

Summary of Consolidated Financial Statements for the First quarter of Fiscal Year 2022 ended March 31, 2022 (IFRS basis)
(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the First quarter announced on May 12, 2022)

Listed company name: DMG MORI CO., LTD.
 Stock exchange listing: Prime Section of Tokyo Stock Exchange
 Code Number: 6141 URL <https://www.dmgmori.co.jp>
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Filing date of quarterly financial statements: May 13, 2022

Estimated starting date of dividend payment: -

Preparation of supplementary explanatory materials: Yes

Holding of quarterly earnings release conference: Yes

1. Consolidated business results of the first quarter ended March 31, 2022 (January 1, 2022 to March 31, 2022)

(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 before income taxes		Quarterly profit		Profit attributable to owners of the parent		Comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
First quarter ended March 31, 2022	107,262	32.2	9,451	137.1	8,917	184.5	6,314	247.0	6,271	246.0	11,510	113.5
First quarter ended March 31, 2021	81,122	△7.0	3,986	21.8	3,134	148.5	1,819	1,972.9	1,812	1,306.4	5,392	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended March 31, 2022	46.66	46.66
First quarter ended March 31, 2021	10.38	10.36

(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
March 31, 2022	636,180	224,959	220,688	34.7	1,760.68
December 31, 2021	597,117	217,279	213,139	35.7	1,703.51

(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, 2021	-	10.00	-	30.00	40.00
December 31, 2022	-				
December 31, 2022 (Forecast)		30.00	-	40.00	70.00

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

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	450,000	13.6	45,000	95.1	28,000	108.0	209.80

(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 February 10, 2022. 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 2022: JPY 120.0 /USD, 135.0 /EUR

4. Others

(1) Changes in significant subsidiaries during the first quarter ended March 31, 2022: No

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

1. Changes in accounting policies required by IFRS: No

2. Changes in accounting policies other than the above: No

3. Changes in accounting estimates: No

(3) Number of shares outstanding (Common shares)

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

March 31, 2022: 125,953,683

December 31, 2021: 125,953,683

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

March 31, 2022: 754,973

December 31, 2021: 984,204

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

January - March 2022: 125,048,820

January - March 2021: 124,196,144

(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 (499,500 shares as of December 31, 2021, and 273,500 shares as of March 31, 2022). 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 (894,850 shares from January 1 to March 31, 2021, and 421,775 shares from January 1 to March 31, 2022).

- 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 2022 (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 May 12, 2022 (Thursday).

(Attached Documents) Index

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1. Qualitative Information Regarding Quarterly Settlement of Accounts

(1) Explanation of operating results

For the first quarter of the fiscal year 2022 (from January 1 to March 31), the sales revenues were JPY 107.3 billion (EUR 823 million), the operating profit was JPY 9.5 billion (EUR 72 million), the profit before income taxes was JPY 8.9 billion (EUR 68 million) and the profit attributable to owners of the parent was JPY 6.3 billion (EUR 48 million). (Euro amount is converted from yen at 130.4 yen, the average exchange rate between January 1 and March 31, 2022).

The consolidated order intake for the first quarter of 2022 was JPY 150 billion, an increase of 48% year-on-year that greatly exceeds the initial plan of JPY 120 billion. It is the highest recorded order intake for a quarter since the last peak in the first quarter of fiscal year 2018. This was driven by the continuously increasing demand for automation and full turnkey systems with 5-axis and mill-turn machines and large-scale projects for global companies. As a result, the average order price per unit increased to JPY 47.2 million (FY 2021 average: JPY 39.4 million), contributing significantly to the higher order intake. The order intake of our group company Magnescale Co., Ltd., specialized in production and sales of ultra-precision measurement technologies, also hit a new record high. Furthermore, order intake for service and spare parts rose by 25% year-on-year due to the normalizing business activities of customers.

The order intake increased in all regions. Japan increased by 82% year-on-year (composition ratio: 12%), Americas by 81% (22%), Europe by 44% (50%), China by 1% (10%) and Asia excluding China by 41% (6%). The order intake was also strong across all industries, especially in industries such as space, medical, EV, die & mold, decarbonization technology and semiconductor production equipment. In addition, the demand from the energy and commercial aircraft industry also started to show a positive trend.

We expect orders for machine tools, especially in combination with process integration and automation, to continue to grow throughout the second quarter and beyond. The current forecast of consolidated order intake for the fiscal year 2022 is over JPY 500 billion, more than the initial plan of JPY 480 billion. The order backlog increased from JPY 164 billion at the end of 2021 to JPY 203 billion at the end of March 2022, and is expected to be around JPY 220 billion at the end of December 2022. With an abundant amount of order backlog, we will strive to further stabilize our business performance.

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.

DMG MORI's newly built Nara Product Development Center (Nara PDC) will start business operations from July 1, 2022. It will take over the headquarter function of the Nagoya office in Aichi Prefecture. At the same time, DMG MORI's Tokyo Global Headquarters (established in July 2014) will maintain its principal functions to establish a 2-headquarter organization between Nara and Tokyo. Amidst increasing risks such as disasters, epidemics, and cyber-attacks, having 2 headquarters will enable us to carry out core business operations quickly even in times of emergency. We will continue to provide stable sales and services to our customers by strengthening our business continuity system against all risk factors.

Regarding technology, DMG MORI opened the AM Lab & Fab (Additive Manufacturing Laboratory & Fabrication) at the Iga Global Solution Center to support our customers' use of additive manufacturing. The AM Lab & Fab is equipped with DMG MORI's newest additive manufacturing machines to perform metal deposition and produce high-quality parts for customers in a temperature-controlled room. We will contribute to the spread and development of additive manufacturing through joint development with our customers.

Furthermore, DMG MORI launched the new Technology Cycle "Multi-threading 2.0" for worm gear processing on universal machines and a new specification for NTX2500 | 3000 2nd Generation and NTX 3000 | 3000 2nd Generation that enables long shaft processing with 3000 mm distance between centers. We will continue to provide more sophisticated, reliable, and investment-worthy products to meet the needs of customers.

For sales and service, DMG MORI released a new version of its Digital Twin Showroom (virtual replica of the Iga Global Solution Center) in February 2022. The Digital Twin Showroom has now additional machine models on display and is available in Japanese, English, German and Chinese.

At the same time, we are expanding our small-scale exhibitions "Technology Fridays" from Japan to our overseas locations to respond to customer needs in personalized face-to-face meetings. We will continue to connect with customers both digitally and in the real world to propose optimal solutions.

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 most important foundations for sustainable growth of our company. Therefore, we are continuously improving our internal organization to

contribute to long and healthy careers. Besides promoting balanced working styles by limiting the maximum working hours per day and standardizing the full usage of annual paid holidays, we are also actively supporting male employees to take childcare leave.

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. Based on the belief that trust is fostered by fulfilling our responsibilities to society, we are actively contributing to local communities. In March 2022, we concluded a comprehensive agreement on partnership and cooperation with Nara Women's University as part of our initiatives to foster next generation talents. By cooperating closely with Nara Women's University, we would like to contribute to a greater diversity in the engineering field and to the technological progress in Japan.

On March 28, 2022, we also announced our support to the "Declaration of Partnership Building", a framework established by the Japanese Cabinet Office, Ministry of Economy, Trade and Industry, Small and Medium Enterprise Agency, etc. We commit ourselves to building new partnerships by promoting collaboration, co-existence, and co-prosperity with our supply chain and value-creating business partners.

<Consolidated results>

Consolidated results of the first quarter of the fiscal year ended March 31, 2022 is as follows:

Unit: 100 Million yen
(Million EUR)

	January to March, 2021	January to March, 2022	Difference	<Forecast> January to December, 2022
Sales revenues	811 (635)	1,073 (823)	261 (187)	4,500 (3,333)
Operating profit	40 (31)	95 (72)	55 (41)	450 (333)
Operating profit / Sales revenues	4.9%	8.8%	3.9%pts	10.0%
Profit attributable to owners of the parent	18 (14)	63 (48)	45 (34)	280 (207)

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 127.7 yen/EUR for the figures of January to March, 2021, 130.4 yen/EUR for those of January to March, 2022, and 135.0 yen/EUR for the figures of January to December, 2022.

(2) Explanation of financial position

Total assets at the end of the first quarter of fiscal year 2022 amounted to 636,180 million yen. Total equity is 224,959 million yen and ratio of equity attributable to owners of the parent is 34.7%.

(3) Explanation of forecasts and other projections

We receive strong orders from various industries, mainly for space, medical, electric vehicles (EV), die & mold, decarbonization technology and semiconductor production equipment.

Based on the above and business results of the first quarter ended March 31, 2022, we made an upward revision of consolidated financial forecast for fiscal year 2022 from the previous announcement released on February 10, 2022.

Consolidated financial forecast

Unit: 100 Million yen
(Million EUR)

	Released on February 10 January to December, 2022	Released on May 12 January to December, 2022	Difference	<Reference> January to December, 2021
Sales revenues	4,300 (3,185)	4,500 (3,333)	200 (148)	3,960 (3,049)
Operating profit	400 (296)	450 (333)	50 (37)	231 (178)
Operating profit / Sales revenues	9.3%	10.0%	0.7%pts	5.8%
Profit attributable to owners of the parent	250 (185)	280 (207)	30 (22)	135 (104)

(Note)

- Exchange rate used for consolidated financial forecast for fiscal year 2022: JPY 120.0 /USD and 135.0 /EUR.
- Euro amount is converted from yen at the average exchange rate of JPY 129.9 /EUR for fiscal year 2021.
- 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, 2021	March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	47,298	51,753
Trade and other receivables	59,677	71,844
Other financial assets	5,557	4,972
Inventories	129,542	139,267
Other current assets	12,616	13,622
Total current assets	254,692	281,459
Non-current assets		
Property, plant and equipment	138,076	143,828
Right-of-use assets	22,099	22,851
Goodwill	70,834	74,252
Other intangible assets	74,514	77,569
Other financial assets	21,989	22,626
Investments in associates and joint ventures	5,704	5,958
Deferred tax assets	5,132	3,983
Other non-current assets	4,073	3,649
Total non-current assets	342,425	354,720
Total assets	597,117	636,180

December 31, 2021

March 31, 2022

Liabilities

Current liabilities

Trade and other payables	54,169	57,913
Interest-bearing bonds and borrowings	10,259	13,727
Contract liabilities	65,707	76,771
Other financial liabilities	74,677	81,479
Income taxes payable	4,734	5,232
Provisions	40,543	43,925
Other current liabilities	4,316	5,322
Total current liabilities	254,409	284,371

Non-current liabilities

Interest-bearing bonds and borrowings	85,133	86,184
Other financial liabilities	22,406	24,060
Net employee defined benefit liabilities	5,180	4,773
Provisions	5,871	4,333
Deferred tax liabilities	5,429	5,880
Other non-current liabilities	1,407	1,617
Total non-current liabilities	125,428	126,849

Total liabilities

379,838 411,221

Equity

Share capital	51,115	51,115
Capital surplus	-	-
Other equity instruments	118,753	118,753
Treasury shares	△1,889	△1,449
Retained earnings	52,817	55,214
Other components of equity	△7,657	△2,946
Equity attributable to owners of the parent	213,139	220,688
Non-controlling interests	4,139	4,270

Total equity

217,279 224,959

Total liabilities and equity

597,117 636,180

(2) Quarterly consolidated statements of income

(Million Yen)

	First quarter ended March 31, 2021 (January 1 to March 31, 2021)	First quarter ended March 31, 2022 (January 1 to March 31, 2022)
Revenues		
Sales revenues	81,122	107,262
Other operating revenues	2,771	2,072
Total revenue	83,894	109,334
Costs		
Changes in merchandise, finished goods and work in progress for sale	△304	△417
Costs of raw materials, consumables	35,562	46,621
Personnel costs	27,068	32,521
Depreciation and amortization	5,492	5,584
Other operating costs	12,089	15,573
Total costs	79,908	99,882
Operating profit	3,986	9,451
Financial income	66	147
Financial costs	939	678
Share of profits (△losses) of associates and joint ventures accounted for using equity method	20	△2
Profit before income taxes	3,134	8,917
Income taxes	1,314	2,602
Profit	1,819	6,314
Profit attributable to:		
Owners of the parent	1,812	6,271
Non-controlling interests	7	43
Profit	1,819	6,314
Earnings per share		
Basic (yen)	10.38	46.66
Diluted (yen)	10.36	46.66

(3) Quarterly consolidated statements of comprehensive income

(Million Yen)

	First quarter ended March 31, 2021 (January 1 to March 31, 2021)	First quarter ended March 31, 2022 (January 1 to March 31, 2022)
Profit	1,819	6,314
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	219	431
Changes in fair value measurements of financial assets designated at fair value through other comprehensive income	288	514
Subtotal	508	946
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	3,695	5,553
Effective portion of changes in fair value of cash flow hedges	△636	△1,315
Share of other comprehensive income of associates and joint ventures accounted for using equity method	5	11
Subtotal	3,064	4,249
Total other comprehensive income	3,572	5,195
Comprehensive income	5,392	11,510
Comprehensive income attributable to:		
Owners of the parent	5,373	11,414
Non-controlling interests	18	95
Comprehensive income	5,392	11,510

(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, 2021	51,115	-	118,735	△3,735	40,452	△21,148	185,420	4,475	189,895
Profit					1,812		1,812	7	1,819
Other comprehensive income						3,561	3,561	11	3,572
Total comprehensive income	-	-	-	-	1,812	3,561	5,373	18	5,392
Distributions to owners of other equity instruments					△713		△713		△713
Acquisition of treasury shares				△0			△0		△0
Disposal of treasury shares		△171		784		△60	552		552
Dividends					△1,242		△1,242	△44	△1,286
Transfer between retained earnings and capital surplus		195			△195		-		-
Share-based payments		1				△1	-		-
Changes in interests in consolidated subsidiaries' capital		△24					△24	24	-
Transfer from other components of equity to retained earnings					261	△261	-		-
Total transaction with owners of the parent	-	0	-	784	△1,889	△323	△1,428	△20	△1,448
Acquisition of non-controlling interests		△0					△0	△29	△29
Total changes in ownership interests in subsidiaries and others	-	△0	-	-	-	-	△0	△29	△29
As of March 31, 2021	51,115	-	118,735	△2,950	40,375	△17,911	189,364	4,444	193,809

(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, 2022	51,115	-	118,753	△1,889	52,817	△7,657	213,139	4,139	217,279
Profit					6,271		6,271	43	6,314
Other comprehensive income						5,143	5,143	52	5,195
Total comprehensive income	-	-	-	-	6,271	5,143	11,414	95	11,510
Distributions to owners of other equity instruments					△539		△539		△539
Disposal of treasury shares		△74		440			366		366
Dividends					△3,752		△3,752	△42	△3,795
Transfer between retained earnings and capital surplus		14			△14		-		-
Share-based payments		76					76	58	135
Transfer from other components of equity to retained earnings					431	△431	-		-
Total transaction with owners of the parent	-	16	-	440	△3,874	△431	△3,849	15	△3,833
Acquisition of non-controlling interests		△16					△16	19	2
Total changes in ownership interests in subsidiaries and others	-	△16	-	-	-	-	△16	19	2
As of March 31, 2022	51,115	-	118,753	△1,449	55,214	△2,946	220,688	4,270	224,959

(5) Quarterly consolidated statements of cash flows

(Million Yen)

	First quarter ended March 31, 2021 (January 1 to March 31, 2021)	First quarter ended March 31, 2022 (January 1 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	3,134	8,917
Depreciation and amortization	5,492	5,584
Loss (△: gain) on sales or disposal of property, plant and equipment, and intangible assets	143	62
Financial income and costs (△: gain)	872	531
Share of (△: profits) losses of associates and joint ventures accounted for using equity method	△20	2
Other non-cash transactions (△: gain)	△953	△1,528
Change in asset and liability items:		
Inventories (△: increase)	△2,694	△4,497
Trade and other receivables (△: increase)	△3,930	△8,637
Trade and other payables (△: decrease)	△3,176	3,693
Contract liabilities (△: decrease)	6,278	7,672
Provisions (△: decrease)	△497	393
Other	△79	1,948
Subtotal	4,569	14,144
Interest received	69	148
Dividends received	0	5
Interest paid	△439	△451
Income taxes paid	△1,566	△1,276
Net cash flows from operating activities	2,633	12,570
Cash flows used in investing activities		
Purchases of property, plant and equipment	△2,074	△7,081
Proceeds from sales of property, plant and equipment	20	76
Purchases of intangible assets	△2,354	△3,138
Purchases of investment securities	△120	△0
Proceeds from sale of investment securities	20	-
Other	49	6
Net cash flows used in investing activities	△4,458	△10,136

(Million Yen)

	First quarter ended March 31, 2021 (January 1 to March 31, 2021)	First quarter ended March 31, 2022 (January 1 to March 31, 2022)
Cash flows from (△used in) financing activities		
Net increase (△decrease) in short-term borrowings	3,500	3,464
Repayments of long-term borrowings	△312	△372
Repayments of lease liabilities	△1,495	△1,430
Dividends paid	△1,091	△3,417
Dividends paid to non-controlling interests	△42	△40
Payments for obligations for non-controlling interests	△2	-
Acquisition of treasury shares	△0	-
Distributions to owners of other equity instruments	△713	△539
Other	414	1,985
Net cash flows from (△used in) financing activities	256	△350
Effect of exchange rate changes on cash and cash equivalents	879	2,371
Change in cash and cash equivalents	△689	4,454
Cash and cash equivalents at the beginning of period	33,754	47,298
Cash and cash equivalents at the end of period	33,065	51,753

(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 March 31, 2022 comprise the Company, its subsidiaries, associates and joint ventures (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, 2021, with the exception that income tax for the first quarter ended March 31, 2022 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 Group 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:

First quarter ended March 31, 2021 (January 1 to March 31, 2021)

	Reportable Segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
(Million Yen)						
Sales revenues						
External customers	54,849	26,268	81,117	5	-	81,122
Inter-segment	33,819	5,232	39,051	367	△39,419	-
Total	88,668	31,500	120,168	373	△39,419	81,122
Segment income	1,954	3,375	5,330	△1,769	446	4,006
Financial income	-	-	-	-	-	66
Financial costs	-	-	-	-	-	△939
Profit before income taxes	-	-	-	-	-	3,134

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

First quarter ended March 31, 2022 (January 1 to March 31, 2022)

	Reportable Segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
(Million Yen)						
Sales revenues						
External customers	70,371	36,882	107,254	7	-	107,262
Inter-segment	45,913	5,861	51,775	367	△52,142	-
Total	116,285	42,743	159,029	374	△52,142	107,262
Segment income	6,045	6,448	12,494	△2,605	△440	9,448
Financial income	-	-	-	-	-	147
Financial costs	-	-	-	-	-	△678
Profit before income taxes	-	-	-	-	-	8,917

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