Date: August 4, 2026

Consolidated Financial Results for the Six months ended June 30, 2026 (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 4, 2026)

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: Keiichi Ota, Director, Chief Financial Officer
Telephone: +81-(0)3-6758-5900

Scheduled date to file semi-annual securities report: August 7, 2026
Scheduled date to commence dividend payments: September 11, 2026
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, 2026 (January 1, 2026 to June 30, 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		Profit		Profit 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, 2026	276,729	21.6	9,311	43.0	5,933	81.6	4,161	95.7	4,378	112.5	10,991	329.1
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)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2026	23.09	23.09
Six months ended June 30, 2025	7.94	7.94

(Note) Earnings 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
June 30, 2026	881,440	353,329	352,661	40.0	2,499.46
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	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	-	50.00			
Fiscal year ending December 31, 2026 (Forecast)			-	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	580,000	12.6	30,000	58.1	15,500	(35.5)	93.26

(Note)
Revision of consolidated financial forecast in the current quarter: Yes
- Exchange rate used for consolidated financial forecast for fiscal year 2026: JPY 154.1 /USD 182.3 /EUR
- We made a revision of consolidated financial forecast for the FY2026 from the previous announcement released on May 1, 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 June 30, 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 June 30, 2026 1,230,942 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)
Six months ended June 30, 2026 139,548,556 shares
Six months ended June 30, 2025 141,619,757 shares

* 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 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 August 4, 2026 (Tuesday).

(Attached Documents) Index

1. Overview of Operating Results, etc.

(1) Overview of operating results

During the first half of the fiscal year 2026, global demand for capital investment remained resilient, driven primarily by growth sectors such as aerospace, defense, power generation, energy, shipbuilding, semiconductors, and medical technology. Our MX (Machining Transformation) strategy of achieving GX through process integration and automation while enhancing production processes through DX was highly valued across a broad range of industries. This was supported by expanding defense budgets in many countries and growing demand for machine tools driven by investments in AI-related semiconductors.

In the first half, the sales revenues were JPY 276.7 bn. (EUR 1,500 mil.), EBITDA was JPY 27.8 bn. (EUR 151 mil.), the operating profit was JPY 9.3 bn. (EUR 50 mil.), the profit before income taxes was JPY 5.9 bn. (EUR 32 mil.), and the profit attributable to owners of the parent was JPY 4.4 bn. (EUR 24 mil.). (The EUR amount is converted from JPY at 184.5 yen, the average exchange rate between January and June 2026.)

Driven by a very favorable market environment, consolidated orders for the first half reached JPY 335.2 bn. in a strong year-on-year increase of 34.8% compared with January to June 2025. On a quarterly basis, order growth accelerated from 28.8% year-on-year in the January-March period to 40.5% in the April-June period. In addition to robust demand for MX machines, including 5-axis machining centers and mill-turn machines, orders for BX (Basic) machines also increased significantly, resulting in a well-balanced order mix across both product categories. The average price per order rose from JPY 79.6 mil. (EUR 471,000) in FY2025 to JPY 81.8 mil. (EUR 443,000). Orders for MRO (Maintenance, Repair, Overhaul), spare parts, and engineering also grew strongly, reaching JPY 73.7 bn., up 23.3% year-on-year. Group companies continued to achieve substantial order growth driven by increased semiconductor demand, including Magnescale Co., Ltd., manufacturer of ultra-high-resolution laser scales for semiconductor manufacturing equipment, and Saki Corporation, which develops and sells automated inspection systems for electronic assembly boards. Their strong performance also contributed to the increase in consolidated orders.

Order intake was strong across all regions. By industry, demand remained particularly robust in aerospace, defense, power generation, energy, shipbuilding, semiconductor-related, and medical sectors. Orders from these industries are expected to remain strong in the second half of the year. Accordingly, we have revised our full-year consolidated order forecast upward from JPY 580 bn. to JPY 630 bn., representing a year-on-year increase of 20.4%. The order backlog for machine tools increased from JPY 240.0 bn. at the end of December 2025 to JPY 303.0 bn. at the end of June 2026. This backlog is expected to support revenue growth in the second half of the fiscal year (July-December) and beyond.

At DMG MORI, we have strengthened our medium- to long-term competitiveness by advancing MX with focus on expanding technology development and production sites for advanced industries, enhancing our products and solutions, and promoting sustainability initiatives.

To expand technology development and production, we held the topping-out ceremony for our European headquarters and Technology Center in Munich, Germany, in May 2026. The facility will enhance customer engagement through demonstrations of advanced machine tools, automation, and digital technologies, while strengthening our brand presence in Europe. In June 2026, we expanded our Stipshausen site in Germany by enhancing the production, logistics, and R&D capabilities of our core hub for ultrasonic technology to accelerate the development of machining technologies for advanced industries, including semiconductors, optical equipment, medical devices, and aerospace. In addition, group company Magnescale opened its Nara Factory in April 2026 to meet growing demand for high-precision Laserscale linear encoders used in semiconductor manufacturing equipment. The new facility increases production capacity, strengthens BCP through a dual-site structure with its Isehara Factory, and enhances supply capabilities for the growing semiconductor market.In the product and technology domain, we introduced the 5-axis machining center ULTRASONIC 80 Precision. The machine uses ultrasonic technology for highly accurate and efficient processing of hard and brittle materials to meet the growing demand in the semiconductor industry and others. We also launched the WH-AMR 10 2nd Generation autonomous mobile robot to support transport automation, labor savings, and productivity improvements in manufacturing operations. In digital services, we enhanced CELOS Club with the AI-powered predictive maintenance function Condition Agent, enabling equipment condition monitoring and early anomaly detection through machine operating data. In addition, we were selected for the GENIAC program sponsored by METI and NEDO, under which we are advancing research and development of a manufacturing physical AI platform that utilizes production equipment data to optimize machining processes and expand AI applications on the shop floor. Through these initiatives, we are delivering lifecycle value, including MRO services, to support productivity gains for customers in aerospace, defense, semiconductor, and

medical markets.
We are receiving strong recognition from external stakeholders for our sustainability efforts. We earned a place on the A List for climate action in the CDP 2025 survey for the second consecutive year and an “A” rating for our proactive approach to identifying and managing water risks. We believe this reflects our efforts to develop energy-efficient products, improve resource efficiency through process integration and automation, and reduce environmental impact across the supply chain. Going forward, we will continue advancing MX to support a sustainable society while enhancing long-term corporate value.

<Consolidated results>
Consolidated results of the six months of the fiscal year ended June 30, 2026 is as follows:

Unit: 100 Million yen

	January to June, 2025	January to June, 2026	Difference	<Forecast> January to December, 2026
Sales revenues	2,275	2,767	492	5,800
Sales revenues (Million EUR)	1,403	1,500	97	3,182
Operating profit	65	93	28	300
Operating profit (Million EUR)	40	50	10	165
Operating profit / Sales revenues	2.9%	3.4%	0.5%pts	5.2%
Profit attributable to owners of the parent	21	44	23	155
Profit attributable to owners of the parent (Million EUR)	13	24	11	85

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 162.2 yen/EUR for the figures of January to June, 2025, 184.5 yen/EUR for those of January to June, 2026, and 182.3 yen/EUR for the figures of January to December, 2026.

(2) Overview of financial position

Total assets at the end of the first half of fiscal year 2026 amounted to 881,440 million yen. Total equity is 353,329 million yen and ratio of equity attributable to owners of the parent is 40.0%.

(3) Explanation of forecasts and other projections

We have strong order intake globally during the first half, 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 May 1, 2026.

Consolidated financial forecast

Unit: 100 Million yen

	Released on May 1 January to December, 2026	Released on August 4 January to December, 2026	Difference	<Reference> January to December, 2025
Sales revenues	5,650	5,800	150	5,150
Sales revenues (Million EUR)	3,099	3,182	82	3,047
Operating profit	280	300	20	190
Operating profit (Million EUR)	154	165	11	112
Operating profit / Sales revenues	5.0%	5.2%	0.2%pts	3.7%
Profit attributable to owners of the parent	150	155	5	240
Profit attributable to owners of the parent (Million EUR)	82	85	3	142

(Note)

・Exchange rate used for consolidated financial forecast for fiscal year 2026: JPY 154.1 /USD, 182.3 /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. Interim Consolidated Financial Statements

(1) Interim consolidated statement of financial position

(Million Yen)

	December 31, 2025	June 30, 2026
Assets		
Current assets:		
Cash and cash equivalents	39,859	33,130
Trade and other receivables	80,729	76,830
Other financial assets	6,258	4,282
Inventories	201,821	216,781
Other current assets	19,176	20,119
Total current assets	347,844	351,144
Non-current assets:		
Property, plant and equipment	223,573	228,667
Right-of-use assets	30,774	30,398
Goodwill	100,100	100,752
Other intangible assets	117,179	117,311
Other financial assets	28,930	32,651
Investments in associates and joint ventures	7,612	7,911
Deferred tax assets	6,967	6,528
Other non-current assets	5,982	6,073
Total non-current assets	521,120	530,295
Total assets	868,965	881,440

(Million Yen)

	December 31, 2025	June 30, 2026
Liabilities		
Current liabilities:		
Trade and other payables	78,083	76,324
Interest-bearing bonds and borrowings	65,676	62,965
Contract liabilities	90,795	103,440
Other financial liabilities	85,598	81,491
Income taxes payable	9,894	4,360
Provisions	41,988	42,127
Other current liabilities	11,086	5,130
Total current liabilities	383,124	375,841
Non-current liabilities:		
Interest-bearing bonds and borrowings	60,000	60,000
Other financial liabilities	56,278	64,756
Net employee defined benefit liabilities	5,726	4,960
Provisions	5,861	5,589
Deferred tax liabilities	11,437	12,685
Other non-current liabilities	4,381	4,276
Total non-current liabilities	143,684	152,269
Total liabilities	526,809	528,110
Equity		
Share capital	71,804	71,804
Capital surplus	18,348	16,535
Other equity instruments	110,777	120,672
Treasury shares	(7,474)	(5,783)
Retained earnings	93,738	89,696
Other components of equity	53,291	59,735
Equity attributable to owners of the parent	340,484	352,661
Non-controlling interests	1,671	667
Total equity	342,155	353,329
Total liabilities and equity	868,965	881,440

(2) Interim consolidated statement of profit or loss

(Million Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Revenues:		
Sales revenues	227,487	276,729
Other operating revenues	4,123	4,158
Total revenue	231,611	280,887
Costs:		
Changes in merchandise, finished goods and work in progress for sale	1,989	(11,562)
Costs of raw materials and consumables	78,710	112,188
Personnel costs	88,328	101,276
Depreciation and amortization	16,474	18,527
Other operating costs	39,598	51,145
Total costs	225,101	271,576
Operating profit	6,509	9,311
Financial income	379	277
Financial costs	3,729	4,071
Share of profits of associates and joint ventures accounted for using equity method	108	415
Profit before income taxes	3,268	5,933
Income taxes	1,141	1,772
Profit	2,126	4,161
Profit attributable to:		
Owners of the parent	2,060	4,378
Non-controlling interests	65	(217)
Profit	2,126	4,161
Earnings per share		
Basic (yen)	7.94	23.09
Diluted (yen)	7.94	23.09

(3) Interim consolidated statement of comprehensive income

(Million Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Profit	2,126	4,161
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	292	385
Changes in fair value of financial assets designated at fair value through other comprehensive income	583	2,069
Subtotal	875	2,455
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(178)	3,471
Effective portion of changes in fair value of cash flow hedges	(186)	800
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(76)	102
Subtotal	(440)	4,374
Total other comprehensive income	435	6,830
Comprehensive income	2,561	10,991
Comprehensive income attributable to:		
Owners of the parent	2,495	11,208
Non-controlling interests	65	(217)
Comprehensive income	2,561	10,991

(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, 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 (Note)	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

(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					4,378		4,378	(217)	4,161
Other comprehensive income (OCI)						6,830	6,830	-	6,830
Total comprehensive income	-	-	-	-	4,378	6,830	11,208	(217)	10,991
Issuance of other equity instruments			10,000				10,000		10,000
Other equity instruments issuance costs			(104)				(104)		(104)
Distributions to owners of other equity instruments					(1,136)		(1,136)		(1,136)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		0		8			8		8
Dividends					(7,669)		(7,669)		(7,669)
Share-based payments (Note 1)		(591)		1,683			1,092	(786)	306
Transfer from other components of equity to retained earnings					385	(385)	-		-
Other (Note 2)		(1,221)					(1,221)		(1,221)
Total transactions with owners of the parent	-	(1,812)	9,895	1,691	(8,420)	(385)	968	(786)	181
Acquisition of non-controlling interests							-		-
Total changes in ownership interests in subsidiaries and others	-	-	-	-	-	-	-	-	-
As of June 30, 2026	71,804	16,535	120,672	(5,783)	89,696	59,735	352,661	667	353,329

(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) Interim consolidated statement of cash flows

(Million Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Cash flows from operating activities:		
Profit before income taxes	3,268	5,933
Depreciation and amortization	16,474	18,527
Loss (gain) on sales or disposal of property, plant and equipment, and intangible assets	35	(27)
Financial income and costs	3,350	3,793
Share of (profits) losses of associates and joint ventures accounted for using equity method	(108)	(415)
Other non-cash transactions	(2,478)	(153)
Inventories	(1,350)	(12,999)
Trade and other receivables	6,785	3,121
Trade and other payables	(10,415)	(6,428)
Contract liabilities	167	11,344
Provisions	(6,521)	(2,022)
Other	(2,543)	(446)
Subtotal	6,663	20,225
Interest received	368	268
Dividends received	6	2
Interest paid	(3,580)	(4,078)
Income taxes paid	(2,170)	(4,057)
Net cash flows from operating activities	1,288	12,361
Cash flows used in investing activities:		
Payments into time deposits	-	(0)
Proceeds from withdrawal of time deposits	42	-
Purchases of property, plant and equipment	(5,306)	(7,769)
Proceeds from sales of property, plant and equipment	198	1,611
Purchases of intangible assets	(6,521)	(5,740)
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	(129)	(79)
Proceeds from sales of investment securities	2	-
Other	80	(167)
Net cash flows used in investing activities	(11,039)	(12,145)

(Million Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Cash flows used in financing activities:		
Net increase (decrease) in short-term borrowings	5,626	(3,040)
Repayments of long-term borrowings	(1,653)	-
Proceeds from issuance of other equity instruments	6,924	9,895
Repayment of lease liabilities	(3,531)	(3,885)
Dividends paid	(7,073)	(7,666)
Dividends paid to non-controlling interests	(0)	(0)
Payments for obligations for non-controlling interests	(697)	(332)
Acquisition of treasury shares	(0)	(0)
Distributions to owners of other equity instruments	(872)	(1,136)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(719)	-
Other	(1,280)	(1,914)
Net cash flows used in financing activities	(3,277)	(8,080)
Effect of exchange rate changes on cash and cash equivalents	(705)	1,135
Change in cash and cash equivalents	(13,733)	(6,728)
Cash and cash equivalents at the beginning of period	41,747	39,859
Cash and cash equivalents at the end of period	28,014	33,130

(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, 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 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, 2025. Income tax for the six months ended June 30, 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 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.

(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, 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.

Six months ended June 30, 2026 (January 1 to June 30, 2026)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	180,786	95,917	276,703	26	-	276,729
Inter-segment	137,322	36,725	174,048	1,316	(175,365)	-
Total	318,109	132,642	450,752	1,342	(175,365)	276,729
Segment income	3,291	15,733	19,025	(10,077)	779	9,727
Financial income	-	-	-	-	-	277
Financial costs	-	-	-	-	-	(4,071)
Profit before income taxes	-	-	-	-	-	5,933

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

4. Additional information

Fundraising by Sixth Perpetual Subordinated Bonds (with Subordinated Covenant)

At the board of directors meeting held on May 1, 2026, the Company resolved to raise a total of ¥10 billion through Sixth Perpetual Subordinated Bonds (with Subordinated Covenant) (hereinafter “the Sixth Subordinated Bonds”). The conditions were decided as follows on May 29, 2026, and the full payment was completed on June 4, 2026. The Company will apply the full amount to the part of redemption of Fourth Perpetual Subordinated Bonds (with Subordinated Covenant) (hereinafter “the Fourth Subordinated Bonds”). For overview of the Fourth Subordinated Bonds, please refer to “5. Subsequent event.”
The Sixth 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 Sixth 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 Sixth Subordinated Bonds

(1) Name	Sixth callable perpetual subordinated unsecured bonds with interest deferral options and optional redemption clause (with subordinated covenant)
(2) Amount	10.0 billion yen
(3) Underwriters	Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., and SMBC Nikko Securities Inc.
(4) Execution Date	June 4, 2026
(5) Redemption Date	No redemption date is specified. Provided, however, that on June 4, 2031 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 5, 2026 to June 4, 2031: Fixed interest rate From June 5, 2031 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.

5. Subsequent event

Redemption of the Fourth Subordinated Bonds

The Company has decided to make an optional redemption of ¥30,000 million of the Fourth Subordinated Bonds on August 31, 2026 and submitted an optional redemption notice to the lenders on July 14, 2026. As a result, ¥29,717 million recorded as other equity instruments in the Interim consolidated statement of financial position will be classified as liabilities as of July 14, 2026, the date of the optional redemption notice. These liabilities will be extinguished on the repayment date.

Overview of the Fourth Subordinated Bonds

(1) Name	Fourth step-up callable perpetual subordinated unsecured bonds with interest deferral options and optional redemption clause (With Subordinated Covenant)
(2) Amount	30.0 billion yen
(3) Execution Date	August 31, 2021
(4) Redemption date	No redemption date is specified
(5) Interest rate	From August 31, 2021 to August 31, 2026: Fixed interest rate From September 1, 2026 onward: Variable interest stepped up by 1.00% based on 1-year Japanese government bonds
(6) Clauses relating to payment of interest	The Company has the option to defer the interest payment and no obligation.
(7) 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.
(8) Replacement restrictions	The Company has the right to optional redemption or repurchase of the subordinated bonds, it is assumed that the subordinated bonds are 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.