

Summary of Consolidated Financial Statements for the Fiscal Year 2020 ended December 31, 2020 (IFRS basis)

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the Fiscal Year 2020 announced on February 12, 2021)

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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Expected date of the ordinary general shareholders' meeting: March 29, 2021

Filing date of financial statements: March 29, 2021

Estimated starting date of dividend payment: March 30, 2021

Preparation of supplementary explanatory materials: Yes

Holding of annual earnings release conference: Yes

1. Consolidated business results of the fiscal year 2020 ended December 31, 2020 (January 1, 2020 to December 31, 2020)

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

(1) Consolidated business results

(% of change from same period in the previous year)

	Sales revenues		Operating income		Earnings before income taxes		Net income		Income attributable to owners of the parent		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2020	328,283	△32.4	10,674	△71.4	5,106	△83.8	1,696	△91.0	1,745	△90.3	△3,469	-
Fiscal year ended December 31, 2019	485,778	△3.1	37,339	3.0	31,451	0.6	18,861	△2.6	17,995	△2.8	20,283	88.7

	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity attributable to owners of the parent	Ratio of earnings before income taxes to total assets	Ratio of operating income to sales revenues
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2020	3.40	3.40	1.1	1.0	3.3
Fiscal year ended December 31, 2019	138.64	138.25	15.3	6.0	7.7

(Note)

· Earnings 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
December 31, 2020	526,526	189,895	185,420	35.2	1,493.86
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.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at the end of the fiscal year
	million yen	million yen	million yen	million yen
December 31, 2020	13,647	△18,859	10,792	33,754
December 31, 2019	43,647	△23,546	△19,019	27,695

2. Dividends

	Dividends per share					Total amount of dividends	Dividend payout ratio	Ratio of dividend to equity attributable to owners of the parent
	1Q	2Q	3Q	Year-end	Annual	(Annual)	(Consolidated)	(Consolidated)
	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2019	-	30.00	-	30.00	60.00	7,464	43.3	6.0
December 31, 2020	-	10.00	-	10.00	20.00	2,499	587.7	1.3
December 31, 2021 (forecast)	-	10.00	-	10.00	20.00		132.7	

(Note) Dividend payment of 116 million yen for the shares of the company held by DMG MORI Employee Shareholders Association Exclusive Trust are included in the total amount of dividends in fiscal year 2019, and that of 22 million yen in 2020.

3. Consolidated financial forecast for fiscal year 2021 (January 1, 2021 to December 31, 2021)

(% 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 2021	330,000	0.5	11,000	3.0	4,000	129.1	15.07

(Note) Exchange rate used for consolidated financial forecast for the fiscal year 2021: JPY 105.0/USD, 125.0/EUR (the fiscal year 2020: JPY 106.8/USD, 121.8/EUR)

Note

(1) Changes in significant subsidiaries during the fiscal year ended December 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)

December 31, 2020: 125,953,683

December 31, 2019: 125,953,683

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

December 31, 2020: 1,943,804

December 31, 2019: 3,295,627

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

January - December 2020: 123,300,149

January - December 2019: 122,028,035

(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 967,100 shares as of December 31, 2020). In addition, the Company's shares held by the trust account are included in the treasury shares to be deducted in the calculation of the average number of shares during the period (2,048,531 shares from January 1 to December 31, 2019, and 1,358,923 shares from January 1 to December 31, 2020).

(Reference) Overview of nonconsolidated business results

(1) Overview of nonconsolidated operating results (% of change from same period in the previous year)

	Sales revenues		Operating income (△/loss)		Ordinary income (△/loss)		Net income (△/loss)	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2020	86,165	△34.7	△8,474	-	△5,876	-	△1,597	-
Fiscal year ended December 31, 2019	131,996	△9.1	△582	-	3,221	△52.7	1,611	△75.2

	Earnings per share (Basic) (△/loss)		Earnings per share (Diluted) (△/loss)	
	yen	%	yen	%
Fiscal year ended December 31, 2020	△12.94	-	△12.94	-
Fiscal year ended December 31, 2019	13.19	△75.4	13.14	△75.3

(2) Overview of nonconsolidated financial positions

	Total assets	Total net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended December 31, 2020	412,586	113,062	27.4	909.51
Fiscal year ended December 31, 2019	350,213	116,069	33.1	942.45

- Information regarding implementation of review procedures

The financial results are not subject to yearly audit review procedures.

- Proper use of the financial forecasts and other notes

(Precautions regarding future descriptions)

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 the circumstances. Regarding Fiscal Year 2021 (Forecast), please see "1. Analysis of management performance and consolidated financial status (2) Forecast for the fiscal year 2021" on page 4.

(How to obtain supplementary explanatory materials for financial results)

The supplementary explanatory material for the financial results is scheduled to be posted on the Company's website on February 12, 2021 (Friday).

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1. Analysis of management performance and consolidated financial status

(1) Explanation of operating results

For the fiscal year of 2020 (from January 1 to December 31), the sales revenues were 328,283 million yen (2,695,269 thousand EUR), the operating income was 10,674 million yen (87,641 thousand EUR), and earnings before income taxes were 5,106 million yen (41,922 thousand EUR). The income attributable to owners of the parent was 1,745 million yen (14,334 thousand EUR). (Euro amount is converted from yen at 121.8 yen, the average exchange rate between January 1 and December 31).

As a total solution provider of machining technologies, DMG MORI promotes shop automation and digitization with process integration machines such as 5-axis control and mill-turn machines, and advanced machines such as additive manufacturing and ultrasonic machines. In September 2020, we established T Project CO., LTD. to strengthen the domestic sales of "TULIP," an application creation tool for boosting shop productivity by digitization. The product enables operators with no professional programming knowledge to digitize work instructions and monitor equipment, contributing to hands-on improvements of machining processes at the shop floor.

In the face of the spread of COVID-19, we promote our portal site "my DMG MORI" to provide optimal support and services for each of our valued customers. The service enables them to centrally manage their machine information and request remote repair and recovery services. Besides, we began experiments on the use of AI chatbot as a supporting function in an attempt to enhance the portal services. We facilitate automation and digitization of shop floor operations through various approaches, including "digital acceptance" of machine tools using online meeting systems; e-learning programs "Digital Academy" offered with 24-hour availability; and seminars and articles by experts inside and outside of the company available online.

For the technological aspect, we offer "AI Chip Removal" that automatically removes chips generated during machining in an efficient manner. All the DMG MORI machines now come standard with "IoTconnector" that ensures high production efficiency through data accumulation and analysis using the IoT technology (with some exceptions).

We began taking orders for the non-contact on-machine measuring system that is equipped with the laser scanner of Nikon Corporation, a comprehensive business alliance of DMG MORI since November 2019. The combination of the Nikon's top-notch measuring know-how and technique and our advanced technology enable high-speed, high-accuracy measurement on a higher level. We strive to develop new products to offer cutting-edge solutions for customers across the world.

We are strengthening our digital and traditional marketing activities to showcase our advanced technologies in an easy-to-understand manner. As to digital marketing, we enhanced the function of Digital Twin Showroom released in July 2020, which allows the visitors to check the inside and outside of machines and peripheral equipment in greater detail. The new area "Digital System Solution Center" was also added to the showroom to display 16 types of automated systems. We participated in the online exhibition "JIMTOF2020 Online" in November and at same time held our first online private show "DMG MORI Online Technology Days." In the real world, we have been holding "Technology Fridays", a private show for a small group of customers, in Iga and Tokyo since last June. The event will be rolled out to other 14 factories in the world.

Under the company motto of "Play Hard + Be Dynamic," "Study Continuously + Be Open" and "Work Together + Be Innovative," we strive to mature the corporate culture in which every employee is motivated to improve his/her skills, while autonomously managing work and private time and living a fulfilling life.

As a preventive measure against COVID-19, we are urging employees to work at home. We also encourage them to use up annual paid leave and work efficiently within the maximum limit of working hours. In January 2021, we formulated "DMG MORI Health Management Declaration" stating that the company regards employee well-being as one of the most crucial business operation resources for a sustainable growth. With the company's Director in charge of Administration as the chairman, the Health Management Promotion Committee provides support for the employees who work on health boosting activities, and promotes the organizational health improvement policy.

DMG MORI AG, based in Europe, achieved carbon neutrality in production in May 2020. The DMG MORI group also aims to become carbon neutral in CO2 emissions from the entire manufacturing value chain including its own business activities and parts procurement across the world in 2021. We contribute to local community and society through a broad range of activities such as the collection of microplastic samples in ocean (DMG MORI SAILING TEAM) to support microplastic research and the donation to the human resource development business. DMG MORI will fulfill its social responsibility as a global company and continue to increase the corporation value.

The order intake for the fiscal year 2020 totaled 279.7 billion yen, down 32% from the result for the previous year. The demand for machine tools drastically fell across the world due to the stagnant economic activities as a result of the global spread of COVID-19 since around March, in addition

to the effect of the U.S.-China trade friction since the second half of 2018. Under the difficult circumstances, the order unit price remained at the same level as in the last year thanks to our strategic focus on promoting value-added solutions for process integration, automation and digitization.

By region, new orders for machine tools posted a year-over-year decrease of 39% in Japan, 18% in the Americas, and 22% in the Asian region including China, respectively. In Europe, where strict restrictions on travel was imposed during the first half of the year, the demand dropped 48% from the 2019 result.

By industry, the semiconductor manufacturing equipment and die & mold sectors and SMEs continued to demonstrate robustness in demand, and the automotive-related sector finally began to show a sign of recovery after two years of correction period. On the other hand, the demand from the commercial aircraft sector has remained low. New orders by quarter gradually signaled a recovery after hitting the bottom during the second quarter (April to June). The after-sales service business, which accounts for 25% of the company's total sales volume, also bounced back to almost the same level as in the last year during the fourth quarter. This shows that customers' production activities are surely getting back to normal.

In the third quarter (July to September), the demand from China turned to an increase from a year ago by 3%, and the increased momentum translated into a year-over-year growth of 42% in the fourth quarter (October to December). In other regions, new orders were on par with the previous year levels during around the fourth quarter, indicating that the demand is in the recovery phase.

In a short term, the lead time for an inquiry-to-order process may be prolonged due to the effect of the global spread of COVID-19. However, we see there is strong underlying demand for process integration, automation and digitization among customers who consider investment in those technologies and look to a medium-to-long term growth, profitability improvement and labor-saving shop operation. The accelerating global trend toward decarbonization also provides a favorable tailwind for us to play a more active role in business and society. DMG MORI will maximize every customer contact opportunity in the real and digital worlds using the strength of our direct sales and service system, and boost its sales volume with untiring efforts.

<Consolidated results>

Consolidated results of the fiscal year ended December 31, 2020 is as follows:

Unit: 100 Million yen

(Million EUR)

	January to December, 2019	January to December, 2020	Difference
Sales revenues	4,858 (3,979)	3,283 (2,695)	△1,575 (△1,283)
Operating income	373 (306)	107 (88)	△267 (△218)
Operating income / Sales revenues	7.7%	3.3%	△4.4%pts
Income attributable to owners of the parent	180 (147)	17 (14)	△162 (△133)

(Note) Euro amount is converted from yen at the average exchange rate of each fiscal period; 122.1 yen/EUR for the figures of January to December, 2019, 121.8 yen/EUR for those of January to December, 2020.

(2) Forecast for the fiscal year 2021

We expect an increase in orders compared to the current fiscal year. We, the DMG MORI CO., LTD. Group, will continue to make further efforts to increase our corporate value through activities in the fields of development, manufacturing, sales and service. The forecast for the business results (consolidated) for the fiscal year 2021 is as follows:

(Unit: 100 Million yen)

	Fiscal Year 2021 (January 1 to December 31, 2021)
Sales revenues	3,300
Operating income	110
Income attributable to owners of the parent	40
Basic earnings per share (yen)	15.7

(Note) Exchange rate used for consolidated earnings forecast for fiscal year 2021: JPY 105.0/USD, 125.0/EUR

Note concerning statements about the future, etc.

This material contains earnings estimates, plans, policies, business strategies, targets, forecasts, and perceptions and judgments about matters of fact concerning the future of DMG MORI CO., LTD. and the DMG MORI CO., LTD. Group. Its predictions, expectations, assumptions, plans, perceptions and judgments are based on information available to DMG MORI CO., LTD. as of the report date. For this reason, there is a possibility that actual results may differ from the forecasts above.

(3) Explanation of financial position

1. Assets, liabilities and equity

The comparison between the fiscal year 2019 and fiscal year 2020 is as follows:

• Assets

Current assets are 209,557 million yen. This is mainly because Cash and cash equivalents increased by 6,058 million yen, while Trade and other receivables decreased by 12,751 million yen, Other financial assets decreased by 1,210 million yen and Other current assets decreased by 1,096 million yen.

Non-current assets are 316,969 million yen. This is mainly because Right-of-use assets increased by 1,697 million yen and Other intangible assets increased by 4,171 million yen, Goodwill increased by 2,290 million yen and Other financial assets increased by 3,764 million yen.

As a result, total assets are 526,526 million yen.

• Liabilities

Current liabilities are 217,674 million yen. This is mainly because Trade and other payables decreased by 6,943 million yen, Contract liabilities decreased by 3,837 million yen and Other financial liabilities decreased by 40,420 million yen.

Non-current liabilities are 118,957 million yen. This is mainly because Other financial liabilities increased by 2,576 million yen while Interest-bearing bonds and borrowings decreased by 8,126 million yen.

As a result, total liabilities are 336,631 million yen.

• Equity

Equity is 189,895 million yen. This is mainly because Hybrid capital increased by 69,229 million yen, while Retained earnings decreased by 5,947

million yen and Other components of equity decreased by 4,453 million yen.

(Reference)

(Million Yen)

	December 31, 2019	December 31, 2020	Difference
Current assets	218,409	209,557	△8,852
Non-current assets	306,196	316,969	10,772
Current liabilities	272,553	217,674	△54,878
Non-current liabilities	124,246	118,957	△5,289
Equity	127,807	189,895	62,088

2. Cash flows during the fiscal year 2020

(Million yen)

	Fiscal Year 2019 (January 1 to December 31, 2019)	Fiscal Year 2020 (January 1 to December 31, 2020)
Operating activities	43,647	13,647
Investing activities	△23,546	△18,859
Financing activities	△19,019	10,792
Cash and cash equivalents at the end of the year	27,695	33,754

Status of cash flows and its fluctuation factors for the fiscal year 2020 are as follows:

- Cash flows from operating activities

Net cash provided from operating activities was 13,647 million yen. The main factors for the increase are 5,106 million yen of Earnings before income taxes, 24,118 million yen of Depreciation and amortization, 5,042 million yen of Financial income and costs and 13,215 million yen of decrease in Trade and other receivables. The main factors for the decrease are 7,818 million yen of decrease in Trade and other payables, 4,405 million yen of decrease in Contract liabilities and 8,408 million yen of Income tax paid.

- Cash flows from investing activities

Net cash paid out for investing activities was 18,859 million yen. The main factor for the increase is 2,211 million yen of Proceeds from sales of property, plant and equipment. The main factors for the decrease are 12,062 million yen of Purchases of property, plant and equipment and 8,080 million yen of Purchases of intangible assets.

- Cash flows from financing activities

Net cash provided from financing activities was 10,792 million yen. The main factors for the increase are 37,801 million yen of Proceeds from non-current borrowings and 69,229 million yen of Proceeds from issuance of hybrid capital. The main factors for the decrease are 46,148 million yen of Payments for non-current borrowings and 42,289 million yen of Payments for obligations for non-controlling interests.

As a result, cash and cash equivalents as of December 31, 2020 are 33,754 million yen, increased by 6,058 million yen from December 31, 2019.

3. Trends in cash flow related indexes

	Fiscal Year 2019 (January 1 to December 31, 2019)	Fiscal Year 2020 (January 1 to December 31, 2020)
Ratio of equity attributable to owners of the parent (%)	23.6	35.2
Ratio of equity attributable to owners of the parent measured at fair value (%)	39.5	37.0
Cash flows to interest bearing loans ratio (%)	326.07	1,018.28
Interest coverage ratio (times)	18.4	6.2

(Notes)

Ratio of equity attributable to owners of the parent: $\text{Equity attributable to owners of the parent} / \text{total assets}$

Ratio of equity attributable to owners of the parent measured at fair value: $\text{Market capitalization} / \text{total assets}$

Cash flows to interest bearing loans ratio: $\text{Interest-bearing liabilities} / \text{operating cash flows}$

Interest coverage ratio: $\text{Operating cash flows} / \text{interest payments}$

- These indexes are calculated based on consolidated financial figures.
- Market capitalization is calculated based on the closing share price at end of term x outstanding shares (excluding treasury shares) at end of term.
- For cash flows, "Cash flows from operating activities" from the consolidated statements of cash flows is used. Interest-bearing liabilities include all liabilities on the balance sheets that incur interest. For the interest payments, the amount is based on the "Interest paid" on the consolidated statements of cash flows from which continuous compensation payment arising from the domination agreement is subtracted.

(4) Basic policy concerning profit appropriation and dividend payment

The DMG MORI Group strives to enhance corporate value for our shareholders, who understand that machine tools are both capital assets and products which need longer period of investment cycle, from 10 to 20 years. Our principle for profit appropriation is stable and continuous payment of dividend based on an overall judgment concerning our future business plan, business results, financial conditions, and so on.

For internal reserve, we continue to invest in the development of pivotal new products and technologies as well as consolidating our production equipment in order to reinforce our competitive strength in the market.

For fiscal year 2020, we issued an interim dividend per share of 10 yen and year-end dividend per share of 10 yen, for a full-year total of 20 yen. For fiscal year 2021, we plan to issue an interim dividend per share of 10 yen and year-end dividend per share of 10 yen, for a full-year total of 20 yen.

2. Basic policy for selection of accounting standards

We have introduced the International Financial Reporting Standards ("IFRS") to improve international comparability of financial information since fiscal year 2015.

3. Consolidated Financial Statements

(1) Consolidated statements of financial position

(Million Yen)

	December 31, 2019	December 31, 2020
(Assets)		
Current assets		
Cash and cash equivalents	27,695	33,754
Trade and other receivables	55,314	42,563
Other financial assets	5,464	4,254
Inventories	120,862	121,008
Other current assets	9,072	7,976
Total current assets	218,409	209,557
Non-current assets		
Property, plant and equipment	130,943	130,809
Right-of-use assets	18,095	19,792
Goodwill	66,516	68,807
Other intangible assets	62,773	66,944
Other financial assets	12,871	16,636
Investments in associates and joint ventures	5,751	5,222
Deferred tax assets	4,074	4,064
Other non-current assets	5,170	4,691
Total non-current assets	306,196	316,969
Total assets	524,606	526,526

	December 31, 2019	December 31, 2020
(Liabilities and equity)		
Current liabilities		
Trade and other payables	54,851	47,908
Interest-bearing bonds and borrowings	35,157	36,993
Contract liabilities	37,517	33,679
Other financial liabilities	98,505	58,085
Accrued income taxes	7,388	3,451
Provisions	34,738	33,593
Other current liabilities	4,393	3,961
Total current liabilities	272,553	217,674
Non-current liabilities		
Interest-bearing bonds and borrowings	73,539	65,413
Other financial liabilities	32,566	35,142
Net employee defined benefit liabilities	5,594	5,817
Provisions	5,219	5,007
Deferred tax liabilities	6,203	6,374
Other non-current liabilities	1,123	1,201
Total non-current liabilities	124,246	118,957
Total liabilities	396,799	336,631
Equity		
Subscribed capital	51,115	51,115
Capital surplus	-	-
Hybrid capital	49,505	118,735
Treasury shares	△6,319	△3,735
Retained earnings	46,399	40,452
Other components of equity	△16,695	△21,148
Equity attributable to owners of the parent	124,006	185,420
Non-controlling interests	3,800	4,475
Total equity	127,807	189,895
Total liabilities and equity	524,606	526,526

(2) Consolidated statements of income

(Million Yen)

	Fiscal year 2019 (January 1 to December 31, 2019)	Fiscal year 2020 (January 1 to December 31, 2020)
Revenues		
Sales revenues	485,778	328,283
Other operating revenues	6,783	6,451
Total revenue	492,561	334,734
Cost		
Changes in merchandise, finished goods and work in progress for sale	2,941	△3,946
Costs of raw materials, consumables and goods for resale	225,858	145,083
Personnel costs	127,997	107,818
Depreciation and amortization	23,079	24,118
Other operating costs	75,346	50,985
Total costs	455,222	324,060
Operating income	37,339	10,674
Financial income	442	357
Financial costs	6,361	5,399
Share of profits of associates and joint ventures accounted for using equity method	50	△526
Earnings before income taxes	31,451	5,106
Income taxes	12,589	3,409
Net income	18,861	1,696
Income attributable to:		
Owners of the parent	17,995	1,745
Non-controlling interests	866	△49
Net income	18,861	1,696
Earnings per share		
Basic (yen)	138.64	3.40
Diluted (yen)	138.25	3.40

(3) Consolidated statements of comprehensive income

(Million Yen)

	Fiscal year 2019 (January 1 to December 31, 2019)	Fiscal year 2020 (January 1 to December 31, 2020)
Net income	18,861	1,696
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	△521	87
Change in fair value measurements of financial assets at fair value through other comprehensive income	1,108	198
Share of other comprehensive income of associates accounted for using equity method	5	-
Subtotal	591	286
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	773	△5,478
Effective portion of changes in fair value of cash flow hedge	55	11
Share of other comprehensive income of associates accounted for using equity method	-	13
Subtotal	829	△5,452
Total other comprehensive income	1,421	△5,166
Comprehensive income	20,283	△3,469
Comprehensive income attributable to:		
Owners of the parent	19,411	△3,375
Non-controlling interests	871	△93
Total	20,283	△3,469

(4) 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					17,995		17,995	866	18,861
Other comprehensive income						1,416	1,416	4	1,421
Total comprehensive income	-	-	-	-	17,995	1,416	19,411	871	20,283
Payments to owners of hybrid capital					△1,076		△1,076		△1,076
Treasury shares acquisition				△1			△1		△1
Treasury shares disposition		△586		2,253		△195	1,471		1,471
Cash dividends					△6,705		△6,705	△132	△6,837
Transfer from retained earnings to capital surplus		581			△581		-		-
Share-based payments		2				△2	-		-
Changes due to business combinations					138		138	49	188
Changes in equity from transaction of non controlling interest							-	△201	△201
Capital increase of consolidated subsidiaries							-	140	140
Transfer from other components of equity to retained earnings					△521	521	-		-
Total transaction with owners of the parent	-	△2	-	2,251	△8,746	323	△6,173	△143	△6,316
Acquisition of non-controlling interests		2					2	19	22
Changes in ownership interests in subsidiaries and others	-	2	-	-	-	-	2	19	22
As of December 31, 2019	51,115	-	49,505	△6,319	46,399	△16,695	124,006	3,800	127,807

(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					1,745		1,745	△49	1,696
Other comprehensive income						△5,121	△5,121	△44	△5,166
Total comprehensive income	-	-	-	-	1,745	△5,121	△3,375	△93	△3,469
Issuance of hybrid capital			70,000				70,000		70,000
Issuance cost of hybrid capital			△770				△770		△770
Payments to owners of hybrid capital					△1,086		△1,086		△1,086
Treasury shares acquisition				△0			△0		△0
Treasury shares disposition		△933		2,743		△152	1,657		1,657
Cash dividends					△4,916		△4,916	△117	△5,034
Transfer from retained earnings to capital surplus		865			△865		-		-
Share-based payments		3				△3	-		-
Changes due to business combinations				△82			△82	539	456
Changes in equity from transaction of non controlling interest				△76			△76	76	-
Capital increase of consolidated subsidiaries		62					62	237	300
Transfer from other components of equity to retained earnings					△825	825	-		-
Total transaction with owners of the parent	-	△1	69,229	2,583	△7,692	668	64,787	735	65,523
Acquisition of non-controlling interests		1					1	32	34
Changes in ownership interests in subsidiaries and others	-	1	-	-	-	-	1	32	34
As of December 31, 2020	51,115	-	118,735	△3,735	40,452	△21,148	185,420	4,475	189,895

(5) Consolidated statements of cash flows

	(Million Yen)	
	Fiscal year 2019 (January 1 to December 31, 2019)	Fiscal year 2020 (January 1 to December 31, 2020)
Cash flows from operating activities		
Earnings before income taxes	31,451	5,106
Depreciation and amortization	23,079	24,118
Loss (gain) on sales/disposal of property, plant and equipment (△: gain)	447	△387
Financial income and costs (△: gain)	5,938	5,042
Share of profits of associates and joint ventures accounted for using equity method (△: gain)	△50	526
Other non-cash transactions (△: gain)	330	△8,552
Changes in asset and liability items:		
Inventories (△: increase)	7,312	1,242
Trade and other receivables (△: increase)	12,600	13,215
Trade and other payables (△: decrease)	△1,897	△7,818
Contract liabilities (△: decrease)	△22,189	△4,405
Provisions (△: decrease)	3,993	△2,581
Others	295	△420
Subtotal	61,311	25,085
Interest received	314	260
Dividends received	107	104
Interest paid	△4,749	△3,394
Income tax paid	△13,337	△8,408
Net cash flows from operating activities	43,647	13,647
Cash flows from investing activities		
Purchases of property, plant and equipment	△14,564	△12,062
Proceeds from sales of property, plant and equipment	3,888	2,211
Purchases of intangible assets	△6,612	△8,080
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△395	△130
Acquisition of associated companies, net of cash acquired	△2,538	△137
Purchases of financial instruments	△3,462	△747
Proceeds from sales of financial instruments	-	75
Other	138	12
Net cash flows from investing activities	△23,546	△18,859

(Million Yen)

	Fiscal year 2019 (January 1 to December 31, 2019)	Fiscal year 2020 (January 1 to December 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	561	2,680
Proceeds from non-current borrowings	19,949	37,801
Payments for non-current borrowings	△17,410	△46,148
Proceeds from issuance of bonds	9,955	-
Payments for bond redemption	△20,000	-
Proceeds from issuance of hybrid capital	-	69,229
Payments for lease liabilities	△5,402	△5,780
Dividends paid	△6,691	△4,917
Dividends paid to non-controlling interests	△131	△121
Acquisition of treasury shares	△1	△1
Payments for obligations for non-controlling interests	△111	△42,289
Payments to owners of hybrid capital	△1,076	△1,086
Proceeds from capital increase of consolidated subsidiaries	-	300
Other	1,338	1,125
Net cash flows from financing activities	△19,019	10,792
Effect of exchange rate changes on cash and cash equivalents	△752	478
Increase (decrease) in cash and cash equivalents	327	6,058
Cash and cash equivalents at the beginning of period	27,368	27,695
Cash and cash equivalents at the end of period	27,695	33,754

(6) Notes on going concern assumption

Not applicable.

(7) Notes on 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 located in 106 Kitakoriyama-cho, Yamato-Koriyama City, Nara.

The consolidated financial statements of the Company are reported as of December 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, machine recovery support, application, and engineering.

2. Basis of preparations

(1) Accounting standards complied with

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), pursuant to the provisions set forth in Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976), the Company meets the requirements for a "specified company applying Designated IFRS" prescribed in Article 1-2 of the Ordinance of the Ministry of Finance No. 28 of 1976.

(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

The 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 is based on operating income and Share of profits of at equity-accounted investments. Inter-segment sales and transfers between the 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.

Fiscal year 2019 (January 1 to December 31, 2019)

	(Million Yen)					
	Reporting Segments			Adjustment (Note)		Figures in consolidated statements of income
	Machine Tools	Industrial Services	Total	Corporate	Adjustment	
Sales revenues						
Sales revenues with third parties	341,911	143,845	485,756	21	-	485,778
Sales revenues with other segments	183,307	20,803	204,111	1,807	△205,918	-
Total	525,219	164,649	689,868	1,828	△205,918	485,778
Segment income	34,391	19,701	54,093	△17,301	598	37,390
Financial income						422
Financial costs						△6,361
Earnings before income taxes						31,451

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

Fiscal year 2020 (January 1 to December 31, 2020)

	(Million Yen)					
	Reporting Segments			Adjustment (Note)		Figures in consolidated statements of income
	Machine Tools	Industrial Services	Total	Corporate	Adjustment	
Sales revenues						
Sales revenues with third parties	228,201	100,061	328,262	21	-	328,283
Sales revenues with other segments	150,244	19,313	169,558	1,433	△170,991	-
Total	378,445	119,374	497,820	1,454	△170,991	328,283
Segment income	16,944	9,949	26,893	△17,864	1,119	10,148
Financial income						357
Financial costs						△5,399
Earnings before income taxes						5,106

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

4. Earnings per share

Basis of calculation for basic earnings per share and diluted earnings per share is as follows:

Items	Fiscal year 2019 (January 1 to December 31, 2019)	Fiscal year 2020 (January 1 to December 31, 2020)
Income attributable to owners of the parent (million yen)	17,995	1,745
Income not attributable to owners of the parent	1,076	1,326
Income attributable to owners of the parent used for calculation of basic earnings per share (million yen)	16,918	419
Income adjustments based on which diluted earnings per share is calculated (million yen)	-	-
Diluted earnings (million yen)	16,918	419
Average number of common shares in the fiscal year (thousand shares)	122,028	123,300
Increase in common shares based on which diluted earnings or losses per share is calculated		
Increase by stock option (thousand shares)	345	121
Average number of common shares based on which diluted earnings per share is calculated (thousand shares)	122,373	123,421
Basic earnings per share (yen)	138.64	3.40
Diluted earnings per share (yen)	138.25	3.40

(Note)

- Basic earnings per share and Diluted earnings per share are based on the earning amount which excludes earnings attributable to owners of hybrid capital divided by the average number of outstanding shares during the period which excludes treasury shares.
- 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 average number of treasury shares for calculating basic earnings per share and diluted earnings per share.

5. Significant subsequent events

Not applicable.

4. Others

Changes in members of the Board of Directors and Statutory Auditors (of March 29, 2021)

(1) Changes in representative director

Not applicable.

(2) Changes in other members of the Board of Directors and Statutory Auditors

- Candidate for new directors

Hiroko Watanabe, External Director

- Current directors to retire

Tsuyoshi Nomura, External Director

- Candidate for new auditors

Takahiro Iwase, External Auditor

- Current auditors to retire

Sojiro Tsuchiya, External Auditor