

Summary of Consolidated Financial Statements for the Fiscal Year 2021 ended December 31, 2021 (IFRS basis)
(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the Fiscal Year 2021 announced on February 10, 2022)

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 22, 2022

Filing date of financial statements: March 22, 2022

Estimated starting date of dividend payment: March 23, 2022

Preparation of supplementary explanatory materials: Yes

Holding of annual earnings release conference: Yes

1. Consolidated business results of the fiscal year 2021 ended December 31, 2021 (January 1, 2021 to December 31, 2021)

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

	Sales revenues		Operating profit		Profit before income taxes		Net profit		Profit attributable to owners of the parent		Comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
	(% of change from same period in the previous year)											
Fiscal year ended December 31, 2021	396,011	20.6	23,067	116.1	19,609	284.0	13,231	679.7	13,460	671.0	30,985	-
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	-

	Basic earnings per share	Diluted earnings per share	Ratio of net profit to equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to sales revenues
	Yen	Yen	%	%	%
	Fiscal year ended December 31, 2021	91.75	91.75	6.8	3.5
Fiscal year ended December 31, 2020	3.40	3.40	1.1	1.0	3.3

(Note) Earnings 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
December 31, 2021	597,117	217,279	213,139	35.7	1,703.51
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.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows used in investing activities	Cash flows from (Δused in) 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, 2021	49,733	△19,376	△18,270	47,298
December 31, 2020	13,647	△18,859	10,792	33,754

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, 2020	-	10.00	-	10.00	20.00	2,499	587.7	1.3
December 31, 2021	-	10.00	-	30.00	40.00	5,021	43.0	2.4
December 31, 2022 (forecast)	-	30.00	-	30.00	60.00		32.3	

(Note) Dividend payment of 22 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 2020, and that of 21 million yen in 2021.

3. Consolidated financial forecast for fiscal year 2022 (January 1, 2022 to December 31, 2022)

(% 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 2022	430,000	8.6	40,000	73.4	25,000	85.7	185.92

(Note) Exchange rate used for consolidated financial forecast for the fiscal year 2022: JPY 110.0/USD 130.0/EUR (the fiscal year 2021: JPY 109.8/USD, 129.9/EUR)

4. Others

(1) Changes in significant subsidiaries during the fiscal year ended December 31, 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)

December 31, 2021: 125,953,683

December 31, 2020: 125,953,683

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

December 31, 2021: 984,204

December 31, 2020: 1,943,804

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

January - December 2021: 124,578,683

January - December 2020: 123,300,149

(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 499,500 shares as of December 31, 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 (1,358,923 shares from January 1 to December 31, 2020, and 701,131 shares from January 1 to December 31, 2021).

(Reference) Overview of nonconsolidated business results

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

	Sales revenues		Operating loss (△)		Ordinary loss (△)		Net profit (△/loss)	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2021	94,065	9.2	△7,540	-	△2,191	-	2,751	-
Fiscal year ended December 31, 2020	86,165	△34.7	△8,474	-	△5,876	-	△1,597	-

	Basic earnings (△/loss) per share		Diluted earnings (△/loss) per share	
	yen	%	yen	%
Fiscal year ended December 31, 2021	22.07	-	22.07	-
Fiscal year ended December 31, 2020	△12.94	-	△12.94	-

(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, 2021	402,699	112,159	27.8	894.71
Fiscal year ended December 31, 2020	412,586	113,062	27.4	909.51

- Information regarding implementation of review procedures

These 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 2022 (Forecast), please see "1. Analysis of management performance and consolidated financial status (2) Forecast for the fiscal year 2022" on page 3.

(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 10, 2022 (Thursday).

(Attached Documents) Index

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1. Analysis of management performance and consolidated financial status

(1) Explanation of operating results

For the fiscal year 2021 (from January 1 to December 31), the sales revenues were JPY 396 billion (EUR 3,049 million), the operating profit was JPY 23.1 billion (EUR 178 million), the profit before income taxes was JPY 19.6 billion (EUR 151 million) and the profit attributable to owners of the parent was JPY 13.5 billion (EUR 104 million). (Euro amount is converted from yen at 129.9 yen, the average exchange rate between January 1 and December 31, 2021).

The consolidated order intake for January-December 2021 was JPY 456 billion, an increase of 63% year-on-year reflecting the rapid recovery of the global economy. As a result, the machine order backlog at the end of the fiscal year 2021 was JPY 164 billion, up by JPY 68 billion from the JPY 96 billion at the end of 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 additional value propositions. The order intake in after-sales services and spare parts rose by 24% year-on-year, suggesting rising production activities by customers.

As for the machine order intake by region, we continue to see a major recovery in Europe (2 times higher than the same period in 2020), as well as in Japan (+89%) where the demand recovered steadily each quarter. Americas showed an order intake growth by +51% and China by +73%. Excluding China, order intake increased by +42% in Asia. The global demand for machine tools continues to grow across the world. Regarding the order intake trend by industry, orders are particularly strong in the industries of semiconductor manufacturing equipment, aerospace, die & mold and electric vehicle (EV). In addition, inquiries for commercial aircraft and energy-related applications, which had been sluggish since last year, are beginning to emerge. With our strong direct sales and services as base, we will promote automation and turnkey solutions with a focus on process integration and aim for further order intake growth throughout 2022.

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.

In January 2022, we established DMG MORI Production CO., Ltd. by company split as a dedicated entity to manage the production business at our Iga and Nara plants. By having clearly divided responsibilities and managing our business and financial performance separately based on function, we will improve our efficiency as a Group, and this will enable us to further increase our corporate value.

In addition, we are also reorganizing and reinforcing our production system. In Japan, our assembly has been divided between our two production sites. In the future, all assembly will be centralized at Iga Campus and we will develop Nara Campus into the biggest system solution center of the machine tool industry.

At the same time, we are increasing our global production capacities. In China, we are currently expanding our Tianjin plant and are building a new plant in Pinghu, near Shanghai. In Egypt, we are investing into the construction of our first plant in Cairo.

Regarding our technology, we are continuously expanding the functions of our online portal site *my* DMG MORI, which allows customers to manage their machine tool information in a comprehensive and efficient manner. In 2021, *my* DMG MORI launched the new function "Service Request" that enables customers to make repair and recovery requests and order parts easily online.

Furthermore, we have released the "Magazine Operation Panel" for easy and efficient tool setup and "speedMASTER 30K", a new model in our high-speed spindle series optimized for machining of die & mold and small-diameter tools. We will continue to improve the functionality, reliability and value of our products to tend to the diverse demand of our customers.

To showcase our technology to customers, we participated at exhibitions such as CIMT2021 held in China, EMO held in Milan, Italy, and MECT held in Nagoya. In addition, we continue to hold our small-scale exhibitions called "Technology Days" at the Iga and Tokyo showrooms.

In the area of digitization, we are constantly updating the Digital Twin Showroom, a digital replica of the Iga showroom. We also provide online training and e-learning material through our "Digital Academy" to bring our technology closer to customers as well as develop excellent machine tool operators. We will continue to propose the best solutions by connecting with our customers both in the digital and real world.

In accordance with DMG MORI's mission statement "Play hard, study continuously and work together"*, we believe that our employees' health is one of the important foundations for sustainable growth of our company. Therefore, we are promoting balanced and efficient working styles by limiting the maximum possible working hours per day and standardizing the full usage of annual paid holidays. We are also putting effort into creating a healthy work environment by providing health related e-learning courses and introducing balanced and nutritious meals in our company cafeteria.

*Full version: "Play hard and be dynamic to enrich our private lives, study continuously and be open to advance professional career, and work together and be innovative to bring innovation to the workplace"

Aiming towards a sustainable, decarbonized and recycling-oriented society, a society where people and nature can coexist in harmony, the entire DMG MORI group is making concerted efforts to become carbon neutral.

In November 2021, DMG MORI CO., LTD. and our group company DMG MORI AKTIENGESELLSCHAFT in Germany obtained the SBT (Science Based Targets) approval for our greenhouse gas emission reduction targets until 2030. In order to achieve these newly set targets, we will not only reduce our own CO₂ emissions, but also the emissions of our customers by providing environmentally friendly products.

Besides supporting our customers, we are also aiming to make our entire supply chain more sustainable and have introduced the supplier monitoring platform by Integrity Next. We will strive to realize a sustainable society and increase our corporate value by spreading our concept of sustainability throughout the supply chain.

<Consolidated results>

Consolidated results of the fiscal year ended December 31, 2021 is as follows:

Unit: 100 Million yen

(Million EUR)

	January to December, 2020	January to December, 2021	Difference
Sales revenues	3,283 (2,695)	3,960 (3,049)	677 (353)
Operating profit	107 (88)	231 (178)	124 (90)
Operating profit / Sales revenues	3.3%	5.8%	2.6%pts
Profit attributable to owners of the parent	17 (14)	135 (104)	117 (89)

(Note) Euro amount is converted from yen at the average exchange rate of each fiscal period; 121.8 yen/EUR for the figures of January to December, 2020, 129.9 yen/EUR for those of January to December, 2021.

(2) Forecast for the fiscal year 2022

We expect an increase in orders compared to the fiscal year 2021. 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 2022 is as follows:

Unit: 100 Million yen

	Fiscal Year 2022 (January 1 to December 31, 2022)
Sales revenues	4,300
Operating profit	400
Profit attributable to owners of the parent	250
Basic earnings per share (yen)	185.92

(Note) Exchange rate used for consolidated earnings forecast for fiscal year 2022: JPY 110.0/USD, 130.0/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 2020 and fiscal year 2021 is as follows:

• Assets

Current assets are 254,692 million yen. This is mainly because Cash and cash equivalents increased by 13,544 million yen, Trade and other receivables increased by 17,113 million yen, and Inventories increased by 8,533 million yen.

Non-current assets are 342,425 million yen. This is mainly because Property, plant and equipment increased by 7,266 million yen, Other intangible assets increased by 7,570 million yen and Other financial assets increased by 5,353 million yen.

As a result, total assets are 597,117 million yen.

• Liabilities

Current liabilities are 254,409 million yen. This is mainly because Trade and other payables increased by 6,261 million yen, Contract liabilities increased by 32,027 million yen, Other financial liabilities increased 16,592 million yen and Provisions increased by 6,949 million yen while Interest-bearing bonds and borrowings decreased by 26,733 million yen.

Non-current liabilities are 125,428 million yen. This is mainly because Interest-bearing bonds and borrowings increased by 19,719 million yen while Other financial liabilities decreased by 12,735 million yen.

As a result, total liabilities are 379,838 million yen.

• Equity

Equity is 217,279 million yen. This is mainly because Retained earnings increased by 12,365 million yen and Other components of equity increased by 13,491 million yen.

(Reference)

(Million Yen)

	December 31, 2020	December 31, 2021	Difference
Current assets	209,557	254,692	45,134
Non-current assets	316,969	342,425	25,455
Current liabilities	217,674	254,409	36,735
Non-current liabilities	118,957	125,428	6,471
Equity	189,895	217,279	27,383

2. Cash flows during the fiscal year 2021

(Million yen)

	Fiscal Year 2020 (January 1 to December 31, 2020)	Fiscal Year 2021 (January 1 to December 31, 2021)
Operating activities	13,647	49,733
Investing activities	△18,859	△19,376
Financing activities	10,792	△18,270
Cash and cash equivalents at the end of the year	33,754	47,298

Status of cash flows and its fluctuation factors for the fiscal year 2021 are as follows:

- Cash flows from operating activities

Net cash provided from operating activities was 49,733 million yen. The main factors for the increase are 19,609 million yen of Profit before income taxes, 21,894 million yen of Depreciation and amortization, 30,599 million yen of increase in Contract liabilities and 5,937 million yen of increase in Provisions. The main factors for the decrease are 15,479 million yen of increase in Trade and other receivables and 5,685 million yen of Income tax paid.

- Cash flows used in investing activities

Net cash paid out for investing activities was 19,376 million yen. The main factor for the increase is 5,440 million yen of Proceeds from sales of investment securities. The main factors for the decrease are 12,645 million yen of Purchases of property, plant and equipment and 10,606 million yen of Purchases of intangible assets.

- Cash flows used in financing activities

Net cash paid out for financing activities was 18,270 million yen. The main factors for the increase are 39,887 million yen of Proceeds from issuance of bonds with stock acquisition rights and 29,717 million yen of Proceeds from issuance of other equity instruments. The main factors for the decrease are 21,730 million yen of Repayments of current borrowings, 20,882 million yen of Repayments of long-term borrowings, 10,000 million yen of Repayments of bonds, 30,000 million yen of Repayments of other equity instruments and 6,035 million yen of Repayments of lease liabilities.

As a result, cash and cash equivalents as of December 31, 2021 are 47,298 million yen, increased by 13,544 million yen from December 31, 2020.

3. Trends in cash flow related indexes

	Fiscal Year 2020 (January 1 to December 31, 2020)	Fiscal Year 2021 (January 1 to December 31, 2021)
Ratio of equity attributable to owners of the parent (%)	35.2	35.7
Ratio of equity attributable to owners of the parent measured at fair value (%)	37.0	41.4
Cash flows to interest bearing loans ratio (%)	1,018.28	268.25
Interest coverage ratio (times)	6.2	23.5

(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 2021, we paid an interim dividend per share of 10 yen and plan to pay year-end dividend per share of 30 yen, for a full-year total of 40 yen. For fiscal year 2022, we plan to issue an interim dividend per share of 30 yen and year-end dividend per share of 30 yen, for a full-year total of 60 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, 2020	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	33,754	47,298
Trade and other receivables	42,563	59,677
Other financial assets	4,254	5,557
Inventories	121,008	129,542
Other current assets	7,976	12,616
Total current assets	<u>209,557</u>	<u>254,692</u>
Non-current assets		
Property, plant and equipment	130,809	138,076
Right-of-use assets	19,792	22,099
Goodwill	68,807	70,834
Other intangible assets	66,944	74,514
Other financial assets	16,636	21,989
Investments in associates and joint ventures	5,222	5,704
Deferred tax assets	4,064	5,132
Other non-current assets	4,691	4,073
Total non-current assets	<u>316,969</u>	<u>342,425</u>
Total assets	<u>526,526</u>	<u>597,117</u>

	December 31, 2020	December 31, 2021
Liabilities		
Current liabilities		
Trade and other payables	47,908	54,169
Interest-bearing bonds and borrowings	36,993	10,259
Contract liabilities	33,679	65,707
Other financial liabilities	58,085	74,677
Income tax payable	3,451	4,734
Provisions	33,593	40,543
Other current liabilities	3,961	4,316
Total current liabilities	217,674	254,409
Non-current liabilities		
Interest-bearing bonds and borrowings	65,413	85,133
Other financial liabilities	35,142	22,406
Net employee defined benefit liabilities	5,817	5,180
Provisions	5,007	5,871
Deferred tax liabilities	6,374	5,429
Other non-current liabilities	1,201	1,407
Total non-current liabilities	118,957	125,428
Total liabilities	336,631	379,838
Equity		
Share capital	51,115	51,115
Capital surplus	-	-
Other equity instruments	118,735	118,753
Treasury shares	△3,735	△1,889
Retained earnings	40,452	52,817
Other components of equity	△21,148	△7,657
Equity attributable to owners of the parent	185,420	213,139
Non-controlling interests	4,475	4,139
Total equity	189,895	217,279
Total liabilities and equity	526,526	597,117

(2) Consolidated statements of income

(Million Yen)

	Fiscal year 2020 (January 1 to December 31, 2020)	Fiscal year 2021 (January 1 to December 31, 2021)
Revenues		
Sales revenues	328,283	396,011
Other operating revenues	6,451	6,103
Total revenue	334,734	402,114
Cost		
Changes in merchandise, finished goods and work in progress for sale	△3,946	7,148
Costs of raw materials, consumables and goods for resale	145,083	170,917
Personnel costs	107,818	119,327
Depreciation and amortization	24,118	21,894
Other operating costs	50,985	59,759
Total costs	324,060	379,047
Operating profit	10,674	23,067
Financial income	357	429
Financial costs	5,399	3,919
Share of profits (△losses) of associates and joint ventures accounted for using equity method	△526	30
Profit before income taxes	5,106	19,609
Income taxes	3,409	6,377
Profit	1,696	13,231
Profit attributable to:		
Owners of the parent	1,745	13,460
Non-controlling interests	△49	△229
Profit	1,696	13,231
Earnings per share		
Basic (yen)	3.40	91.75
Diluted (yen)	3.40	91.75

(3) Consolidated statements of comprehensive income

(Million Yen)

	Fiscal year 2020 (January 1 to December 31, 2020)	Fiscal year 2021 (January 1 to December 31, 2021)
Profit	1,696	13,231
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	87	380
Change in fair value measurements of financial assets designated at fair value through other comprehensive income	198	10,826
Subtotal	286	11,207
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	△5,478	7,013
Effective portion of changes in fair value of cash flow hedge	11	△473
Share of other comprehensive income of associates accounted for using equity method	13	6
Subtotal	△5,452	6,546
Total other comprehensive income	△5,166	17,754
Comprehensive income	△3,469	30,985
Comprehensive income attributable to:		
Owners of the parent	△3,375	31,230
Non-controlling interests	△93	△244
Comprehensive income	△3,469	30,985

(4) 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					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 other equity instruments			70,000				70,000		70,000
Other equity instruments issuance costs			△770				△770		△770
Distributions to owners of other equity instruments					△1,086		△1,086		△1,086
Acquisition of treasury shares				△0			△0		△0
Disposal of treasury shares		△933		2,743		△152	1,657		1,657
Dividends					△4,916		△4,916	△117	△5,034
Transfer between retained earnings and capital surplus		865			△865		-		-
Share-based payments		3				△3	-		-
Changes in consolidated subsidiaries				△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

(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					13,460		13,460	△229	13,231
Other comprehensive income						17,769	17,769	△15	17,754
Total comprehensive income	-	-	-	-	13,460	17,769	31,230	△244	30,985
Issuance of other equity instruments			30,000				30,000		30,000
Other equity instruments issuance costs			△282				△282		△282
Payments of other equity instruments		△300	△29,699				△30,000		△30,000
Distributions to owners of other equity instruments					△2,123		△2,123		△2,123
Acquisition of treasury shares				△0			△0		△0
Disposal of treasury shares		△325		1,846		△107	1,413		1,413
Dividends					△2,488		△2,488	△87	△2,576
Transfer between retained earnings and capital surplus		849			△849		-		-
Share-based payments		58				△58	-	19	19
Issuance of bonds with stock acquisition rights						253	253		253
Capital increase of consolidated subsidiaries		△71					△71	71	-
Increase/decrease in noncontrolling interests due to decrease in number of consolidated subsidiaries							-	△84	△84
Increase/decrease in equity due to acquisition of shares in consolidated subsidiaries		△226					△226	93	△133
Sale of shares of consolidated subsidiaries		3					3	11	15
Transfer from other components of equity to retained earnings					4,365	△4,365	-		-
Total transaction with owners of the parent	-	△11	18	1,845	△1,095	△4,278	△3,522	22	△3,499

Acquisition of non-controlling interests		11					11	△113	△102
Changes in ownership interests in subsidiaries and others	-	11	-	-	-	-	11	△113	△102
As of December 31, 2021	51,115	-	118,753	△1,889	52,817	△7,657	213,139	4,139	217,279

(5) Consolidated statements of cash flows

(Million Yen)

	Fiscal year 2020 (January 1 to December 31, 2020)	Fiscal year 2021 (January 1 to December 31, 2021)
Cash flows from (△used in) operating activities		
Profit before income taxes	5,106	19,609
Depreciation and amortization	24,118	21,894
Loss (△gain) on sales or disposal of property, plant and equipment, and intangible assets	△387	230
Financial income and costs (△: gain)	5,042	3,489
Share of profits of associates and joint ventures accounted for using equity method (△: gain)	526	△30
Other non-cash transactions (△: gain)	△4,632	△817
Changes in asset and liability items:		
Inventories (△: increase)	△217	△4,130
Trade and other receivables (△: increase)	12,498	△15,479
Trade and other payables (△: decrease)	△10,106	4,876
Contract liabilities (△: decrease)	△3,802	30,599
Provisions (△: decrease)	△1,737	5,937
Other	△1,323	△7,734
Subtotal	25,085	58,444
Interest received	260	354
Dividends received	104	84
Interest paid	△3,394	△3,464
Income tax paid	△8,408	△5,685
Net cash flows from operating activities	13,647	49,733
Cash flows used in investing activities		
Purchases of property, plant and equipment	△12,062	△12,645
Proceeds from sales of property, plant and equipment	2,211	1,210
Purchases of intangible assets	△8,080	△10,606
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△130	-
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	△399
Acquisition of associated companies, net of cash acquired	△137	△276
Purchases of investment securities	△747	△1,518
Proceeds from sales of investment securities	75	5,440
Other	12	△580
Net cash flows used in investing activities	△18,859	△19,376

(Million Yen)

	Fiscal year 2020 (January 1 to December 31, 2020)	Fiscal year 2021 (January 1 to December 31, 2021)
Cash flows from (△used in) financing activities		
Net increase (△decrease) in current borrowings	2,680	△21,730
Proceeds from long-term borrowings	37,801	5,000
Repayments of long-term borrowings	△46,148	△20,882
Proceeds from issuance of bonds with stock acquisition rights	-	39,887
Repayments of bonds	-	△10,000
Proceeds from issuance of other equity instruments	69,229	29,717
Repayments of other equity instruments	-	△30,000
Repayments of lease liabilities	△5,780	△6,035
Dividends paid	△4,917	△2,496
Dividends paid to non-controlling interests	△121	△299
Acquisition of treasury shares	△1	△0
Payments for obligations for non-controlling interests	△42,289	△8
Distributions to owners of other equity instruments	△1,086	△2,123
Proceeds from capital increase of consolidated subsidiaries	300	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	△133
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	15
Other	1,125	820
Net cash flows from (△used in) financing activities	10,792	△18,270
Effect of exchange rate changes on cash and cash equivalents	478	1,459
Change in cash and cash equivalents	6,058	13,544
Cash and cash equivalents at the beginning of period	27,695	33,754
Cash and cash equivalents at the end of period	33,754	47,298

(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 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 consolidated financial statements of the Company as of December 31, 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 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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 Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976, the "Consolidated Financial Statements Ordinance"), it has applied the provisions of Article 93 of said Ordinance.

(2) Basis of Measurement

The 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) Presentation currency and units used

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.

3. Segment information

(1) Scope of segment reporting

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:

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

	(Million Yen)					
	Reportable Segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial services	Total	Corporate services	Elimination	
Sales revenues						
External customers	228,201	100,061	328,262	21	-	328,283
Inter-segment	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
Profit before income taxes						5,106

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

Fiscal year 2021 (January 1 to December 31, 2021)

	(Million Yen)					
	Reportable Segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial services	Total	Corporate services	Elimination	
Sales revenues						
External customers	266,662	129,321	395,983	27	-	396,011
Inter-segment	166,217	23,863	190,080	1,510	△191,591	-
Total	432,880	153,184	586,064	1,538	△191,591	396,011
Segment income	19,404	16,829	36,234	△14,416	1,281	23,098
Financial income						429
Financial costs						△3,919
Profit before income taxes						19,609

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

4. Earnings per share

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

Items	Fiscal year 2020 (January 1 to December 31, 2020)	Fiscal year 2021 (January 1 to December 31, 2021)
Profit attributable to owners of the parent (million yen)	1,745	13,460
Profit not attributable to owners of the parent	1,326	2,030
Profit used for basic earnings per share attributable to ordinary shareholders of the parent (million yen)	419	11,429
Adjustment for diluted earnings (million yen)	-	-
Diluted earnings (million yen)	419	11,429
Weighted-average number of common shares (Thousands of shares)	123,300	124,578
Increase in number of common stock shares for diluted earnings per share		
Increase due to exercising stock options (Thousands of shares)	121	-
Weighted-average number of common shares outstanding for diluted earnings per share (Thousands of shares)	123,421	124,578
Basic earnings per share (yen)	3.40	91.75
Diluted earnings per share (yen)	3.40	91.75

(Note)

• Basic earnings per share is calculated by dividing profit attributable to owners of the parent after deducting the amount attributable to owners of other equity instruments by the average number of common shares excluding the average number of treasury shares during the year. Diluted earnings per share is calculated by adjusting for the effects of all dilutive potential common 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 (effective on March 22, 2022)

(1) Changes in representative director

Not applicable.

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

Not applicable.