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Date: August 4, 2022

Summary of Consolidated Financial Statements for the second quarter of Fiscal Year 2022 ended June 30, 2022 (IFRS basis)
(All financial information has been prepared based on the original Japanese-language document, Summary of Consolidated Financial Statements for the second quarter announced on August 4, 2022)

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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Filing date of quarterly financial statements: August 15, 2022

Estimated starting date of dividend payment: September 9, 2022

Preparation of supplementary explanatory materials: Yes

Holding of quarterly earnings release conference: Yes

1. Consolidated business results of the second quarter ended June 30, 2022 (January 1, 2022 to June 30, 2022)

(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	%	million yen	%		
Second quarter ended June 30, 2022	218,207	22.4	17,688	73.3	16,273	90.5	11,390	86.4	11,296	85.3	34,944	158.7				
Second quarter ended June 30, 2021	178,246	15.5	10,208	320.1	8,544	-	6,111	-	6,097	-	13,506	-				

	Basic earnings		Diluted earnings	
	per share		per share	
	Yen		Yen	
Second quarter ended June 30, 2022	83.23		83.23	
Second quarter ended June 30, 2021	40.57		40.53	

(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, 2022	693,871	248,559	244,253	35.2	1,944.71
December 31, 2021	597,117	217,279	213,139	35.7	1,703.51

(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. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
December 31, 2021	-	10.00	-	30.00	40.00
December 31, 2022	-	30.00			
December 31, 2022 (Forecast)			-	40.00	70.00

(Note) Revision of dividends forecast in the current quarter: No

3. Consolidated financial forecast for Fiscal Year 2022 (January 1, 2022 to December 31, 2022)

(% 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 2022	450,000	13.6	45,000	95.1	28,000	108.0	209.80

(Note)

Revision of consolidated financial forecast in the current quarter: No

• Exchange rate used for consolidated financial forecast for fiscal year 2022: JPY 120.0 /USD 135.0 /EUR

4. Others

(1) Changes in significant subsidiaries during the second quarter ended June 30, 2022: No

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

1. Changes in accounting policies required by IFRS: No

2. Changes in accounting policies other than the above: No

3. Changes in accounting estimates: No

(3) Number of shares outstanding (Common shares)

1. Number of shares outstanding at the end of the period (including treasury shares)

June 30, 2022: 125,953,683

December 31, 2021: 125,953,683

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

June 30, 2022: 485,039

December 31, 2021: 984,204

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

January - June 2022: 125,200,543

January - June 2021: 124,342,276

(Note) The Company implemented trust-type employee stock ownership incentive plan in April 2018. Therefore, the shares of the company held by DMG MORI Employee Shareholders Association Exclusive Trust are included in the number of treasury shares at the end of period (499,500 shares as of December 31, 2021, and 6,600 shares as of June 30, 2022). In addition, the Company's shares held by the trust account are included in the treasury shares to be deducted in the calculation of the average

number of shares during the period (813,300 shares from January 1 to June 30, 2021, and 271,629 shares from January 1 to June 30, 2022).

- Information regarding implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures.

- Proper use of the financial forecasts and other notes

(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 2022 (Forecast), please see "1. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections" on page 3.

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

The supplementary explanatory material for the quarterly financial results is scheduled to be posted on the Company's website on August 4, 2022 (Thursday).

(Attached Documents) Index

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1. Qualitative Information Regarding Quarterly Settlement of Accounts

(1) Explanation of operating results

For the first half of the fiscal year 2022 (from January 1 to June 30), the gross margin continued to improve thanks to the high demand for process integration, automation, and digitization. Accordingly, the sales revenues were JPY 218.2 bn. (EUR 1,625 mil.), the operating profit was JPY 17.7 bn. (EUR 132 mil.), the profit before income taxes were JPY 16.3 bn. (EUR 121 mil.), the profit attributable to owners of the parent was JPY 11.3 bn. (EUR 84 mil.). (Euro amount is converted from yen at 134.3 yen, the average exchange rate between January 1 and June 30, 2022). The operating profit margin for the first half of 2022 was 8.1% due to the increased logistics cost and other factors. We are aiming to reach over 10% in operating profit margin in the second half of 2022.

The ongoing positive trend in the first half of 2022 resulted in a consolidated order intake of JPY 299.3 bn., an increase of 37% year-on-year. Among the driving factors were the accelerating demand for automation and full turnkey production with 5-axis and mill-turn machines, and large projects from global companies. The consolidated order intake was boosted by an increased average machine unit price of JPY 49.6 mil. (FY2021 average: JPY 39.4 mil.), which was achieved thanks to value-adding proposals to customers and the weak yen. The group company Magnescale Co., Ltd. made a significant contribution by achieving a high order intake through its production and sales of ultra-precision measuring components for semiconductor equipment. Service and Spare Parts also contributed by an order intake increase of 24% year-on-year.

Compared to the first half of fiscal year 2021, the order intake increased in all regions. Japan increased by 54% (composition ratio: 13%), Americas by 49% (19%), Europe by 32% (51%), China by 20% (11%) and Asia excluding China by 51% (6%). The order intake also continues to be strong across all industries, especially in industries such as medical, space, die & mold, EV, decarbonization technology and semiconductor production equipment.

We expect orders for machine tools, especially in combination with process integration, automation, and digitization to continue to grow throughout the third quarter and beyond. Therefore, the order intake forecast for the fiscal year 2022 has been revised upward again to exceed JPY 530 bn. (Initial plan: JPY 480 bn.). In addition, the order backlog is expected to increase from JPY 164 bn. at the end of 2021 to JPY 244 bn. at the end of June 2022, and to around JPY 240-250 bn. at the end of December 2022. With a generous amount of order backlog, we will strive to further stabilize our business performance.

As mentioned in DMG MORI's Mission Statement, we aim to provide comprehensive processing automation systems to customers, combining hardware and software components and optimized after-sales services. In other words, DMG MORI offers machine tools, unique products, internally produced components, and peripheral equipment and thereafter establishes processing systems at customers' facilities, upgrades machining processes for higher productivity, maintains the systems, or offers financing.

On April 1, 2022, DMG MORI established "WALC Inc.", a new subsidiary that specializes in AI, IoT and cloud computing technology and so on. By providing advanced software solutions, WALC Inc. aims at promoting the digital transformation of manufacturing companies. The company is also actively recruiting and offering internships to develop talents in the IT industry.

Furthermore, DMG MORI has released the "Academic Package" to easily provide the e-learning courses of DMG MORI's Digital Academy to educational institutions, including high schools, technical colleges, universities, and vocational training schools. We also launched the "Process Design Advisor" with video contents to study indexed 5-axis machining for up to 100 workpiece types as part of the "Skill Up Service" on DMG MORI's customer portal "my DMG MORI". We will continue to expand the learning contents for 5-axis machining and mill-turn machines to further support customers in improving their productivity.

As for technological innovation, we released the software "CELOS DYNAMIC*post*" to easily connect CAM technology with our DMG MORI machines. CELOS DYNAMIC*post* offers all 3 necessary functions of post-processing, machining simulation and cutting-force optimization in one integrated software, sparing customers the need of purchasing separate software products. In addition, DMG MORI has launched its new machine NTX 500, the most compact mill-turn center in the NTX series for processing of small-size & complex-shaped workpieces on 1 machine. The NTX series is specialized in integrating milling and turning processes, and the newly developed NTX 500 has the smallest floor space in the series. We will continue to develop highly functional, reliable, and investment-worthy products to meet the diverse needs of customers.

On the sales front, we are improving the communication quality with customers by enhancing our digital contents and increasing opportunities for direct consultations. In May, we held our Open House event at our production site in Pfronten, Germany. In June and July, we also participated in the Robot Technology Japan 2022 exhibition held in Aichi Prefecture, Japan. We also continue to hold small-scale exhibitions "Technology Fridays" at our locations worldwide. We will continue to connect with our customers both digitally and in the real world to make the optimal proposals to their needs.

In accordance with DMG MORI's Mission Statement "Play hard, study continuously and work together", we believe that our employees' health is one of the most important foundations for the sustainable growth of our company. To enable our employees to stay healthy and active for a long time, we have established a dedicated portal site for each individual employee to support their health management. We also continue to encourage male employees to take childcare leave to make it a common practice.

The entire DMG MORI group is working towards a sustainable, decarbonized and recycling-oriented society, a society where people and nature can coexist in harmony. We are also actively contributing to local communities in belief that trust is gained by fulfilling our social responsibilities. In Nara Prefecture, Japan, the birthplace of DMG MORI and location of our headquarters, we have opened a restaurant that utilizes local ingredients. We are also working to revitalize the local community in Iga, the city with our largest factory in Japan, by improving the infrastructure around the nearest train station.

<Consolidated results>

Consolidated results of the second quarter of the fiscal year ended June 30, 2022 is as follows:

Unit: 100 Million yen

	January to June, 2021	January to June, 2022	Difference	<Forecast> January to December, 2022
Sales revenues	1,782	2,182	400	4,500
Sales revenues (Million EUR)	1,373	1,625	252	3,333
Operating profit	102	177	75	450
Operating profit (Million EUR)	79	132	53	333
Operating profit / Sales revenues	5.7%	8.1%	2.4%pts	10.0%
Profit attributable to owners of the parent	61	113	52	280
Profit attributable to owners of the parent (Million EUR)	47	84	37	207

(Note) Euro amount is converted from yen at the average or forecasted exchange rate of each fiscal period; 129.8 yen/EUR for the figures of January to June, 2021, 134.3 yen/EUR for those of January to June, 2022, and 135.0 yen/EUR for the figures of January to December, 2022.

(2) Explanation of financial position

Total assets at the end of the second quarter of fiscal year 2022 amounted to 693,871 million yen. Total equity is 248,559 million yen and ratio of equity attributable to owners of the parent is 35.2%.

(3) Explanation of forecasts and other projections

Forecasts of the consolidated results are the same figures as those published in "Summary of Consolidated Financial Statements for the first quarter of Fiscal Year 2022 ended March 31, 2022", uploaded on May 12, 2022.

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, 2021	June 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	47,298	61,378
Trade and other receivables	59,677	67,656
Other financial assets	5,557	8,875
Inventories	129,542	157,346
Other current assets	12,616	15,831
Total current assets	254,692	311,088
Non-current assets:		
Property, plant and equipment	138,076	160,418
Right-of-use assets	22,099	22,503
Goodwill	70,834	77,547
Other intangible assets	74,514	82,034
Other financial assets	21,989	25,752
Investments in associates and joint ventures	5,704	6,311
Deferred tax assets	5,132	4,226
Other non-current assets	4,073	3,989
Total non-current assets	342,425	382,783
Total assets	597,117	693,871

December 31, 2021

June 30, 2022

Liabilities

Current liabilities:

Trade and other payables	54,169	66,113
Interest-bearing bonds and borrowings	10,259	11,704
Contract liabilities	65,707	92,217
Other financial liabilities	74,677	84,473
Income taxes payable	4,734	5,926
Provisions	40,543	46,720
Other current liabilities	4,316	4,728
Total current liabilities	254,409	311,883

Non-current liabilities:

Interest-bearing bonds and borrowings	85,133	87,041
Other financial liabilities	22,406	29,632
Net employee defined benefit liabilities	5,180	3,260
Provisions	5,871	5,680
Deferred tax liabilities	5,429	6,163
Other non-current liabilities	1,407	1,649
Total non-current liabilities	125,428	133,428

Total liabilities

379,838 445,311

Equity

Share capital	51,115	51,115
Capital surplus	-	-
Other equity instruments	118,753	118,753
Treasury shares	(1,889)	(931)
Retained earnings	52,817	61,589
Other components of equity	(7,657)	13,725
Equity attributable to owners of the parent	213,139	244,253
Non-controlling interests	4,139	4,306

Total equity

217,279 248,559

Total liabilities and equity

597,117 693,871

(2) Quarterly consolidated statement of profit or loss

(Million Yen)

	Second quarter ended June 30, 2021 (January 1 to June 30, 2021)	Second quarter ended June 30, 2022 (January 1 to June 30, 2022)
Revenues:		
Sales revenues	178,246	218,207
Other operating revenues	4,259	5,111
Total revenue	182,505	223,319
Costs:		
Changes in merchandise, finished goods and work in progress for sale	606	(6,343)
Costs of raw materials, consumables	77,884	97,739
Personnel costs	56,983	67,062
Depreciation and amortization	10,869	11,575
Other operating costs	25,953	35,596
Total costs	172,297	205,630
Operating profit	10,208	17,688
Financial income	173	270
Financial costs	1,801	1,705
Share of profits (losses) of associates and joint ventures accounted for using equity method	(35)	19
Profit before income taxes	8,544	16,273
Income taxes	2,432	4,882
Profit	6,111	11,390
Profit attributable to:		
Owners of the parent	6,097	11,296
Non-controlling interests	13	93
Profit	6,111	11,390
Earnings per share		
Basic (yen)	40.57	83.23
Diluted (yen)	40.53	83.23

(3) Quarterly consolidated statement of comprehensive income

(Million Yen)

	Second quarter ended June 30, 2021 (January 1 to June 30, 2021)	Second quarter ended June 30, 2022 (January 1 to June 30, 2022)
Profit	6,111	11,390
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	209	1,840
Changes in fair value measurements of financial assets designated at fair value through other comprehensive income	1,410	1,512
Subtotal	1,620	3,352
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	5,971	22,646
Effective portion of changes in fair value of cash flow hedges	(205)	(2,720)
Hyper-inflation adjustment	-	253
Share of other comprehensive income of associates and joint ventures accounted for using equity method	8	21
Subtotal	5,774	20,200
Total other comprehensive income	7,395	23,553
Comprehensive income	13,506	34,944
Comprehensive income attributable to:		
Owners of the parent	13,487	34,774
Non-controlling interests	18	169
Comprehensive income	13,506	34,944

(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, 2021	51,115	-	118,735	(3,735)	40,452	(21,148)	185,420	4,475	189,895
Profit					6,097		6,097	13	6,111
Other comprehensive income (OCI)						7,390	7,390	5	7,395
Total comprehensive income	-	-	-	-	6,097	7,390	13,487	18	13,506
Distributions to owners of other equity instruments					(1,053)		(1,053)		(1,053)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		(216)		1,110		(77)	815		815
Dividends					(1,241)		(1,241)	(44)	(1,285)
Transfer between retained earnings and capital surplus		278			(278)		-		-
Share-based payments		1				(1)	-		-
Changes in interests in consolidated subsidiaries' capital		(72)					(72)	72	-
Transfer from other components of equity to retained earnings					254	(254)	-		-
Total transaction with owners of the parent	-	(9)	-	1,110	(2,318)	(333)	(1,551)	27	(1,523)
Acquisition of non-controlling interests		9					9	(89)	(79)
Total changes in ownership interests in subsidiaries and others	-	9	-	-	-	-	9	(89)	(79)
As of June 30, 2021	51,115	-	118,735	(2,624)	44,231	(14,092)	197,365	4,432	201,798

(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, 2022	51,115	-	118,753	(1,889)	52,817	(7,657)	213,139	4,139	217,279
Profit					11,296		11,296	93	11,390
Other comprehensive income (OCI)						23,477	23,477	76	23,553
Total comprehensive income	-	-	-	-	11,296	23,477	34,774	169	34,944
Distributions to owners of other equity instruments					(879)		(879)		(879)
Acquisition of treasury shares				(0)			(0)		(0)
Disposition of treasury shares		(118)		958			840		840
Dividends					(3,752)		(3,752)	(42)	(3,795)
Transfer between retained earnings and capital surplus		(12)			12		-		-
Share-based payments		147					147	17	165
Transfer from other components of equity to retained earnings					2,093	(2,093)	-		-
Total transaction with owners of the parent	-	16	-	958	(2,525)	(2,093)	(3,643)	(25)	(3,669)
Acquisition of non-controlling interests		(16)					(16)	21	5
Total changes in ownership interests in subsidiaries and others	-	(16)	-	-	-	-	(16)	21	5
As of June 30, 2022	51,115	-	118,753	(931)	61,589	13,725	244,253	4,306	248,559

(5) Quarterly consolidated statement of cash flows

(Million Yen)

	Second quarter ended June 30, 2021 (January 1 to June 30, 2021)	Second quarter ended June 30, 2022 (January 1 to June 30, 2022)
Cash flows from operating activities:		
Profit before income taxes	8,544	16,273
Depreciation and amortization	10,869	11,575
Loss (gain) on sales or disposal of property, plant and equipment, and intangible assets	(31)	7
Financial income and costs	1,628	1,434
Share of (profits) losses of associates and joint ventures accounted for using equity method	35	(19)
Other non-cash transactions	(1,801)	(1,683)
Change in asset and liability items:		
Inventories	(3,920)	(16,132)
Trade and other receivables	(8,071)	(3,059)
Trade and other payables	(100)	8,328
Contract liabilities	13,827	18,993
Provisions	1,139	3,442
Other	(1,342)	1,600
Subtotal	20,775	40,760
Interest received	127	232
Dividends received	51	45
Interest paid	(2,203)	(2,376)
Income taxes paid	(2,729)	(2,478)
Net cash flows from operating activities	16,021	36,183
Cash flows used in investing activities:		
Payments into time deposits	-	(1,694)
Purchases of property, plant and equipment	(3,211)	(13,369)
Proceeds from sales of property, plant and equipment	86	109
Purchases of intangible assets	(4,357)	(5,767)
Acquisition of associates, net of cash acquired	(199)	(53)
Purchases of investment securities	(252)	(863)
Proceeds from sale of investment securities	42	-
Other	49	(1)
Net cash flows used in investing activities	(7,841)	(21,639)

(Million Yen)

	Second quarter ended June 30, 2021 (January 1 to June 30, 2021)	Second quarter ended June 30, 2022 (January 1 to June 30, 2022)
Cash flows used in financing activities:		
Net increase in short-term borrowings	1,869	1,438
Repayments of long-term borrowings	(538)	(838)
Repayment of lease liabilities	(3,056)	(2,738)
Dividends paid	(1,241)	(3,745)
Dividends paid to non-controlling interests	(45)	(42)
Payments for obligations for non-controlling interests	(8)	(135)
Acquisition of treasury shares	(0)	(0)
Distributions to owners of other equity instruments	(1,053)	(879)
Other	535	2,215
Net cash flows used in financing activities	(3,538)	(4,726)
Effect of exchange rate changes on cash and cash equivalents	1,278	4,262
Change in cash and cash equivalents	5,919	14,079
Cash and cash equivalents at the beginning of period	33,754	47,298
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	(487)	-
Cash and cash equivalents at the end of period	39,185	61,378

(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 June 30, 2022 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 and universal milling machines for five-axis machining), 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 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 Quarterly Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 64 of 2007), the "Quarterly Consolidated Financial Statements Ordinance"), it has applied the provisions of Article 93 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.

(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) Significant accounting policy

The significant 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, 2021, except for the following item. Income tax for the second quarter ended June 30, 2022 was calculated based on the estimated average annual effective tax rate.

(Hyper-inflation adjustment)

The Group has made accounting adjustments to the financial statements of its subsidiary in Turkey, which is in a hyperinflationary economy, in accordance with IAS 29, "Financial Reporting in Hyperinflationary Economies". This adjustment has no material impact on the Group's consolidated financial statements for the second quarter of the fiscal year 2022.

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:

Second quarter ended June 30, 2021 (January 1 to June 30, 2021)

	(Million Yen)					
	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	118,895	59,337	178,232	13	-	178,246
Inter-segment	74,154	11,058	85,213	746	(85,960)	-
Total	193,049	70,396	263,446	760	(85,960)	178,246
Segment income	6,922	7,612	14,535	(4,095)	(267)	10,172
Financial income	-	-	-	-	-	173
Financial costs	-	-	-	-	-	(1,801)
Profit before income taxes	-	-	-	-	-	8,544

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

Second quarter ended June 30, 2022 (January 1 to June 30, 2022)

(Million Yen)

	Reportable segments			Adjustments (Note)		Consolidated
	Machine Tools	Industrial Services	Total	Corporate Services	Elimination	
Sales revenues						
External customers	141,971	76,221	218,192	15	-	218,207
Inter-segment	92,543	13,210	105,754	756	(106,510)	-
Total	234,514	89,432	323,946	771	(106,510)	218,207
Segment income	10,974	12,397	23,372	(4,701)	(963)	17,708
Financial income	-	-	-	-	-	270
Financial costs	-	-	-	-	-	(1,705)
Profit before income taxes	-	-	-	-	-	16,273

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