

**Summary of Consolidated Financial Statements for the first quarter of Fiscal Year 2020 ended March 31, 2020 (IFRS basis)**  
**(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the first quarter announced on May 28, 2020)**

Listed company name: DMG MORI CO., LTD.  
 Stock exchange listing: First Section of Tokyo Stock Exchange  
 Code Number: 6141 URL <https://www.dmgmori.co.jp>  
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Filing date of quarterly financial statements: May 29, 2020

Estimated starting date of dividend payment: -

Preparation of supplementary explanatory materials: Yes

Holding of quarterly earnings release conference: Yes

1. Consolidated business results of the first quarter ended March 31, 2020 (January 1, 2020 to March 31, 2020)

(Note: All amounts less than one million are disregarded)

	Sales revenues		Operating income		Earnings before income taxes		Net income		Income attributable to owners of the parent		Total comprehensive income ( $\Delta$ loss)	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
	(% of change from same period in the previous year)											
First quarter ended March 31, 2020	87,255	$\Delta$ 27.6	3,272	$\Delta$ 68.6	1,261	$\Delta$ 85.7	87	$\Delta$ 98.6	128	$\Delta$ 97.9	$\Delta$ 9,840	-
First quarter ended March 31, 2019	120,586	5.9	10,417	70.9	8,845	78.6	6,380	116.8	6,191	120.6	7,784	-

	Basic earnings ( $\Delta$ loss)		Diluted earnings ( $\Delta$ loss)	
	per share		per share	
	Yen		Yen	
First quarter ended March 31, 2020	$\Delta$ 1.13		$\Delta$ 1.13	
First quarter ended March 31, 2019	48.74		48.58	

(Note)

- Total comprehensive income ( $\Delta$ loss) of the first quarter ended March 31, 2020 is mainly caused by the differences from currency translation with the strong yen.
- Basic earnings ( $\Delta$ loss) per share is based on the earning amount which excludes earnings attributed to owners of hybrid capital.

## (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	million yen	million yen	million yen	%	yen
March 31, 2020	505,324	114,427	110,270	21.8	894.62
December 31, 2019	524,606	127,807	124,006	23.6	1,008.36

(Note) Ratio of equity attributable to owners of the parent and equity per share attributable to owners of the parent are based on the equity amount which includes amounts of hybrid capital.

## 2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
December 31, 2019	-	30.00	-	30.00	60.00
December 31, 2020	-				
December 31, 2020 (Forecast)		10.00	-	10.00 ~20.00	20.00 ~30.00

(Note) Revision of dividend forecast in the current quarter: Yes

## 3. Consolidated earnings forecast for Fiscal Year 2020 (January 1, 2020 to December 31, 2020) (% of change from same period in the previous year)

	Sales revenues		Operating income		Income attributable to owners of the parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	yen
Full Year 2020	320,000 ~340,000	△34.1 ~△30.0	5,000 ~10,000	△86.6 ~△73.2	To be determined	-	To be determined

(Note)

- Revision of consolidated earnings forecast in the current quarter: Yes
- Exchange rate used for consolidated earnings forecast for fiscal year 2020: JPY 110.0 /USD, 120.0 /EUR
- Regarding consolidated earnings forecast for the fiscal year ending December 31, 2020, it is based on the assumption that the restrictions on travel for business purposes in major regions, such as the EU, Americas, China and Southeast Asia, will be lifted, the development of vaccines against COVID-19 will advance, as well as no further disorder will be caused.

## 4. Others

(1) Changes in significant subsidiaries during the first quarter ended March 31, 2020: No

(2) Changes in accounting policies applied and changes in accounting estimates

1. Changes in accounting policies required by IFRS: No
2. Changes in accounting policies other than the above: No
3. Changes in accounting estimates: No

(3) Number of shares outstanding (Common shares)

1. Number of shares outstanding at the end of the period (including treasury shares)

March 31, 2020: 125,953,683

December 31, 2019: 125,953,683

2. Number of treasury shares at the end of the period

March 31, 2020: 3,015,903

December 31, 2019: 3,295,627

3. Average number of outstanding shares during the period (cumulative from the beginning of the period)

January - March 2020: 122,771,201

January - March 2019: 121,637,406

(Note) The Company implemented trust-type employee stock ownership incentive plan in April 2018. Therefore, the shares of the company held by DMG MORI Employee Shareholders Association Exclusive Trust are included in the number of treasury shares at the end of period (1,825,400 shares as of December 31, 2019, and 1,668,100 shares as of March 31, 2020) and the number of treasury shares deducted in calculating the average number of outstanding shares during the period (2,230,525 shares from January 1 to March 31, 2019, and 1,771,950 shares from January 1 to March 31, 2020).

- Information regarding implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures.

- Proper use of the earnings forecasts and other notes

The above forecast is based on information available as of the release of this report and assumptions of several uncertain factors which may affect the company's results. Actual results might be different from the above estimates due to subsequent changes in business circumstances. Regarding Fiscal Year 2020 (Forecast), please see "1. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections".

We will upload additional explanation on May 28, 2020.

(Attached Documents) Index

1. Qualitative Information Regarding Quarterly Settlement of Accounts .....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position .....	4
(3) Explanation of forecasts and other projections .....	4
2. Quarterly Consolidated Financial Statements.....	5
(1) Quarterly consolidated statements of financial position.....	5
(2) Quarterly consolidated statements of income .....	7
(3) Quarterly consolidated statements of comprehensive income .....	8
(4) Quarterly consolidated statements of changes in equity .....	9
(5) Quarterly consolidated statements of cash flows .....	11
(6) Notes on going concern assumption.....	13
(7) Notes on quarterly consolidated financial statements .....	13

# 1. Qualitative Information Regarding Quarterly Settlement of Accounts

## (1) Explanation of operating results

For the first quarter of the fiscal year 2020 (from January 1 to March 31), the sales revenues were 87,255 million yen (726,520 thousand EUR), the operating income was 3,272 million yen (27,245 thousand EUR), and earnings before income taxes were 1,261 million yen (10,502 thousand EUR). The income attributable to owners of the parent was 128 million yen (1,073 thousand EUR). (Euro amount is converted from yen at 120.1 yen, the average exchange rate between January 1 and March 31).

DMG MORI has evolved from a machine tool manufacturer into a total solution provider that realizes the entire machining process for customers. As one of the business strategies, we promote shop automation and digitization using 5-axis control, multi-axis and additive manufacturing machines as a manufacturing platform.

We began the joint development and experiments with NTT Communications Corporation and KDDI Corporation to explore new solutions using the 5G technology, such as autonomous traveling of workpiece transfer robots in a factory, and AI-enabled chip removal. The customer portal “my DMG MORI” allows customers to check maintenance information and operation rates of their shop machines and to request operator training and remote repair & recovery services. As for operator training, we will open “DMG MORI Digital Academy” in summer 2020. The academy provides e-learning courses that are available anytime as well as traditional hands-on machining training to increase learning efficiency. With the TULIP, a platform for creating manufacturing applications, shop operators can easily create applications that realizes tasks from work instructions to shop equipment monitoring with no professional programming knowledge. The product helps increase operators’ productivity. DMG MORI has already introduced the TULIP at its factories and achieved significant results.

We consider 2020s as the era of technological advancement of on-machine measurement capable of completing machining and measurement on one machine, so we are willing to partner with companies that own the advanced technologies, taking into account the adoption of the non-contact measuring technologies such as cameras and lasers for machine tools. We have agreed with Nikon Corporation that DMG MORI is to sell the non-contact measuring system (optional specification) equipped with Nikon’s laser scanner. Their measuring and camera technologies will enable us to develop higher-accuracy machine tools that accelerate shop digitization.

For the technological aspect, against the backdrop of increasing demand for micro machining that uses ultra-short pulse laser (femto-second laser) for mechanically machined workpieces, we acquired minority stake in GLOphotonics SAS of France to move forward with the joint research and development on the femto-second laser transmission technology with them. We strive to quickly respond to market changes and develop new products that can contribute to the society.

As for sales, we have canceled exhibitions and private shows scheduled to participate in and hold around the world due to the global spread of COVID-19. Instead of the Iga Innovation days originally scheduled in May 2020, we plan on holding alternative events called “Technology Friday” every Friday from June to December for a small group of customers at a time. For product promotion, we are working on the creation of a number of super-high precision videos that combine full CG and 4K movies in an attempt to convey detailed product performance and investment effects to customers in an easy-to-understand manner, as compared to traditional paper-based catalogs and visual observation.

Furthermore, we began “digital acceptance test” using online meetings, by which customers can check products in real time through videos from multiple cameras installed on the machine tool and system before shipment. We continue to contribute to increasing customer productivity by fully leveraging our cutting-edge digital solutions.

DMG MORI places a top priority on the health of its employees. We promote well-being of every employee by setting the upper limit of daily working hours and thoroughly monitoring the rate of paid leave taken. As the preventive measures against the virus infection, those who usually commute by public transportation are currently not allowed to do so, and asked to work from home instead. We provide support for them to smoothly engage in remote work by use of TV conference and online educational training.

As one of the approaches for environmental conservation, DMG MORI AKTIENGESELLSHAFT in Europe set a goal to achieve carbon neutral operations in 2020. In Japan, we have switched the power supply company to ORIX Corporation to purchase zero carbon emissions electricity at Tokyo Global Headquarters. We now estimate that the office will be able to reduce approximately 385.8 tons of carbon emissions per year. We plan on transitioning to zero carbon emissions electricity at our other operation bases in Japan.

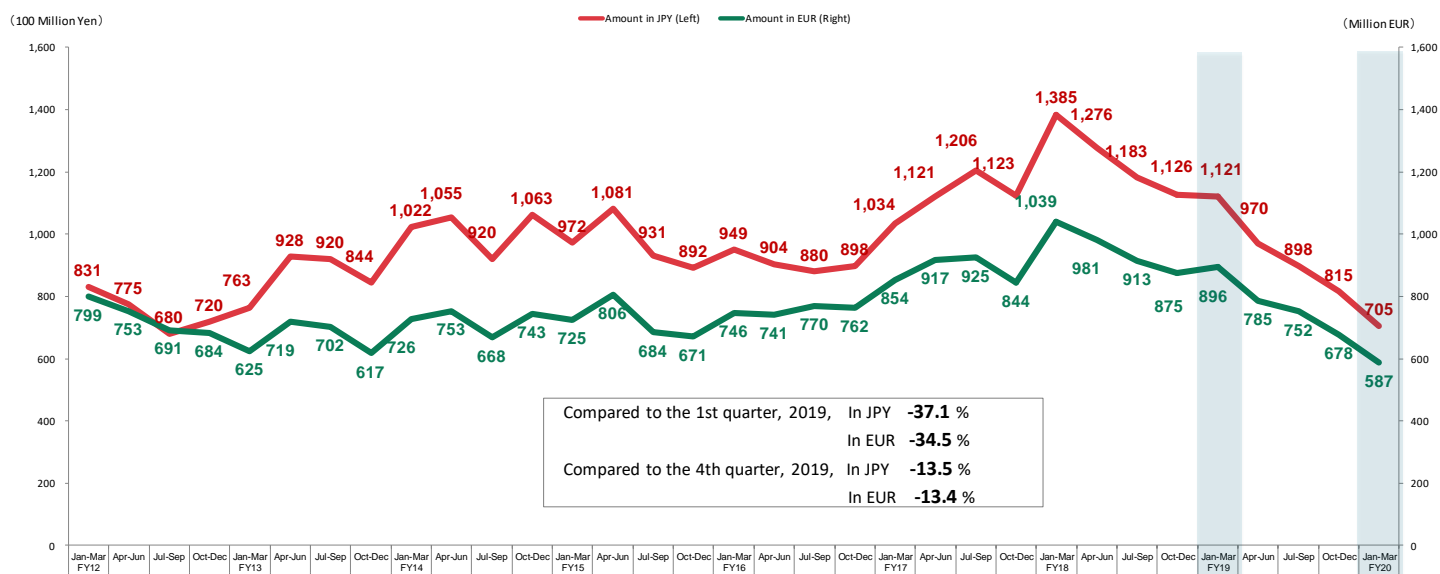
We have been putting effort on providing educational support for educational institutions in cooperation with local governments, and will lend our cutting-edge machines to Hyogo Prefectural Monodzukuri Institute free of charge based on the cooperation agreement. DMG MORI continues to fulfill its responsibilities as a global company and increase its company value through sustainable business growth.

The new orders during the first quarter totaled 78.3 billion yen, a 35% decrease from the result for the comparable period of 2019. The order volume of machine tools reached its peak in the first quarter of 2018, followed by two years of correction period. Although the market showed a sign of moderate recovery at the beginning of the year, negative impacts of COVID-19 have caused customers in China and other regions to hold back on investments since February and March, respectively. However, customers who are willing to continue capital investments have been proceeding with process integration, shop automation and digitization, which as a result contributed to an 8% rise in order unit price over the last year's figure. Along with lowered shop operation rates of customers due to COVID-19, the orders for machine recovery services and repair parts also fell 16%. The orders for products and services other than machine tools and the related services, on the other hand, increased 4% thanks to the solid performance of our subsidiaries including one that supplies components for semiconductor manufacturing equipment.

In the Americas, where demand had been relatively robust for the first half of the quarter, the new orders slipped 1% below the 2019 result although the decrease rate remained lower than the rest of the world. The other regions slumped into correction territory and saw a decline of 44% in Japan, 51% in Europe and 45% in the Asian region including China. By industry, the demand from the medical equipment, semiconductor manufacturing equipment and die & mold sectors demonstrated a steady growth. However, the demand from the aircraft-related sector, which was on the uptick until recently, abruptly plunged, and the automotive market continued to be more on the bearish side. By machine, our cutting-edge technologies, such as additive manufacturing that can quickly respond to market environmental changes and ultrasonic machines that have expanded their application to semiconductor-related components, are receiving high reputation from customers as well as 5-axis control machines and multi-axis machines.

Restrictions on going out and traveling put in place across the world slowed the sales and service activities during April, but those activities have started to get back in gear since the middle of May. As we see customers gradually increasing their shop operation rates, the demand for machine tools is expected to bounce back. DMG MORI promotes shop automation and digitization by process integration machines, and continues to make utmost efforts to increase orders.

<Reference> Quarterly consolidated order intake of machines (100 Million Yen and Million EUR)



(Note) Euro amount is converted from yen at the market exchange rate of each period.

<Consolidated results>

Consolidated results of the first quarter of the fiscal year ended March 31, 2020 is as follows:

Unit : 100 Million Yen  
(Million EUR)  
<Forecast>

	January to March, 2019	January to March, 2020	Difference	January to December, 2020
Sales revenues	1,206 (963)	873 (727)	△333 (△237)	3,200~3,400 (2,667~2,833)
Operating income	104 (83)	33 (27)	△71 (△56)	50~100 (42~83)
Operating income / Sales revenues	8.6%	3.8%	△4.9%pts	1.6%~2.9%
Income attributable to owners of the parent	62 (49)	1 (1)	△61 (△48)	To be determined

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 125.2yen/EUR for the figures of January to March, 2019, 120.1yen/EUR for those of January to March, 2020, and 120.0 yen/EUR for the figures of January to December, 2020.

(2) Explanation of financial position

Total assets at the end of the first quarter of fiscal year 2020 amounted to 505,324 million yen. Total equity is 114,427 million yen and ratio of equity attributable to owners of the parent is 21.8%.

(3) Explanation of forecasts and other projections

Reflecting the order decrease due to the impact of COVID-19, we have made a downward revision of consolidated earnings forecast for fiscal year 2020 from the previous announcement released on February 14, 2020.

Consolidated earnings forecast is based on the assumption that the restrictions on travel for business purposes in major regions, such as the EU, Americas, China and Southeast Asia, will be lifted, the development of vaccines against COVID-19 will advance, as well as no further disorder will be caused.

Consolidated earnings forecast

Unit : 100 Million yen  
(Million EUR)

	Released on February 14 January to December, 2020	Released on May 28 January to December, 2020	Difference	<Reference> January to December, 2019
Sales revenues	4,000 (3,333)	3,200~3,400 (2,667~2,833)	△800~△600 (△667~△500)	4,858 (3,979)
Operating income	200 (167)	50~100 (42~83)	△150~△100 (△125~△83)	373 (306)
Operating income / Sales revenues	5.0%	1.6%~2.9%	△3.4%pts~△2.1%pts	7.7%
Income attributable to owners of the parent	85 (71)	To be determined	- (-)	180 (147)

(Note)

- Exchange rate used for consolidated earnings forecast for fiscal year 2020: JPY 110.0 /USD and 120.0 /EUR.
- Euro amount is converted from yen at the average exchange rate of 122.1 yen/EUR for fiscal year 2019.
- This forecast is based on information available as of the release of this report and assumptions of several uncertain factors which may affect the company's results. Actual results might be different from the above estimates due to subsequent changes in the circumstances.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated statements of financial position

(Million Yen)

	December 31, 2019	March 31, 2020
<b>(Assets)</b>		
Current assets		
Cash and cash equivalents	27,695	23,778
Trade and other receivables	55,314	48,900
Other financial assets	5,464	5,127
Inventories	120,862	120,048
Other current assets	9,072	10,808
Total current assets	218,409	208,663
Non-current assets		
Property, plant and equipment	130,943	126,419
Right-of-use assets	18,095	17,421
Goodwill	66,516	65,008
Other intangible assets	62,773	61,760
Other financial assets	12,871	11,208
Investments in associates and joint ventures	5,751	5,493
Deferred tax assets	4,074	4,144
Other non-current assets	5,170	5,205
Total non-current assets	306,196	296,661
Total assets	524,606	505,324



	December 31, 2019	March 31, 2020
<b>(Liabilities and equity)</b>		
<b>Current liabilities</b>		
Trade and other payables	54,851	55,131
Interest-bearing bonds and borrowings	35,157	71,173
Contract liabilities	37,517	35,342
Other financial liabilities	98,505	96,116
Accrued income taxes	7,388	5,093
Provisions	34,738	31,295
Other current liabilities	4,393	3,982
<b>Total current liabilities</b>	<b>272,553</b>	<b>298,135</b>
<b>Non-current liabilities</b>		
Interest-bearing bonds and borrowings	73,539	43,320
Other financial liabilities	32,566	31,770
Net employee defined benefit liabilities	5,594	5,581
Provisions	5,219	4,980
Deferred tax liabilities	6,203	5,865
Other non-current liabilities	1,123	1,242
<b>Total non-current liabilities</b>	<b>124,246</b>	<b>92,762</b>
<b>Total liabilities</b>	<b>396,799</b>	<b>390,897</b>
<b>Equity</b>		
Subscribed capital	51,115	51,115
Capital surplus	-	-
Hybrid capital	49,505	49,505
Treasury shares	△6,319	△5,849
Retained earnings	46,399	42,314
Other components of equity	△16,695	△26,815
<b>Equity attributable to owners of the parent</b>	<b>124,006</b>	<b>110,270</b>
Non-controlling interests	3,800	4,156
<b>Total equity</b>	<b>127,807</b>	<b>114,427</b>
<b>Total liabilities and equity</b>	<b>524,606</b>	<b>505,324</b>

## (2) Quarterly consolidated statements of income

(Million Yen)

	First quarter ended March 31, 2019 (January 1 to March 31, 2019)	First quarter ended March 31, 2020 (January 1 to March 31, 2020)
<b>Revenues</b>		
Sales revenues	120,586	87,255
Other operating revenues	2,164	1,720
<b>Total revenue</b>	<b>122,750</b>	<b>88,975</b>
<b>Cost</b>		
Changes in merchandise, finished goods and work in progress for sale	△10,393	△1,013
Costs of raw materials, consumables and goods for resale	64,050	37,790
Personnel costs	33,019	29,291
Depreciation and amortization	5,481	5,853
Other operating costs	20,174	13,781
<b>Total costs</b>	<b>112,333</b>	<b>85,703</b>
<b>Operating income</b>	<b>10,417</b>	<b>3,272</b>
Financial income	97	114
Financial costs	1,690	2,183
Share of profits of associates and joint ventures accounted for using equity method	20	57
<b>Earnings before income taxes</b>	<b>8,845</b>	<b>1,261</b>
<b>Income taxes</b>	<b>2,464</b>	<b>1,173</b>
<b>Net income</b>	<b>6,380</b>	<b>87</b>
<b>Income attributable to:</b>		
Owners of the parent	6,191	128
Non-controlling interests	188	△41
<b>Net income</b>	<b>6,380</b>	<b>87</b>
<b>Earnings (△loss) per share</b>		
Basic (yen)	48.74	△1.13
Diluted (yen)	48.58	△1.13

## (3) Quarterly consolidated statements of comprehensive income

(Million Yen)

	First quarter ended March 31, 2019 (January 1 to March 31, 2019)	First quarter ended March 31, 2020 (January 1 to March 31, 2020)
Net income	6,380	87
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	9	215
Change in fair value measurements of financial assets at fair value through other comprehensive income	634	△1,197
Share of other comprehensive income of associates accounted for using equity method	2	-
Subtotal	645	△982
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	877	△8,957
Effective portion of changes in fair value of cash flow hedge	△120	11
Subtotal	757	△8,945
Total other comprehensive income	1,403	△9,927
Comprehensive income (△loss)	7,784	△9,840
Comprehensive income (△loss) attributable to:		
Owners of the parent	7,595	△9,740
Non-controlling interests	188	△99
Total	7,784	△9,840

## (4) Quarterly consolidated statements of changes in equity

(Million Yen)

	Equity attributable to owner of the parent							Non-controlling interest share of equity	Total equity
	Subscribed capital	Capital surplus	Hybrid capital	Treasury shares	Retained earnings	Other components of equity	Total		
As of January 1, 2019	51,115	-	49,505	△8,571	37,498	△18,435	111,113	3,053	114,166
Impact of changes in accounting policies					△347		△347		△347
As of January 1, 2019 (revised)	51,115	-	49,505	△8,571	37,151	△18,435	110,765	3,053	113,818
Net income					6,191		6,191	188	6,380
Other comprehensive income						1,403	1,403		1,403
Total comprehensive income (△loss)	-	-	-	-	6,191	1,403	7,595	188	7,784
Payments to owners of hybrid capital					△537		△537		△537
Treasury shares acquisition				△0			△0		△0
Treasury shares disposition		△163		583		△52	367		367
Cash dividends					△3,041		△3,041	△58	△3,100
Transfer from retained earnings to capital surplus		162			△162		-		-
Gain of subsidiaries							-		-
Transfer from other components of equity to retained earnings					9	△9	-		-
Total transaction with owners of the parent	-	△0	-	583	△3,732	△62	△3,211	△58	△3,270
Acquisition of non-controlling interests		0					0	4	5
Changes in ownership interests in subsidiaries and others	-	0	-	-	-	-	0	4	5
As of March 31, 2019	51,115	-	49,505	△7,987	39,610	△17,094	115,150	3,187	118,338

(Million Yen)

	Equity attributable to owner of the parent							Non-controlling interest share of equity	Total equity
	Subscribed capital	Capital surplus	Hybrid capital	Treasury shares	Retained earnings	Other components of equity	Total		
As of January 1, 2020	51,115	-	49,505	△6,319	46,399	△16,695	124,006	3,800	127,807
Net income					128		128	△41	87
Other comprehensive income						△9,869	△9,869	△58	△9,927
Total comprehensive income (△loss)	-	-	-	-	128	△9,869	△9,740	△99	△9,840
Payments to owners of hybrid capital					△544		△544		△544
Treasury shares acquisition				△0			△0		△0
Treasury shares disposition		△204		552		△34	313		313
Cash dividends					△3,681		△3,681	△73	△3,755
Transfer from retained earnings to capital surplus		203			△203		-		-
Gain of subsidiaries				△82			△82	523	440
Transfer from other components of equity to retained earnings					215	△215	-		-
Total transaction with owners of the parent	-	△0	-	469	△4,213	△250	△3,995	449	△3,545
Acquisition of non-controlling interests		0					0	5	5
Changes in ownership interests in subsidiaries and others	-	0	-	-	-	-	0	5	5
As of March 31, 2020	51,115	-	49,505	△5,849	42,314	△26,815	110,270	4,156	114,427

## (5) Quarterly consolidated statements of cash flows

(Million Yen)

	First quarter ended March 31, 2019 (January 1 to March 31, 2019)	First quarter ended March 31, 2020 (January 1 to March 31, 2020)
Cash flows from operating activities		
Earnings or losses before income taxes	8,845	1,261
Depreciation and amortization	5,481	5,853
Loss (gain) on sales/disposal of property, plant and equipment (Δ: gain)	13	△25
Financial income and costs (Δ: gain)	1,593	2,068
Share of profits of associates and joint ventures accounted for using equity method (Δ: gain)	△20	△57
Other non-cash transactions (Δ: gain)	△63	154
Changes in asset and liability items:		
Inventories (Δ: increase)	△9,453	△1,080
Trade and other receivables (Δ: increase)	4,065	6,363
Trade and other payables (Δ: decrease)	8,306	408
Contract liabilities (Δ: decrease)	630	△1,336
Provisions (Δ: decrease)	△400	△3,180
Others	△2,221	△3,341
Subtotal	16,775	7,087
Interest received	95	115
Dividends received	5	0
Interest paid	△980	△711
Income tax paid	△2,901	△3,997
Net cash flows from operating activities	12,995	2,495
Cash flows from investing activities		
Purchases of property, plant and equipment	△2,345	△1,720
Proceeds from sales of property, plant and equipment	28	109
Purchases of intangible assets	△728	△1,150
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△395	△119
Acquisition of associated companies, net of cash acquired	-	△135
Purchases of financial instruments	△200	△120
Other	23	12
Net cash flows from investing activities	△3,616	△3,122

(Million Yen)

	First quarter ended March 31, 2019 (January 1 to March 31, 2019)	First quarter ended March 31, 2020 (January 1 to March 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	△5,399	15,051
Payments for non-current borrowings	△8,660	△8,614
Payments for lease liabilities	△1,334	△1,631
Dividends paid	△2,663	△3,646
Dividends paid to non-controlling interests	△54	△71
Payments for obligations for non-controlling interests	△1	△3,358
Payments to owners of hybrid capital	△537	△544
Other	360	175
Net cash flows from financing activities	△18,291	△2,639
Effect of exchange rate changes on cash and cash equivalents	△305	△650
Increase (decrease) in cash and cash equivalents	△9,218	△3,917
Cash and cash equivalents at the beginning of period	27,368	27,695
Cash and cash equivalents at the end of period	18,149	23,778

## (6) Notes on going concern assumption

Not applicable.

## (7) Notes on quarterly consolidated financial statements

### 1. Reporting entity

DMG MORI Co., Ltd. (the "Company") is a company established under Japanese law. The Company domiciles in Japan and its registered office is in 106 Kitakoriyama-cho, Yamato-Koriyama City, Nara.

The consolidated financial statements of the Company are reported as of March 31, 2020 and composed of the Company, its associates and equity interests to related companies (the "Group"). The Group engages in businesses related to providing total solutions utilizing of machine tools (Machining Centers, Turning Centers, Turn-Mill Complete Machining Centers, Universal Milling machines for 5-axis machining), software (user interface, technology cycles and embedded software), measuring devices with service support, application, and engineering.

### 2. Basis of preparations

#### (1) Accounting standards complied with

These quarterly consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, pursuant to the provisions set forth in Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements, etc. (Cabinet Office Ordinance No. 64 of 2007), as they satisfy all of the requirements for a "Specified Company" prescribed in Article 1-2, Paragraph 1, Item (i), (a) – (c) and (d)-3 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007).

#### (2) Basis of Measurement

These quarterly consolidated financial statements have been prepared on a historical cost basis, with the exception of some financial assets which are measured at fair value.

#### (3) Presentation currency and units used

These quarterly consolidated financial statements are presented in Japanese yen, with figures less than one million yen being rounded down.

#### (4) Significant accounting policy

The significant accounting policies applied to the quarterly consolidated financial statements are identical to those applied to the consolidated financial statements for the previous fiscal year ended December 31, 2019.

### 3. Segmental information

#### (1) Scope of segment reporting

The reporting segments of the Group is based on the business areas where independent financial statements are available and that are regularly reviewed by executive boards for the purposes of decision-making on the allocation of management resources and evaluation of profitability. The segments are divided according to products and services that the Group deals with and difference in internal reporting and management method associated with the products and services.

The business activities of the Group are categorized into the business segments of "Machine Tools" and "Industrial Services".



(2) Calculation method of net sales, income or loss and other items by each reportable segment

The amount of segment income ( $\Delta$ loss) is based on operating income ( $\Delta$ loss) and Share of profits of at equity-accounted investments. Sales revenues with other segments are the prices determined based on the market prices.

(3) Segment sales and income

The segment sales and income by each reportable segment are summarized as follows.

First quarter ended March 31, 2019 (January 1 to March 31, 2019)

	Reporting Segments			Adjustment (Note)		Figures in consolidated statements of income
	Machine Tools	Industrial Services	Total	Corporate	Adjustment	
	(Million Yen)					
Sales revenues						
Sales revenues with third parties	88,018	32,563	120,581	5	-	120,586
Sales revenues with other segments	49,101	3,337	52,439	471	$\Delta$ 52,910	-
Total	137,119	35,900	173,020	476	$\Delta$ 52,910	120,586
Segment income	9,153	4,684	13,837	$\Delta$ 3,692	292	10,438
Financial income						97
Financial costs						$\Delta$ 1,690
Earnings before income taxes						8,845

(Note) "Adjustment" includes trade elimination of inter-segment trade amounts and net profit of corporate functions.

First quarter ended March 31, 2020 (January 1 to March 31, 2020)

	Reporting Segments			Adjustment (Note)		Figures in consolidated statements of income
	Machine Tools	Industrial Services	Total	Corporate	Adjustment	
	(Million Yen)					
Sales revenues						
Sales revenues with third parties	62,924	24,325	87,250	4	-	87,255
Sales revenues with other segments	40,402	4,792	45,194	404	$\Delta$ 45,599	-
Total	103,326	29,118	132,445	408	$\Delta$ 45,599	87,255
Segment income	2,628	3,453	6,081	$\Delta$ 3,644	892	3,329
Financial income						114
Financial costs						$\Delta$ 2,183
Earnings before income taxes						1,261

(Note) "Adjustment" includes trade elimination of inter-segment trade amounts and net profit of corporate functions.