

**Summary of Consolidated Financial Statements for the second quarter of Fiscal Year 2021 ended June 30, 2021 (IFRS basis)**  
**(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the second quarter announced on August 5, 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>  
 Company Representative: Masahiko Mori, President  
 Contact Person: Hirotake Kobayashi, Executive Vice President, Accounting / Finance HQ, Executive Officer  
 Phone: +81-(0)3-6758-5900

Filing date of quarterly financial statements: August 16, 2021

Estimated starting date of dividend payment: September 10, 2021

Preparation of supplementary explanatory materials: Yes

Holding of quarterly earnings release conference: Yes

1. Consolidated business results of the second quarter ended June 30, 2021 (January 1, 2021 to June 30, 2021)

(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 profit		Profit (Δloss) before income taxes		Quarterly profit (Δloss)		Profit (Δloss) attributable to owners of the parent		Comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Second quarter ended June 30, 2021	178,246	15.5	10,208	320.1	8,544	-	6,111	-	6,097	-	13,506	-
Second quarter ended June 30, 2020	154,344	Δ35.3	2,429	Δ87.9	Δ559	-	Δ2,234	-	Δ2,153	-	Δ8,904	-

	Basic earnings (Δloss) per share	Diluted earnings (Δloss) per share
	Yen	Yen
Second quarter ended June 30, 2021	40.57	40.53
Second quarter ended June 30, 2020	Δ21.87	Δ21.87

(Note)

- Comprehensive income of the second quarter ended June 30, 2021 is mainly caused by the differences from currency translation with the weak yen.
- Earnings (Δloss) per share is calculated based on the profit which excludes profit attributable to owners of other equity instruments.

## (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
June 30, 2021	565,140	201,798	197,365	34.9	1,583.47
December 31, 2020	526,526	189,895	185,420	35.2	1,493.86

(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 other equity instruments.

## 2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
December 31, 2020	-	10.00	-	10.00	20.00
December 31, 2021	-	10.00			
December 31, 2021 (Forecast)			-	20.00	30.00

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

## 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 profit		Profit attributable to owners of the parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	yen
Full Year 2021	365,000	11.2	20,000	87.4	11,000	530.0	71.32

(Note)

Revision of consolidated financial forecast in the current quarter: Yes

- We made a revision of sales revenues, operating profit and profit attributable to owners of the parent from the previous announcement released on May 12, 2021. For details, please refer to the "1. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections" on page 4.
- Exchange rate used for consolidated financial forecast for fiscal year 2021: JPY 106 /USD 127 /EUR

## 4. Others

(1) Changes in significant subsidiaries during the second quarter ended June 30, 2021: 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)

June 30, 2021: 125,953,683

December 31, 2020: 125,953,683

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

June 30, 2021: 1,367,022

December 31, 2020: 1,943,804

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

January - June 2021: 124,342,276

January - June 2020: 122,968,992

(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 (967,100 shares as of December 31, 2020, and 678,100 shares as of June 30, 2021). 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 (1,597,786 shares from January 1 to June 30, 2020, and 813,300 shares from January 1 to June 30, 2021).

- Information regarding implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly 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. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections". on page 4.

(How to obtain supplementary explanatory materials for quarterly financial results)

The supplementary explanatory material for the quarterly financial results is scheduled to be posted on the Company's website on August 5, 2021 (Thursday).

(Attached Documents) Index

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## 1. Qualitative Information Regarding Quarterly Settlement of Accounts

### (1) Explanation of operating results

For the first half of the fiscal year 2021 (from January 1 to June 30), the sales revenues were JPY 178,246 million (EUR 1,373,236 thousand), the operating profit was JPY 10,208 million (EUR 78,646 thousand), the profit before income taxes were JPY 8,544 million (EUR 65,825 thousand), the profit attributable to owners of the parent was JPY 6,097 million (EUR 46,977 thousand). (Euro amount is converted from yen at 129.8 yen, the average exchange rate between January 1 and June 30, 2021).

The consolidated order intake for the first half of 2021 was JPY 218.4 billion, increased by 61% since the same period of 2020, when the machine tool demand hit the bottom. As a result, the machine order backlog at the end of the second quarter was JPY 142.0 billion, up by 46 billion from the end of December 2020. The average order price per unit continues to rise because of the surging demand for 5-axis machines and large-sized automation systems, as well as our recent promotion of digitization and other value-added propositions. The order intake in after-sales services and spare parts also rose by 26% year-on-year, reflecting the recovery in customers' production activities.

As for the machine order intake by region, we saw a major recovery in China (2.3 times higher than the same period of 2020) and Europe (2.1 times higher). The same apparent upward trend was witnessed in other parts of the world too: +34% year-on-year in the Americas, despite the relatively moderate economic downturn in 2020; +40% in Japan, finally recovering from the slow economy since the early 2019; +40% in Asia excluding China. Concerning the order intake by industry, the semiconductor production equipment (SPE) and die & mold industry, as well as SMEs, are showing a continuous and steady growth, while the general machinery and automotive (incl. electric vehicles) are also gradually recovering. The number of inquiries has finally begun to increase in the commercial airplane industry, which had suffered from the weak demand since 2020, to show an appetite for investment. On the other hand, the energy industry is continuously weak in demand. Making full use of its direct sales and service network, DMG MORI will continuously capture the increasingly active demand from the third quarter onward.

As mentioned in DMG MORI's Mission Statement, we aim to provide comprehensive processing automation systems to customers, combining hardware and software components and optimized after-sales services. In other words, DMG MORI offers machine tools, unique products, internally produced components, and peripheral equipment and thereafter establishes processing systems at customers' facilities, upgrades machining processes for higher productivity, maintains the systems, or offers financing.

As part of the initiatives, we are currently expanding the contents of my DMG MORI, a customer web portal to manage various information related to DMG MORI machines. In 2021, we incorporated a new function called "Service Request" into my DMG MORI. With this new function, our customers can request service and spare parts online, which was previously only possible by phone calls. As for our latest innovations, we have newly developed a turning specification to the large-sized precision turning center NLX6000|1000, which is suitable for machining of high-pressure steel pipes commonly used in the energy industry, in June 2021. In July, we launched CTS (Central Tool Storage), a large-capacity tool magazine that can mount 4,000 tools and facilitate high-mix automated production. "Tool Visualizer," a non-contact on-machine tool measuring device, also added to our product lineup lately. DMG MORI will continuously be committed to delivering highly functional and reliable products and satisfying as many customers as possible.

Looking outside of Japan, we are paying close attention to Africa's great potential and high demand for future technologies. In order to capture its momentum, we are building Africa's first machine tool factory in Cairo, Egypt, together with our partner Arab Organization for Industrialization (AOI). The new facility with the annual production capacity of 1,000 units will launch in autumn 2023. We also plan to offer technical training there and in other academic institutions in Egypt. With our Smart Factory and new educational opportunities, we are accelerating the industrialization of Africa and the Middle East regions and creating new future-proof jobs.

Having been fully aware of the importance of climate changes, DMG MORI declared its support for the Task Force on Climate-related Financial Disclosures (hereinafter referred to as TCFD) recommendations in July 2021. In line with the TCFD recommendations, we will disclose extensive information and provide a clear insight into DMG MORI's climate-related risks and opportunities.

We believe that by enhancing our customers' production efficiency, the machine tool business can contribute to the environmental preservation. To this end, DMG MORI delivers machine tools with less energy consumption and helps the customers reduce their carbon footprint. In pursuit of a decarbonized, zero-waste society, we are also minimizing the environmental footprint in our own production processes; in March 2021, we achieved carbon neutrality in all processes from parts procurement to product shipment for all products manufactured globally. We are planning installation of solar power generation systems in Iga Campus and aiming for the carbon neutrality throughout the supply chain by 2022, too. By reducing the carbon footprint both internally and externally, DMG MORI group will continuously strive for a decarbonized society.

DMG MORI considers its employees' physical and mental well-being essential for the stable business operation and sustainable growth. Therefore, in January 2021, we formulated "DMG MORI Health Management Declaration." We encourage our employees to maximize the productivity within limited work hours and take paid holidays to the full extent. Additionally, to protect our employees and customers from infectious diseases, we installed PCR test kits in our largest base in Iga, Japan. Previously, some employees who visited customers on a constant basis were regularly tested by a third party, but now they can take the tests in a more timely manner. Workplace inoculation is proceeding too, and most of the employees will be fully vaccinated by the middle of August. DMG MORI group will continuously extend support to maintain and boost its employees' health.

Concerning the planned stock market restructuring, DMG MORI has been notified by Tokyo Stock Exchange, Inc. that it meets the listing criteria for the Prime Market as the result of the initial assessment. We will proceed with the required procedures for the continued listing.

<Consolidated results>

Consolidated results of the second quarter of the fiscal year ended June 30, 2021 is as follows:

Unit: 100 Million yen

(Million EUR)

	January to June, 2020	January to June, 2021	Difference	<Forecast> January to December, 2021
Sales revenues	1,543 (1,294)	1,782 (1,373)	239 (79)	3,650 (2,874)
Operating profit	24 (20)	102 (79)	78 (58)	200 (157)
Operating profit / Sales revenues	1.6%	5.7%	4.2%pts	5.5%
Profit (Δloss) attributable to owners of the parent	Δ22 (Δ18)	61 (47)	83 (65)	110 (87)

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 119.3 yen/EUR for the figures of January to June, 2020, 129.8 yen/EUR for those of January to June, 2021, and 127 yen/EUR for the figures of January to December, 2021.

(2) Explanation of financial position

Total assets at the end of the second quarter of fiscal year 2021 amounted to 565,140 million yen. Total equity is 201,798 million yen and ratio of equity attributable to owners of the parent is 34.9%.

### (3) Explanation of forecasts and other projections

Currently, the demand for machine tools is recovering worldwide and we continue to receive strong orders, mainly for semiconductors and electric vehicles (EV).

Based on the above, we made an upward revision of consolidated financial forecast for fiscal year 2021 from the previous announcement released on May 12, 2021.

#### Consolidated financial forecast

Unit: 100 Million yen  
(Million EUR)

	Released on May 12 January to December, 2021	Released on August 5 January to December, 2021	Difference	<Reference> January to December, 2020
Sales revenues	3,450 (2,717)	3,650 (2,874)	200 (157)	3,283 (2,695)
Operating profit	140 (110)	200 (157)	60 (47)	107 (88)
Operating profit / Sales revenues	4.1%	5.5%	1.4%pts	3.3%
Profit attributable to owners of the parent	60 (47)	110 (87)	50 (39)	17 (14)

#### (Note)

- Exchange rate used for consolidated financial forecast for fiscal year 2021: JPY 106 /USD and 127 /EUR.
- Euro amount is converted from yen at the average exchange rate of JPY 121.8 /EUR for fiscal year 2020.
- 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, 2020	June 30, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	33,754	39,185
Trade and other receivables	42,563	52,533
Other financial assets	4,254	6,134
Inventories	121,008	129,125
Other current assets	7,976	10,132
Subtotal	209,557	237,111
Assets held for sale	-	692
Total current assets	209,557	237,804
Non-current assets		
Property, plant and equipment	130,809	132,033
Right-of-use assets	19,792	19,476
Goodwill	68,807	71,370
Other intangible assets	66,944	71,396
Other financial assets	16,636	18,632
Investments in associates and joint ventures	5,222	5,582
Deferred tax assets	4,064	4,740
Other non-current assets	4,691	4,103
Total non-current assets	316,969	327,336
Total assets	526,526	565,140



	December 31, 2020	June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	47,908	49,134
Interest-bearing bonds and borrowings	36,993	38,868
Contract liabilities	33,679	49,430
Other financial liabilities	58,085	60,023
Income tax payable	3,451	3,756
Provisions	33,593	37,041
Other current liabilities	3,961	4,073
Subtotal	217,674	242,328
Liabilities directly associated with assets held for sale	-	99
Total current liabilities	217,674	242,427
Non-current liabilities		
Interest-bearing bonds and borrowings	65,413	65,967
Other financial liabilities	35,142	35,169
Net employee defined benefit liabilities	5,817	5,459
Provisions	5,007	4,981
Deferred tax liabilities	6,374	6,693
Other non-current liabilities	1,201	2,642
Total non-current liabilities	118,957	120,914
Total liabilities	336,631	363,342
<b>Equity</b>		
Share capital	51,115	51,115
Capital surplus	-	-
Other equity instruments	118,735	118,735
Treasury shares	△3,735	△2,624
Retained earnings	40,452	44,231
Other components of equity	△21,148	△14,092
Equity attributable to owners of the parent	185,420	197,365
Non-controlling interests	4,475	4,432
Total equity	189,895	201,798
Total liabilities and equity	526,526	565,140

## (2) Quarterly consolidated statements of income

(Million Yen)

	Second quarter ended June 30, 2020 (January 1 to June 30, 2020)	Second quarter ended June 30, 2021 (January 1 to June 30, 2021)
Revenues		
Sales revenues	154,344	178,246
Other operating revenues	2,762	4,259
Total revenue	157,106	182,505
Cost		
Changes in merchandise, finished goods and work in progress for sale	△2,482	606
Costs of raw materials, consumables and goods for resale	66,498	77,884
Personnel costs	54,306	56,983
Depreciation and amortization	11,597	10,869
Other operating costs	24,756	25,953
Total costs	154,676	172,297
Operating profit	2,429	10,208
Financial income	184	173
Financial costs	3,209	1,801
Share of profits (△losses) of associates and joint ventures accounted for using equity method	35	△35
Profit (△loss) before income taxes	△559	8,544
Income taxes	1,674	2,432
Profit (△loss)	△2,234	6,111
Profit attributable to:		
Owners of the parent	△2,153	6,097
Non-controlling interests	△80	13
Profit (△loss)	△2,234	6,111
Earnings (△loss) per share		
Basic (yen)	△21.87	40.57
Diluted (yen)	△21.87	40.53

## (3) Quarterly consolidated statements of comprehensive income

(Million Yen)

	Second quarter ended June 30, 2020 (January 1 to June 30, 2020)	Second quarter ended June 30, 2021 (January 1 to June 30, 2021)
Profit ( $\Delta$ loss)	$\Delta$ 2,234	6,111
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	13	209
Change in fair value measurements of financial assets designated at fair value through other comprehensive income	$\Delta$ 464	1,410
Subtotal	$\Delta$ 450	1,620
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	$\Delta$ 6,257	5,971
Effective portion of changes in fair value of cash flow hedge	40	$\Delta$ 205
Share of other comprehensive income of associates accounted for using equity method	$\Delta$ 2	8
Subtotal	$\Delta$ 6,219	5,774
Total other comprehensive income	$\Delta$ 6,670	7,395
Comprehensive income	$\Delta$ 8,904	13,506
Comprehensive income attributable to:		
Owners of the parent	$\Delta$ 8,786	13,487
Non-controlling interests	$\Delta$ 118	18
Comprehensive income	$\Delta$ 8,904	13,506

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

(Million Yen)

	Equity attributable to owner of the parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Other equity instruments	Treasury shares	Retained earnings	Other components of equity	Subtotal		
As of January 1, 2020	51,115	-	49,505	△6,319	46,399	△16,695	124,006	3,800	127,807
Profit (△loss)					△2,153		△2,153	△80	△2,234
Other comprehensive income						△6,632	△6,632	△37	△6,670
Total comprehensive income	-	-	-	-	△2,153	△6,632	△8,786	△118	△8,904
Distributions to owners of other equity instruments					△544		△544		△544
Acquisition of treasury shares				△0			△0		△0
Disposal of treasury shares		△575		1,428		△52	800		800
Dividends					△3,681		△3,681	△73	△3,755
Transfer from retained earnings to capital surplus		571			△571		-		-
Changes in consolidated subsidiaries				△83			△83	522	439
Share-based payments		2				△2	-		-
Capital increase of consolidated subsidiaries							-		-
Transfer from other components of equity to retained earnings					13	△13	-		-
Total transaction with owners of the parent	-	△1	-	1,344	△4,783	△69	△3,509	449	△3,060
Acquisition of non-controlling interests		1					1	11	12
Changes in ownership interests in subsidiaries and others	-	1	-	-	-	-	1	11	12
As of June 30, 2020	51,115	-	49,505	△4,974	39,462	△23,397	111,712	4,142	115,855

(Million Yen)

	Equity attributable to owner of the parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Other equity instruments	Treasury shares	Retained earnings	Other components of equity	Subtotal		
As of January 1, 2021	51,115	-	118,735	△3,735	40,452	△21,148	185,420	4,475	189,895
Profit					6,097		6,097	13	6,111
Other comprehensive income						7,390	7,390	5	7,395
Total comprehensive income	-	-	-	-	6,097	7,390	13,487	18	13,506
Distributions to owners of other equity instruments					△1,053		△1,053		△1,053
Acquisition of treasury shares				△0			△0		△0
Disposal of treasury shares		△216		1,110		△77	815		815
Dividends					△1,241		△1,241	△44	△1,285
Transfer from retained earnings to capital surplus		278			△278		-		-
Changes in consolidated subsidiaries							-		-
Share-based payments		1				△1	-		-
Capital increase of consolidated subsidiaries		△72					△72	72	-
Transfer from other components of equity to retained earnings					254	△254	-		-
Total transaction with owners of the parent	-	△9	-	1,110	△2,318	△333	△1,551	27	△1,523
Acquisition of non-controlling interests		9					9	△89	△79
Changes in ownership interests in subsidiaries and others	-	9	-	-	-	-	9	△89	△79
As of June 30, 2021	51,115	-	118,735	△2,624	44,231	△14,092	197,365	4,432	201,798

## (5) Quarterly consolidated statements of cash flows

(Million Yen)

	Second quarter ended June 30, 2020 (January 1 to June 30, 2020)	Second quarter ended June 30, 2021 (January 1 to June 30, 2021)
<b>Cash flows from (△used in) operating activities</b>		
Profit (△loss) before income taxes	△559	8,544
Depreciation and amortization	11,597	10,869
Loss / (gain) on sales or disposal of property, plant and equipment, and intangible assets (△: gain)	△478	△31
Financial income and costs (△: gain)	3,024	1,628
Share of profits of associates and joint ventures accounted for using equity method (△: gain)	△35	35
Other non-cash transactions (△: gain)	44	△1,801
Change in asset and liability items:		
Inventories (△: increase)	△3,640	△3,920
Trade and other receivables (△: increase)	10,990	△8,071
Trade and other payables (△: decrease)	△10,295	△100
Contract liabilities (△: decrease)	△3,346	13,827
Provisions (△: decrease)	△3,405	1,139
Other	△6,031	△1,342
Subtotal	△2,136	20,775
Interest received	126	127
Dividends received	57	51
Interest paid	△2,342	△2,203
Income tax paid	△4,132	△2,729
Net cash flows from (△used in) operating activities	△8,427	16,021
<b>Cash flows used in investing activities</b>		
Purchases of property, plant and equipment	△3,866	△3,211
Proceeds from sales of property, plant and equipment	945	86
Purchases of intangible assets	△3,153	△4,357
Acquisition of subsidiaries, net of cash acquired	△119	-
Acquisition of associates, net of cash acquired	△134	△199
Purchases of investment securities	△744	△252
Proceeds from sale of investment securities	-	42
Other	12	49
Net cash flows used in investing activities	△7,060	△7,841

(Million Yen)

	Second quarter ended June 30, 2020 (January 1 to June 30, 2020)	Second quarter ended June 30, 2021 (January 1 to June 30, 2021)
<b>Cash flows from (△used in) financing activities</b>		
Net increase in current borrowings	64,346	1,869
Repayments of long-term borrowings	△9,021	△538
Repayments for lease liabilities	△2,942	△3,056
Dividends paid	△4,044	△1,241
Dividends paid to non-controlling interests	△76	△45
Payments for obligations for non-controlling interests	△42,181	△8
Acquisition of treasury shares	△1	△0
Distributions to owners of other equity instruments	△544	△1,053
Other	553	535
Net cash flows from (△used in) financing activities	6,087	△3,538
Effect of exchange rate changes on cash and cash equivalents	△554	1,278
Change in cash and cash equivalents	△9,954	5,919
Cash and cash equivalents at the beginning of period	27,695	33,754
Net increase (△decrease) in cash and cash equivalents resulting from transfer to assets held for sale	-	△487
Cash and cash equivalents at the end of period	17,741	39,185

## (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 the Companies Act of Japan. The Company is domiciled in Japan and its registered office is located at 106 Kitakoriyama-cho, Yamato-Koriyama City, Nara.

The condensed quarterly consolidated financial statements of the Company as of June 30, 2021 comprise the Company, its subsidiaries and associates (collectively, the "Group"). The Group engages in businesses related to manufacturing and sales of machine tools (machining centers, turning centers, turn-mill complete machining centers and universal milling machines for five-axis machining), software (user interface, technology cycles and embedded software) and measuring devices, and provides total solutions utilizing the machine tools, software and measuring devices with service support, applications and engineering.

### 2. Basis of preparations

#### (1) Accounting standards complied with

The Company's Condensed Quarterly Consolidated Financial Statements have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. As the Company meets the requirements of a "Specified Company applying Designated International Financial Reporting Standards", pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 64 of 2007), the "Quarterly Consolidated Financial Statements Ordinance"), it has applied the provisions of Article 93 of said Ordinance.

#### (2) Basis of Measurement

The condensed quarterly consolidated financial statements have been prepared on a historical cost basis, with the main exception of financial instruments which are measured at fair value.

#### (3) Functional and presentation currency

The condensed quarterly consolidated financial statements are presented in Japanese yen, which is the Company's functional currency. All financial information presented in Japanese yen has been rounded down to the nearest million, unless otherwise stated.

#### (4) Significant accounting policy

The significant accounting policies adopted for the condensed quarterly consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2020, with the exception that income tax for the second quarter ended June 30, 2021 was calculated based on the estimated average annual effective tax rate.

### 3. Segment information

#### (1) Outline of reportable segments

The operating segments of the Group are based on its business areas for which discrete financial information is available, and they are regularly reviewed by the Board of Directors and corporate officers for the purpose of making decisions about resource allocation and performance assessment. The classification of the operating segments is based on the products and services and the associated internal reporting and management methods.

As a result, the business activities of the Group are categorized into "Machine Tools" and "Industrial Services," as its two reportable segments. The Company has not aggregated its operating segments.



The “Machine Tools” segment generates its revenue through the production and sales of machine tools. The “Industrial Services” segment generates its revenue through the provision of services and solutions related to machine tools.

(2) Calculation methods of sales revenues, income or loss by each reportable segment

The accounting methods for the reportable segments are essentially the same as Condensed Quarterly Consolidated Financial Statements

The amount of segment income is based on operating profit and Share of profits (losses) of associates and joint ventures accounted for using equity method. Inter-segment sales revenues are based on arm’s length prices.

(3) Segment sales revenues and income

The segment sales revenues, income or loss and other items by each reportable segment are summarized as follows:

Second quarter ended June 30, 2020 (January 1 to June 30, 2020)

	(Million Yen)					
	Reportable Segments			Adjustments (Note)		Consolidated
	Machine tools	Industrial services	Total	Corporate services	Elimination	
Sales revenues						
External customers	107,337	46,995	154,333	10	-	154,344
Inter-segment	70,478	9,385	79,864	791	△80,655	-
Total	177,816	56,381	234,198	801	△80,655	154,344
Segment income	4,730	4,298	9,028	△7,354	790	2,464
Financial income	-	-	-	-	-	184
Financial costs	-	-	-	-	-	△3,209
Profit (△loss) before income taxes	-	-	-	-	-	△559

(Note) “Adjustments to segment income” include elimination of inter-segment transactions and expenses related to corporate services.

Second quarter ended June 30, 2021 (January 1 to June 30, 2021)

	(Million Yen)					
	Reportable Segments			Adjustments (Note)		Consolidated
	Machine tools	Industrial services	Total	Corporate services	Elimination	
Sales revenues						
External customers	118,895	59,337	178,232	13	-	178,246
Inter-segment	74,154	11,058	85,213	746	△85,960	-
Total	193,049	70,396	263,446	760	△85,960	178,246
Segment income	6,922	7,612	14,535	△4,095	△267	10,172
Financial income	-	-	-	-	-	173
Financial costs	-	-	-	-	-	△1,801
Profit before income taxes	-	-	-	-	-	8,544

(Note) “Adjustments to segment income” include elimination of inter-segment transactions and expenses related to corporate services.