

## Press Release

September 8<sup>th</sup>, 2023

## **Q&A on the Acquisition of Shares in KURAKI Co., Ltd.**

**Q:** How will the acquisition of 100% of the shares of KURAKI Co., Ltd. (hereinafter referred to as “KURAKI”) affect DMG MORI's business performance?

**A:** Although its business was solid and sales result positive, we recognize that KURAKI recorded a net loss in the previous fiscal year (April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023) due to an extraordinary loss resulting from a one-time impairment loss. Specifically, the book value of land and other assets was reduced to the recoverable amount. At the moment, we have the information that KURAKI expects to end the current fiscal year with a positive operating income and net income at the end of March 2024. As stated in the future outlook in section 6 of the "Notice of Acquisition of Shares in KURAKI Co., Ltd. " disclosed on September 6, the acquisition of shares in the subject company will have no impact on our consolidated financial results for the fiscal year ending December 2023.

**Q:** What is the purpose of acquiring the shares of KURAKI?

**A:** We believe that incorporating KURAKI's business and its 295 employees into our group will enhance the long-term growth and corporate value of the organization. As customer needs continue to evolve with a focus on process integration, automation, and digital transformation (DX), DMG MORI is committed to achieving sustainable growth through our MX strategy. KURAKI primarily specializes in the manufacture and sale of CNC horizontal boring and milling machines, a product category not currently offered by DMG MORI. The demand for CNC horizontal boring and milling machines is on the rise, particularly in industries such as aerospace, renewable energy, and heavy machinery, which are expected to experience significant growth in the foreseeable future. It is crucial for DMG MORI to integrate KURAKI's innovative development and production technology into our portfolio to expand our product offerings and tap into a broader customer base. Furthermore, within the increasingly advanced and complex product and service landscape, we believe that having a well-equipped team of engineers capable of delivering high-quality after-sales service and proposing productivity-enhancing solutions to our customers holds great significance in our future MX strategy.

**Q:** Why did you choose KURAKI?

**A:** We have had an exclusive sales alliance with KURAKI in selected U.S. states since 2017, which has expanded to 32 states by 2022, resulting in significant synergies. Through our sales and service collaboration, we have developed an in-depth understanding of KURAKI's products. We believe that by incorporating DMG MORI's in-house components, we can further contribute to enhancing their precision and quality. In addition, KURAKI has a large number of excellent engineers who possess extensive knowledge in the field of machine tools. We consider this expertise essential for our MX strategy.

Q: What are the benefits of acquiring shares in KURAKI for the DMG MORI Group?

A: Utilizing our group's digital platform, we anticipate further global growth and enhanced corporate value.

In addition, by welcoming talented engineers alongside KURAKI's products, we can offer productivity-enhancing solutions and ensure the quality and availability of after-sales service. This will accelerate the execution of our MX strategy. Furthermore, since KURAKI is geographically close to DMG MORI's group company, TAIYO KOKI Co., Ltd., we believe that the two companies will be able to combine their management resources and strengthen their relationships with suppliers and other stakeholders.