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

Date: August 1, 2025

Consolidated Financial Results for the Six months ended June 30, 2025 (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 August 1, 2025)

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
Inquiries: Hirotake Kobayashi, Executive Vice President, Chief Financial Officer
Telephone: +81-(0)3-6758-5900

Scheduled date to file semi-annual securities report: August 8, 2025

Scheduled date to commence dividend payments: September 12, 2025

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, 2025 (January 1, 2025 to June 30, 2025)

(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		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, 2025	227,487	(13.7)	6,509	(73.0)	3,268	(84.8)	2,126	-	2,060	-	2,561	(90.5)
Six months ended June 30, 2024	263,717	5.7	24,123	6.9	21,441	8.9	153	(99.0)	(23)	-	27,038	4.9

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Six months ended June 30, 2025	7.94	7.94
Six months ended June 30, 2024	(6.51)	(5.98)

(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 fiscal year ended December 31, 2024, DMG MORI Co., Ltd. (the "Company") has classified the operations related to Ulyanovsk Machine Tools ooo, a business base 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 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 results for the six months ended June 30, 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
June 30, 2025	789,883	311,444	309,942	39.2	2,186.25
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
Fiscal year ended December 31, 2024	-	50.00	-	50.00	100.00
Fiscal year ended December 31, 2025	-	50.00			
Fiscal year ended December 31, 2025 (Forecast)			-	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	127.54

(Note)

Revision of consolidated financial forecast in the current quarter: None

- Exchange rate used for consolidated financial forecast for fiscal year 2025: JPY 144.0 /USD 161.0 /EUR

4. Others

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

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

1. Changes in accounting policies required by IFRS: None

2. Changes in accounting policies due to other reasons: None

3. Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

June 30, 2025: 142,325,934

December 31, 2024: 141,955,590

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

June 30, 2025: 557,279

December 31, 2024: 534,464

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

January - June 2025: 141,619,757

January - June 2024: 133,264,104

- 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 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 August 1, 2025 (Friday).

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1. Overview of Operating Results, etc.

(1) Overview of operating results

For the first half of the fiscal year 2025 (from January 1 to June 30), the sales revenues were JPY 227.5 bn. (EUR 1,403 mil.), the operating profit was JPY 6.5 bn. (EUR 40 mil.), the profit before income taxes was JPY 3.3 bn. (EUR 20 mil.) and the profit attributable to owners of the parent was JPY 2.1 bn. (EUR 13 mil.). (EUR amount is converted from yen at 162.2 yen, the average exchange rate between January 1 and June 30, 2025.)

The consolidated order intake for the first half was JPY 248.6 bn., an increase of 8.4% from the second half of FY2024 (July-December). Meanwhile, on a quarterly basis, consolidated orders in the April-June period amounted to JPY 127.9 bn., an increase of 6.1% from the previous quarter (January-March), showing a recovery trend after bottoming out in the second half of FY2024. The increase in high-value proposals to customers, including process-integration machines and automation, is leading to continuous growth in the average order price per unit from an average of JPY 71.0 mil. (EUR 433 thousand) in FY2024 to JPY 80.8 mil. (EUR 498 thousand). The order value for service and repair parts (24% of consolidated orders) has also remained stable.

By region, orders in Americas (composition ratio: 25%) were strong. Asia and India (5%), and Japan (11%) remained steady. Orders in Europe (53%) and China (6%) have already bottomed out, and both are expected to recover over the second half of the year with support from government stimulus measures. By industry, demand is growing in aerospace, defense, medical, data handling, electric power, and energy-related fields.

The main machine order backlog has increased from JPY 218.0 bn. at the end of December 2024 to JPY 233.2 bn. at the end of June 2025. Together with stable demand for service and repair parts, this is expected to contribute to sales growth from the second half onwards.

At DMG MORI, we promote MX (Machining Transformation) and provide customers with high value-added solutions through process integration, automation, DX, and GX to benefit our society with higher productivity and reduced environmental impact. We will further accelerate our MX promotion to contribute to a sustainable society and enable sustainable growth together with our customers.

In April, we re-opened the Automation System Solution Factory at Nara Campus and started operation of the AM Innovation Center on the first floor of our second headquarters, the Nara Product Development Center (PDC). We will utilize both locations to provide customers with state-of-the-art technology to enhance productivity. In addition, we will establish "DMG MORI Iga CO., LTD.", "DMG MORI Nara CO., LTD.", and "DMG MORI Additive CO., LTD." from July 2025 and reform our organizational structure to promote more efficient decision-making and enhance customer value. On the sales front, we showcased our latest technologies at CIMT (China International Machine Tool Show) in Beijing, one of the world's four major machine tool trade shows. We also hosted the Chicago Innovation Days 2025 at our Solution Center in Chicago with the latest technologies and automation solutions. Furthermore, we celebrated the full launch of *my* DMG MORI eMarket on our customer portal, allowing members to purchase consumables and spare parts, such as cutting tools and raw material, and to directly connect to our engineers for advice on tools, programming, and more. We will continue to engage with customers both online and offline to further advance our MX strategy.

Regarding sustainability, in February 2025, we were honored to receive a top rating in the CDP 2024 survey and earn a place on the A List for climate action for the first time. This high-level recognition from the global environmental non-profit organization CDP highlights our strong commitment to climate initiatives and transparent environmental disclosures. In the water security category, we once again received a Leadership Level "A-" rating for our proactive approach to identifying and managing water risks. In parallel, our largest production site in Iga (Mie, Japan) started the full-scale operation of Japan's largest solar power generation system for self-use, covering approx. 30% of Iga Campus' annual electricity needs and reducing CO2 emissions by approx. 6,000 tons per year. We will continue to expand the use of renewable energy and contribute to the realization of a sustainable society.

Regarding human capital, 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 DMG MORI as a "White 500" company in the large corporation category of the "Certified Health & Productivity Management Outstanding Organizations Recognition Program 2025." Our initiatives include mandatory 12-hour break intervals between working hours, the establishment of a Health Care Promotion Center, the release of our "DMG MORI Health and Productivity Management Declaration", and ongoing webinars, exercise and nutrition classes. In accordance with our management philosophy of "Play hard, Study continuously, Work together," we will continue to empower all employees to realize their full potential in good health.

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

<Consolidated results>

Consolidated results of the six months of the fiscal year ended June 30, 2025 is as follows:

Unit: 100 Million yen

	January to June, 2024	January to June, 2025	Difference	<Forecast> January to December, 2025
Sales revenues	2,637	2,275	(362)	5,100
Sales revenues (Million EUR)	1,602	1,403	(200)	(3,168)
Operating profit	241	65	(176)	380
Operating profit (Million EUR)	147	40	(106)	(236)
Operating profit / Sales revenues	9.1%	2.9%	(6.3)%pts	7.5%
Profit (loss) attributable to owners of the parent	(0)	21	21	200
Profit (loss) attributable to owners of the parent (Million EUR)	(0)	13	(13)	(124)

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 164.6 yen/EUR for the figures of January to June, 2024, 162.2 yen/EUR for those of January to June, 2025, and 161.0 yen/EUR for the figures of January to December, 2025.

(2) Overview of financial position

Total assets at the end of the first half of fiscal year 2025 amounted to 789,883 million yen. Total equity is 311,444 million yen and ratio of equity attributable to owners of the parent is 39.2%.

(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.

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. Interim Consolidated Financial Statements

(1) Interim consolidated statement of financial position

(Million Yen)

	December 31, 2024	June 30, 2025
Assets		
Current assets:		
Cash and cash equivalents	41,747	28,014
Trade and other receivables	66,728	62,957
Other financial assets	2,696	3,813
Inventories	190,009	192,153
Other current assets	15,877	17,985
Total current assets from continuing operations	317,059	304,923
Assets held for sale	652	671
Total current assets	317,711	305,594
Non-current assets:		
Property, plant and equipment	212,710	212,728
Right-of-use assets	28,605	27,041
Goodwill	89,951	92,246
Other intangible assets	110,585	113,039
Other financial assets	19,296	20,500
Investments in associates and joint ventures	7,489	7,521
Deferred tax assets	6,662	6,458
Other non-current assets	4,554	4,752
Total non-current assets	479,855	484,288
Total assets	797,567	789,883

(Million Yen)

	December 31, 2024	June 30, 2025
Liabilities		
Current liabilities:		
Trade and other payables	75,119	65,279
Interest-bearing bonds and borrowings	104,692	109,980
Contract liabilities	84,576	84,302
Other financial liabilities	77,662	88,525
Income taxes payable	8,700	6,850
Provisions	40,809	35,955
Other current liabilities	7,859	8,541
Total current liabilities	399,420	399,435
Non-current liabilities:		
Interest-bearing bonds and borrowings	1,758	-
Other financial liabilities	52,515	50,690
Net employee defined benefit liabilities	5,755	5,451
Provisions	5,704	5,491
Deferred tax liabilities	12,725	13,815
Other non-current liabilities	3,208	3,554
Total non-current liabilities	81,667	79,003
Total liabilities	481,087	478,439
Equity		
Share capital	71,230	71,804
Capital surplus	18,496	18,832
Other equity instruments	110,822	110,835
Treasury shares	(862)	(876)
Retained earnings	85,866	80,234
Other components of equity	28,969	29,110
Equity attributable to owners of the parent	314,522	309,942
Non-controlling interests	1,957	1,502
Total equity	316,480	311,444
Total liabilities and equity	797,567	789,883

(2) Interim consolidated statement of profit or loss

(Million Yen)

	Six months ended June 30, 2024 (January 1 to June 30, 2024)	Six months ended June 30, 2025 (January 1 to June 30, 2025)
Continuing operations:		
Revenues:		
Sales revenues	263,717	227,487
Other operating revenues	9,384	4,123
Total revenue	273,101	231,611
Costs:		
Changes in merchandise, finished goods and work in progress for sale	(3,947)	1,989
Costs of raw materials and consumables	106,904	78,710
Personnel costs	89,465	88,328
Depreciation and amortization	15,183	16,474
Other operating costs	41,371	39,598
Total costs	248,978	225,101
Operating profit	24,123	6,509
Financial income	857	379
Financial costs	3,635	3,729
Share of profits of associates and joint ventures accounted for using equity method	95	108
Profit before income taxes	21,441	3,268
Income taxes	6,159	1,141
Profit from continuing operations	15,282	2,126
Discontinued operations:		
Loss from discontinued operations	(15,128)	-
Profit	153	2,126
Profit attributable to:		
Owners of the parent	(23)	2,060
Non-controlling interests	177	65
Profit	153	2,126
Earnings per share		
Basic earnings (loss) per share		
Continuing operations	107.02	7.94
Discontinued operations	(113.52)	-
Basic (yen)	(6.51)	7.94
Diluted earnings (loss) per share		
Continuing operations	101.00	7.94
Discontinued operations	(106.98)	-
Diluted (yen)	(5.98)	7.94

(3) Interim consolidated statement of comprehensive income

(Million Yen)

	Six months ended June 30, 2024 (January 1 to June 30, 2024)	Six months ended June 30, 2025 (January 1 to June 30, 2025)
Profit	153	2,126
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	127	292
Changes in fair value of financial assets designated at fair value through other comprehensive income	2,158	583
Subtotal	2,285	875
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	25,080	(178)
Effective portion of changes in fair value of cash flow hedges	(1,072)	(186)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	591	(76)
Subtotal	24,599	(440)
Total other comprehensive income	26,884	435
Comprehensive income	27,038	2,561
Comprehensive income attributable to:		
Owners of the parent	26,861	2,495
Non-controlling interests	177	65
Comprehensive income	27,038	2,561

(4) Interim 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					(23)		(23)	177	153
Other comprehensive income (OCI)						26,884	26,884	-	26,884
Total comprehensive income	-	-	-	-	(23)	26,884	26,861	177	27,038
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)	85,243	40,945	327,640	4,637	332,278

(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					2,060		2,060	65	2,126
Other comprehensive income (OCI)						435	435	-	435
Total comprehensive income	-	-	-	-	2,060	435	2,495	65	2,561
Issuance of other equity instruments			6,924				6,924		6,924
Distributions to owners of other equity instruments					(907)		(907)		(907)
Reclassification from other equity instruments to other financial liabilities		(88)	(6,911)				(7,000)		(7,000)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		0		8			8		8
Dividends					(7,078)		(7,078)		(7,078)
Share-based payments		102					102	(31)	70
Change in equity due to acquisition of shares in consolidated subsidiaries	574	574		(21)			1,127		1,127
Transfer from other components of equity to retained earnings					293	(293)	-		-
Total transactions with owners of the parent	574	588	13	(13)	(7,692)	(293)	(6,823)	(31)	(6,855)
Acquisition of non-controlling interests		(252)					(252)	(489)	(741)
Total changes in ownership interests in subsidiaries and others	-	(252)	-	-	-	-	(252)	(489)	(741)
As of June 30, 2025	71,804	18,832	110,835	(876)	80,234	29,110	309,942	1,502	311,444

(5) Interim consolidated statement of cash flows

(Million Yen)

	Six months ended June 30, 2024 (January 1 to June 30, 2024)	Six months ended June 30, 2025 (January 1 to June 30, 2025)
Cash flows from operating activities:		
Profit before income taxes	21,441	3,268
Depreciation and amortization	15,183	16,474
Loss (gain) on sales or disposal of property, plant and equipment, and intangible assets	(273)	35
Financial income and costs	2,777	3,350
Share of (profits) losses of associates and joint ventures accounted for using equity method	(95)	(108)
Other non-cash transactions	(5,408)	(2,478)
Inventories	(393)	(1,350)
Trade and other receivables	(495)	6,785
Trade and other payables	(5,596)	(10,415)
Contract liabilities	(7,223)	167
Provisions	(6,305)	(6,521)
Other	(5,234)	(2,543)
Subtotal	8,377	6,663
Interest received	784	368
Dividends received	82	6
Interest paid	(3,234)	(3,580)
Income taxes paid	(5,966)	(2,170)
Net cash flows from operating activities	42	1,288
Cash flows used in investing activities:		
Payments into time deposits	(37)	-
Proceeds from withdrawal of time deposits	-	42
Purchases of property, plant and equipment	(8,260)	(5,306)
Proceeds from sales of property, plant and equipment	550	198
Purchases of intangible assets	(6,895)	(6,521)
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	(387)	-
Purchase of investments in associates	-	(8)
Purchases of investment securities	(70)	(129)
Proceeds from sales of investment securities	179	2
Other	770	80
Net cash flows used in investing activities	(16,951)	(11,039)

(Million Yen)

	Six months ended June 30, 2024 (January 1 to June 30, 2024)	Six months ended June 30, 2025 (January 1 to June 30, 2025)
Cash flows from/(used in) financing activities:		
Net increase in short-term borrowings	5,306	5,626
Proceeds from long-term borrowings	10,000	-
Repayments of long-term borrowings	(176)	(1,653)
Proceeds from issuance of other equity instruments	-	6,924
Repayment of lease liabilities	(3,302)	(3,531)
Dividends paid	(6,268)	(7,073)
Dividends paid to non-controlling interests	(71)	(0)
Payments for obligations for non-controlling interests	(1,883)	(697)
Acquisition of treasury shares	(2)	(0)
Distributions to owners of other equity instruments	(845)	(872)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(719)
Other	719	(1,280)
Net cash flows from/(used in) financing activities	3,475	(3,277)
Effect of exchange rate changes on cash and cash equivalents	2,741	(705)
Change in cash and cash equivalents	(10,692)	(13,733)
Cash and cash equivalents at the beginning of period	39,212	41,747
Cash and cash equivalents at the end of period	28,519	28,014

(6) Notes to going concern assumption

Not applicable.

(7) Notes to the interim 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 interim consolidated financial statements of the Company as of June 30, 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 Interim 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 Interim Consolidated Financial Statements, it has applied the provisions of Article 312 of said Ordinance.

(2) Basis of Measurement

The condensed interim 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 interim 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 interim 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 six months ended June 30, 2025 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 Interim Consolidated Financial Statements.

The amount of segment income is based on operating profit and share of profits 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 fiscal year ended December 31, 2024, 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:

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	7,941	22,945	30,886	(7,107)	439	24,219
Financial income	-	-	-	-	-	857
Financial costs	-	-	-	-	-	(3,635)
Profit before income taxes	-	-	-	-	-	21,441

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

Six months ended June 30, 2025 (January 1 to June 30, 2025)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	146,160	81,304	227,465	22	-	227,487
Inter-segment	115,241	26,505	141,747	928	(142,675)	-
Total	261,401	107,810	369,212	950	(142,675)	227,487
Segment income	2,277	12,649	14,927	(8,731)	422	6,618
Financial income	-	-	-	-	-	379
Financial costs	-	-	-	-	-	(3,729)
Profit before income taxes	-	-	-	-	-	3,268

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

4. Additional information

1. Fundraising by Fifth Perpetual Subordinated Bonds (with Subordinated Covenant)

At the board of directors meeting held on May 7, 2025, the Company resolved to raise a total of ¥7,000 million through Fifth Perpetual Subordinated Bonds (with Subordinated Covenant) (hereinafter "the Fifth Subordinated Bonds"). The conditions were decided as follows on June 6, 2025, and the full payment was completed on June 12, 2025. The Company will apply the full amount to the part of repayment of Second Perpetual Subordinated Loan (with Subordinated Covenant) (hereinafter "the Second Subordinated Loan"). For overview of the Second Subordinated Loan, please refer to "5. Subsequent event."

The Fifth Subordinated Bonds are deemed to be classified as equity instruments as the Company has the option to defer interest payments and has no obligation to make payments, except in case a liquidation event as defined in the subordination clause occurs. The proceeds from the Fifth Subordinated Bonds after deducting issue costs are recorded as "Other equity instruments" under "Equity" in the interim consolidated statement of financial position.

Overview of the Fifth Subordinated Bonds

(1) Name	Fifth callable perpetual subordinated unsecured bonds with interest deferral options and optional redemption clause (with subordinated covenant)
(2) Amount	7.0 billion yen
(3) Underwriters	Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., and SMBC Nikko Securities Inc.
(4) Execution Date	June 12, 2025
(5) Redemption Date	No redemption date is specified. Provided, however, that on June 12, 2030 and each of the following interest payment dates thereafter, optional redemption of all (not part of) the principal is possible.
(6) Interest Rate	From June 13, 2025 to June 12, 2030: Fixed interest rate From June 13, 2030 onward: Variable interest stepped up by 1.00% based on 1-year Japanese government bonds
(7) Clauses relating to payment of interest	The Company has the option to defer the interest payment and no obligation.
(8) Subordination clause	The subordinated creditors have right to claim for repayment only after the all claims by senior creditors are satisfied in case a liquidation event defined in the bond terms occurs.

2. Fundraising by Third Perpetual Subordinated Loan (with Subordinated Covenant)

At the board of directors meeting held on June 5, 2025, the Company resolved to raise a total of ¥50,000 million through Third Perpetual Subordinated Loan (with Subordinated Covenant) (hereinafter “the Third Subordinated Loan”) and it has entered into the agreement on June 30, 2025. The Company will apply the full amount to the repayment of First Perpetual Subordinated Loan (hereinafter “the First Subordinated Loan”) and the part of the Second Subordinated Loan.

The Third Subordinated Loan are deemed to be classified as equity instruments as the Company has the option to defer interest payments and has no obligation to make payments, except in case a liquidation event as defined in the subordination clause occurs. The proceeds from the Third Subordinated Loan after deducting issue costs will be recorded as “Other equity instruments” under “Equity” in the quarterly consolidated statement of financial position for the third quarter of the fiscal year ended September 30, 2025.

Overview of the First Subordinated Loan

(1) Name	First Perpetual Subordinated Loan (with Subordinated Covenant)
(2) Amount	40.0 billion yen (20.0 billion yen remaining)
(3) Lender	Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation
(4) Execution Date	September 20, 2016
(5) Repayment date	No repayment date is specified. Provided, however, that on each interest payment date from September 20, 2021 onward, The Company has the option to repay all or part of the principal and no obligation.
(6) Interest rate	From September 20, 2016 to September 20, 2026: Variable interest based on 6-month Japanese yen TIBOR From September 21, 2026 onward: Variable interest stepped up by 1.00% based on 6-month Japanese yen TIBOR
(7) Clauses relating to payment of interest	The Company has the option to defer the interest payment and no obligation.
(8) Subordination clause	The subordinated creditors have right to claim for repayment only after the all claims by senior creditors are satisfied in case a liquidation event defined in the loan contract occurs.

Overview of the Third Subordinated Loan (Plan)

(1) Name	Third Perpetual Subordinated Loan (with Subordinated Covenant)
(2) Amount	50.0 billion yen
(3) Lender	Sumitomo Mitsui Trust Bank, Limited, Nanto Bank, Ltd., and 7 other banks
(4) Execution Date	August 29, 2025
(5) Repayment date	No repayment date specified. Provided, however, that on August 29, 2030 and each of the following interest payment dates thereafter, optional repayment of all or a part of the principal is possible.
(6) Interest rate	From August 29, 2025 to August 29, 2030: Fixed interest based on the base rate From August 30, 2030 onward: Variable interest stepped up by 1.00% based on 6-month Japanese yen TIBOR
(7) Clauses relating to payment of interest	The Company has the option to defer the interest payment and no obligation.
(8) Subordination clause	The subordinated creditors have right to claim for repayment only after the all claims by senior creditors are satisfied in case a liquidation event defined in the loan contract occurs.

5. Subsequent event

Repayment of the Second Perpetual Subordinated Loan

The Company has decided to make an optional repayment of ¥30,000 million of the Second Subordinated Loan on August 29, 2025 and submitted an optional repayment notice to the lenders on July 22, 2025. This is a part of the total amount of ¥37,000 million of the Second Subordinated Loan issued on August 31, 2020. As a result, ¥29,620 million recorded as other equity instruments in the Interim consolidated statement of financial position will be classified as liabilities in the third quarter of the fiscal year ended September 30, 2025. ¥7,000 million out of the total amount of ¥37,000 million has been classified as liabilities in the Interim consolidated statement of financial position in the amount of ¥6,911 million as an optional repayment notice was submitted on June 23, 2025. These liabilities will be extinguished on the repayment date.

Overview of the Second Subordinated Loan

(1) Name	Second Perpetual Subordinated Loan (with Subordinated Covenant)
(2) Amount	37.0 billion yen
(3) Lender	Sumitomo Mitsui Trust Bank, Limited, Nanto Bank, Ltd., and 8 other banks
(4) Execution Date	August 31, 2020
(5) Repayment date	No repayment date is specified. Provided, however, that on each interest payment date from August 29, 2025 onward, the Company has the option to repay all or part of the principal and no obligation.
(6) Interest rate	From August 31, 2020 to August 29, 2025: Fixed interest From August 30, 2025 onward: Variable interest stepped up by 1.00% based on 6-month Japanese yen TIBOR
(7) Clauses relating to payment of interest	The Company has the option to defer the interest payment and no obligation.
(8) Subordination clause	The subordinated creditors have right to claim for repayment only after the all claims by senior creditors are satisfied in case a liquidation event defined in the loan contract occurs.
(9) Replacement restrictions	The Company has the right to optional redemption or repurchase of the subordinated loan, it is assumed that the subordinated loan is being replaced with equivalent bonds or loans certified by a credit rating agency, that satisfy necessary conditions to be classified as equity instruments. However, if at any point following five years from the execution date, both of the following conditions are satisfied, it is possible not to refinance with equivalent financial instruments. (a) Consolidated shareholders' equity after the adjustment is more than ¥151.2 billion. (b) The consolidated equity ratio after the adjustment is more than 26.8%. The values stated above shall be calculated according to the following method. Consolidated shareholders' equity after the adjustment is equal to total equity attributable to owners of parent less other components of equity and other equity instruments. The consolidated equity ratio after the adjustment is equal to consolidated shareholders' equity after the adjustment as calculated above divided by total assets.