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Date: July 31, 2024

### Consolidated Financial Results for the Six months ended June 30, 2024 (Under IFRS)

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the First half announced on July 31, 2024)

Company name: DMG MORI CO., LTD.  
 Listing: Prime Section of Tokyo Stock Exchange  
 Securities code: 6141 URL <https://www.dmgmori.co.jp>  
 Representative: Masahiko Mori, President  
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Scheduled date to file semi-annual securities report: August 9, 2024

Scheduled date to commence dividend payments: September 13, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

#### 1. Consolidated financial results of the six months ended June 30, 2024 (January 1, 2024 to June 30, 2024)

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

##### (1) Consolidated operating results (cumulative)

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

	Sales revenues		Operating profit		Profit before income taxes		Profit (loss)		Profit (loss) attributable to owners of the parent		Comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended June 30, 2024	263,717	5.7	23,213	2.8	20,531	4.2	(756)	-	(933)	-	26,157	1.5
Six months ended June 30, 2023	249,538	-	22,582	-	19,712	-	14,907	30.9	14,909	32.0	25,782	(26.2)

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Six months ended June 30, 2024	(13.33)	(12.41)
Six months ended June 30, 2023	111.87	111.87

(Note 1) Earnings (loss) per share is calculated based on the profit which excludes profit attributable to owners of other equity instruments.

(Note 2) Effective from the first quarter of the current fiscal year, DMG MORI Co., Ltd. (the "Company") has classified the operations related to Ulyanovsk Machine Tools ooo, a subsidiary located in Russia, as discontinued operations. As a result, sales revenues, operating profit and profit before income taxes are presented only in the amounts of continuing operations, which exclude discontinued operations. The amounts of profit (loss) and profit (loss) attributable to owners of the parent include the results of discontinued operations. As the businesses have been similarly reclassified in the six months ended June 30, 2023, changes from the same period of the previous fiscal year are not presented.

##### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	million yen	million yen	million yen	%	yen
June 30, 2024	827,894	331,397	326,759	39.5	2,310.54
December 31, 2023	765,806	272,545	267,990	35.0	2,134.72

(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. Cash Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2023	-	40.00	-	50.00	90.00
Fiscal year ended December 31, 2024	-	50.00			
Fiscal year ended December 31, 2024 (Forecast)			-	50.00	100.00

(Note) Revision of dividends forecast in the current quarter: None

## 3. Consolidated financial forecast for Fiscal Year 2024 (January 1, 2024 to December 31, 2024)

(% 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 2024	550,000	2.0	58,500	5.7	36,000	6.1	242.61

(Note)

Revision of consolidated financial forecast in the current quarter: None

- Exchange rate used for consolidated financial forecast for fiscal year 2024: JPY 151.0 /USD 162.0 /EUR

- In the above forecast, sales revenues and operating profit are presented only in the amounts of continuing operations, which exclude discontinued operations. The amounts of profit attributable to owners of the parent and basic earnings per share include the results of discontinued operations. The Company has filed insurance claims to receive compensation for the losses from discontinued operations. The forecast of profit attributable to owners of the parent is based on the assumption that the compensation amount will be finalized during the FY2024.

## 4. Others

(1) Significant changes in the scope of consolidation during the period: None

(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 due to other reasons: None
3. Changes in accounting estimates: None

(3) Number of shares outstanding (Common shares)

1. Total number of issued shares at the end of the period (including treasury shares)
 

June 30, 2024: 141,955,590	December 31, 2023: 125,953,683
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2. Number of treasury shares at the end of the period
 

June 30, 2024: 534,094	December 31, 2023: 533,582
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3. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
 

January - June 2024: 133,264,104	January - June 2023: 125,420,776
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- Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

- Proper use of earnings forecasts, and other special matters

(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 2024 (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 July 31, 2024 (Wednesday).

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## 1. Qualitative Information Regarding Quarterly Settlement of Accounts

### (1) Explanation of operating results

For the first half of the fiscal year 2024 (from January 1 to June 30), the sales revenues were JPY 263.7 bn. (EUR 1,602 mil.), the operating profit was JPY 23.2 bn. (EUR 141 mil.), the profit before income taxes was JPY 20.5 bn. (EUR 125 mil.) and the loss attributable to owners of the parent was JPY 0.9 bn. (EUR 6 mil.). (EUR amount is converted from yen at 164.6 yen, the average exchange rate between January 1 and June 30, 2024.)

The consolidated order intake for the first half was JPY 266.7 bn., down 3.3% from the same period last year (Jan-Jun 2023). On a quarterly basis, the order intake decreased only slightly by 0.5% from the 2nd quarter last year (Apr-Jun 2023). Our solution proposals, empowered by process integration models and automation systems, robustly pushed up the order price per unit from JPY 61.9 mil. (EUR 407,000) to 73.4 mil. (EUR 446,000). Service and spare parts now account for 22% of the consolidated orders, increased by 12% from the same period last year. Given the current momentum, we revised up the full-year consolidated order intake outlook from JPY 520 bn. to JPY 530 bn.

By region, order intake continued to grow in the Americas by 15% (composition ratio: 22%) and in Europe by 4% (57%) year on year, partially due to the yen depreciation. Orders in Japan declined 16% (10%) and Asia excluding China 11% (5%) from FY2023 Q2, although showed a recovery from the previous quarter of FY2024 Q1. China (6%) was down 49% from its historical peak in the same period last year, affected by the heightened export controls. By industry, the medical, commercial aircraft, space, and die & mold are active. The semiconductor industry is also in a recovery phase since the second quarter (Apr-Jun 2024).

The machine order backlog grew from JPY 247 bn. at the end of December 2023 to JPY 273 bn. at the end of June 2024. With the accumulated backlog, as well as expected revenues from service, spare parts, and group companies, the original full-year target of JPY 550 bn. is well within reach.

As stated in our Medium-term Business Plan, we will utilize the time period from 2023 to 2025 to place emphasis on providing customers with higher value-added products, systems, and services through process integration, automation, DX (Digital Transformation) and GX (Green Transformation). With the resulting MX (Machining Transformation), we aim for global environmental preservation and sustainable business growth, while continuing to build a resilient business foundation as a total solution provider to customers' processing needs.

We have started operation of the No. 3 Precision Processing Plant at our Iga Campus in Mie Prefecture, the largest production base in our group to produce large-size parts with enhanced precision and productivity. The No. 3 Precision Processing Plant is newly equipped with three DMU 1000 SE ultra-large 5-axis machining centers, manufactured at Pfronten Plant in Germany. Replacing nine machines from other manufacturers, this upgrade will reduce workpiece transfers, setup times, intermediate inventory, and required factory space, contributing to GX. We will continue to offer our customers a concrete experience of Machining Transformation and remain committed to achieving a sustainable society.

On the technology side, we have developed the new human-machine interface, "ERGOLine X with CELOS X". This product features ERGOLine X, an ergonomic large-screen touch panel operation panel, and CELOS X, software that supports a variety of applications. Connecting the machine to the network with this interface, enables DX and enhances the productivity of the entire factory. In addition, WALC Inc., a member of our group, has developed "WALC CARE," a health monitoring service for predictive maintenance of machine tools. This service reduces downtime by performing periodic diagnostics to predict abnormalities in spindles and feed shafts, detecting malfunctions at an early stage. We will continue to develop and manufacture products that enhance our customers' productivity and contribute to a sustainable society.

In terms of human resource development, we newly opened DMG MORI ACADEMY Okayama to provide trainings on our actual machines to local customers and students. This is our fourth training facility to open in Japan, following Hamamatsu, Kanazawa, and Sendai. We plan to open an additional academy in the Kyushu region from 2025. In addition to the hands-on trainings at our academies, we also continuously offer e-learning courses through our "Digital Academy" and internship programs for technical college students. We will continue to hold events and seminars at each of our locations to inform our customers about the latest technologies for MX.

As part of our efforts towards a resource-circulating society, we are using solar power generation systems for self-consumption. In March 2024, we will start the operation of the second solar panel system (approx. 5,200 kW) at Iga Campus and the first system (approx. 354 kW) at Nara Campus. These solar power systems will cover about 30% of the annual electricity demand at each location. Additionally, we plan to install emergency storage batteries to enhance this system.

In addition, we have achieved 2,000 hours of continuous maintenance-free operation with our wood biomass gas generator, introduced at Iga Campus in 2022. The electricity and hot water generated by this generator are used in

our plants. In February 2024, in recognition of our emission reduction and water risk management initiatives, we received a Leadership Level A- rating in the Climate Change and Water Security categories in the CDP2023 survey, conducted by the international environmental non-profit organization CDP.

In June, DMG MORI CO., LTD. and our group company, DMG MORI AKTIENGESELLSCHAFT of Germany, received certification from the Science Based Targets (SBT) Initiative, an international environmental organization, for our "net zero" goal to reduce greenhouse gas emissions to virtually zero by 2050. With this certification, we will aim to reduce emissions by 90% from 2019 levels as our new long-term goal by 2050. We will continue to accelerate the use of renewable energy and contribute to the reduction of environmental burdens.

Regarding human capital management, we have implemented a wide variety of health measures for the physical and mental wellbeing of our employees on an ongoing basis and announced our "DMG MORI Health and Productivity Management Declaration" in 2021. In March 2024, we were selected for the first time for the "Health & Productivity Stock Selection 2024" by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange as a listed company with excellent health management. In addition, for the second consecutive year, METI and the Japan Health and Business Council (JHC) recognized us as a "White 500" company in the large corporation category of the "Health & Productivity Management Outstanding Organizations Recognition Program," which honors corporations that practice particularly excellent health management. We will continue to promote organizational health initiatives to ensure our employees can perform at their best in good health.

\*"Health and Productivity Management" is a registered trademark of the NPO Kenkokeiei.

#### <Consolidated results>

Consolidated results of the six months of the fiscal year ended June 30, 2024 is as follows:

Unit: 100 Million yen

	January to June, 2023	January to June, 2024	Difference	<Forecast> January to December, 2024
Sales revenues	2,495	2,637	142	5,500
Sales revenues (Million EUR)	1,712	1,602	(109)	3,395
Operating profit	226	232	6	585
Operating profit (Million EUR)	155	141	(14)	361
Operating profit / Sales revenues	9.0%	8.8%	(0.2)%pts	10.6%
Profit (loss) attributable to owners of the parent	149	(9)	(158)	360
Profit (loss) attributable to owners of the parent (Million EUR)	102	(6)	(108)	222

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 145.8 yen/EUR for the figures of January to June, 2023, 164.6 yen/EUR for those of January to June, 2024, and 162.0 yen/EUR for the figures of January to December, 2024.

#### (2) Explanation of financial position

Total assets at the end of the first half of fiscal year 2024 amounted to 827,894 million yen. Total equity is 331,397 million yen and ratio of equity attributable to owners of the parent is 39.5%.

(3) Explanation of forecasts and other projections

Forecasts of the consolidated results and the assumption are the same figures as those published in “Summary of Consolidated Financial Statements for the first quarter of Fiscal Year 2024 ended March 31, 2024”, uploaded on April 26, 2024.

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, 2023	June 30, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	39,212	28,519
Trade and other receivables	62,927	70,993
Other financial assets	5,713	4,629
Inventories	200,843	221,574
Other current assets	14,277	18,056
Total current assets from continuing operations	322,974	343,774
Assets held for sale	799	882
Total current assets	323,773	344,656
Non-current assets:		
Property, plant and equipment	189,231	203,965
Right-of-use assets	24,637	28,656
Goodwill	85,587	93,901
Other intangible assets	100,909	109,713
Other financial assets	26,246	29,483
Investments in associates and joint ventures	6,322	7,009
Deferred tax assets	5,334	6,127
Other non-current assets	3,764	4,381
Total non-current assets	442,033	483,238
Total assets	765,806	827,894

(Million Yen)

	December 31, 2023	June 30, 2024
<b>Liabilities</b>		
Current liabilities:		
Trade and other payables	82,914	74,917
Interest-bearing bonds and borrowings	61,187	35,167
Contract liabilities	93,430	94,995
Other financial liabilities	71,967	82,751
Income taxes payable	9,657	10,475
Provisions	50,998	50,207
Other current liabilities	6,477	6,312
Total current liabilities	376,633	354,827
Non-current liabilities:		
Interest-bearing bonds and borrowings	52,474	62,665
Other financial liabilities	40,309	52,723
Net employee defined benefit liabilities	5,192	5,720
Provisions	6,371	6,453
Deferred tax liabilities	9,340	10,959
Other non-current liabilities	2,939	3,147
Total non-current liabilities	116,627	141,669
Total liabilities	493,261	496,497
<b>Equity</b>		
Share capital	51,115	71,230
Capital surplus	208	20,272
Other equity instruments	110,822	110,822
Treasury shares	(883)	(873)
Retained earnings	92,283	84,333
Other components of equity	14,444	40,974
Equity attributable to owners of the parent	267,990	326,759
Non-controlling interests	4,555	4,637
Total equity	272,545	331,397
Total liabilities and equity	765,806	827,894



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

(Million Yen)

	Six months ended June 30, 2023 (January 1 to June 30, 2023)	Six months ended June 30, 2024 (January 1 to June 30, 2024)
Continuing operations:		
Revenues:	249,538	263,717
Sales revenues	7,108	8,474
Other operating revenues	256,646	272,191
Total revenue		
Costs:		
Changes in merchandise, finished goods and work in progress for sale	(26,105)	(3,947)
Costs of raw materials and consumables	124,423	106,904
Personnel costs	82,018	89,465
Depreciation and amortization	12,426	15,183
Other operating costs	41,301	41,371
Total costs	234,064	248,978
Operating profit	22,582	23,213
Financial income	533	857
Financial costs	3,589	3,635
Share of profits of associates and joint ventures accounted for using equity method	187	95
Profit before income taxes	19,712	20,531
Income taxes	4,788	6,159
Profit from continuing operations	14,924	14,372
Discontinued operations:		
Loss from discontinued operations	(16)	(15,128)
Profit (loss)	14,907	(756)
Profit attributable to:		
Owners of the parent	14,909	(933)
Non-controlling interests	(1)	177
Profit (loss)	14,907	(756)
Earnings per share		
Basic earnings (loss) per share		
Continuing operations	112.01	100.19
Discontinued operations	(0.14)	(113.52)
Basic (yen)	111.87	(13.33)
Diluted earnings (loss) per share		
Continuing operations	112.01	94.56
Discontinued operations	(0.14)	(106.97)
Diluted (yen)	111.87	(12.41)

## (3) Quarterly consolidated statement of comprehensive income

(Million Yen)

	Six months ended June 30, 2023 (January 1 to June 30, 2023)	Six months ended June 30, 2024 (January 1 to June 30, 2024)
Profit (loss)	14,907	(756)
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	214	127
Changes in fair value of financial assets designated at fair value through other comprehensive income	179	2,158
Subtotal	394	2,285
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	10,244	25,108
Effective portion of changes in fair value of cash flow hedges	(298)	(1,072)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	534	591
Subtotal	10,480	24,627
Total other comprehensive income	10,874	26,913
Comprehensive income	25,782	26,157
Comprehensive income attributable to:		
Owners of the parent	25,777	25,980
Non-controlling interests	4	177
Comprehensive income	25,782	26,157

## (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, 2023	51,115	266	118,753	(906)	69,864	6,803	245,897	4,477	250,374
Profit					14,909		14,909	(1)	14,907
Other comprehensive income (OCI)						10,868	10,868	6	10,874
Total comprehensive income	-	-	-	-	14,909	10,868	25,777	4	25,782
Distributions to owners of other equity instruments					(880)		(880)		(880)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		0		12			12		12
Dividends					(5,022)		(5,022)	(57)	(5,080)
Share-based payments		122					122	(10)	111
Sale of shares of consolidated subsidiaries		8					8	6	15
Transfer from other components of equity to retained earnings					507	(507)	-		-
Other					(230)		(230)		(230)
Total transactions with owners of the parent	-	131	-	11	(5,626)	(507)	(5,991)	(61)	(6,053)
Acquisition of non-controlling interests		0					0	6	6
Total changes in ownership interests in subsidiaries and others	-	0	-	-	-	-	0	6	6
As of June 30, 2023	51,115	397	118,753	(895)	79,147	17,164	265,683	4,427	270,110

(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, 2024	51,115	208	110,822	(883)	92,283	14,444	267,990	4,555	272,545
Profit (loss)					(933)		(933)	177	(756)
Other comprehensive income (OCI)						26,913	26,913	-	26,913
Total comprehensive income	-	-	-	-	(933)	26,913	25,980	177	26,157
Distributions to owners of other equity instruments					(845)		(845)		(845)
Acquisition of treasury shares				(2)			(2)		(2)
Disposition of treasury shares		0		12			12		12
Dividends					(6,278)		(6,278)	(72)	(6,350)
Transfer between retained earnings and capital surplus		23			(23)		-		-
Share-based payments		116					116	(27)	88
Conversion of bonds with stock acquisition rights	20,114	19,923				(253)	39,785		39,785
Transfer from other components of equity to retained earnings					130	(130)	-		-
Total transactions with owners of the parent	20,114	20,064	-	10	(7,016)	(383)	32,788	(99)	32,688
Acquisition of non-controlling interests		0					0	5	5
Total changes in ownership interests in subsidiaries and others	-	0	-	-	-	-	0	5	5
As of June 30, 2024	71,230	20,272	110,822	(873)	84,333	40,974	326,759	4,637	331,397

## (5) Quarterly consolidated statement of cash flows

(Million Yen)

	Six months ended June 30, 2023 (January 1 to June 30, 2023)	Six months ended June 30, 2024 (January 1 to June 30, 2024)
<b>Cash flows from operating activities:</b>		
Profit before income taxes	19,712	20,531
Depreciation and amortization	12,426	15,183
Loss (gain) on sales or disposal of property, plant and equipment, and intangible assets	32	(273)
Financial income and costs	3,048	2,777
Share of (profits) losses of associates and joint ventures accounted for using equity method	(187)	(95)
Other non-cash transactions	(5,923)	(4,498)
Inventories	(23,699)	(393)
Trade and other receivables	12,661	(495)
Trade and other payables	(2,442)	(5,596)
Contract liabilities	1,397	(7,223)
Provisions	2,742	(6,305)
Other	1,590	(5,234)
Subtotal	21,359	8,377
Interest received	443	784
Dividends received	95	82
Interest paid	(3,188)	(3,234)
Income taxes paid	(4,332)	(5,966)
Net cash flows from operating activities	14,377	42
<b>Cash flows used in investing activities:</b>		
Payments into time deposits	-	(37)
Proceeds from withdrawal of time deposits	375	-
Purchases of property, plant and equipment	(12,490)	(8,260)
Proceeds from sales of property, plant and equipment	12	550
Purchases of intangible assets	(6,586)	(6,895)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(2,800)
Decrease in the loss of control of subsidiaries	-	(387)
Purchases of investment securities	(2,739)	(70)
Proceeds from sales of investment securities	545	179
Other	(330)	770
Net cash flows used in investing activities	(21,212)	(16,951)

(Million Yen)

	Six months ended June 30, 2023 (January 1 to June 30, 2023)	Six months ended June 30, 2024 (January 1 to June 30, 2024)
<b>Cash flows from financing activities:</b>		
Net increase in short-term borrowings	51,228	5,306
Proceeds from long-term borrowings	2,705	10,000
Repayments of long-term borrowings	(34,322)	(176)
Repayment of lease liabilities	(3,074)	(3,302)
Dividends paid	(5,011)	(6,268)
Dividends paid to non-controlling interests	(58)	(71)
Payments for obligations for non-controlling interests	(3,034)	(1,883)
Acquisition of treasury shares	(0)	(2)
Distributions to owners of other equity instruments	(880)	(845)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	15	-
Other	(430)	719
Net cash flows from financing activities	7,137	3,475
Effect of exchange rate changes on cash and cash equivalents	3,527	2,741
Change in cash and cash equivalents	3,830	(10,692)
Cash and cash equivalents at the beginning of period	36,992	39,212
Cash and cash equivalents at the end of period	40,822	28,519

(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 June 30, 2024 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, universal milling machines for five-axis machining and additive manufacturing machines), 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 "Basis of Preparation of Quarterly Financial Statements" 5-2 (applying the omission of the description specified in Article 5-5 of the same standard) issued by Tokyo Stock Exchange, Inc. and omit parts of 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, 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, and the application of hyperinflation accounting for the Company's subsidiary in Turkey.

(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, 2023, except for the following item. Income tax for the six months ended June 30, 2024 was calculated based on the estimated average annual effective tax rate.

(Supplier Finance Arrangements - IAS 7 and IFRS 7)

The Group has applied the standard IAS 7 "Statement of Cash Flows"(amended in May 2023) and IFRS 7 "Financial Instruments: Disclosures"(amended in May 2023), (expanded disclosure of Supplier Finance Arrangements) effective for the fiscal year ended December 31, 2024.

### 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. Effective from the first quarter of the current fiscal year, the Group has classified the operations related to Ulyanovsk Machine Tools ooo, a subsidiary located in Russia, as discontinued operations.

As a result, comparative information for the previous year has been presented by deducting the amounts related to this business, which were included in the Machine Tools segment, and reclassifying them to amounts related to continuing operations.



(3) Segment sales revenues and income

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

Six months ended June 30, 2023 (January 1 to June 30, 2023)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	164,385	85,135	249,520	17	-	249,538
Inter-segment	137,141	22,694	159,836	919	(160,755)	-
Total	301,526	107,830	409,357	937	(160,755)	249,538
Segment income	16,547	14,783	31,330	(8,958)	397	22,769
Financial income	-	-	-	-	-	533
Financial costs	-	-	-	-	-	(3,589)
Profit before income taxes	-	-	-	-	-	19,712

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

Six months ended June 30, 2024 (January 1 to June 30, 2024)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	170,565	93,130	263,695	21	-	263,717
Inter-segment	130,697	24,644	155,341	810	(156,151)	-
Total	301,262	117,774	419,037	832	(156,151)	263,717
Segment income	7,032	22,945	29,977	(7,107)	439	23,309
Financial income	-	-	-	-	-	857
Financial costs	-	-	-	-	-	(3,635)
Profit before income taxes	-	-	-	-	-	20,531

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