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

Date: May 7, 2025

Consolidated Financial Results for the Three months ended March 31, 2025 (Under IFRS)

(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 7, 2025)

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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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, 2025 (January 1, 2025 to March 31, 2025)

(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 (loss)		Profit (loss) 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, 2025	114,010	(14.2)	1,817	(85.5)	373	(96.6)	230	-	168	-	(2,937)	-
First quarter ended March 31, 2024	132,851	7.8	12,497	28.6	10,993	29.4	(6,848)	-	(6,937)	-	7,770	7.2

	Basic loss per share	Diluted loss per share
	Yen	Yen
First quarter ended March 31, 2025	(1.90)	(1.90)
First quarter ended March 31, 2024	(58.54)	(51.88)

(Note 1) 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 fiscal year ended December 31, 2024, 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 quarterly profit (loss) and profit (loss) attributable to owners of the parent include the results of discontinued operations.

(Note 3) During the fourth quarter of the fiscal year ended December 31, 2024, the Company completed the price adjustment for the business combination. As a result, the consolidated financial statements for the first quarter ended March 31, 2024 reflect the above accounting treatment.

(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, 2025	783,625	306,357	304,791	38.9	2,149.92
December 31, 2024	797,567	316,480	314,522	39.4	2,224.02

(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
December 31, 2024	-	50.00	-	50.00	100.00
December 31, 2025	-				
December 31, 2025 (Forecast)		50.00	-	55.00	105.00

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

3. Consolidated financial forecast for Fiscal Year 2025 (January 1, 2025 to December 31, 2025)

(% 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 2025	510,000	(5.7)	38,000	(13.1)	20,000	159.7	129.40

(Note)

Revision of consolidated financial forecast in the current quarter: None

• Exchange rate used for consolidated financial forecast for fiscal year 2025: JPY 143.2 /USD 160.0 /EUR

4. Others

(1) Changes in significant subsidiaries during the First quarter ended March 31, 2025: None

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

1. Changes in accounting policies required by IFRS: None

2. Changes in accounting policies other than the above: 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)

March 31, 2025: 142,325,934

December 31, 2024: 141,955,590

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

March 31, 2025: 557,131

December 31, 2024: 534,464

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

January - March 2025: 141,508,010

January - March 2024: 125,685,230

- Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

- 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. The actual results might be different from the above estimates due to subsequent changes in the circumstances. Regarding Fiscal Year 2025 (Forecast), please see "1. Overview of Operating Results, etc. (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 May 7, 2025 (Wednesday).

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

For the first quarter of the fiscal year 2025 (from January 1 to March 31), the sales revenues were JPY 114.0 bn. (EUR 710 mil.), the operating profit was JPY 1.8 bn. (EUR 11 mil.), the profit before income taxes was JPY 0.4 bn. (EUR 2 mil.) and the profit attributable to owners of the parent was JPY 0.2 bn. (EUR 1 mil.). (EUR amount is converted from yen at 160.5 yen, the average exchange rate between January 1 and March 31, 2025.)

In the first quarter, consolidated order intake amounted to JPY 120.7 bn., which equals a 5.4% increase from the previous quarter (October to December 2024). We receive customer inquiries at a certain level and believe that demand is gradually recovering from the bottoming out. Especially projects with large-size customers are advancing according to schedule, which shows in the drastic increase of average order price per unit from JPY 71.0 mil. (EUR 433,000) in 2024 to JPY 78.5 mil. (EUR 489,000). In addition, order intake for spare parts, maintenance/repair/overhaul, and engineering accounted for 25% of consolidated order intake has been stable with the same level of share as the previous fiscal year.

By region, order intake in EMEA (excluding Germany) has increased by 13% from the previous quarter (October to December 2024). Other regions remained almost same level as previous quarter. As per industry, demands for commercial aircraft, space, and infrastructure including power generation have been strong.

The consolidated order forecast for the fiscal year remains unchanged from our initial plan of JPY 530.0 bn., a 6.9% increase from the last fiscal year. The machine order backlog increased from JPY 218.0 bn. at the end of December 2024 to JPY 223.5 bn. at the end of March 2025. We will convert this backlog into sales and ensure to achieve our full-year sales plan accordingly.

We are promoting MX (Machining Transformation) to provide customers with high value-added solutions through process integration, automation, DX, and GX for higher productivity, reduced impact on the environment and contributions to a sustainable society. We will further accelerate the promotion of MX to benefit our society and aim for sustainable growth together with our customers.

In March 2025, we acquired all shares of MIYAWAKI MACHINERY CO., LTD. and made them a wholly owned group company. Specialized in sales and trading of machine tools, they have built a positive reputation and offer strong engineering proposals, mainly in Hyogo Prefecture and the Kansai area. To promote our MX strategy, it is essential to strengthen our excellent engineering force for both automation systems and application. Through the acquisition of MIYAWAKI, we will be able to utilize their excellent human talents to our mutual benefit and further growth alongside our MX strategy. In addition, our Nara Campus re-opened in April as the world's largest automation system solution factory. At Nara Campus, we provide high-quality automation systems in a one-stop manner to realize a significant reduction in lead time until commissioning at our customers' plants. With our advanced security system, strict entry regulations and surveillance cameras, we can handle projects of high confidentiality as well. In addition, our production is sustainable with solar panels installed on our factory roofs to cover air conditioning and lighting inside our buildings. We will continue to strive for sustainable growth and enhanced corporate value of the entire DMG MORI Group.

On the technology side, we have decided on the application of the newly developed Digital E3 Core series "Edge AI Board" by DMG MORI Digital CO., LTD. in our machine tools. This compact and power-saving embedded CPU board with its camera image and AI processing capabilities can even withstand the harsh environment of machine tools affected by vibration and processing heat, thus saving power and space as the installation of an industrial PC outside the machine and dedicated motor control board will no longer be necessary.

For human resource development, we have been holding "Practical Digital Manufacturing Courses" in cooperation with technical colleges in Japan and decided to hold the latest one in spring 2025. This practical program enables students to learn the basics of machining and production technologies through hands-on experience on the latest machine tools and automation systems. In 2024, approx. 100 students from 19 technical colleges nationwide participated in the course.

As for sustainability, in February 2025, DMG MORI was recognized as a first-time "CDP A-List Company" in the CDP2024 survey by the international environmental non-profit organization CDP in recognition of our information disclosure and results of initiatives against climate change. In the area of water security, we received an "A-" rating same as last year for our understanding of water risks, management systems, and initiatives. Also, in February 2025, our largest production site Iga Campus (Mie Prefecture), began generating all its electricity from a self-use solar power generation system, one of the largest of its kind in Japan, covering approx. 30% of Iga Campus' annual electricity needs and reducing CO2 emissions by approx. 6,000 tons per year. In addition, Nara Campus has re-opened in April 2025 with a similar power generation system. These systems are planned to be duplicated at our new

factories for Magnescale in Nara and other Group companies in Nagaoka City, Niigata Prefecture, in the future. We will continue to expand the use of renewable energy and contribute to the realization of a sustainable society. Regarding HR management, in March 2025, we were selected for the "Health & Productivity Stock Selection" by the Ministry of Economy, Trade, and Industry (METI) and the Tokyo Stock Exchange in recognition of our excellent health management for the second consecutive year. In addition, for the third consecutive year, METI, and Nippon Kenko Kaigi have recognized us as a "White 500" company in the large corporation category of their "Certified Health & Productivity Management Outstanding Organizations Recognition Program 2025." This program acknowledges companies with exceptional commitment to health management. At DMG MORI, we have introduced a mandatory 12-hour work interval, established the Health Management and Promotion Center and announced the "DMG MORI Health Management Declaration," while continuously offering webinar training, exercise and nutrition classes. We remain committed to enabling all employees to exercise their individual abilities in good health under our management philosophy of "Play hard, Study continuously, Work together."

* "Health Management" is a registered trademark of the Nonprofit Organization KenkoKeiei.

<Consolidated results>

Consolidated results of the First quarter of the fiscal year ended March 31, 2025 is as follows:

Unit: 100 Million yen

	January to March, 2024	January to March, 2025	Difference	<Forecast> January to December, 2025
Sales revenues	1,329	1,140	(188)	5,100
Sales revenues (Million EUR)	824	710	(113)	3,188
Operating profit	125	18	(107)	380
Operating profit (Million EUR)	77	11	(66)	238
Operating profit / Sales revenues	9.4%	1.6%	(7.8)%pts	7.5%
Profit attributable to owners of the parent	(69)	2	71	200
Profit attributable to owners of the parent (Million EUR)	(43)	1	44	125

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 161.3 yen/EUR for the figures of January to March, 2024, 160.5 yen/EUR for those of January to March, 2025, and 160.0 yen/EUR for the figures of January to December, 2025.

(2) Overview of financial position

Total assets at the end of the First quarter of fiscal year 2025 amounted to 783,625 million yen. Total equity is 306,357 million yen and ratio of equity attributable to owners of the parent is 38.9%.

(3) Explanation of forecasts and other projections

Forecasts of the consolidated results and the assumption are the same figures as those published in "Consolidated Financial Results for the Fiscal year 2024 ended December 31, 2024", uploaded on February 5, 2025. The impact of the reciprocal tariffs by the U.S. on the current year's results is judged to be negligible.

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, 2024	March 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	41,747	41,615
Trade and other receivables	66,728	62,464
Other financial assets	2,696	3,865
Inventories	190,009	183,409
Other current assets	15,877	16,726
Total current assets from continuing operations	317,059	308,080
Assets held for sale	652	641
Total current assets	317,711	308,722
Non-current assets:		
Property, plant and equipment	212,710	210,849
Right-of-use assets	28,605	27,321
Goodwill	89,951	88,328
Other intangible assets	110,585	109,455
Other financial assets	19,296	20,528
Investments in associates and joint ventures	7,489	7,455
Deferred tax assets	6,662	6,392
Other non-current assets	4,554	4,572
Total non-current assets	479,855	474,903
Total assets	797,567	783,625

(Million Yen)

	December 31, 2024	March 31, 2025
Liabilities		
Current liabilities:		
Trade and other payables	75,119	63,789
Interest-bearing bonds and borrowings	104,692	126,080
Contract liabilities	84,576	78,471
Other financial liabilities	77,662	75,296
Income taxes payable	8,700	7,291
Provisions	40,809	36,679
Other current liabilities	7,859	7,380
Total current liabilities	399,420	394,989
Non-current liabilities:		
Interest-bearing bonds and borrowings	1,758	-
Other financial liabilities	52,515	54,719
Net employee defined benefit liabilities	5,755	5,554
Provisions	5,704	5,473
Deferred tax liabilities	12,725	12,870
Other non-current liabilities	3,208	3,660
Total non-current liabilities	81,667	82,277
Total liabilities	481,087	477,267
Equity		
Share capital	71,230	71,804
Capital surplus	18,496	18,909
Other equity instruments	110,822	110,822
Treasury shares	(862)	(929)
Retained earnings	85,866	78,777
Other components of equity	28,969	25,407
Equity attributable to owners of the parent	314,522	304,791
Non-controlling interests	1,957	1,566
Total equity	316,480	306,357
Total liabilities and equity	797,567	783,625

(2) Quarterly consolidated statement of profit or loss

(Million Yen)

	First quarter ended March 31, 2024 (January 1 to March 31, 2024)	First quarter ended March 31, 2025 (January 1 to March 31, 2025)
Continuing operations:		
Revenues:		
Sales revenues	132,851	114,010
Other operating revenues	5,832	2,087
Total revenue	136,684	116,097
Costs:		
Changes in merchandise, finished goods and work in progress for sale	(750)	960
Costs of raw materials and consumables	54,710	41,109
Personnel costs	44,507	43,670
Depreciation and amortization	7,386	8,134
Other operating costs	20,332	20,405
Total costs	126,187	114,280
Operating profit	12,497	1,817
Financial income	445	181
Financial costs	1,993	1,734
Share of profits (losses) of associates and joint ventures accounted for using equity method	44	109
Profit before income taxes	10,993	373
Income taxes	3,015	142
Profit from continuing operations	7,978	230
Discontinued operations:		
Loss from discontinued operations	(14,826)	-
Profit (loss)	(6,848)	230
Profit attributable to:		
Owners of the parent	(6,937)	168
Non-controlling interests	89	62
Profit (loss)	(6,848)	230
Earnings per share		
Basic earnings (loss) per share (yen)		
Continuing operations	59.42	(1.90)
Discontinuing operations	(117.96)	-
Basic	(58.54)	(1.90)
Diluted earnings (loss) per share (yen)		
Continuing operations	52.96	(1.90)
Discontinuing operations	(104.84)	-
Diluted	(51.88)	(1.90)

(3) Quarterly consolidated statement of comprehensive income

(Million Yen)

	First quarter ended March 31, 2024 (January 1 to March 31, 2024)	First quarter ended March 31, 2025 (January 1 to March 31, 2025)
Profit (loss)	(6,848)	230
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	48	392
Changes in fair value of financial assets designated at fair value through other comprehensive income	1,046	1,282
Subtotal	1,094	1,675
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	13,335	(4,796)
Effective portion of changes in fair value of cash flow hedges	(61)	95
Share of other comprehensive income of associates and joint ventures accounted for using equity method	249	(142)
Subtotal	13,524	(4,843)
Total other comprehensive income	14,618	(3,168)
Comprehensive income	7,770	(2,937)
Comprehensive income attributable to:		
Owners of the parent	7,681	(3,000)
Non-controlling interests	89	62
Comprehensive income	7,770	(2,937)

(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, 2024	51,115	208	110,822	(883)	92,283	14,444	267,990	4,555	272,545
Profit (loss)					(6,937)		(6,937)	89	(6,848)
Other comprehensive income (OCI)						14,618	14,618	-	14,618
Total comprehensive income	-	-	-	-	(6,937)	14,618	7,681	89	7,770
Distributions to owners of other equity instruments					(545)		(545)		(545)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		0		6			6		6
Dividends					(6,278)		(6,278)	(72)	(6,350)
Transfer between retained earnings and capital surplus		23			(23)		-		-
Share-based payments		57					57	44	101
Conversion of bonds with stock acquisition rights	3,796	3,794				(47)	7,542		7,542
Transfer from other components of equity to retained earnings					48	(48)	-		-
Total transactions with owners of the parent	3,796	3,874	-	5	(6,798)	(96)	782	(27)	754
Acquisition of non-controlling interests		0					0	2	2
Total changes in ownership interests in subsidiaries and others	-	0	-	-	-	-	0	2	2
As of March 31, 2024	54,912	4,083	110,822	(878)	78,546	28,967	276,454	4,619	281,073

(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, 2025	71,230	18,496	110,822	(862)	85,866	28,969	314,522	1,957	316,480
Profit (loss)					168		168	62	230
Other comprehensive income (OCI)						(3,168)	(3,168)	-	(3,168)
Total comprehensive income	-	-	-	-	168	(3,168)	(3,000)	62	(2,937)
Distributions to owners of other equity instruments					(572)		(572)		(572)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		0		4			4		4
Dividends					(7,078)		(7,078)		(7,078)
Share-based payments		45					45	43	89
Change in equity due to acquisition of shares in consolidated subsidiaries	574	574		(70)			1,077		1,077
Transfer from other components of equity to retained earnings					393	(393)	-		-
Total transactions with owners of the parent	574	620	-	(67)	(7,256)	(393)	(6,523)	43	(6,479)
Acquisition of non-controlling interests		(207)					(207)	(498)	(705)
Total changes in ownership interests in subsidiaries and others	-	(207)	-	-	-	-	(207)	(498)	(705)
As of March 31, 2025	71,804	18,909	110,822	(929)	78,777	25,407	304,791	1,566	306,357

(5) Quarterly consolidated statement of cash flows

(Million Yen)

	First quarter ended March 31, 2024 (January 1 to March 31, 2024)	First quarter ended March 31, 2025 (January 1 to March 31, 2025)
Cash flows from/(used in) operating activities:		
Profit before income taxes	10,993	373
Depreciation and amortization	7,386	8,134
Loss (gain) on sales or disposal of property, plant and equipment, and intangible assets	(139)	24
Financial income and costs	1,547	1,552
Share of (profits) losses of associates and joint ventures accounted for using equity method	(44)	(109)
Other non-cash transactions	(3,185)	476
Inventories	(375)	2,777
Trade and other receivables	3,598	5,256
Trade and other payables	(1,543)	(8,712)
Contract liabilities	(1,593)	(3,940)
Provisions	(1,463)	(4,294)
Other	(3,141)	(3,123)
Subtotal	12,039	(1,584)
Interest received	372	179
Dividends received	80	0
Interest paid	(927)	(1,160)
Income taxes paid	(2,102)	(1,302)
Net cash flows from/(used in) operating activities	9,461	(3,868)
Cash flows used in investing activities:		
Payments into time deposits	(101)	-
Purchases of property, plant and equipment	(4,199)	(2,428)
Proceeds from sales of property, plant and equipment	326	83
Purchases of intangible assets	(3,946)	(3,255)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,800)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	602
Decrease in the loss of control of subsidiaries	(379)	-
Purchase of investments in associates	-	(8)
Purchases of investment securities	(38)	(113)
Proceeds from sales of investment securities	-	2
Other	583	46
Net cash flows used in investing activities	(10,555)	(5,069)

(Million Yen)

	First quarter ended March 31, 2024 (January 1 to March 31, 2024)	First quarter ended March 31, 2025 (January 1 to March 31, 2025)
Cash flows from/(used in) financing activities:		
Net increase (decrease) in short-term borrowings	(3,536)	21,510
Proceeds from long-term borrowings	10,000	-
Repayments of long-term borrowings	(4)	(1,636)
Repayment of lease liabilities	(1,620)	(1,738)
Dividends paid	(5,711)	(6,494)
Dividends paid to non-controlling interests	(66)	-
Payments for obligations for non-controlling interests	(0)	(481)
Acquisition of treasury shares	(0)	(0)
Distributions to owners of other equity instruments	(545)	(572)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(19)
Other	(360)	(572)
Net cash flows from/(used in) financing activities	(1,845)	9,995
Effect of exchange rate changes on cash and cash equivalents	1,375	(1,189)
Change in cash and cash equivalents	(1,565)	(131)
Cash and cash equivalents at the beginning of period	39,212	41,747
Cash and cash equivalents at the end of period	37,647	41,615

(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 2-1 Sanjo-Honmachi, Nara City, Nara.

The condensed quarterly consolidated financial statements of the Company as of March 31, 2025 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 Consolidated Financial Statements, it has applied the provisions of Article 312 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, 2024. Income tax for the First quarter ended March 31, 2025 was calculated based on the estimated average annual effective tax rate.

(5) Completion of the price adjustment for the business combination

During the fourth quarter of the fiscal year ended December 31, 2024, the Company completed the price adjustment for the business combination. As a result, the consolidated financial statements for the first quarter ended March 31, 2024 reflect the above accounting treatment.

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 previous fiscal year, the Group has classified the operations related to Ulyanovsk Machine Tools ooo, a business base in Russia, as discontinued 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:

First quarter ended March 31, 2024 (January 1 to March 31, 2024)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	85,989	46,852	132,841	10	-	132,851
Inter-segment	65,883	12,168	78,052	406	(78,459)	-
Total	151,873	59,020	210,894	416	(78,459)	132,851
Segment income	5,460	11,117	16,578	(3,355)	(681)	12,541
Financial income	-	-	-	-	-	445
Financial costs	-	-	-	-	-	(1,993)
Profit before income taxes	-	-	-	-	-	10,993

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

First quarter ended March 31, 2025 (January 1 to March 31, 2025)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	73,647	40,352	114,000	10	-	114,010
Inter-segment	56,492	13,269	69,761	466	(70,227)	-
Total	130,139	53,622	183,761	476	(70,227)	114,010
Segment income	(1,407)	6,992	5,585	(4,338)	680	1,926
Financial income	-	-	-	-	-	181
Financial costs	-	-	-	-	-	(1,734)
Profit before income taxes	-	-	-	-	-	373

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