.	●	●			●	●
• Mr. Shiraishi has served as the general manager of development and production divisions. He has extensive experience and insights, primarily in the fields of development and production. • He was appointed Director of a subsidiary overseeing the Asia region in January 2016 and then a Director of the Company in June 2022. He uses his expert knowledge to lead the growth of the Group.	●	●	●			
• Mr. Kanaya has many years of experience with application technologies and a broad range of expertise in the Group's application technology fields. • He has worked in a European subsidiary and had helped improve the technical capabilities of sites in Japan and overseas.	●	●		●		
• Mr. Makino was involved in financial accounting and financing for many years before being appointed as General Manager of the Production Management Division and General Manager of the Corporate Planning Office. He has experience in a wide range of management fields.	●	●			●	
• Mr. Neo has served as CEO of Makino Asia Pte Ltd, a subsidiary overseeing the Asia region, since 2016. He has demonstrated powerful leadership, driving the growth of the Company in key markets such as ASEAN, China, and India.	●	●	●			
• Mr. Masuda has served as an executive in business companies, such as serving as a Managing Officer in Toyota Motor Corporation and Executive Vice President in Advics Co., Ltd. He has extensive experience and insight in corporate management and production technologies.	●		●			●
• Mr. Yamazaki has served as Dean of the Faculty of Law in Kumamoto University and has extensive experience and insight regarding law. • He has experience taking a leading role in organization operations, such as serving as Trustee and Deputy President of Kumamoto University and Managing Director of the Japan Tax Jurisprudence Association.	●				●	●
• Mr. Takahashi has served as an executive in the Daiwa Securities Group head office and its subsidiaries, and he has extensive experience and insights regarding company management and financial markets.	●			●	●	●
• After engaging in management consulting business, Ms. Takai has gained extensive experience and insight into management strategy theory, having served as a professor at the Yokohama National University Graduate School and in other roles.	●				●	●

Reasons for selection	Main experience and expertise					
	Management	International Experience	R&D / Production	Sales / Marketing	Finance / Accounting	Legal / Risk Management
• Mr. Koumura has served as responsible personnel in software development and sales divisions, as well as served as President & Representative Director of a domestic group company, and has extensive experience and insight regarding management, software, and sales.	●		●	●		
• Mr. Yamaguchi has served as General Manager of Mitsubishi Bank's International Business Department and Branch Manager at one of its overseas branch offices, as well as serving as Executive Officer of Chiyoda Corporation, and has extensive experience and insight regarding financial market and international business.	●	●			●	●
• Ms. Takatsuka has extensive experience and insight in accounting as a certified public accountant and tax accountant.	●				●	●

Risk management

The Company's policy is not only to manage the risk of loss but also to prevent deviation from laws and regulations and the Articles of Incorporation and thus ensure efficient business execution. This is accomplished by establishing a risk management framework, which is the basis of the structure to ensure the appropriateness of operations. As part of the risk management framework, the Company has positioned the president as the officer in charge of risk management and established the Risk Management Committee to serve as an advisory body to the president. In principle, the Risk Management Committee meets twice a year to report on risks and the status of initiatives. In the event that a risk with a high degree of damage materializes, meetings are held as needed to report and deliberate on the status of the response, and matters that are particularly material are reported to the Board of Directors for necessary deliberation.

■ Risk management framework



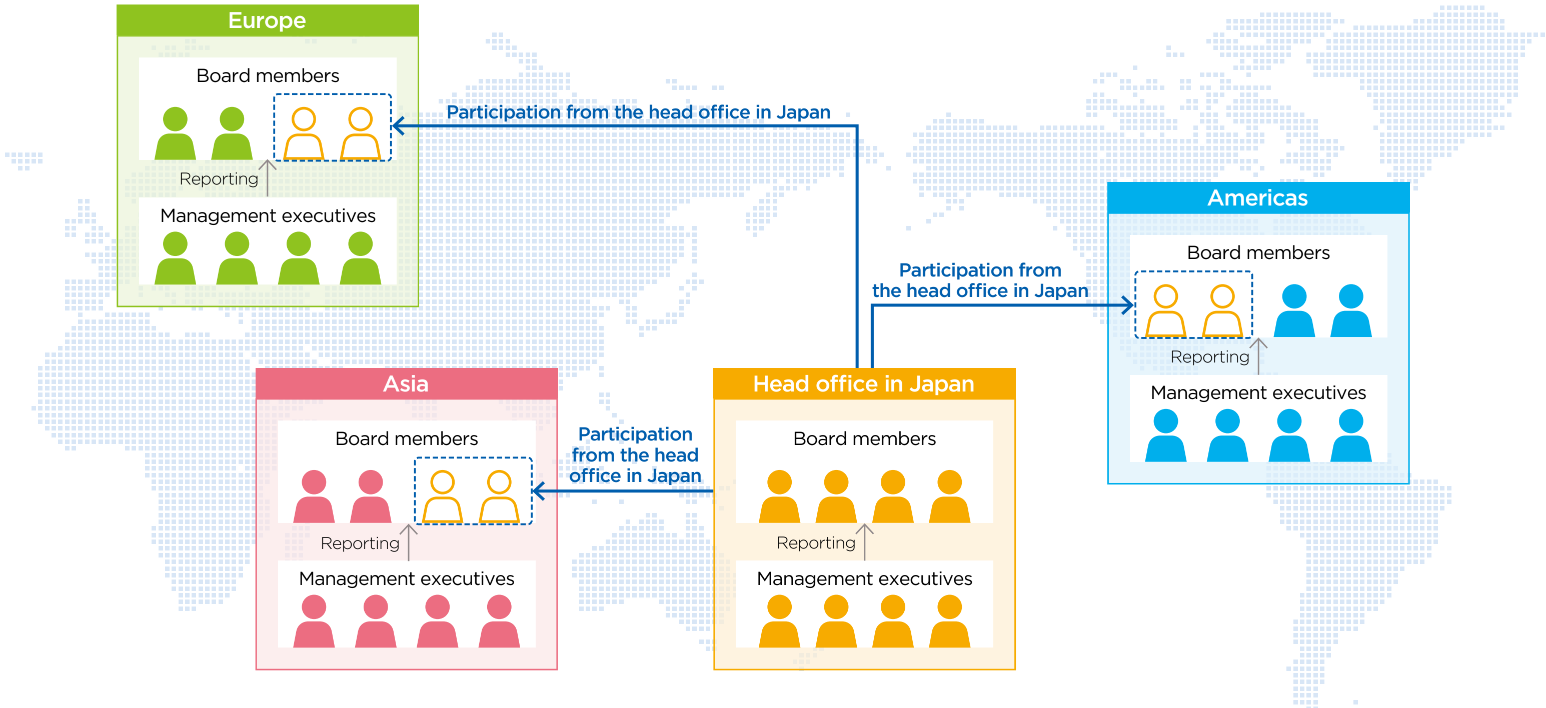
●Main risks and our response

Risk category	Contents	Our initiatives
Changes in the global economic climate	Our sales are heavily dependent on capital investment by the manufacturing industries of Japan, Asia, and the U.S. If the economy declines, there is a high likelihood of corporate investment appetite falling significantly beyond this level of economic decline, and of orders and sales of production goods declining precipitously.	To secure stable revenue, we are striving to bring in new customers in a wide range of regions and industries and to enrich the services and software we provide that are used continuously by customers to improve the productivity in connection with our products.
Trends affecting individual industries	Many of our products are used by automotive companies. Capital investment trends are more stable for this segment than any other segment in the manufacturing industry, but the segment is a large one and has a significant impact on the supply and demand environment for machine tools, so it has a major impact on our sales. Supply and demand conditions for growth fields like IT and digital appliances are highly volatile, so sales results can fluctuate significantly from one period to another.	
Exchange rate fluctuations	Over half of our products are sold overseas. We have also entered overseas markets in various ways, so exchange rates affect our sales and profits.	We are using exchange contracts, etc.
Changes in component and raw material supply/demand	Machine tools are made up of diverse components and raw materials. Because of this, tight component or raw material supply/demand environments can cause prices to rise, which can affect our profits. Furthermore, if we are unable to secure a sufficient level of quality, volume, or delivery schedules, this can also affect production and sales.	To ensure that we can secure a stable supply even if there are changes in the supply/demand environment, we maintain appropriate inventory levels based on the difficulty involved in procuring components and materials, while also strengthening collaboration with our suppliers, developing new suppliers, and implementing multiple sourcing.
Country risk	We have expanded in various ways into countries which are modernizing their industries. Because of this, if there are unforeseen changes in political, economic, or social conditions, or if laws and regulations are formulated or strengthened, this could have an impact on our sales and profits.	We designate companies to oversee each region and have them managed by locals who are highly knowledgeable about local conditions. Through this, we have established a system capable of flexibly dealing with issues based on regional characteristics and conditions.

Global operation

Overseas sales account for a large share of our net sales. In fiscal 2024, over 80% of our net sales were overseas sales. As we continue our global expansion, appropriate and speedy management decision-making will be even more important for our overseas companies.

We designate companies to oversee each region. Their presidents and other key executives are locals who are highly knowledgeable about local conditions. Through this, we have established a system capable of flexibly dealing with issues based on regional characteristics and conditions. At the same time, head office executives participate as Board members in each of our overseas companies, receiving reports on management situations and approving investment plans. The head office deals with management issues that must be resolved for the Group as a whole. In this way, we are ensuring proper governance.



Compliance

We have formulated the “Makino Milling Machine Employee Code of Conduct,” which summarizes the behavior to be observed by our officers and employees, and we have notified all employees of the code.

The Compliance Committee is chaired by the executive manager of the Corporate Service Division and reports and deliberates on measures and activities necessary to promote compliance, including the status of compliance, details of new and revised laws and regulations and response to them, as well as reportable items and material compliance breaches. In addition, the committee’s activities are reported to the Board of Directors on a regular basis and on an ad hoc basis for major issues.

■ Compliance Committee structure

The Company also has a whistleblowing system, with internal and external contact points, and has “Rules for Public Interest Reporting System Operation,” which stipulate protective measures for whistleblowers. Reporting and suggestion boxes were installed in 2022 at each business location to facilitate whistleblowing.

Trade security

Machine tools are subject to export restrictions if they have a certain level of performance due to the possibility of military diversion to weapons manufacturing and other uses. Many of our products are regulated and require strict export controls.

We have regulations for security aspects of export control to ensure full compliance with export control regulations. We also have a special department for export control that reports directly to the president. It is headed by a director and is independent of the sales division. This department ensures rigorous compliance with all regulations by examining export cases, providing training, conducting internal audits, and taking other measures.

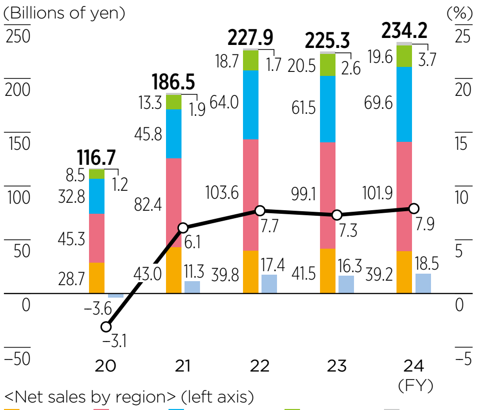
In addition, our products subject to export control are equipped with a relocation detection device (that functions to detect relocation of the machine). If we detect it is relocated, the machine is disabled, thereby preventing unauthorized military diversion.

Financial and Non-financial Highlights

Financial Highlights

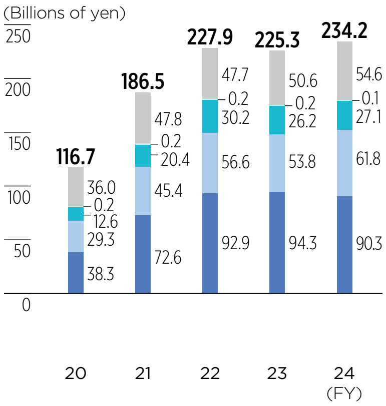
			FY2015	FY2016	FY2017
Income statement	Net sales	(Billions of yen)	161.9	153.6	181.5
	Cost of sales	(Billions of yen)	113.3	109.1	125.4
	Gross profit	(Billions of yen)	48.6	44.5	56.0
	Selling, general and administrative expenses	(Billions of yen)	34.2	34.8	41.0
	Operating income	(Billions of yen)	14.4	9.6	15.0
	Ordinary income (loss)	(Billions of yen)	15.3	10.0	15.7
	Net income (loss) attributable to owners of parent	(Billions of yen)	12.1	7.5	11.6
Balance sheet	Net assets	(Billions of yen)	117.1	127.1	152.5
	Total assets	(Billions of yen)	234.2	247.6	269.2
Cash flow	Free cash flow	(Billions of yen)	18.4	4.2	5.7
Financial indicators	Operating margin	(%)	8.9	6.3	8.3
	Return on equity (ROE)	(%)	10.4	6.3	8.4
	Ratio of ordinary income to total assets (ROA)	(%)	6.4	4.2	6.1
	Total asset turnover	(times)	0.7	0.6	0.7
	Shareholder's equity ratio	(%)	49.7	51.1	56.5
Capital expenditures and depreciation	Capital expenditures	(Billions of yen)	8.1	7.0	8.6
	Depreciation	(Billions of yen)	5.1	4.9	5.1
Indicators per share	Net income per share	(Yen)	109.0	69.0	102.2
	Net assets per share	(Yen)	1,058	1,148	1,219
Shareholder returns	Dividend per share	(Yen)	16	16	17
	Total payout ratio	(%)	21	23	17
Net sales by region	Total	(Billions of yen)	161.9	153.6	181.5
	Japan	(Billions of yen)	46.4	42.7	39.5
	Asia	(Billions of yen)	50.1	45.9	64.5
	Americas	(Billions of yen)	47.9	47.7	54.1
	Europe	(Billions of yen)	14.7	15.5	19.4
	Others	(Billions of yen)	2.7	1.7	3.8
Net sales by product	Total	(Billions of yen)	161.9	153.6	181.5
	Horizontal machining centers	(Billions of yen)	65.1	64.9	79.1
	Vertical machining centers	(Billions of yen)	45.2	40.4	47.5
	Electrical discharge machines (EDMs) and laser machines	(Billions of yen)	14.4	12.8	13.9
	Milling machines	(Billions of yen)	0.8	0.6	0.5
	Others	(Billions of yen)	36.3	34.7	40.3

Net sales by region, operating income (loss), and operating margin



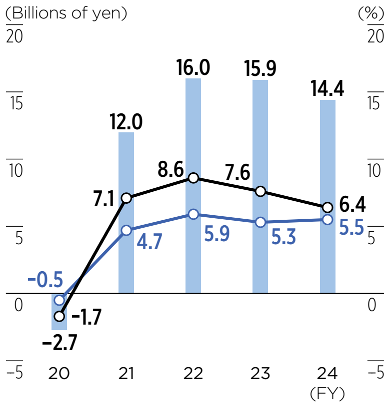
<Net sales by region> (left axis)
Japan Asia Americas Europe Others
Operating income (loss) (left axis)
Operating margin (right axis)
Note: Numbers are rounded down to the nearest 0.1 billion yen.

Net sales by product



Horizontal machining centers
Vertical machining centers
Electrical discharge machines (EDMs) and laser machines
Milling machines Others
Note: Numbers are rounded down to the nearest 0.1 billion yen.

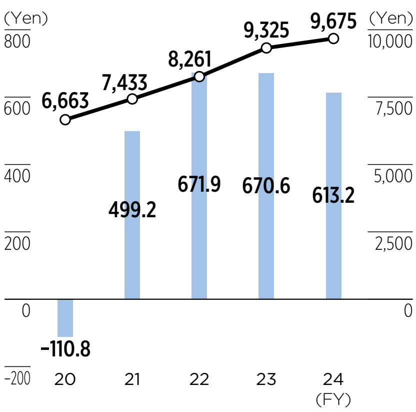
Net income (loss) attributable to owners of parent, ROE, and ROA



Net income (loss) attributable to owners of parent (left axis)
ROE (right axis)
ROA (right axis)

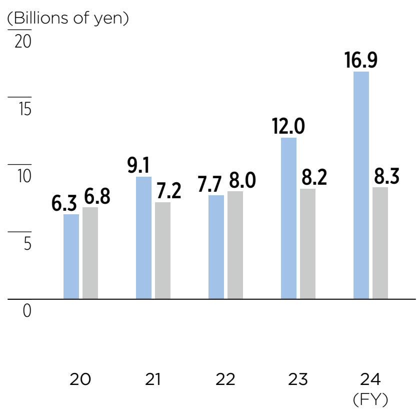
FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
204.7	159.4	116.7	186.5	227.9	225.3	234.2
139.7	117.1	89.8	135.9	161.5	157.3	161.7
64.9	42.2	26.9	50.6	66.3	68.0	72.4
44.2	38.7	30.5	39.3	48.8	51.6	53.9
20.6	3.5	-3.6	11.3	17.4	16.3	18.5
21.9	4.1	-1.3	14.2	19.9	18.9	20.0
16.9	0.8	-2.7	12.0	16.0	15.9	14.4
160.9	151.7	161.9	178.7	197.7	221.5	226.6
269.5	258.8	280.0	325.5	348.4	362.3	367.0
6.6	0.4	11.4	5.4	-5.8	6.4	-0.3
10.1	2.2	-3.1	6.1	7.7	7.3	7.9
10.9	0.5	-1.7	7.1	8.6	7.6	6.4
8.2	1.6	-0.5	4.7	5.9	5.3	5.5
0.8	0.6	0.4	0.6	0.7	0.6	0.6
59.4	58.3	57.6	54.6	56.6	61.0	61.7
9.4	8.4	6.3	9.1	7.7	12.0	16.9
5.9	6.6	6.8	7.2	8.0	8.2	8.3
689.3	33.9	-110.8	499.2	671.9	670.6	613.2
6,550	6,172	6,663	7,433	8,261	9,325	9,675
105	80	20	60	150	150	180
27	235	-55	20	24	29	43
204.7	159.4	116.7	186.5	227.9	225.3	234.2
50.9	40.4	28.7	43.0	39.8	41.5	39.2
70.8	53.3	45.3	82.4	103.6	99.1	101.9
57.3	48.8	32.8	45.8	64.0	61.5	69.6
21.0	15.0	8.5	13.3	18.7	20.5	19.6
4.4	1.7	1.2	1.9	1.7	2.6	3.7
204.7	159.4	116.7	186.5	227.9	225.3	234.2
95.7	67.8	38.3	72.6	92.9	94.3	90.3
49.8	35.8	29.3	45.4	56.6	53.8	61.8
16.0	14.4	12.6	20.4	30.2	26.2	27.1
0.5	0.4	0.2	0.2	0.2	0.2	0.1
42.5	40.8	36.0	47.8	47.7	50.6	54.6

Net income per share and net assets per share



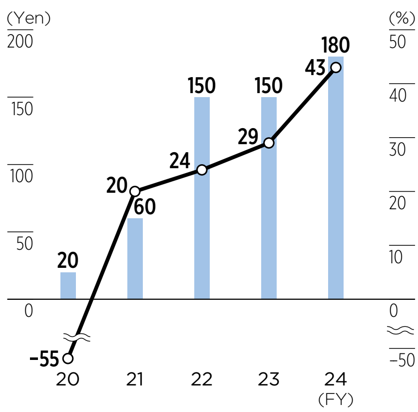
Net income per share (left axis)
Net assets per share (right axis)

Capital expenditures and depreciation



Capital expenditures
Depreciation

Dividend per share and total payout ratio



Dividend (left axis)
Total payout ratio (right axis)

Non-financial Highlights

Environmental Data

Scope 1 and Scope 2 (market-based) (consolidated)

		FY2023		FY2024		Change
		Emissions ($t\text{-}CO_2e$)	Percentage	Emissions ($t\text{-}CO_2e$)	Percentage	Emissions ($t\text{-}CO_2e$)
Scope 1	Direct emissions	5,467	12.8%	5,846 ★	13.5%	378
Scope 2	Indirect emissions	37,343	87.2%	37,601 ★	86.5%	259
Total		42,810	100%	43,447 ★	100%	637

Scope 1 and Scope 2 Emissions (location-based) (consolidated)

		FY2023		FY2024		Change
		Emissions ($t\text{-}CO_2e$)	Percentage	Emissions ($t\text{-}CO_2e$)	Percentage	Emissions ($t\text{-}CO_2e$)
Scope 1	Direct emissions	5,467	11.5%	5,846 ★	12.8%	378
Scope 2	Indirect emissions	42,213	88.5%	39,653 ★	87.2%	-2,560
Total		47,681	100%	45,499 ★	100%	-2,182

Scope 3 Emissions (consolidated)

		FY2023		FY2024		Change
		Emissions ($t\text{-}CO_2e$)	Percentage	Emissions ($t\text{-}CO_2e$)	Percentage	Emissions ($t\text{-}CO_2e$)
Category 1	Purchased goods and services	872,321	45.6%	847,110 ★	44.4%	-25,210
Category 2	Capital goods	22,692	1.2%	15,662	0.8%	-7,030
Category 3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	6,359	0.3%	6,273	0.3%	-86
Category 4	Upstream transportation and distribution	38,846	2.0%	37,827	2.0%	-1,020
Category 5	Waste generated in operations	2,397	0.1%	2,259	0.1%	-138
Category 6	Business travel	623	0.0%	318	0.0%	-305
Category 7	Employee commuting	2,075	0.1%	2,620	0.1%	545
Category 8	Upstream leased assets	3,774	0.2%	3,664	0.2%	-110
Category 11	Use of sold products	939,460	49.1%	969,937 ★	50.8%	30,477
Category 12	End-of-life treatment of sold products	23,347	1.2%	22,599	1.2%	-747
Total		1,911,894	100%	1,908,269 ★	100%	-3,625

To enhance the reliability of this environmental data, the FY2024 figures marked with ★ have been assured by a third party, ASUENE VERITAS Inc. in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and 3410.

- Independent assurance report https://ir.makino.co.jp/img/esg/en/environment/data/Independent_Practitioner's_Assurance_Report_EN.pdf
- GHG emissions accounting in accordance with GHG protocol https://ir.makino.co.jp/img/esg/en/environment/data/ESG-09-001_EN.pdf

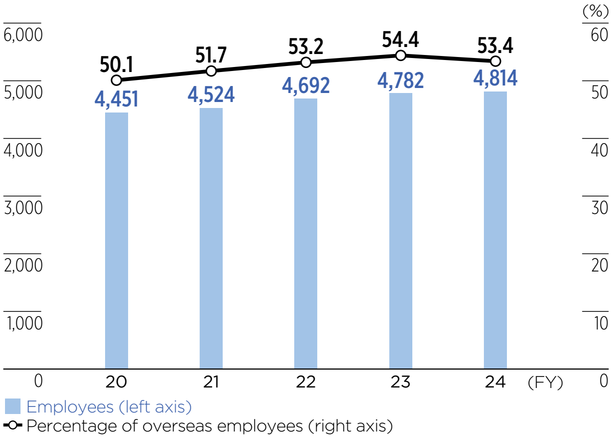
Environmental data of production sites (consolidated)

				FY2022	FY2023	FY2024
Water	Withdrawals	Total	(1,000 m^3)	332	276	250
		Groundwater	(1,000 m^3)	95	98	92
		Third-party sources	(1,000 m^3)	237	178	158
	Discharges	Total	(1,000 m^3)	301	244	219
		Fresh surface water	(1,000 m^3)	—	—	—
		Third-party destination	(1,000 m^3)	301	244	219
Industrial waste		Discharges	(t)	2,588	2,730	2,261

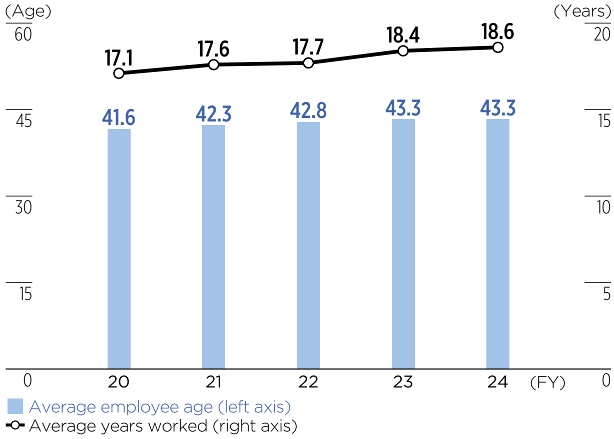
- Makino's "Environment" webpage https://ir.makino.co.jp/en/esg/environment/

Human capital

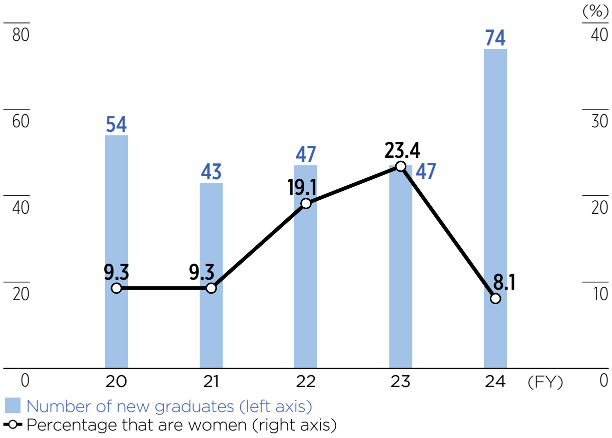
Employees and percentage of overseas employees (consolidated)



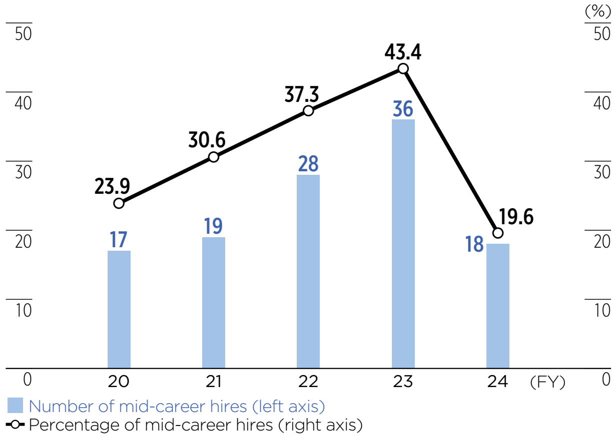
Average employee age and years worked (non-consolidated)



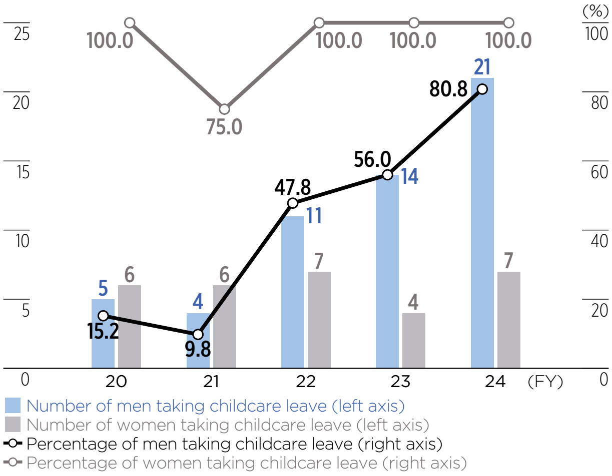
Number of new graduates hired and percentage that are women (Group companies in Japan)



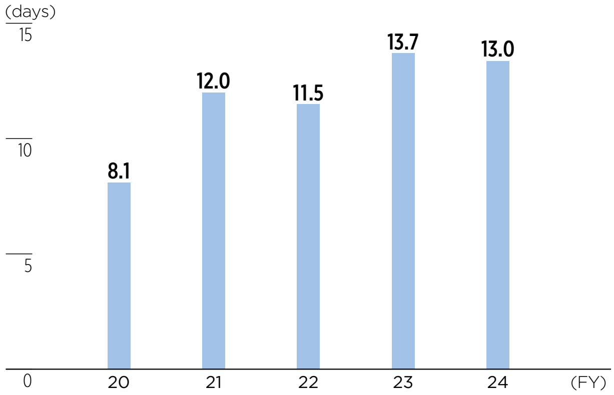
Number and percentage of mid-career hires (Group companies in Japan)



Number and percentage of employees taking childcare leave (non-consolidated)



Average number of days of paid vacation taken (non-consolidated)



Corporate and Share Information

Corporate Information

Corporate Data (as of March 31, 2025)

■ Company Name	Makino Milling Machine Co., Ltd.
■ Head Office	3-19, Nakane 2-chome, Meguro-ku, Tokyo 152-8578, Japan Phone: +81-3-3717-1151
■ Established	May 1937
■ Paid-in capital	¥21,142 million
■ Number of employees	4,814 (consolidated basis)
■ Major businesses	Manufacture, sale, and maintenance of machine tools, including machining centers, NC electrical discharge machines, NC milling machines, milling machines, FMS, CAD/CAM and other products

Global Map

Makino has regional headquarters in Japan, Asia, the Americas, and Europe. Through business tailored to the operating environment and needs of each region, Makino provides cutting-edge manufacturing to the world.

● ··· Head office / regional headquarters
● ··· Production site
● ··· Technical center

Europe

- 31 Makino Europe GmbH
- 32 Makino S.R.L.
- 33 Makino s.r.o

＋
Sales offices: 3

Asia

- 7 Makino Asia Pte Ltd
- 8 Makino Asia Sdn Bhd (Johor Bahru)
- 9 Makino India Private Limited (Bangalore)
- 10 Makino India Private Limited (Coimbatore)
- 11 Makino India Private Limited (Delhi)
- 12 Makino India Private Limited (Pune)
- 13 Makino India Private Limited (Chennai)
- 14 Makino (China) Co., Ltd.
- 15 Makino J China Co., Ltd
- 16 Makino (China) Co., Ltd. (Chengdu)
- 17 Makino (China) Co., Ltd. (Dongguan)
- 18 Makino Thailand Co., Ltd.
- 19 PT Makino Indonesia
- 20 Makino Vietnam Co. Ltd (Hung Yen)
- 21 Makino Vietnam Co. Ltd (HCMC)
- 22 Makino Korea co., Ltd (Osan)

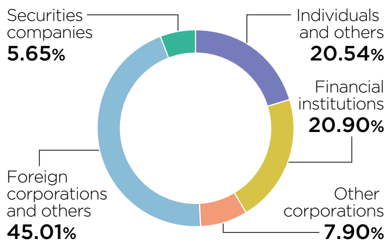
＋
Sales offices: 15

Share Information (as of March 31, 2025)

■ Total number of shares issued
24,893,841
(including treasury stock of
1,505,407 shares)

■ Number of shareholders
4,576

■ Composition of shareholders



■ Major shareholders (Top 10)

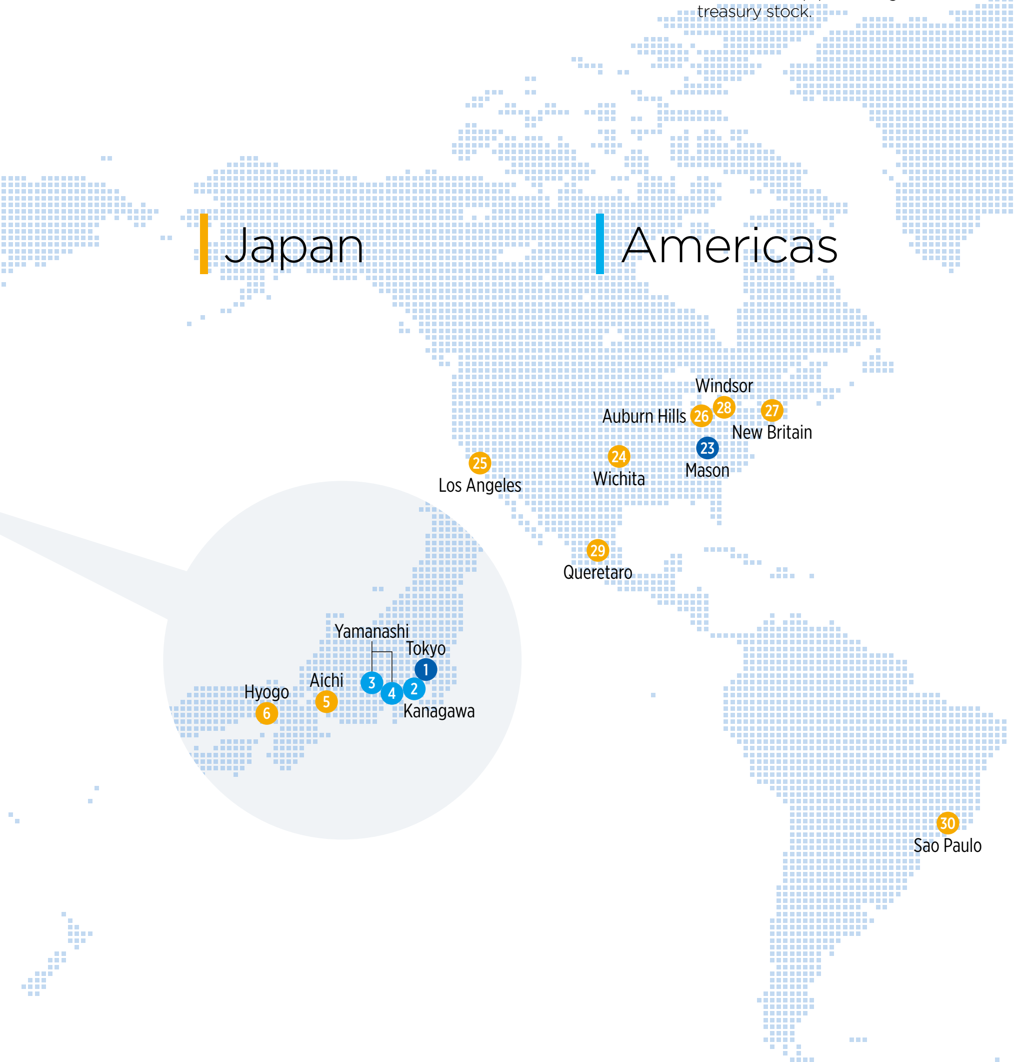
Name	Number of shares owned (Thousands)	Ownership percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust account)	2,790	11.93
Machine Tool Engineering Foundation	893	3.82
GOLDMAN SACHS INTERNATIONAL	865	3.70
Custody Bank of Japan, Ltd. (Trust account)	816	3.49
Goldman Sachs Japan Co., Ltd. BNYM	816	3.49
MLI FOR SEGREGATED PB CLIENT	695	2.97
INTERACTIVE BROKERS LLC	589	2.52
Jiro Makino	478	2.05
BARCLAYS CAPITAL INC A/C CLIENT SAFE CUSTODY	448	1.92
MUFG Bank, Ltd.	436	1.86

Rounded down to the nearest 1,000 shares

Note: The ownership percentage of total shares issued has been calculated after the deduction of treasury stock.

Japan

Americas



Japan

1 Head Office (Tokyo Technical Center)
2 Atsugi Plant / Makino J
3 Fuji Katsuyama Plant
4 Fuji Yoshida Plant
5 Nagoya
6 Kobe
+
Sales offices: 13

Americas

23 Makino Inc.
24 Makino Inc. (Wichita)
25 Makino Inc. (Los Angels)
26 Makino Inc. (Auburn Hills)
27 Makino Inc. (New Britain)
28 Makino Inc. (Windsor)
29 Makino Mexico, S de R.L. de C.V.
30 Makino do Brasil Ltda.
+
Sales offices: 1

MAKINO

Promise of Performance

For inquiries, contact

Makino Milling Machine Co., Ltd.

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