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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 1, 2026

Consolidated Financial Results for the Three months ended March 31, 2026 (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 1, 2026)

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 financial results for the three months ended March 31, 2026 (January 1, 2026 to March 31, 2026)

(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		Quarterly profit		Profit attributable to owners of the parent		Comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended March 31, 2026	135,531	18.9	3,417	88.0	1,968	426.6	1,327	474.9	1,488	785.6	3,175	-
Three months ended March 31, 2025	114,010	(14.2)	1,817	(85.5)	373	(96.6)	230	-	168	-	(2,937)	-

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Three months ended March 31, 2026	6.65	6.65
Three months ended March 31, 2025	(1.90)	(1.90)

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

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	million yen	million yen	million yen	%	yen
March 31, 2026	877,690	335,813	335,090	38.2	2,405.69
December 31, 2025	868,965	342,155	340,484	39.2	2,444.41

(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	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2025	-	50.00	-	55.00	105.00
Fiscal year ending December 31, 2026	-				
Fiscal year ending December 31, 2026 (Forecast)		50.00	-	55.00	105.00

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

3. Consolidated financial forecast for Fiscal Year 2026 (January 1, 2026 to December 31, 2026)

(% 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 2026	565,000	9.7	28,000	47.6	15,000	(37.6)	91.35

(Note) Revision of consolidated financial forecast in the current quarter: Yes

- Exchange rate used for consolidated financial forecast for fiscal year 2026: JPY 150.0 / USD, 180.0 / EUR
- We made a revision of consolidated financial forecast for the FY2026 from the previous announcement released on February 10, 2026, specifically for sales revenues, operating profit and profit attributable to owners of the parent. Regarding the detail of this forecast, please see "1. Overview of Operating Results, etc. (3) Explanation of forecasts and other projections" on page 4.

* Notes

(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)

As of March 31, 2026 142,325,934 shares

As of December 31, 2025 142,325,934 shares

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

As of March 31, 2026 3,035,156 shares

As of December 31, 2025 3,034,960 shares

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

Three months ended March 31, 2026 139,290,879 shares

Three months ended March 31, 2025 141,508,010 shares

* 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 2026 (Forecast), please see "1. Overview of Operating Results, etc. (3) Explanation of forecasts and other projections" on page 4.

(How to obtain supplementary explanatory materials for quarterly financial results)

The supplementary explanatory material for the quarterly financial results is scheduled to be posted on the Company's website on May 1, 2026 (Friday).

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the first quarter, the business environment remained uncertain amid rising geopolitical risks and changes in the financial environment. Nevertheless, global investment demand remained stable, led by growth sectors such as aerospace, defense, space, energy, and data centers. Against the backdrop of expanding defense budgets worldwide and continued investment aimed at strengthening supply chains and productivity, DMG MORI's MX (Machining Transformation) strategy continued to convince customers across a wide range of industries by optimizing processes through DX, while realizing GX through process integration and automation.

For the first quarter of the fiscal year 2026 (from January 1 to March 31), sales revenue was JPY 135.5 bn. (EUR 738 mil.), EBITDA was JPY 12.5 bn. (EUR 68 mil.), operating profit was JPY 3.4 bn. (EUR 19 mil.), profit before income taxes was JPY 2.0 bn. (EUR 11 mil.) and profit attributable to owners of the parent was JPY 1.5 bn. (EUR 8 mil.). (The EUR amounts are converted from JPY at the average exchange rate of 183.7 yen for the period from January 1 to March 31, 2026.)

In the first quarter, consolidated order intake amounted to JPY 155.4 bn., representing a 28.8% increase year on year. On a quarterly basis, order intake reached the highest level on record. Demand remained stable for MX machines, including 5-axis machining centers and mill-turn centers, as well as for automation solutions. Orders for BX (Basic) machines recovered steadily following the resumption of sales promotion in FY2025, resulting in a well-balanced order mix. As a result, the average order price per unit changed to JPY 84.2 mil. (EUR 458,000), compared with the FY2025 average of JPY 79.6 mil. (EUR 471,000). Order intake for MRO, spare parts, and engineering reached JPY 35.7 bn. (+18.3% YoY), accounting for 23% of consolidated orders. Group companies such as Magnescale Co., Ltd. and SAKI Corporation recorded strong growth, supported by rising semiconductor-related demand, contributing to the increase in consolidated order intake.

By region, consolidated order intake increased by over 10% year on year in all regions. The recovery in Germany (20% of total orders) became more pronounced, while EMEA (35%) and the Americas (23%) each recorded growth of approximately 30%. By industry, demand remained particularly strong in aerospace, defense, space, medical, power generation, energy, data handling, and die & mold-related industries. These fields are expected to maintain favorable demand, supported by factors such as strong order backlogs at major aircraft manufacturers, continued expansion of defense budgets, active private-sector space development in the US, growing medical demand linked to population aging, and sustained investment in AI-related data centers. Driven by these industries, the Company expects order intake to remain at a high level from the second quarter onward (April–June).

Based on the recent strong order intake, the consolidated order forecast for FY2026 has been revised upward from the initial plan of JPY 540.0 bn. (+3.2% YoY) to JPY 580.0 bn. (+10.8% YoY). The progress rate for the first quarter against the initial plan was 28.8%. The machine order backlog increased from JPY 240.0 bn. at the end of December 2025 to JPY 266.0 bn. at the end of March 2026 and is expected to contribute to sales revenue from the second quarter onward.

During the first quarter, the Company implemented a range of initiatives aimed at strengthening its medium to long-term competitiveness, with a focus on developing next-generation talent, enhancing customer value, and advancing sustainability. To foster highly skilled professionals who will support the future of manufacturing, DMG MORI opened a new training center in February 2026 at the Pfronten factory in Germany, its largest development and production site in Europe. The facility offers approximately 4,500 m² of floor space, is equipped with state-of-the-art training infrastructure, and can accommodate up to 150 trainees. In April 2026, the Company, together with the University of Tokyo, established the Machining Transformation Research Center (MX Center) within the Graduate School of Engineering. Based on the MX strategy, the Center aims to promote innovative technology development and cultivate highly specialized talent to lead the next generation of manufacturing. Through these initiatives, the Company continues to invest in talent development and to support the realization of next-generation manufacturing accelerated by MX.

For products and technology, the Company focused on improving customer productivity to foster greater investment confidence. During the first quarter, DMG MORI expanded its product lineup with the launch of the 5-axis vertical machining centers NMV 3000 and 5000 DCG 2nd Generation, which achieve both high precision and high productivity. For the NTX series, DMG MORI introduced the “Grinding,” “Gear Shaping,” and “Gear Broaching” Technology Cycles to enable process integration aimed at improving customers' investment efficiency through shorter cycle times and labor savings. In addition, the Company introduced a five-year warranty for key components, including turnMASTER, turretMASTER, and ERGOline X, to ensure reliability. DMG MORI continuously enhances its products and services by introducing highly functional, reliable, and value-enhancing machines and MRO.

For sustainability, the Company was selected as an A List company for climate change for the second consecutive year and was also certified as an A List company for the first time in the water security category in CDP 2025. These recognitions reflect the Company's efforts in developing energy-efficient products, improving resource efficiency through process integration and automation, and advancing environmental initiatives across the entire supply chain. Going forward, DMG MORI will continue to contribute to the realization of a sustainable society through the promotion of MX.

<Consolidated results>

Consolidated results of the First quarter of the fiscal year ended March 31, 2026 is as follows:

Unit: 100 Million yen

	January to March, 2025	January to March, 2026	Difference	<Forecast> January to December, 2026
Sales revenues	1,140	1,355	215	5,650
Sales revenues (Million EUR)	710	738	(27)	3,139
Operating profit	18	34	16	280
Operating profit (Million EUR)	11	19	(7)	156
Operating profit / Sales revenues	1.6%	2.5%	0.9%pts	5.0%
Profit attributable to owners of the parent	2	15	13	150
Profit attributable to owners of the parent (Million EUR)	1	8	7	83

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 160.5 yen/EUR for the figures of January to March, 2025, 183.7 yen/EUR for those of January to March, 2026, and 180.0 yen/EUR for the figures of January to December, 2026.

(2) Overview of financial position

Total assets at the end of the First quarter of fiscal year 2026 amounted to 877,690 million yen. Total equity is 335,813 million yen and ratio of equity attributable to owners of the parent is 38.2%.

(3) Explanation of forecasts and other projections

We have strong order intake globally during the first quarter, as well as the continued depreciation of the yen against the euro which led us to revise our assumed exchange rate.

Based on the above background, we made an upward revision of consolidated financial forecast for the FY2026 from the previous announcement released on February 10, 2026.

Consolidated financial forecast

Unit: 100 Million yen

	Released on February 10 January to December, 2026	Released on May 1 January to December, 2026	Difference	<Reference> January to December, 2025
Sales revenues	5,350	5,650	300	5,150
Sales revenues (Million EUR)	2,972	3,139	167	3,047
Operating profit	225	280	55	190
Operating profit (Million EUR)	125	156	31	112
Operating profit / Sales revenues	4.2%	5.0%	0.8%pts	3.7%
Profit attributable to owners of the parent	105	150	45	240
Profit attributable to owners of the parent (Million EUR)	58	83	25	142

(Note)

- Exchange rate used for consolidated financial forecast for fiscal year 2026: JPY 150.0 /USD, 180.0 /EUR.
- Euro amount is converted from yen at the average exchange rate of JPY 169.0 yen/EUR for fiscal year 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. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statement of financial position

(Million Yen)

	December 31, 2025	March 31, 2026
Assets		
Current assets:		
Cash and cash equivalents	39,859	43,745
Trade and other receivables	80,729	77,136
Other financial assets	6,258	4,431
Inventories	201,821	209,255
Other current assets	19,176	18,882
Total current assets	<u>347,844</u>	<u>353,450</u>
Non-current assets:		
Property, plant and equipment	223,573	225,963
Right-of-use assets	30,774	29,872
Goodwill	100,100	99,733
Other intangible assets	117,179	116,733
Other financial assets	28,930	31,620
Investments in associates and joint ventures	7,612	7,646
Deferred tax assets	6,967	6,632
Other non-current assets	5,982	6,037
Total non-current assets	<u>521,120</u>	<u>524,239</u>
Total assets	<u><u>868,965</u></u>	<u><u>877,690</u></u>

(Million Yen)

	December 31, 2025	March 31, 2026
Liabilities		
Current liabilities:		
Trade and other payables	78,083	74,752
Interest-bearing bonds and borrowings	65,676	85,562
Contract liabilities	90,795	95,879
Other financial liabilities	85,598	84,334
Income taxes payable	9,894	5,505
Provisions	41,988	41,935
Other current liabilities	11,086	9,044
Total current liabilities	383,124	397,014
Non-current liabilities:		
Interest-bearing bonds and borrowings	60,000	60,000
Other financial liabilities	56,278	57,713
Net employee defined benefit liabilities	5,726	4,956
Provisions	5,861	5,594
Deferred tax liabilities	11,437	12,502
Other non-current liabilities	4,381	4,094
Total non-current liabilities	143,684	144,861
Total liabilities	526,809	541,876
Equity		
Share capital	71,804	71,804
Capital surplus	18,348	16,520
Other equity instruments	110,777	110,777
Treasury shares	(7,474)	(5,976)
Retained earnings	93,738	86,410
Other components of equity	53,291	55,553
Equity attributable to owners of the parent	340,484	335,090
Non-controlling interests	1,671	723
Total equity	342,155	335,813
Total liabilities and equity	868,965	877,690

(2) Quarterly consolidated statement of profit or loss

(Million Yen)

	First quarter ended March 31, 2025 (January 1 to March 31, 2025)	First quarter ended March 31, 2026 (January 1 to March 31, 2026)
Revenues:		
Sales revenues	114,010	135,531
Other operating revenues	2,087	1,790
Total revenue	116,097	137,322
Costs:		
Changes in merchandise, finished goods and work in progress for sale	960	(13,610)
Costs of raw materials and consumables	41,109	64,487
Personnel costs	43,670	49,748
Depreciation and amortization	8,134	9,113
Other operating costs	20,405	24,166
Total costs	114,280	133,905
Operating profit	1,817	3,417
Financial income	181	173
Financial costs	1,734	1,822
Share of profits of associates and joint ventures accounted for using equity method	109	201
Profit before income taxes	373	1,968
Income taxes	142	641
Profit	230	1,327
Profit attributable to:		
Owners of the parent	168	1,488
Non-controlling interests	62	(161)
Profit	230	1,327
Earnings (loss) per share		
Basic	(1.90)	6.65
Diluted	(1.90)	6.65

(3) Quarterly consolidated statement of comprehensive income

(Million Yen)

	First quarter ended March 31, 2025 (January 1 to March 31, 2025)	First quarter ended March 31, 2026 (January 1 to March 31, 2026)
Profit	230	1,327
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	392	(413)
Changes in fair value of financial assets designated at fair value through other comprehensive income	1,282	1,647
Subtotal	1,675	1,233
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(4,796)	72
Effective portion of changes in fair value of cash flow hedges	95	389
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(142)	152
Subtotal	(4,843)	614
Total other comprehensive income	(3,168)	1,848
Comprehensive income	(2,937)	3,175
Comprehensive income attributable to:		
Owners of the parent	(3,000)	3,336
Non-controlling interests	62	(161)
Comprehensive income	(2,937)	3,175

(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, 2025	71,230	18,496	110,822	(862)	85,866	28,969	314,522	1,957	316,480
Profit					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 (Note)	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

(Note) Including changes due to the stock exchange accompanying the acquisition of Miyawaki Machinery Plant Co., Ltd. as a wholly owned subsidiary.

(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, 2026	71,804	18,348	110,777	(7,474)	93,738	53,291	340,484	1,671	342,155
Profit					1,488		1,488	(161)	1,327
Other comprehensive income (OCI)						1,848	1,848	-	1,848
Total comprehensive income	-	-	-	-	1,488	1,848	3,336	(161)	3,175
Distributions to owners of other equity instruments					(733)		(733)		(733)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		0		4			4		4
Dividends					(7,669)		(7,669)		(7,669)
Share-based payments (Note 1)		(605)		1,494			888	(786)	102
Transfer from other components of equity to retained earnings					(413)	413	-		-
Other (Note 2)		(1,221)					(1,221)		(1,221)
Total transactions with owners of the parent	-	(1,827)	-	1,498	(8,816)	413	(8,731)	(786)	(9,517)
Acquisition of non-controlling interests							-		-
Total changes in ownership interests in subsidiaries and others	-	-	-	-	-	-	-	-	-
As of March 31, 2026	71,804	16,520	110,777	(5,976)	86,410	55,553	335,090	723	335,813

(Note 1) Changes in treasury shares, capital surplus and non-controlling interests related to share-based payment transactions include the effects of the change in the restricted stock compensation plan for the Company's employees, whereby the shares granted were changed from ordinary shares of DMG MORI AG to ordinary shares of DMG MORI CO., LTD.

(Note 2) Transaction costs arising from changes in ownership interests that do not result in a change in the scope of consolidation.

(5) Quarterly consolidated statement of cash flows

(Million Yen)

	First quarter ended March 31, 2025 (January 1 to March 31, 2025)	First quarter ended March 31, 2026 (January 1 to March 31, 2026)
Cash flows used in operating activities:		
Profit before income taxes	373	1,968
Depreciation and amortization	8,134	9,113
Loss (gain) on sales or disposal of property, plant and equipment, and intangible assets	24	1
Financial income and costs	1,552	1,649
Share of (profits) losses of associates and joint ventures accounted for using equity method	(109)	(201)
Other non-cash transactions	476	361
Inventories	2,777	(7,358)
Trade and other receivables	5,256	1,990
Trade and other payables	(8,712)	(2,726)
Contract liabilities	(3,940)	4,858
Provisions	(4,294)	(3,257)
Other	(3,123)	(4,714)
Subtotal	(1,584)	1,685
Interest received	179	171
Dividends received	0	0
Interest paid	(1,160)	(1,332)
Income taxes paid	(1,302)	(1,664)
Net cash flows used in operating activities	(3,868)	(1,139)
Cash flows used in investing activities:		
Purchases of property, plant and equipment	(2,428)	(3,580)
Proceeds from sales of property, plant and equipment	83	1,538
Purchases of intangible assets	(3,255)	(2,741)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	602	-
Purchase of investments in associates	(8)	-
Purchases of investment securities	(113)	(56)
Proceeds from sales of investment securities	2	-
Other	46	(0)
Net cash flows used in investing activities	(5,069)	(4,841)

(Million Yen)

	First quarter ended March 31, 2025 (January 1 to March 31, 2025)	First quarter ended March 31, 2026 (January 1 to March 31, 2026)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	21,510	19,958
Repayments of long-term borrowings	(1,636)	-
Repayment of lease liabilities	(1,738)	(1,953)
Dividends paid	(6,494)	(6,981)
Dividends paid to non-controlling interests	-	(0)
Payments for obligations for non-controlling interests	(481)	(40)
Acquisition of treasury shares	(0)	(0)
Distributions to owners of other equity instruments	(572)	(733)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(19)	-
Other	(572)	(794)
Net cash flows from financing activities	9,995	9,454
Effect of exchange rate changes on cash and cash equivalents	(1,189)	412
Change in cash and cash equivalents	(131)	3,885
Cash and cash equivalents at the beginning of period	41,747	39,859
Cash and cash equivalents at the end of period	41,615	43,745

(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, 2026 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 (universal milling machines for five-axis machining, turn-mill complete machining centers, horizontal and vertical machining centers, turning centers, grinding centers, boring machines and additive manufacturing machines), software (user interface, technology cycles and embedded software), measuring devices and other peripheral equipment, and provides total solutions, including MRO (Maintenance, Repair, Overhaul), spare parts 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, 2025. Income tax for the First quarter ended March 31, 2026 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 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.

(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, 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 (loss)	(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 (loss)" include elimination of inter-segment transactions and expenses related to corporate services.

First quarter ended March 31, 2026 (January 1 to March 31, 2026)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	86,364	49,153	135,518	12	-	135,531
Inter-segment	64,588	18,099	82,687	654	(83,342)	-
Total	150,953	67,253	218,206	667	(83,342)	135,531
Segment income (loss)	(412)	7,969	7,556	(4,658)	720	3,618
Financial income	-	-	-	-	-	173
Financial costs	-	-	-	-	-	(1,822)
Profit before income taxes	-	-	-	-	-	1,968

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