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In the event of any discrepancy between this translated document and the Japanese original document, the latter shall prevail.

Date: October 25, 2023

**Summary of Consolidated Financial Statements for the third quarter of Fiscal Year 2023 ended September 30, 2023 (IFRS basis)**  
**(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the third quarter announced on October 25, 2023)**

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>  
 Company Representative: Masahiko Mori, President  
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Filing date of quarterly financial statements: November 10, 2023

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 third quarter ended September 30, 2023 (January 1, 2023 to September 30, 2023)

(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	%
Third quarter ended September 30, 2023	380,161	14.2	35,615	33.1	31,411	29.2	22,976	37.4	23,020	38.9	35,706	(14.5)
Third quarter ended September 30, 2022	333,032	21.4	26,755	59.9	24,309	71.4	16,726	76.7	16,576	67.8	41,775	66.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended September 30, 2023	172.95	172.95
Third quarter ended September 30, 2022	121.77	121.77

(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
September 30, 2023	783,012	266,464	262,109	33.5	2,087.83
December 31, 2022	680,334	250,374	245,897	36.1	1,957.61

(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, 2022	-	30.00	-	40.00	70.00
December 31, 2023	-	40.00	-		
December 31, 2023 (Forecast)				40.00	80.00

(Note) Revision of dividends forecast in the current quarter: No

## 3. Consolidated financial forecast for Fiscal Year 2023 (January 1, 2023 to December 31, 2023)

(% 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 2023	525,000	10.6	52,500	27.4	33,500	31.9	253.03

(Note)

Revision of consolidated financial forecast in the current quarter: No

• Exchange rate used for consolidated financial forecast for fiscal year 2023: JPY 139.8 /USD 151.0 /EUR

## 4. Others

(1) Changes in significant subsidiaries during the third quarter ended September 30, 2023: No

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

1. Changes in accounting policies required by IFRS: Yes

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)

September 30, 2023: 125,953,683

December 31, 2022: 125,953,683

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

September 30, 2023: 533,370

December 31, 2022: 472,396

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

January - September 2023: 125,420,663

January - September 2022: 125,283,578

(Note) The Company implemented trust-type employee stock ownership incentive plan in April 2018. Therefore, the Company's shares held by DMG MORI Employee Shareholders Association Exclusive Trust are included in the treasury shares to be deducted in the calculation of the average number of shares during the period (190,140 shares from January 1 to September 30, 2022, and 0 shares from January 1 to September 30, 2023). Notably, the trust was terminated in July 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 2023 (Forecast), please see "1. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections" on page 3. (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 October 25, 2023 (Wednesday).

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## 1. Qualitative Information Regarding Quarterly Settlement of Accounts

### (1) Explanation of operating results

For the third quarter of the fiscal year 2023 (from January 1 to September 30), the sales revenues were JPY 380.2 bn. (EUR 2,541 mil.), the operating profit was JPY 35.6 bn. (EUR 238 mil.), the profit before income taxes was JPY 31.4bn. (EUR 210 mil.) and the profit attributable to owners of the parent was JPY 23.0 bn. (EUR 154 mil.). (EUR amount is converted from yen at 149.6 yen, the average exchange rate between January 1 to September 30, 2023.)

Consolidated order intake for January to September 2023 was JPY 399.5 bn., down 7.5% from the same period last year. It was higher than the original plan in January 2023. Demand for MX (Machining Transformation), which drives process integration, automation, full turnkey, DX (Digital Transformation), and GX (Green Transformation) through 5-axis machines, mill-turn centers, and other advanced machines, continues to be solid. This is mainly due to the improved value-adding solutions, the weak yen, and the resulting significant increase in the unit price to JPY 59.5 mil. (FY2022 average: JPY 49.8 mil.). Orders for after-sales service and parts, which account for approximately 20% of consolidated order intake, also contributed with a 14% increase year-on-year.

Order intake by region increased by 1% in Europe (composition ratio: 55%) but decreased by 9% in the Americas (19%), 26% in Japan (11%), 11% in China (10%), and 24% in the other parts of Asia (5%), compared with the same period last year. By industry, the aerospace, medical and energy-related industries continue to show solid demand.

The full-year consolidated order forecast remains at JPY 520 bn. Machine order backlog increased from JPY 254 bn. at the end of December 2022 to JPY 280 bn. at the end of September 2023. With the planned sales revenues of JPY 145 bn. for the fourth quarter of the fiscal year 2023 (from October 1 to December 31), the order backlog at the end of December 2023 is forecasted at JPY 255 bn, the same level as at the end of previous fiscal year. The abundant order backlog will continuously contribute to stable financial performance in 2024 and beyond.

As stated in the Medium-term Business Plan 2025, our business plan for 2023-2025, we aim to provide customers with higher value-added products, systems, and services through process integration, automation, DX, and GX, and pursue the MX strategy for global environmental preservation and sustainable business growth. We will continue to build a resilient business foundation as a total solution provider to customers' processing needs.

We resolved to acquire 100% of the shares of KURAKI Co., Ltd. (hereinafter referred to as "KURAKI") from its previous owner Kurabo Industries, Ltd. KURAKI's core business is CNC horizontal boring machines, which have gained traction in the aerospace, new energy, and heavy machinery industries – sectors expected to continue growing in the medium to long term. With KURAKI's development and production expertise and customer base to enhance the group-wide product lineup and market coverage, as well as KURAKI's engineers and their excellent after-sales service and solution proposals, we can further advance the MX strategy as a group. DMG MORI will continuously leverage the synergies with KURAKI for sustainable growth in business and corporate value.

Magnescale Co., Ltd., a group company of DMG MORI, will build a new plant for its Laserscale production in Nara Prefecture, with completion scheduled for May 2025. Laserscale is a position detection system; as processing and inspection accuracy continue to advance, the need for the product is steadily increasing, underscoring its growing importance. With the existing plant in Isehara (Kanagawa Prefecture) and the new one in Nara, Magnescale will have a maximum production capacity of 60,000 pieces per year.

In order to develop skilled operators nationwide, we have opened a new DMG MORI ACADEMY in Sendai as a training facility for customers and local students to study machining techniques. Following the opening in Hamamatsu and Kanazawa, Sendai is now the third academy to open. Additional two academies will be opened in Okayama and Fukuoka by 2025. Furthermore, we will start offering "5-Axis Machining Technology Certifications" from January 2024, with the aim of promoting 5-axis machining and supporting the careers of highly skilled technicians in Japan. Under this certification system, technicians take a 4-level web-based examination that covers the fundamentals of 5-axis machining. We also plan a collaboration with the 5-axis Machining Association, the Cutting Dream Contest, and other training programs. We believe this certification system will contribute to the development of highly skilled technicians, support their careers in Japan, and enhance the technical capabilities of the whole industry.

As for new products, we have developed the high-accuracy 5-axis horizontal machining centers INH 63 / INH 80. Equipped with original DMG MORI technology, the two models can drive customers' Machining Transformation (MX) through their exceptional precision, productivity, and flexibility. The INH 63 / INH 80 can be integrated in existing horizontal machining center production lines to build sophisticated automation systems that can handle a large variety of workpieces. In addition, they also reduce power consumption and CO2 emissions to support green production, process integration, automation and DX for a sustainable production environment.

Regarding marketing activities, we had a large exhibition at the EMO HANNOVER 2023 in Germany in September. Technology Fridays, our exclusive factory tour events, are also constantly held around the world. We will continue to

use these digital and real-world opportunities to connect with our customers and understand their needs.

As stated in our Mission Statement, DMG MORI encourages employees to "Play Hard, Study Continuously, Work Together," and is committed to maintaining and improving employee well-being. After announcing the "Health and Productivity Declaration" in 2021, DMG MORI was certified as "White 500", one of the top 500 large enterprises in 2023 for excellent "Health and Productivity Management" by the Japanese Ministry of Economy, Trade and Industry, and the Nippon Kenko Kaigi. We will continue to strengthen our initiatives for employee well-being.

We have opened the new "DMG MORI Arena", an indoor sports facility that serves as a communication center for the local community of Iga City, Mie Prefecture. It includes a main sports arena with a seating capacity for 1,600 spectators, a sports climbing arena (the only indoor facility in Japan with three types of climbing walls), an athletic area for kids, a cafeteria, and more. Through DMG MORI Arena, we hope to contribute to the health of local residents and support athletes.

DMG MORI is also making various efforts toward a sustainable, eco-friendly, and recycling-oriented society. We have installed a solar power generation system on the rooftops of Iga Campus (Mie Prefecture), the largest production base of the DMG MORI Group. The first batch has started generating power in February 2023. After the operation launch of the third batch planned in 2024, the complete solar power generation system will cover approx. 30% of the annual power demand at Iga Campus, reducing the production site's CO2 emissions by approx. 5,300 tons per year. DMG MORI will continue to expand the use of renewable energy and contribute to the realization of a carbon-neutral society.

#### <Consolidated results>

Consolidated results of the third quarter of the fiscal year ended September 30, 2023 is as follows:

Unit: 100 Million yen

	January to September, 2022	January to September, 2023	Difference	<Forecast> January to December, 2023
Sales revenues	3,330	3,802	471	5,250
Sales revenues (Million EUR)	2,449	2,541	92	3,477
Operating profit	268	356	89	525
Operating profit (Million EUR)	197	238	41	348
Operating profit / Sales revenues	8.0%	9.4%	1.3%pts	10.0%
Profit attributable to owners of the parent	166	230	64	335
Profit attributable to owners of the parent (Million EUR)	122	154	32	222

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 136.0 yen/EUR for the figures of January to September, 2022, 149.6 yen/EUR for those of January to September, 2023, and 151.0 yen/EUR for the figures of January to December, 2023.

#### (2) Explanation of financial position

Total assets at the end of the third quarter of fiscal year 2023 amounted to 783,012 million yen. Total equity is 266,464 million yen and ratio of equity attributable to owners of the parent is 33.5%.

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

Forecasts of the consolidated results are the same figures as those published in "Summary of Consolidated Financial Statements for the second quarter of Fiscal Year 2023 ended June 30, 2023", uploaded on August 3, 2023.

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 statement of financial position

(Million Yen)

	December 31, 2022	September 30, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	36,992	40,003
Trade and other receivables	68,437	67,019
Other financial assets	6,503	5,682
Inventories	166,217	216,500
Other current assets	15,834	16,178
Total current assets	<u>293,985</u>	<u>345,385</u>
Non-current assets:		
Property, plant and equipment	162,965	182,738
Right-of-use assets	19,874	23,215
Goodwill	76,842	86,198
Other intangible assets	86,193	97,497
Other financial assets	26,122	32,568
Investments in associates and joint ventures	5,917	6,691
Deferred tax assets	4,509	4,538
Other non-current assets	3,923	4,179
Total non-current assets	<u>386,349</u>	<u>437,627</u>
Total assets	<u><u>680,334</u></u>	<u><u>783,012</u></u>

(Million Yen)

	December 31, 2022	September 30, 2023
<b>Liabilities</b>		
Current liabilities:		
Trade and other payables	72,806	82,729
Interest-bearing bonds and borrowings	51,241	83,421
Contract liabilities	92,935	103,530
Other financial liabilities	7,304	22,458
Income taxes payable	6,959	8,482
Provisions	45,659	54,752
Other current liabilities	4,424	5,113
Total current liabilities	281,329	360,488
Non-current liabilities:		
Interest-bearing bonds and borrowings	39,852	41,793
Other financial liabilities	87,305	89,761
Net employee defined benefit liabilities	4,479	4,178
Provisions	6,819	7,686
Deferred tax liabilities	8,103	9,953
Other non-current liabilities	2,069	2,686
Total non-current liabilities	148,630	156,059
Total liabilities	429,960	516,548
<b>Equity</b>		
Share capital	51,115	51,115
Capital surplus	266	390
Other equity instruments	118,753	110,822
Treasury shares	(906)	(889)
Retained earnings	69,864	82,307
Other components of equity	6,803	18,363
Equity attributable to owners of the parent	245,897	262,109
Non-controlling interests	4,477	4,355
Total equity	250,374	266,464
Total liabilities and equity	680,334	783,012

## (2) Quarterly consolidated statement of profit or loss

(Million Yen)

	Third quarter ended September 30, 2022 (January 1 to September 30, 2022)	Third quarter ended September 30, 2023 (January 1 to September 30, 2023)
Revenues:		
Sales revenues	333,032	380,161
Other operating revenues	6,881	9,008
Total revenue	339,914	389,169
Costs:		
Changes in merchandise, finished goods and work in progress for sale	(9,629)	(27,474)
Costs of raw materials and consumables	146,952	177,195
Personnel costs	101,384	123,469
Depreciation and amortization	17,425	19,332
Other operating costs	57,025	61,031
Total costs	313,158	353,554
Operating profit	26,755	35,615
Financial income	407	1,085
Financial costs	2,811	5,488
Share of profits (losses) of associates and joint ventures accounted for using equity method	(41)	199
Profit before income taxes	24,309	31,411
Income taxes	7,583	8,435
Profit	16,726	22,976
Profit attributable to:		
Owners of the parent	16,576	23,020
Non-controlling interests	149	(43)
Profit	16,726	22,976
Earnings per share		
Basic (yen)	121.77	172.95
Diluted (yen)	121.77	172.95



## (3) Quarterly consolidated statement of comprehensive income

(Million Yen)

	Third quarter ended September 30, 2022 (January 1 to September 30, 2022)	Third quarter ended September 30, 2023 (January 1 to September 30, 2023)
Profit	16,726	22,976
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	1,568	422
Changes in fair value of financial assets designated at fair value through other comprehensive income	2,660	2,309
Subtotal	4,229	2,731
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	21,489	9,666
Effective portion of changes in fair value of cash flow hedges	(1,771)	(243)
Hyper-inflation adjustment	533	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method	568	574
Subtotal	20,820	9,998
Total other comprehensive income	25,049	12,729
Comprehensive income	41,775	35,706
Comprehensive income attributable to:		
Owners of the parent	41,556	35,748
Non-controlling interests	218	(42)
Comprehensive income	41,775	35,706

## (4) Quarterly consolidated statement 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, 2022	51,115	-	118,753	(1,889)	52,817	(7,657)	213,139	4,139	217,279
Profit					16,576		16,576	149	16,726
Other comprehensive income (OCI)						24,979	24,979	69	25,049
Total comprehensive income	-	-	-	-	16,576	24,979	41,556	218	41,775
Distributions to owners of other equity instruments					(1,424)		(1,424)		(1,424)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		(119)		977			858		858
Dividends					(7,519)		(7,519)	(100)	(7,619)
Transfer between retained earnings and capital surplus		(195)			195		-		-
Share-based payments		219					219	72	292
Increase/decrease in equity due to acquisition of shares in consolidated subsidiaries		111					111	(158)	(46)
Transfer from other components of equity to retained earnings					2,106	(2,106)	-		-
Total transactions with owners of the parent	-	16	-	977	(6,641)	(2,106)	(7,754)	(186)	(7,940)
Acquisition of non-controlling interests		(16)					(16)	25	9
Total changes in ownership interests in subsidiaries and others	-	(16)	-	-	-	-	(16)	25	9
As of September 30, 2022	51,115	-	118,753	(912)	62,753	15,215	246,925	4,198	251,123

(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, 2023	51,115	266	118,753	(906)	69,864	6,803	245,897	4,477	250,374
Profit					23,020		23,020	(43)	22,976
Other comprehensive income (OCI)						12,728	12,728	1	12,729
Total comprehensive income	-	-	-	-	23,020	12,728	35,748	(42)	35,706
Distributions to owners of other equity instruments					(1,468)		(1,468)		(1,468)
Transfer from other equity instruments to other financial liabilities		(68)	(7,931)				(8,000)		(8,000)
Acquisition of treasury shares				(1)			(1)		(1)
Disposition of treasury shares		0		18			18		18
Dividends					(10,045)		(10,045)	(129)	(10,175)
Share-based payments		182					182	34	217
Sale of shares of consolidated subsidiaries		8					8	6	15
Transfer from other components of equity to retained earnings					1,167	(1,167)	-		-
Other					(230)		(230)		(230)
Total transactions with owners of the parent	-	123	(7,931)	17	(10,577)	(1,167)	(19,536)	(89)	(19,625)
Acquisition of non-controlling interests		0					0	9	9
Total changes in ownership interests in subsidiaries and others	-	0	-	-	-	-	0	9	9
As of September 30, 2023	51,115	390	110,822	(889)	82,307	18,363	262,109	4,355	266,464

## (5) Quarterly consolidated statement of cash flows

(Million Yen)

	Third quarter ended September 30, 2022 (January 1 to September 30, 2022)	Third quarter ended September 30, 2023 (January 1 to September 30, 2023)
<b>Cash flows from operating activities:</b>		
Profit before income taxes	24,309	31,411
Depreciation and amortization	17,425	19,332
Loss (gain) on sales or disposal of property, plant and equipment, and intangible assets	110	(168)
Financial income and costs	2,404	4,402
Share of (profits) losses of associates and joint ventures accounted for using equity method	41	(199)
Other non-cash transactions	(1,541)	(6,654)
Inventories	(28,313)	(33,154)
Trade and other receivables	(90)	11,879
Trade and other payables	12,069	1,733
Contract liabilities	23,525	580
Provisions	2,438	3,751
Other	(562)	(3,352)
Subtotal	51,817	29,562
Interest received	356	949
Dividends received	50	134
Interest paid	(3,177)	(4,335)
Income taxes paid	(2,870)	(6,174)
Net cash flows from operating activities	46,176	20,135
<b>Cash flows used in investing activities:</b>		
Payments into time deposits	(1,236)	-
Proceeds from withdrawal of time deposits	-	1,229
Purchases of property, plant and equipment	(19,115)	(19,647)
Proceeds from sales of property, plant and equipment	137	438
Purchases of intangible assets	(10,210)	(10,878)
Acquisition of associates, net of cash acquired	(54)	-
Purchases of investment securities	(2,285)	(2,927)
Proceeds from sales of investment securities	8	1,335
Other	(598)	(373)
Net cash flows used in investing activities	(33,354)	(30,823)

(Million Yen)

	Third quarter ended September 30, 2022 (January 1 to September 30, 2022)	Third quarter ended September 30, 2023 (January 1 to September 30, 2023)
<b>Cash flows from/(used in) financing activities:</b>		
Net increase (decrease) in short-term borrowings	10,928	27,957
Proceeds from long-term borrowings	-	41,719
Repayments of long-term borrowings	(1,748)	(39,362)
Payments for bond redemption	(10,000)	-
Repayment of lease liabilities	(3,975)	(4,591)
Dividends paid	(7,260)	(9,700)
Dividends paid to non-controlling interests	(98)	(128)
Payments for obligations for non-controlling interests	(3,012)	(3,592)
Acquisition of treasury shares	(0)	(1)
Distributions to owners of other equity instruments	(1,424)	(1,428)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(46)	-
Proceeds from sale of subsidiaries not resulting in change in scope of consolidation	-	15
Other	2,251	(734)
Net cash flows from/(used in) financing activities	(14,387)	10,152
Effect of exchange rate changes on cash and cash equivalents	4,386	3,545
Change in cash and cash equivalents	2,820	3,011
Cash and cash equivalents at the beginning of period	47,298	36,992
Cash and cash equivalents at the end of period	50,119	40,003

(6) Notes to going concern assumption

Not applicable.

(7) Notes to the 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 September 30, 2023 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) Material accounting policy

The material 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, 2022, except for the following item. Income tax for the third quarter ended September 30, 2023 was calculated based on the estimated average annual effective tax rate.

(IAS 12 "Income Taxes")

The Group has applied the standard "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (an amendment of IAS 12 "Income Taxes") effective for the fiscal year ended December 31, 2023. The adoption of this standard does not have a material impact on the Group's condensed consolidated financial statements for the third quarter ended September 30, 2023.

And the Group has applied the standard "International Tax Reform -Pillar Two Model Rules- "(an amendment of IAS 12 "Income Taxes") effective for the fiscal year ended December 31, 2023.

The amendments clarify that IAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two GloBE (global minimum tax) Rules of Base Erosion and Profit Shifting (BEPS) published by the OECD. However, the amendments introduce a temporary exception from recognizing and disclosing deferred tax assets and liabilities for income taxes arising from global minimum taxes.

The Group has applied the exception mentioned above and does not recognize or disclose deferred tax assets and liabilities for income taxes arising from global minimum taxes.