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Date: November 1, 2024

Consolidated Financial Results for the Nine months ended September 30, 2024 (Under IFRS)

(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the third quarter announced on November 1, 2024)

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 third quarter ended September 30, 2024 (January 1, 2024 to September 30, 2024)

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

(1) Consolidated business results

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

	Sales revenues		Operating profit		Profit before income taxes		Quarterly profit		Profit attributable to owners of the parent		Comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Third quarter ended September 30, 2024	387,960	2.1	30,004	(15.9)	25,255	(19.7)	767	(96.7)	606	(97.4)	8,844	(75.2)
Third quarter ended September 30, 2023	380,161	-	35,672	-	31,456	-	22,976	37.4	23,020	38.9	35,706	(14.5)

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Third quarter ended September 30, 2024	(4.89)	(4.55)
Third quarter ended September 30, 2023	172.95	172.95

(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 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 attributable to owners of the parent include the results of discontinued operations. As the businesses have been similarly reclassified in the third quarter ended September 30, 2023, changes from the same period in the previous 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
September 30, 2024	786,524	306,434	301,837	38.4	2,134.31
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
December 31, 2023	-	40.00	-	50.00	90.00
December 31, 2024	-	50.00	-		
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	44,000	(20.5)	10,000	(70.5)	58.76

(Note)

Revision of consolidated financial forecast in the current quarter: Yes

- Exchange rate used for consolidated financial forecast for fiscal year 2024: JPY 150.0 /USD 160.0 /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.
- Regarding the detail of this forecast, please see "1. Overview of Operating Results, etc. (3) Explanation of forecasts and other projections" on page 5.

4. Others

(1) Changes in significant subsidiaries during the third quarter ended September 30, 2024: 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 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)

September 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

September 30, 2024: 534,300	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 - September 2024: 136,003,034	January - September 2023: 125,420,663
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- 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. Actual results might be different from the above estimates due to subsequent changes in the circumstances. Regarding Fiscal Year 2024 (Forecast), please see "1. Overview of Operating Results, etc. (3) Explanation of forecasts and other projections" on page 5.

(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 November 1, 2024 (Friday).

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1. Overview of Operating Results, etc.

(1) Overview of operating results

For the third quarter of the fiscal year 2024 (from January 1 to September 30), the sales revenues were JPY 388.0 bn. (EUR 2,360 mil.), the operating profit was JPY 30.0 bn. (EUR 183 mil.), the profit before income taxes was JPY 25.3 bn. (EUR 154 mil.) and the profit attributable to owners of the parent was JPY 0.6 bn. (EUR 4 mil.). (EUR amount is converted from yen at 164.4 yen, the average exchange rate between January 1 to September 30, 2024.) Consolidated orders received in the third quarter totaled JPY 381.5 bn., down 4.5% from the same period last year (January-September 2023). Proposals for process integration machines and automation improved our ability to offer value propositions to customers, and the order price per unit grew from an average of JPY 61.9 mil. (EUR 407,000) in FY2023 to JPY 71.5 mil. (EUR 435,000), even on a euro equivalent basis excluding the effect of yen depreciation. In addition, the order value of the service and parts business, which accounts for 24% of consolidated orders, increased 7% year-on-year, contributing to the stability of orders. On the other hand, consolidated orders in the third quarter isolated (July-September) were down 7.2% from the same period last year due to prolonged investment decisions by customers. We expect orders in the fourth quarter (October-December) to be at the same level as in the third quarter, and have revised our consolidated order forecast for the fiscal year from JPY 530 bn. in the previous plan to JPY 500 bn.

By region, order intake grew 7% in the Americas (composition ratio: 21%) and 9% in Asia excluding China (6%) compared to the same period last year. Orders in Europe (55%) and Japan (11%) were slightly weaker, down 4% and 10%, respectively. Demand in China (7%) was down 32%, partly due to the impact of tighter export controls since last year and the fact that the same period last year recorded a historical peak level. By industry, the commercial aircraft, space, medical, die & mold, and power generation and energy-related sectors remained solid.

The machine order backlog was JPY 249 bn. at the end of September 2024, almost the same level as the JPY 247 bn. at the end of December 2023. With sales revenue for the fourth quarter (October-December) projected to be around JPY 160 bn., the order backlog at the end of the current fiscal year is expected to be around JPY 205 bn. As outlined in our Medium-term Business Plan 2025, covering the period from 2023 to 2025, our goal is to achieve sustainable growth through our Machining Transformation (MX) strategy. This strategy focuses on delivering higher value-added products, systems, and services to customers by process integration, automation, and advancing both digital (DX) and green (GX) transformations. By doing so, we aim to reduce environmental impact and contribute to a recycling-oriented society. We remain committed to enhancing our customers' productivity and fostering a sustainable future through the continued promotion of MX.

In September 2024, we held a groundbreaking ceremony for our European headquarters in Munich, Germany. The event was attended by officials from the State of Bavaria, the City of Munich, the Consulate General of Japan in Munich, and JETRO. Scheduled to open in 2026 or later, the Munich European headquarters will serve as a hub for international exchange. Its strategic location, near the Pfronten Plant in Germany—our largest development and production site in Europe—will provide easy access to sites across Europe and worldwide. The showroom on the first floor will feature our latest products and technologies, making it a key venue for business discussions, customer training, and showroom tours.

In addition, our Iga Campus in Mie Prefecture, the group's largest production site, was awarded the prestigious Deming Prize*1 for 2024. Over the years, we have implemented a globally standardized quality management system, which includes initiatives such as providing feedback to production sites in the event of machine failures and encouraging employee-driven improvement proposals. After introducing Total Quality Management (TQM)*2 in 2017, we reaffirmed the importance of a customer-oriented approach and have been advancing TQM to realize the goals of MX, the core of our Medium-term Business Plan 2025. Moving forward, we will continue to promote TQM and thoroughly improve quality across the company to ensure sustainable growth.

On the technology front, we have released the LASERTEC 30 SLM 3rd Generation, an SLM (selective laser melting)-type additive manufacturing machine. This new model offers 1.5 times greater layering capacity compared to its predecessor and can be equipped with up to four laser oscillators, allowing for faster production. Additive manufacturing, which layers material only where needed, significantly reduces waste, including unnecessary chips. Additionally, both the metal powder and inert gas used in the process can be recycled, further enhancing its efficiency and sustainability.

In addition, we have launched the NLX 2500 | 700 2nd Generation, which combines cutting-edge MX technologies with the proven performance of our best-selling NLX 2500 series turning centers. By handling the machining tasks of both a conventional machining center and a turning center on a single machine, along with the use of optional features, this NLX model enables the integration of machining processes for multi-product or specialized machining.

This process integration significantly reduces power consumption as well. Furthermore, when combined with an automation system, the machine allows for unmanned nighttime operation, enhancing production efficiency and supporting a more sustainable manufacturing environment for our customers.

We have also introduced "DMG MORI TOTAL CARE," a comprehensive service that includes preventive maintenance and aftercare support covering repair costs in case of machine accidents or breakdowns. This service combines regular diagnostics of machine conditions by our skilled engineers, who propose maintenance plans to prevent malfunctions, with aftercare that covers repair costs for up to three years due to machine malfunctions or operational errors. Through this service, we continue to support our customers in creating value, implementing MX strategies, and minimizing environmental impact, both through processing and after-sales services.

In terms of human resource development, we provided a total of 29 machines, including 14 CTX 350 turning centers and 15 DMU 40 Plus 5-axis machines, for the 47th WorldSkills Competition held in Lyon, France, in September. This competition, which brought together 1,400 young technicians from around the world, aimed to promote vocational training and international exchange among young talent. Since 2007, DMG MORI has consistently supported this event by supplying machines, offering on-site technical support, and conducting training courses. We will continue our efforts to nurture the next generation of leaders in the manufacturing industry.

As part of our commitment to a circular economy, we have implemented solar power generation systems for self-consumption at our facilities. In March 2024, the second solar panel system (approx. 5,200 kW) began generating power at Iga Campus, alongside the first system (approx. 354 kW) at Nara Campus. Once all solar power systems are operational, these installations will provide around 30% of the annual electricity demand at each campus. In February 2024, in recognition of our efforts to reduce greenhouse gas emissions and manage water risks, we received a Leadership Level "A-" rating in the Climate Change and Water Security categories from CDP 2023, a survey conducted by the international environmental not-for-profit CDP. Additionally, in June, DMG MORI CO., LTD. and our German subsidiary DMG MORI AKTIENGESELLSCHAFT were certified by the Science Based Targets (SBT) Initiative for our commitment to reaching "Net Zero" greenhouse gas emissions target by 2050. We will continue expanding the use of renewable energy and contribute to building a sustainable society.

Regarding human resources management, DMG MORI released its "Health and Productivity Management Declaration"*3 in 2021. In March 2024, we were selected for the first time as one of the "Health & Productivity Stock Selection 2024" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a listed company with excellent health management. In addition, for the second consecutive year, we were recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as a "White 500" company in the large organization category of the "Certified Health & Productivity Management Outstanding Organizations Recognition Program 2024," which recognizes organizations that practice particularly excellent health management.

*1 The world's highest TQM award, established in 1951 to commemorate the late Dr. William Edwards Deming, who introduced statistical quality control in postwar Japan and helped elevate the quality of Japanese products to world-class level. (Source: Website of the Union of Japanese Scientists and Engineers)

*2 Total Quality Management (TQM) is a management approach encompassing a broad range of ideas, initiatives, methods, systems, and practices aimed at maintaining and enhancing overall "quality" in all business activities. These efforts help guide the company towards achieving its management goals. (Source: Website of the Union of Japanese Scientists and Engineers)

*3 "Health & Productivity Management" is a registered trademark of Kenkokeiei, a not-for-profit organization.

<Consolidated results>

Consolidated results of the third quarter of the fiscal year ended September 30, 2024 is as follows:

Unit: 100 Million yen

	January to September, 2023	January to September, 2024	Difference	<Forecast> January to December, 2024
Sales revenues	3,802	3,880	78	5,500
Sales revenues (Million EUR)	2,541	2,360	(181)	3,438
Operating profit	357	300	(57)	440
Operating profit (Million EUR)	238	183	(56)	275
Operating profit / Sales revenues	9.4%	7.7%	(1.6)%pts	8.0%
Profit attributable to owners of the parent	230	6	(224)	100
Profit attributable to owners of the parent (Million EUR)	154	4	(150)	63

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 149.6 yen/EUR for the figures of January to September, 2023, 164.4 yen/EUR for those of January to September, 2024, and 160.0 yen/EUR for the figures of January to December, 2024.

(2) Overview of financial position

Total assets at the end of the third quarter of fiscal year 2024 amounted to 786,524 million yen. Total equity is 306,434 million yen and ratio of equity attributable to owners of the parent is 38.4%.

(3) Explanation of forecasts and other projections

We made a downward revision of consolidated financial forecast for the FY2024 from the previous announcement released on April 26, 2024. For details, please refer to the "Announcement of Revision of Financial Forecast for the FY2024" released on November 1, 2024.

Unit: 100 Million yen

	Released on April 26 January to December, 2024	Released on November 1 January to December, 2024	Difference	<Reference> January to December, 2023
Sales revenues	5,500	5,500	-	5,395
Sales revenues (Million EUR)	3,438	3,438	-	3,549
Operating profit	585	440	(145)	554
Operating profit (Million EUR)	366	275	(91)	364
Operating profit / Sales revenues	10.6%	8.0%	(2.6)%pts	10.3%
Profit attributable to owners of the parent	360	100	(260)	339
Profit attributable to owners of the parent (Million EUR)	225	63	(163)	223

(Note)

- Exchange rate used for consolidated financial forecast for fiscal year 2024: JPY 150.0 /USD 160.0 /EUR.
- Euro amount is converted from yen at the average exchange rate of JPY 152.0 yen/EUR for fiscal year 2023.
- Effective from the first quarter of the current fiscal year, we have classified the operations related to Ulyanovsk Machine Tools ooo, a business base in Russia, as discontinued operations. As a result, in the forecast for the FY2024, sales revenues and operating profit are presented only in the amounts of continuing operations, which exclude discontinued operations. The amount of profit attributable to owners of the parent includes the results of discontinued operations.
- Results of FY2023 have been retroactively adjusted to reflect the classification of discontinued operations.
- Results of FY2023 are before the audit by the auditor.
- 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	September 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	39,212	30,754
Trade and other receivables	62,927	66,826
Other financial assets	5,713	5,011
Inventories	200,843	204,698
Other current assets	14,277	16,025
Total current assets from continuing operations	322,974	323,316
Assets held for sale	799	627
Total current assets	323,773	323,943
Non-current assets:		
Property, plant and equipment	189,231	200,894
Right-of-use assets	24,637	26,775
Goodwill	85,587	86,890
Other intangible assets	100,909	105,746
Other financial assets	26,246	25,564
Investments in associates and joint ventures	6,322	6,485
Deferred tax assets	5,334	5,604
Other non-current assets	3,764	4,619
Total non-current assets	442,033	462,580
Total assets	765,806	786,524

(Million Yen)

	December 31, 2023	September 30, 2024
Liabilities		
Current liabilities:		
Trade and other payables	82,914	67,295
Interest-bearing bonds and borrowings	61,187	51,922
Contract liabilities	93,430	94,019
Other financial liabilities	71,967	74,372
Income taxes payable	9,657	9,617
Provisions	50,998	43,490
Other current liabilities	6,477	6,244
Total current liabilities	376,633	346,962
Non-current liabilities:		
Interest-bearing bonds and borrowings	52,474	57,377
Other financial liabilities	40,309	51,652
Net employee defined benefit liabilities	5,192	5,524
Provisions	6,371	5,571
Deferred tax liabilities	9,340	10,074
Other non-current liabilities	2,939	2,927
Total non-current liabilities	116,627	133,127
Total liabilities	493,261	480,089
Equity		
Share capital	51,115	71,230
Capital surplus	208	20,272
Other equity instruments	110,822	110,822
Treasury shares	(883)	(868)
Retained earnings	92,283	78,158
Other components of equity	14,444	22,221
Equity attributable to owners of the parent	267,990	301,837
Non-controlling interests	4,555	4,597
Total equity	272,545	306,434
Total liabilities and equity	765,806	786,524

(2) Quarterly consolidated statement of profit or loss

(Million Yen)

	Third quarter ended September 30, 2023 (January 1 to September 30, 2023)	Third quarter ended September 30, 2024 (January 1 to September 30, 2024)
Continuing operations:		
Revenues:		
Sales revenues	380,161	387,960
Other operating revenues	8,617	8,348
Total revenue	388,778	396,309
Costs:		
Changes in merchandise, finished goods and work in progress for sale	(27,475)	1,156
Costs of raw materials and consumables	177,036	147,496
Personnel costs	123,428	131,247
Depreciation and amortization	19,138	22,994
Other operating costs	60,978	63,408
Total costs	353,105	366,304
Operating profit	35,672	30,004
Financial income	1,073	955
Financial costs	5,488	5,941
Share of profits of associates and joint ventures accounted for using equity method	199	236
Profit before income taxes	31,456	25,255
Income taxes	8,441	9,375
Profit from continuing operations	23,014	15,879
Discontinued operations:		
Loss from discontinued operations	(38)	(15,111)
Profit	22,976	767
Profit attributable to:		
Owners of the parent	23,020	606
Non-controlling interests	(43)	161
Profit	22,976	767
Earnings per share		
Basic earnings (loss) per share		
Continuing operations	173.25	106.22
Discontinued operations	(0.31)	(111.11)
Basic (yen)	172.95	(4.89)
Diluted earnings (loss) per share		
Continuing operations	173.25	102.30
Discontinued operations	(0.31)	(106.86)
Diluted (yen)	172.95	(4.55)

(3) Quarterly consolidated statement of comprehensive income

(Million Yen)

	Third quarter ended September 30, 2023 (January 1 to September 30, 2023)	Third quarter ended September 30, 2024 (January 1 to September 30, 2024)
Profit	22,976	767
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	422	42
Changes in fair value of financial assets designated at fair value through other comprehensive income	2,309	18
Subtotal	2,731	61
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	9,666	7,858
Effective portion of changes in fair value of cash flow hedges	(243)	230
Share of other comprehensive income of associates and joint ventures accounted for using equity method	574	(73)
Subtotal	9,998	8,015
Total other comprehensive income	12,729	8,076
Comprehensive income	35,706	8,844
Comprehensive income attributable to:		
Owners of the parent	35,748	8,682
Non-controlling interests	(42)	161
Comprehensive income	35,706	8,844

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

(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					606		606	161	767
Other comprehensive income (OCI)						8,076	8,076	-	8,076
Total comprehensive income	-	-	-	-	606	8,076	8,682	161	8,844
Distributions to owners of other equity instruments					(1,396)		(1,396)		(1,396)
Acquisition of treasury shares				(2)			(2)		(2)
Disposition of treasury shares		0		18			18		18
Dividends					(13,357)		(13,357)	(144)	(13,501)
Transfer between retained earnings and capital surplus		23			(23)		-		-
Share-based payments		175					175	17	192
Conversion of bonds with stock acquisition rights	20,114	19,864				(253)	39,726		39,726
Transfer from other components of equity to retained earnings					45	(45)	-		-
Total transactions with owners of the parent	20,114	20,063	-	15	(14,731)	(299)	25,163	(126)	25,036
Acquisition of non-controlling interests		0					0	8	8
Total changes in ownership interests in subsidiaries and others	-	0	-	-	-	-	0	8	8
As of September 30, 2024	71,230	20,272	110,822	(868)	78,158	22,221	301,837	4,597	306,434

(5) Quarterly consolidated statement of cash flows

(Million Yen)

	Third quarter ended September 30, 2023 (January 1 to September 30, 2023)	Third quarter ended September 30, 2024 (January 1 to September 30, 2024)
Cash flows from operating activities:		
Profit before income taxes	31,456	25,255
Depreciation and amortization	19,138	22,994
Loss (gain) on sales or disposal of property, plant and equipment, and intangible assets	(168)	(342)
Financial income and costs	4,402	4,985
Share of (profits) losses of associates and joint ventures accounted for using equity method	(199)	(236)
Other non-cash transactions	(6,654)	(1,191)
Inventories	(33,454)	2,151
Trade and other receivables	11,879	(763)
Trade and other payables	1,733	(12,924)
Contract liabilities	580	(806)
Provisions	4,402	(10,028)
Other	(3,554)	(6,337)
Subtotal	29,562	22,755
Interest received	949	882
Dividends received	134	82
Interest paid	(4,335)	(4,625)
Income taxes paid	(6,174)	(8,068)
Net cash flows from operating activities	20,135	11,025
Cash flows used in investing activities:		
Proceeds from withdrawal of time deposits	1,229	34
Purchases of property, plant and equipment	(19,647)	(12,934)
Proceeds from sales of property, plant and equipment	438	673
Purchases of intangible assets	(10,878)	(12,018)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(2,800)
Decrease in the loss of control of subsidiaries	-	(396)
Purchases of investment securities	(2,927)	(90)
Proceeds from sales of investment securities	1,335	176
Other	(373)	811
Net cash flows used in investing activities	(30,823)	(26,544)

(Million Yen)

	Third quarter ended September 30, 2023 (January 1 to September 30, 2023)	Third quarter ended September 30, 2024 (January 1 to September 30, 2024)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	27,957	18,374
Proceeds from long-term borrowings	41,719	10,000
Repayments of long-term borrowings	(39,362)	(170)
Repayment of lease liabilities	(4,591)	(4,999)
Dividends paid	(9,700)	(12,925)
Dividends paid to non-controlling interests	(128)	(143)
Payments for obligations for non-controlling interests	(3,592)	(2,599)
Acquisition of treasury shares	(1)	(2)
Distributions to owners of other equity instruments	(1,428)	(1,396)
Proceeds from sale of subsidiaries not resulting in change in scope of consolidation	15	-
Other	(734)	304
Net cash flows from financing activities	10,152	6,440
Effect of exchange rate changes on cash and cash equivalents	3,545	619
Change in cash and cash equivalents	3,011	(8,458)
Cash and cash equivalents at the beginning of period	36,992	39,212
Cash and cash equivalents at the end of period	40,003	30,754

(6) Notes to going concern assumption

Not applicable.

(7) Notes to the quarterly consolidated financial statements

1. Reporting entity

DMG MORI Co., Ltd. (the "Company") is a company established under the Companies Act of Japan. The Company is domiciled in Japan and its registered office is located at 106 Kitakoriyama-cho, Yamato-Koriyama City, Nara. The condensed quarterly consolidated financial statements of the Company as of September 30, 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 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, 2023, except for the following item. Income tax for the third quarter ended September 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 business base 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:

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

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	248,602	131,531	380,133	27	-	380,161
Inter-segment	216,112	35,344	251,456	1,402	(252,859)	-
Total	464,714	166,875	631,590	1,430	(252,859)	380,161
Segment income	27,516	23,176	50,693	(12,537)	(2,284)	35,871
Financial income	-	-	-	-	-	1,073
Financial costs	-	-	-	-	-	(5,488)
Profit before income taxes	-	-	-	-	-	31,456

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

Third quarter ended September 30, 2024 (January 1 to September 30, 2024)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	252,132	135,794	387,927	32	-	387,960
Inter-segment	194,605	37,433	232,039	1,225	(233,265)	-
Total	446,738	173,228	619,967	1,258	(233,265)	387,960
Segment income	4,632	32,682	37,314	(7,881)	808	30,240
Financial income	-	-	-	-	-	955
Financial costs	-	-	-	-	-	(5,941)
Profit before income taxes	-	-	-	-	-	25,255

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