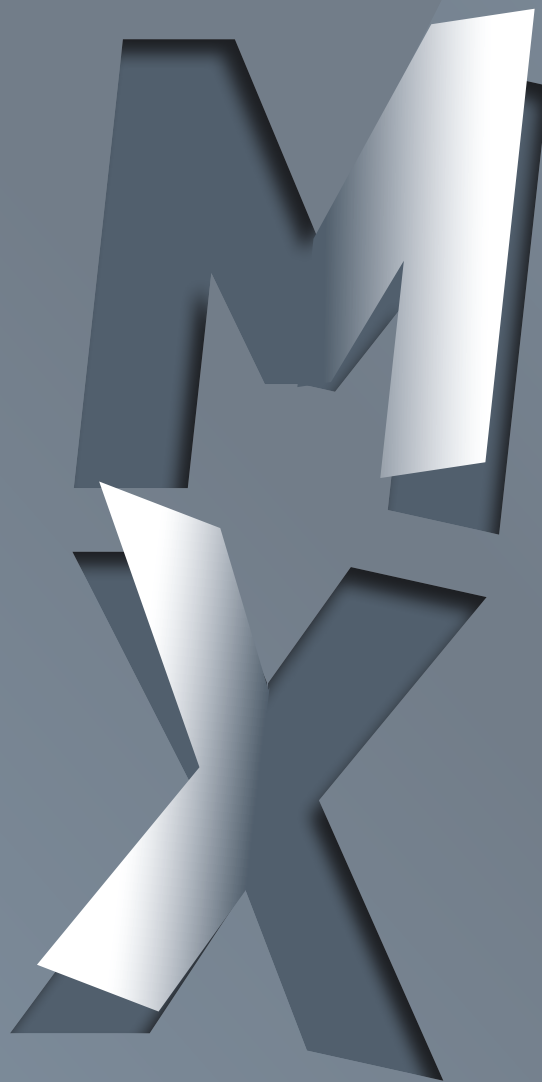


DMG MORI

COMPANY LIMITED



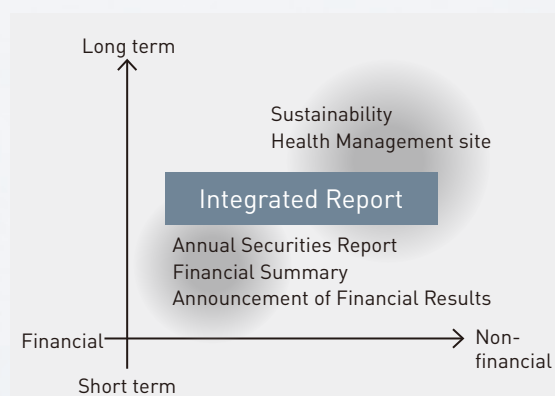
**M A C H I N I N G
T R A N S F O R M A T I O N**

Integrated Report 2023
Highlights

Fiscal Year 2023 (January - December)

About the Integrated Report

Our Integrated Report serves a dual purpose. It not only aims to provide our stakeholders with an understanding of our current business operations but also serves as a communication tool to foster dialogue and contribute to our corporate value over the medium to long term. The Integrated Report is prepared with reference to the Integrated Reporting Framework recommended by the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation provided by the Ministry of Economy, Trade, and Industry of Japan. For the year 2023, we have placed significant emphasis on disclosure aligned with the value creation process advocated by the IIRC. Our aim is to illustrate the growth of our various types of capital through our business model, Machining Transformation.



Reporting organizations

134 DMG MORI Group companies (as of December 31, 2023), including DMG MORI CO., LTD., 125 subsidiary companies, and 9 affiliate companies.

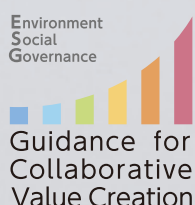
Reporting period

Fiscal year 2023
(January 1, 2023 – December 31, 2023)

*The report may partly include matters outside of the above-mentioned period.

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This Integrated Report was created by referring to the "The Guidance for Collaborative Value Creation" by Ministry of Economy, Trade, and Industry of Japan and "The International <IR> Framework" by the International Integrated Reporting Council.

Medium-term Business Plan 2025

Key points

Management Objectives

Provide high value-added products, systems, and services through process integration, automation, DX, and GX

Enhanced profitability by offering value-added products with increased average sales price

Stable growth in sales revenues and profits alongside effective use of resources driven by abundant order backlog

Strengthened financial resilience through enhanced free cash flow generation

Stable increase of dividends per share (Target: An increase of JPY 10 per year to reach JPY 100 per share at the end of Medium-term Business Plan 2025)

Social Needs

Fundamental Challenges

Operator shortages
Declining birthrate
EV transition
High-mix low-volume production
Demand for smaller environmental (CO₂) footprint



New Challenges

Inflation

Changes in energy policies

Supply chain optimization
(in response to geopolitical & tech-related conflicts)

Effective utilization of management resources
(raw materials, labor, etc.)

Major Management Policies

Topline stabilization = Lean use of management resources and diversified profit centers

Business model evolution

- Shift to high value-added machine models and solutions (5-axis machines, mill-turn centers, additive manufacturing)
- Strengthening production engineering capabilities (covering all facets of different machining processes)
- Promotion of DMQP (DMG MORI Qualified Products)
- Expansion of maintenance and service business
- Addressing environmental issues and improving economic efficiency through Green Transformation (GX)

Reinforced business foundation

- Building a robust supply chain
- Expanding capacity for in-house production of components
- Investing in employees to provide high quality products and services

Sustainability and social contribution

- Achieving carbon neutrality throughout the value chain
- Offering greater education / training opportunities around the world

First Year Results of the Medium-term Business Plan 2025

	2022 Results	2023 Results	2025 Target
Sales revenues	JPY 474.8 billion	JPY 539.5 billion	JPY 600 billion
Operating profit	JPY 41.2 billion	JPY 54.2 billion	JPY 72 billion
(Operating profit margin)	8.7%	10.0%	12.0%
Net profit	JPY 25.4 billion	JPY 33.9 billion	JPY 48 billion
(Net profit margin)	5.4%	6.3%	8.0%
ROE	11.1%	13.2%	>12.0%
Dividends per share	JPY 70	JPY 90	JPY 100
Net interest-bearing debt*1	JPY 47.6 billion	JPY 68.7 billion	JPY △30 billion
(incl. hybrid capital)	JPY 166.4 billion	JPY 179.5 billion	JPY 80 billion
Free cash flows	JPY 24.9 billion	JPY 14.9 billion	3 year cumulative total JPY 100 billion
Shareholders' equity ratio	36.1%	35.0%	>50.0%
Capital expenditure	JPY 41.1 billion	JPY 42.5 billion	3 year cumulative total JPY 100 billion
R&D investment	JPY 22.3 billion	JPY 28.2 billion	3 year cumulative total JPY 100 billion
Automation ratio	—	37%	50%

*1 (Long- and short-term borrowings + convertible bonds) - (cash and cash equivalents + short-term financial assets).

Growth Investment in 2023

High value-added products and software



- Development of ERGOline X / CELOS X
- World premiere of INH Series
- In-house production of key components
- Investments in line with intellectual property strategy

Automation systems and peripherals

- Upgrading Nara System Solution Plant
- New additions to DMQP lineup (DMG MORI Qualified Products)
- New online shop on *my* DMG MORI

Renewable energy

- Solar panels on factory roofs
- Electric furnaces for casting production

Engineer training

- New Academies nationwide
- New curriculum combining face-to-face lectures and e-learning programs
- Hiring and developing female engineers

New ERP system

- First launch in Bielefeld, Germany, in 2022, and global rollout planned

Human Capital

- Annual salary*¹ Average: JPY 8.92 million (JPY 8.35 million in 2022)
- Annual working hours*¹ Average: 2,035 hours (Target: 2,000 hours)
- Paid holiday*¹ Average: 17.9 days taken (Target: 20 days / year)
- Selected for "Health & Productivity Stock Selection 2024"*²

Environment

- Scope 1 & 2 CO₂ emissions equivalents reduced as planned
- 2030 Scope 3 target to be increased (▲13.5% → ▲27.5% vs. levels in 2019)
- Awarded A- rating by CDP for "Climate Change" and "Water Security" categories in 2023

Society

- Enhanced supplier engagement
- Increased in-house production of key components
- Industry-wide human resources development
- Revitalization of landscapes around our factories

Governance

- New Director candidate to promote board diversity (External 42%, Female 25%, Non-Japanese 25%)
- Globalized executive team, representing 7 nationalities across diverse age ranges (30s-60s)

*1 Japan only

*2 "Health & productivity management" is a registered trademark of the non-profit organization Kenkokeiei.

Message from Group CEO

Masahiko Mori

Dr. Eng.
CEO, DMG MORI Group
President, DMG MORI CO., LTD.
Chairman of the Supervisory Board, DMG MORI AG



Enhancing Customer Productivity and Corporate Value through Machining Transformation (MX)

The year 2023 - the first year of the Medium-term Business Plan 2025 - kicked off with great momentum. We reached a significant milestone by achieving a 10% operating profit margin. Our goal is to revolutionize the manufacturing industry through Machining Transformation (MX), which involves process integration, automation, Green Transformation (GX), and Digital Transformation (DX). At the core of our efforts is our direct sales and service organization - a key strength that enables us to connect with customers worldwide. We strive to establish a positive cycle: when customers recognize the substantial value in our proposals, it ensures a sustainable profit margin. Simultaneously, we invest in our people, facilities, and research to enhance our overall company value, fostering long-term growth.

While the machine tool industry faced a challenging year with declining orders in the global market, our strategic approach enabled us to achieve a significant increase in sales, profits, and dividends compared to 2022. Regarding the financial results of 2023, consolidated orders

totaled at JPY 520.0 billion, down only 4.1% from the previous fiscal year. Sales revenues were JPY 539.5 billion, up 13.6% from the previous year. Operating profit was JPY 54.2 billion, up 31.4%, and net profit was JPY 33.9 billion, up 33.6%, reaching a new peak level following 2022. The operating profit margin improved to 10% (vs. 8.7% in 2022) and the net profit margin to 6.3% (vs. 5.4% in 2022). This increase was driven by higher unit order prices and lower discount rates as a result of providing high value-added solutions to our customers. Sales in the service and spare parts segment (22% of total orders) also contributed to stable growth with an increase of 16%. In 2023, we validated that our MX strategy is being well accepted by customers, reinforcing our confidence in our ability to achieve the goals of our Medium-term Business Plan.

However, we fell short of our targets in terms of cash flows and financial position. The net debt balance at the end of December 2023 was JPY 179.5 billion (End of December 2022: JPY 166.4 billion). This rise was due to a temporary increase in parts and materials inventory, aimed at mitigating supply chain

disruptions. However, this problem has been resolved since the fourth quarter with improvements anticipated starting in 2024. Furthermore, with the conversion of convertible bonds into shareholders' equity set for July 2024, we are optimistic about reducing the net debt balance to less than JPY 80 billion at the end of 2025, as planned.

To further ensure the success of our Medium-term Business Plan goals and pave the way for sustained growth thereafter, we must address our key challenges: 1) Adapt to significant changes in the business environment and customer demands, 2) Restructure our management organization to support global business development, 3) Enhance our export control framework in response to geopolitical uncertainties, and 4) Increase our investment in talent development.

1. Significant Changes in the Business Environment and Customer Demands

The manufacturing industry faces pressing challenges, including the worldwide shortage of machine operators, the demand for ultra-precision machining technologies in growing sectors, and the imperative to address social and environmental responsibilities. Moreover, escalating global geopolitical risks are reshaping supply chains and impacting economic stability worldwide. To meet these societal needs, our customers seek holistic solutions. In addition to enhancing machine performance - such as precision, speed, rigidity, and durability - we advocate integrating production processes and deliver comprehensive solutions to optimize efficiency. We refer to this strategy as "MX" (Machining Transformation) and see it as crucial for our customers to thrive in the rapidly changing manufacturing landscape.

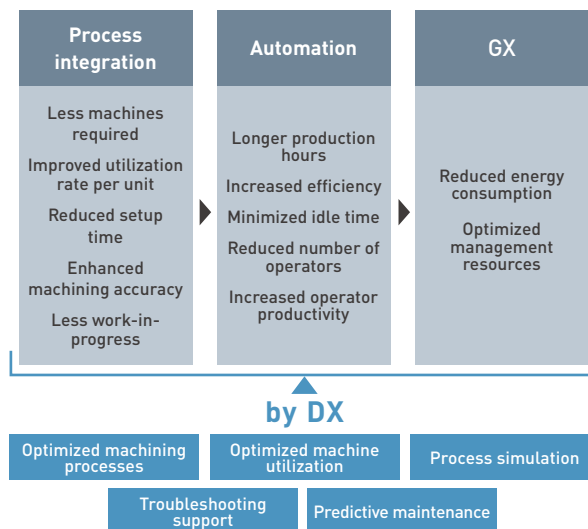
MX to Meet Evolving Processing Needs

MX (Machining Transformation) is our strategy to fundamentally transform traditional machining processes to drive value creation for our customers. In this transformation, the key sequence is "process integration → automation → and GX (Green Transformation)", which is facilitated by DX (Digital Transformation).

Process integration means that cutting operations such as turning, milling, and gear cutting, typically performed on several specialized machines, can now be integrated into single 5-axis machines or mill-turn centers. This also includes non-cutting processes like surface treatment and finished workpiece measurement. In the next step, we add automation systems to our process-integration machines. Process integration and automation together lead to less operators being required, reduced intermediate inventory, and extended machine utilization. Moreover, once a material is clamped, all surfaces can be machined without the need for re-clamping, thereby eliminating deviations and enhancing the accuracy of the finished product. The reduced number of machines and related peripheral equipment, along with reductions in cycle time and idle time, lead to lower power consumption and reduced use of other consumables. These environmental benefits and management resource optimizations contribute to GX. Furthermore, our Digital Twin technology allows for computer simulations of part machining, further facilitating the optimization of machining methods and production planning while reducing the use of resources. In addition, we utilize AI to

analyze and leverage our machining know-how gathered from having installed around 300,000 machines worldwide. The gained expertise is then applied to our customers' machining processes, fostering productivity enhancements and facilitating predictive maintenance.

| Effects of Introducing MX



Our Diverse Resources Enable MX

DMG MORI has the vertically integrated management resources required to achieve MX, including:

- A wide selection of process-integration machines such as 5-axis machines, mill-turn centers, and additive manufacturing (AM) machines
- Diverse lineup of standardized automation systems and DMQP (DMG MORI Qualified Products) that contribute to enhanced machine utilization
- Application software for optimizing machining processes, supporting process design, workpiece and pallet handling, and measurements
- A global team of application engineers proficient in proposing the most efficient machining methods and conducting machine installation
- A global team of service engineers capable of solving problems after installation
- Efficient system for swift delivery of spare parts, supported by in-house production of key components

We are continuously expanding our lineup of process-integration machines. In 2023, we released several new models, including the new INH 5-axis control horizontal machining center. We have approximately 13,000 employees worldwide, with roughly 5,000 dedicated to manufacturing and quality control. The remaining 8,000 are engaged in marketing, sales, engineering, and service, with around 3,000 specifically in

application and service engineering roles. With our diverse and global workforce, we are fully equipped to deliver the best support to our customers. Building upon our diverse management resources, DMG MORI has evolved from a mere machine tool manufacturer to being an engineering trading company (a manufacturing solution provider), offering a complete range of machining solutions as a one-stop shop for customers.

The most important factor in delivering solutions lies in having direct communication channels with customers. Through our collaboration with former GILDEMEISTER AG (hereinafter referred to as "AG") in Germany, we have built and gradually expanded a direct sales and service organization. Today, we manage key accounts consisting of major corporations with global operations. These key account customers are restructuring their production sites and supply chains to address issues such as quality control, geopolitical risks, sustainability, and critical component procurement. Therefore, they seek a reliable partner capable of delivering high-performance machine tool systems and swift maintenance services of consistent quality on a global scale.

We consider our ability to offer consistent communication, quality, and pricing across all regions without the necessity of local distributors and intermediaries as a growing advantage. Moreover, we have diversified our customer base beyond the automotive industry to include sectors such as aerospace, medical, and die & mold. This shift enables us to concentrate on technical negotiations with leading customers in each industry, free from the constraints of price-based competition and short delivery times.

Marketing also plays a crucial role in enhancing our direct engagement with customers. In 2023, we participated in EMO 2023, the world's largest machine tool trade fair held in Hannover, Germany. Securing a large booth allowed us to effectively showcase our unique approach and differentiate ourselves from competitors. However, as the importance of providing tailored proposals aligned with individual customer needs continues to grow, we recognize the necessity for more targeted strategies. One of our key strengths lies in our implementation of MX across our 17 production sites around the world. When customers visit our plants and experience the benefits of MX firsthand, it significantly influences their investment decisions. We will continue to promote our unique value propositions directly to our customers by participating in major global trade shows and inviting them to visit our plants and showrooms.

2. Restructuring our Management Organization

Governance of Group Companies

Fifteen years have passed since we started the business and capital alliance with AG in 2009. Although we have grown steadily as "DMG MORI," there is an increasing need to further enhance our globally integrated management to address security concerns arising from geopolitical risks, inventory surges due to disruptions in the supply chain and logistics, and fluctuations in

exchange rates. Therefore, we have changed our internal organizational structure. Until now, the directors of the former Mori Seiki Co., Ltd. and AG have played a central role in ensuring alignment of management policies. However, in order to cope with the above-mentioned dynamic shifts in the economic landscape, as of 2023, we have shifted to a system where uniform information and decision-making processes are shared among executives worldwide. Specifically, we have increased the number of executive officers from AG, resulting in over 40% of the 41 members of the Executive Committee now being non-Japanese nationals. Additionally, we are actively fostering younger talents in their 40s to promote a global management perspective among our executive candidates.

Each of our European plants, known by names such as Deckel, Maho, and GILDEMEISTER, has a rich history of manufacturing unique products renowned for their cutting-edge technology and superior quality, each with its own distinct brand identity. While honoring these products and brands, in order to foster a sense of unity as the DMG MORI Group and share it with our stakeholders worldwide, including customers and employees, we will establish our European headquarters in Munich in 2024. Additionally, we will proceed to unify the names and logos of our subsidiaries under the global brand "DMG MORI," ensuring a cohesive identity across our entire organization.



M&A Initiatives

To accelerate the long-term growth of the DMG MORI Group, we will also pursue M&A opportunities. Although we have substantial resources to promote MX, there are still areas for future improvement, such as expanding our customer base and increasing the number of R&D designers and engineers to meet the growing demand for automation. M&A presents itself as one effective method to achieve these goals.

We started negotiations with KURAKI Co., Ltd. (hereinafter referred to as "KURAKI") to join DMG MORI Group in 2023 and successfully closed the deal on January 5, 2024. With the addition of KURAKI's CNC horizontal boring and milling machines, we can effectively expand our product lineup and broaden our customer base. Furthermore, KURAKI's many

talented development designers and engineers will assist us in meeting customer demands in the future. So, we believe that this was the optimal M&A deal to enhance our management resources. KURAKI is situated in Nagaoka City (Niigata Prefecture), known for its rich heritage in the machine tool industry, coincidentally where our group company TAIYO KOKI also has its headquarters. Moving forward, we aim to enhance the corporate value of both companies and actively contribute to the development of Nagaoka. Although the KURAKI brand is well known, we plan to change the name to DMG MORI Precision Boring in April 2024 to foster a sense of unity as one group.

3. Strengthening our Export Control System

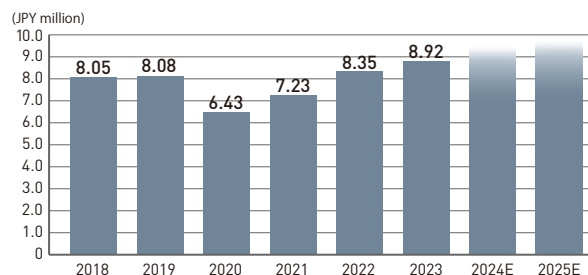
Amidst heightened geopolitical risks, some media outlets reported that DMG MORI machines manufactured in Russia were sold to companies after the invasion of Ukraine, and that machines manufactured by AG were resold in China. The former incident occurred under wartime conditions beyond our control, while the latter involved an illegal resale at the shipping destination, neither constituting a violation of laws which apply to us. We have been quick to strengthen our export control system, placing great importance on economic security. These two incidents have highlighted once more the need for additional measures beyond legal requirements to prevent unauthorized sales. On a positive note, these news reports have helped raise awareness about the importance of machine tools and the need for stricter export controls among the general public.

As a measure to strengthen our export control, we have been installing relocation detection devices since 2006. If a machine tool equipped with this device is relocated without permission, the machine will automatically activate a lock mechanism, rendering it inoperable. This prevents the machine from being relocated without prior notification and permission. In 2023, we have finally made the installation of the relocation detection devices also mandatory for all machines produced outside of Japan. We will continue to build a more sophisticated export control system and strictly enforce it throughout the world.

4. Investments in Human Capital

We have approximately 13,000 highly skilled employees around the world, and we remain committed to investing in their development to enhance our company's productivity. Since 2022, we have been adjusting employee salaries to better reflect job responsibilities, skills, and qualifications. Furthermore, we have set salary levels above industry standards to attract the best talent and reduce turnover, thereby ensuring that we can provide top-tier solutions to customers. While major revisions were completed in FY 2023, we intend to continue adjusting salaries regularly in line with the global inflation. We are aiming to eliminate salary disparities among employees across different countries by around 2030.

Average annual income of employees (Japan)



* Includes base salary, qualification salary, position salary, bonus, child allowance, housing allowance, and overtime allowance.

* Excludes dormitory / company housing, meal allowance, commuting allowance, employee stock ownership incentive, childcare expense support, travel expense support for family visits, medical checkup support, and other fringe benefit related payments.

Our management philosophy is "Play Hard + Be Dynamic, Study Continuously + Be Open, Work Together + Be Innovative."

"Playing hard" encompasses not only fostering a vibrant work environment but also the maintenance and enhancement of physical and mental well-being. As part of this commitment, we are improving our physical checkup and preventive medical care system while also offering nutritionally balanced meals to support the health of our employees. In recognition of our efforts, we were certified as "White 500" by METI's Health & Productivity Outstanding Organizations Recognition Program in March 2023 and were selected in their "Health & Productivity Stock Selection" in March 2024.

Embracing the principle of "Study Continuously," we are also committed to fostering the skill development of our employees. To this end, we have been expanding our employee training programs according to job type and position. Special attention is given to engineer training, with our DMG MORI ACADEMY and group company TECHNIUM CO., LTD. collaborating to develop curricula, educational materials, and offer guidance. Through these efforts, we promote "Working Together" and enable the company as a whole to create higher added value.

The know-how we have developed through our in-house engineering training has become an important foundation for providing value to external parties such as our customers' operators and students. We offer hands-on training on actual machines at our DMG MORI ACADEMY facilities, as well as lectures and practical training at the Faculty of Engineering at Nara Women's University, a faculty which was established in 2022. In collaboration with technical colleges, we have also started to offer the "Digital Monozukuri Practice Course" across the country. In the increasingly sophisticated and complex field of engineering, our efforts contribute to the development of engineers regardless of gender and to the development of the industry as a whole.

With dedicated commitment to implementing these initiatives, we aspire to address both societal and customer concerns, while ensuring the successful realization of our Medium-term Business Plan 2025 and fostering sustainable growth thereafter. In doing so, we strive to enhance our corporate value and meet the expectations of all stakeholders, including our valued customers, employees, and shareholders.

DMG MORI Group Materiality

Identified Materiality

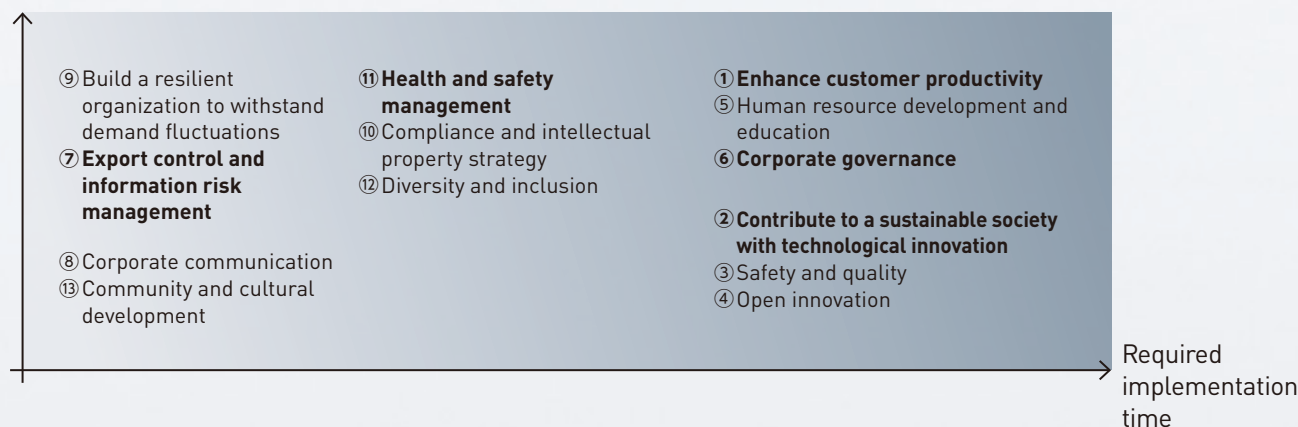
We have identified and disclosed our Group's sustainability management approach and key topics (materiality). In our materiality analysis, we have identified 13 topics. While all of them are important, we have arranged them by their impact on our business (Y-axis) and required implementation time (X-axis) to improve clarity. We are dedicated to regularly reassessing materiality topics to flexibly adapt to evolving external conditions.

*Please refer to the full version of the Integrated Report for detail.

List of Materiality Topics		Reference*
Contributing to society and environment through technological innovation	1 Enhance customer productivity <ul style="list-style-type: none"> • Provide one-stop solutions that meet customer needs for Machining Transformation • Enhance working environments by increasing productivity and delivering added value to customers 	Customer Story of Introducing Automation Systems (→ P.40)
	2 Contribute to a sustainable society with technological innovation <ul style="list-style-type: none"> • Reduce environmental footprint throughout the entire supply chain • Develop and promote environmentally friendly products • Improve machine tool precision 	Natural Capital (→ P.83) Social and Relationship Capital (→ P.79)
	3 Safety and quality <ul style="list-style-type: none"> • Deliver safe and easy-to-use products with high precision, efficiency, and rigidity • Provide high-quality support by engineers close to customers • Contribute to long-term stable operation by providing reliable peripheral equipment and digital technology 	New Products (→ P.52) Automation Solutions (→ P.55)
	4 Open innovation <ul style="list-style-type: none"> • Collaborate with external organizations, including universities, research institutes, and companies • Build win-win relationships to create and enhance values 	Development Capital (→ P.49) Intellectual Capital (→ P.53)
	5 Human resource development and education <ul style="list-style-type: none"> • Offer educational opportunities to employees, customers, students, partners, and other individuals involved in the machine tool industry • Continuously engage in the WorldSkills Competition and academic conferences to promote technological innovation in the manufacturing industry • Foster next-generation talents 	Industry-Wide Operator Development (→ P.75)

The identified 13 topics are divided into three major categories based on our Mission Statement, leading to company-wide activities.

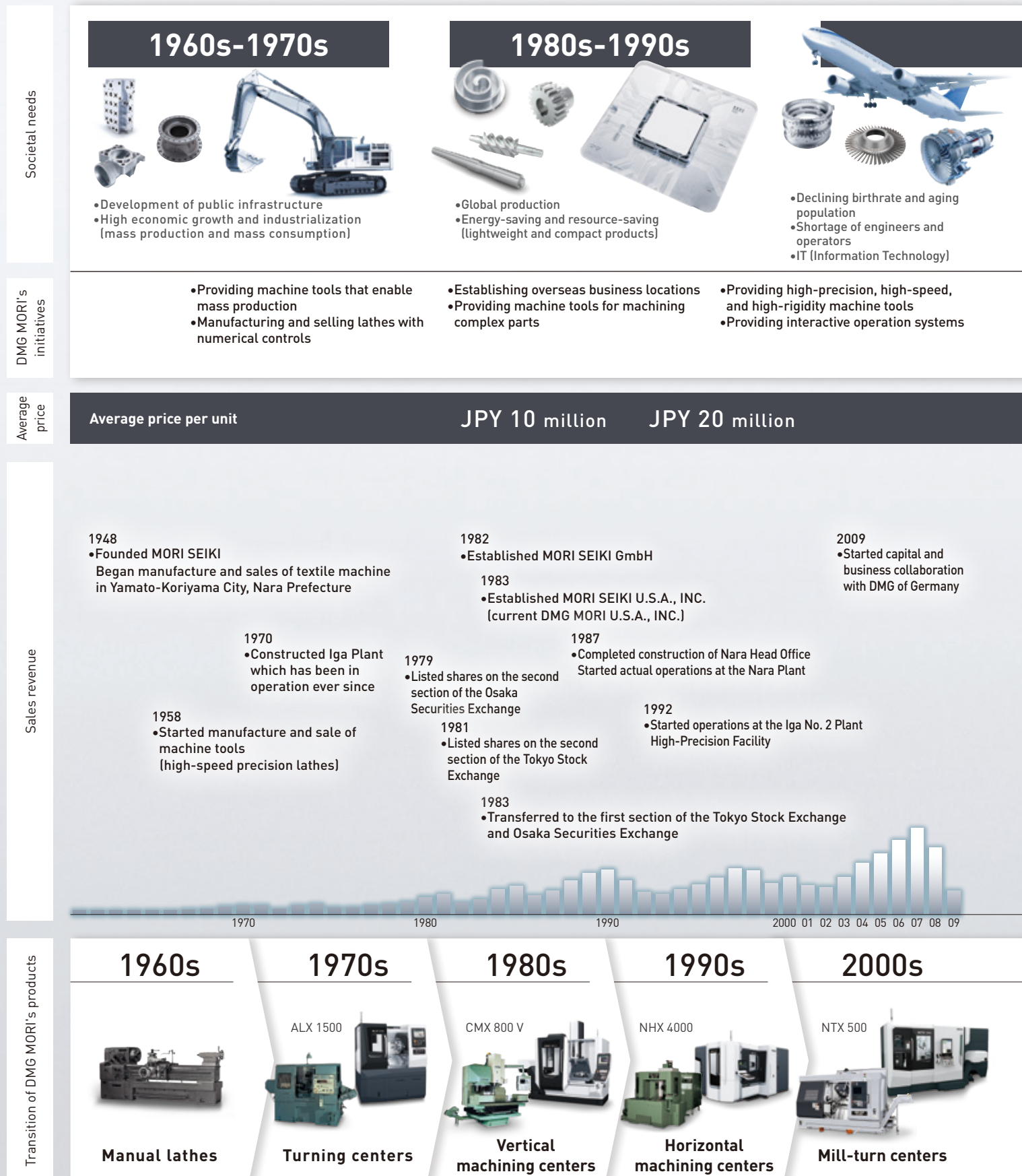
Impact on DMG MORI business



List of Materiality Topics		Reference*
Strengthening management foundation	6 Corporate governance <ul style="list-style-type: none"> • Increase transparency and fairness as a global company • Strengthen corporate competitiveness through fast decision-making • Secure future leaders for succession 	Insights from External Directors: Interview & Message (→ P.101)
	7 Export control and information risk management <ul style="list-style-type: none"> • Prevent military diversion and unauthorized use of products through strict compliance with export control regulations of each country • Protect customer information and implement measures against cyber-attacks on our internal network • Strengthen measures against cyber-attacks on customer machines 	Risk Management (→ P.109)
	8 Corporate communication <ul style="list-style-type: none"> • Foster accurate information sharing and ongoing communication • Promote understanding of the increasingly sophisticated and dynamic business landscape 	Shareholder Engagement (→ P.11)
	9 Build a resilient organization to withstand demand fluctuations <ul style="list-style-type: none"> • Diversify and stabilize earnings by offering high value-added products across various customer industries and regions • Strengthen supply chain management through in-house production of key components 	Machining Transformation (MX) (→ P.25)
	10 Compliance and intellectual property strategy <ul style="list-style-type: none"> • Recognize the potential consequences of advanced technology leakage or misuse, and ensure compliance with diverse laws, regulations, and corporate ethics • Proactively secure intellectual property rights for product and technology protection while also respecting the intellectual property of other companies 	Governance Structure (→ P.95) Intellectual Capital (→ P.53)

List of Materiality Topics		Reference*
Contributing to sustainable society	11 Health and safety management <ul style="list-style-type: none"> • Create a work environment that embodies our corporate philosophy "Play Hard, Study Continuously, Work Together" 	Health & Productivity Management / Health & Productivity Management Stock Selection 2024 (→ P.77)
	12 Diversity and inclusion <ul style="list-style-type: none"> • Establish an environment that enables each individual to harness their full potential and attain personal fulfillment 	Human Capital (→ P.67) Diversity at Production Sites (→ P.65)
	13 Community and cultural development <ul style="list-style-type: none"> • Create clean factories and beautiful landscapes as a responsible corporate citizen connected to the community • Contribute to further development of science, sports, arts, and culture 	Fostering Culture, Art, and Science (→ P.81)

Changes in Societal Needs and Development of DMG MORI



DMG MORI has continuously evolved its business model and improved its products and services in response to major societal changes, which occur each decade.
We will continue to aim for further growth by providing value that reflects the demands of society.

2000s-2010s



- High-mix low volume
- Industry 4.0 (connectivity)

Providing machine tool software products that enable efficiency to streamline production processes

- Automation system
- Additive manufacturing ("AM")
- CELOS



- Sustainability
- Automation

Providing digital services in accordance with customer needs

- Digital Twin Showroom
- Digital Twin Test Cuts
- Portal Site / Online shop
- Providing environmentally-friendly products

2020s

Growing need for:
Hardware and software integration
High precision and green technology
Restructuring of global supply networks

JPY 30 million

JPY 40 million

JPY 60 million

JPY 75 million [Plan]

2012

- Established North American Factory in Davis city, California

2013

- Company names unified
- Promoted direct sales through partnership with DMG and improve brand power
- Established Tianjin Factory in China

2016

- Accomplished business integration with DMG MORI AG

- Data-driven sales activities by global sales channels

- Increased customer contacts by enhancing functions of my DMG MORI
- Moved to the Tokyo Stock Exchange Prime Market (2022)

Medium-term Business Plan
(2023-2025)

539.5

600

Evolution of process integration, automation, DX and GX

Stabilizing business performance with abundant order backlog

Our Vision

Maximize customers' productivity as a machining solution provider

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024E 2025E 2030E

(JPY billion)

1,000

900

800

700

600

500

400

300

200

100

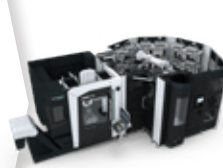
2010s



DMC 125 FD duoBLOCK

5-axis machines

2020-



DMU 50 + MATRIX



LASERTEC 3000
DED hybrid



WH-AMR 10



Technology Cycles
"Chip-Braking"

Machining Transformation:

Process integration, Automation, Digital Transformation, and Green Transformation

History of CO-AG Integration and Changes in the Governance Structure

Start of business alliance in 2009

Since the mid-2000s, top managements of the former Mori Seiki Co., Ltd ("CO") and the German company GILDEMEISTER AG ("AG") have developed trust with each other by visiting each other's exhibition halls at global exhibitions. Amidst cyclical demand fluctuations and intensified competition within the machine tool industry, characterized by a lack of clear leadership, there was a prevailing sense of stagnant profits. Informal talks between the top executives started in late 2008, resulting in a partial capital and business alliance in March 2009.

The demand environment for machine tools remained favorable throughout fiscal year 2007, up until the start of the capital and business alliance in 2009. CO had enjoyed a strong year with sales revenues of JPY 202.3 billion, operating profit of JPY 31.3 billion, and an operating profit margin of 15.5% (for the fiscal year ending in March 2008). CO's balance sheet structure was extremely robust, marked by a substantial shareholders' equity ratio of 76% and zero debt (net cash of JPY 14.7 billion). This solid equity base provided ample borrowing capacity for the company. AG also fared well with sales revenues of EUR 1,562 million, operating profit (EBIT) of EUR 126 million, and an operating profit margin of 8.1% (for the fiscal year ending in December 2007). However, AG's financial position posed challenges. The shareholders' equity ratio stood at only 28.7%, while the company carried a net interest-bearing debt balance of EUR 157 million, subject to a high interest rate of approximately 10%, hindering the company from expanding its business.

Advantages of CO and AG, and synergies between CO and AG

At the time when the parties started negotiations, CO was known for several strengths:

- 1) A leading global position in mill-turn centers, horizontal machining centers, and turning centers;
- 2) In-house production capabilities for crucial mechanical components such as spindle units, ball screws, bearings, and turrets, ensuring the precision, rigidity, and longevity of machines;
- 3) Swift resolution of machine defects via its effective Product Problem Report (PPR) system, alongside continuous advancements in refining next-generation products;
- 4) Proactive resolution of customer issues through the expansion of maintenance and service networks, coupled with the establishment of global parts centers;
- 5) A solid financial standing characterized by zero debt and a shareholders' equity ratio of 76%.

CO needed to do the following to further improve its business:



- 1) Advance the diverse array of 5-axis machines, which were still in the emerging stage;
- 2) Improve the market reach in Europe;
- 3) Acquire a direct sales and service infrastructure, along with the requisite expertise, vital to advance a solution-based business;
- 4) Reinforce marketing efforts to better appeal to customers.

On the other hand, AG's strengths included:

- 1) A diverse array of 5-axis machines and know-how of versatile processing methods;
- 2) Proficiency in product development utilizing laser technology;
- 3) Robust market presence, particularly in Europe, facilitated by its direct sales and service network;

Overview of both companies at the start of capital and business alliance

Mori Seiki Co., Ltd.				GILDEMEISTER AG			
(JPY billion)				(EUR million)			
Income Statement	Mar/2006	Mar/2007	Mar/2008	Dec/2006	Dec/2007	Dec/2008	
Sales revenue	145.3	172.3	202.3	1,329	1,562	1,904	
Operating profit (Operating profit margin)	16.3 (11.2%)	25.0 (14.5%)	31.3 (15.5%)	82 (6.2%)	126 (8.1%)	158 (8.3%)	
Net profit (Net profit margin)	13.8 (9.5%)	16.2 (9.4%)	16.0 (7.9%)	27 (2.0%)	50 (3.2%)	81 (4.3%)	
Balance Sheet							
Cash and cash equivalents	31.6	30.0	18.0	42	96	258	
Interest bearing debt	15.7	5.4	3.3	253	252	373	
Net Cash (Net debt)	15.8	24.5	14.7	(211)	(157)	(115)	
Shareholders' equity	116.3	131.0	131.8	289	330	380	
Total assets	162.8	169.0	174.3	955	1,150	1,390	
Shareholders' equity ratio	71.5%	77.5%	75.6%	30.2%	28.7%	27.3%	

	MORI SEIKI THE MACHINE TOOL COMPANY		GILDEMEISTER	
Sales structure	Indirect sales (Dealers)	Integration	Direct sales	
Main sales areas	Japan, USA, South-East Asia	Synergy	Europe, Asia, China	
Key products	Horizontal machining centers, Mill-turn centers		5-axis machines, New technology (Laser/ultrasonic machines)	
Production bases	Japan, USA	Shared	Germany, Poland, Italy	
Quality management	Product Problem Report (PPR) system In-house production of key components		—	
Key customers	SMEs, Toyota, Honda, etc. Key manufacturers in Japan, USA, etc.	Synergy	SMEs, Volkswagen, BMW, etc. Key manufacturers in Germany, France, UK, Italy, etc.	
Specifications	Fanuc, Mitsubishi CNC, PLC and peripherals made in Japan, 220V		Siemens, Heidenhain CNC, PLC and peripherals made in Europe, 400V	
Governance	Strong leadership + Centralized decision-making structure and risk management through Weekly Report and Workflow system	Integration	Strong leadership + Thorough profitability management of subsidiaries	
Financial status	High profitability (Operating profit margin: 15.5% Mar/2008) Robust financial position (Shareholders' equity ratio 75.6%) Net cash (JPY 14.7 billion)	Synergy	Room for profitability improvement (Operating profit margin: 8.1% Dec/2007) Weak financial foundation (Shareholders' equity ratio 28.7%) Net interest-bearing debt (EUR 157 million)	
Other strengths	Global service		Marketing, IT system	

- 4) Strong capabilities in product design and marketing;
- 5) Business foundation in China and India.

AG's most significant challenge lay in improving its financial standing, as well as its quality management and services. As indicated earlier, the shareholders' equity ratio for the fiscal year ending in December 2007 – immediately preceding the negotiations – stood at 28.7%, coupled with a net interest-bearing debt of EUR 157 million, subject to an interest rate at approximately 10%. AG's CEO at the time sought financial relief from CO through the collaboration. As illustrated in the next section, "Capital integration process," CO has aided AG in enhancing its financial standing by underwriting the issuance of new shares, leveraging its capital-raising capabilities. CO's tender offer ("TOB") for AG, which began in January 2015, was also driven by CO's ability to raise funds at low interest rates.

In addition to improving its financial position, collaborating with CO yielded several other benefits for AG:

- 1) Increased sales of flagship 5-axis machines in the Americas, Japan, and Southeast Asia;
- 2) Expansion of in-house manufacturing of critical components like spindle units and ball screws to European facilities;
- 3) Enhanced customer trust through quality enhancements facilitated by the Product Problem Report (PPR) system and timely spare parts delivery;
- 4) Enhanced governance through the integration of CO's expertise, including the implementation of efficient communication practices such as the weekly report system, and the visualization of decision-making processes and expenditures across operations through the workflow system.

Given its improvement in financial structure through the capital increases, AG made capital investments of approximately EUR 1.2 billion in the European region between 2009 and 2023. Prior to the full integration, cumulative capital expenditures in the six years from 2009 to 2014 amounted to EUR 400 million. After the full integration, cumulative investments over the nine-year period from 2015 to 2023 expanded to EUR 800 million. As a result, DMG MORI Pfronten factory in Germany – the largest dedicated production site for 5-axis machines in Europe – has experienced a remarkable 1.5-fold increase in production capacity. DMG MORI Poland factory has also been transformed into the most profitable production site in the region by installing state-of-the-art automation equipment. Through this collaboration, AG's market share in Japan and the United States (German Export Share) has expanded significantly. Before the collaboration, AG's market share in Japan and the United States was 14% and 13%, respectively, but the recent market share has increased to 48% and 25%, respectively. As a result of steady business expansion, the number of employees has significantly increased from approximately 6,400 at the start of the collaboration to approximately 7,500 by the end of December 2023. The three important elements of management: employees, production facilities and intellectual assets, and financial capital have been greatly enhanced, which is a great benefit for AG and has enabled it to further enhance its presence.

As CO increased its shareholding in AG throughout the progression of the business alliance, some skeptics derided the notion of a smaller company like CO acquiring a larger company like AG. While AG surpassed CO in terms of sales, it's worth noting that AG was also engaged in a non-core energy-related business at that time. In 2019, AG withdrew from this business,

Integration Result (by 2023)

Sales	Sales expansion and top-line stabilization <ul style="list-style-type: none"> + Stabilized top-line through global customer and industry diversification + Established brand through standardized marketing activities, introduced in-house exhibitions leveraging global office locations + Providing Machining Transformation (MX) – process integration, automation, DX, GX – through trading, engineering, and manufacturing functions via a direct sales structure
R&D	Development integration <ul style="list-style-type: none"> + World's largest and best product lineup combining Japanese and German technologies + Expansion of cutting-edge technologies such as automation solutions and additive manufacturing + Information sharing at Global Development Summits, bringing together developers from diverse countries + Japan-Europe and Japan-US joint development models, unique developments such as operation panel CELOS X
Production / Logistics	Optimized production network <ul style="list-style-type: none"> + Expanded mutual use of production sites, reduced geopolitical risks + Enhanced transport efficiency, quicker delivery, and lower greenhouse gas emissions from localized production + One-stop production of automation systems (machine tools + robots, automation solutions + peripherals)
Procurement	Joint procurement <ul style="list-style-type: none"> + Established long-term partnerships with global suppliers + Expanded in-house production of ball screws, spindle units, and other components + Established sustainable supply system with industry partners via Germany's INTEGRITY NEXT platform
Quality	<ul style="list-style-type: none"> + Knowledge accumulation via global deployment of Product Problem Report system (PPR) + Quick response to customer issues through improved maintenance and service network and global parts centers
Others	<ul style="list-style-type: none"> + Improved operational efficiency by integrating IT systems of both companies + Sharing expertise in sustainability, including greenhouse gas emissions reduction and supply chain due diligence + Strengthening of group-wide export control system, installation of machine relocation detection systems (RMS) on all models + Evolved into a global company with 13,000 employees, continued productivity improvement through increased human capital investment

yet at its peak, revenue from this business segment achieved approximately EUR 200 million. As a result, when comparing only the machine tool business, there were no significant differences between both companies. In fact, CO was ahead of AG in terms of profitability and financial stability, including operating profit margin, equity ratio, and net cash balance. Ultimately, what matters most in the context of business and capital integration is how well the strengths of the two companies could complement each other, irrespective of their individual sizes. The integration of CO and AG has enabled the DMG MORI group to establish the No. 1 global position in the industry in terms of revenue scale, while effectively diversifying our management resources in sales and production across key regions including Japan, Europe, the Americas, and Asia.

Recently, CO's expertise has been effectively utilized in expanding the in-house production of spindle units at DMG MORI Pfronten factory in Germany, and ball screws at the factory in Poland. In the future, DMG MORI Poland factory plans to launch casting production, utilizing state-of-the-art electric furnaces which were already introduced at CO's group company DMG MORI CASTECH CO., LTD. These furnaces can reduce greenhouse gas emissions by more than 90%. On the other hand, CO has successfully established a global direct sales and service network by leveraging AG's expertise, and is fostering closer relationships with its customers.

Through the direct sales channels, DMG MORI's MX strategy (Machining Transformation: Process Integration → Automation → GX by DX) is gaining significant traction. In the fiscal year ending in December 2023, DMG MORI's operating profit margin (EBIT) reached 10%. Despite the declining demand for machine tools, this marked the highest profit since the integration, underscoring the evident improvement in profitability stemming from the business integration.

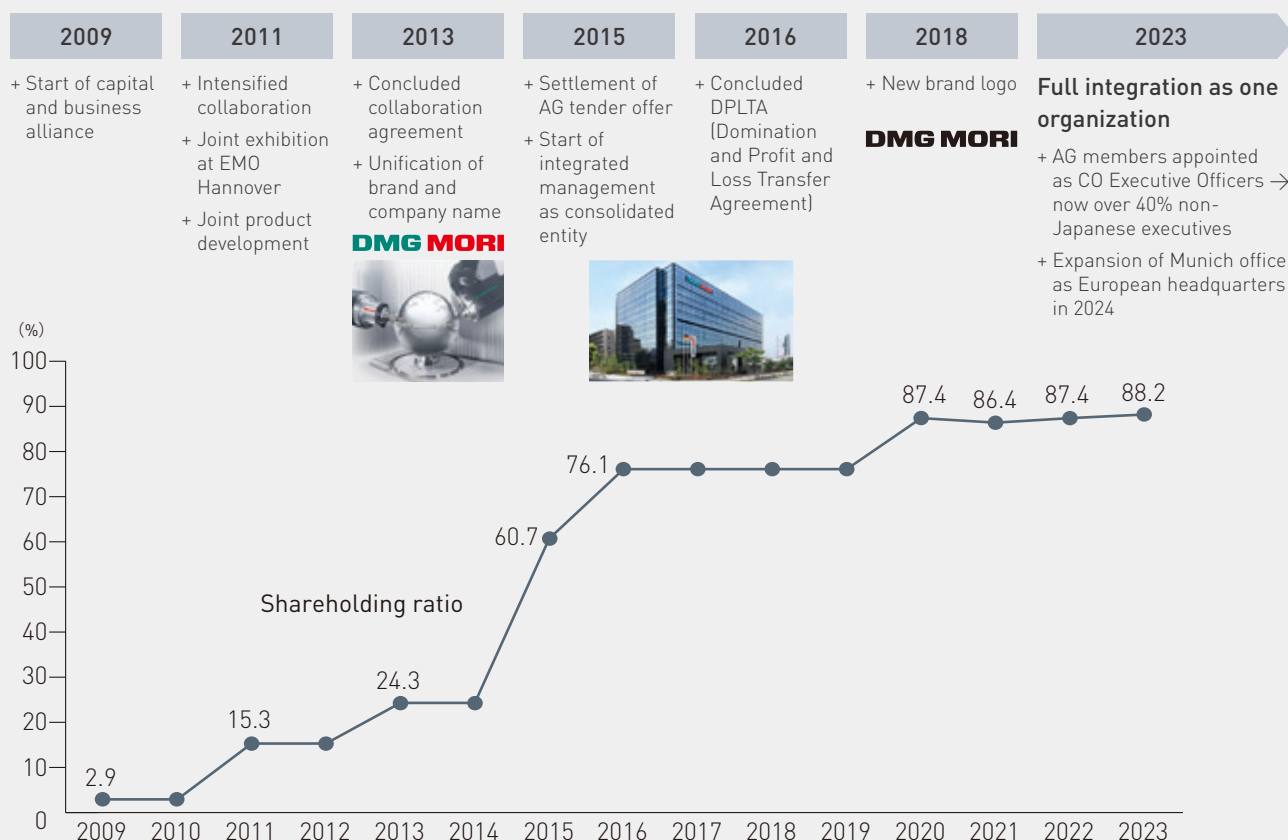
Capital integration process

The capital and business alliance between CO and AG started in March 2009 with a mutual 5% shareholding. AG acquired CO shares from the market, and allocated new shares to CO to enhance its capital. Subsequently, with the support of CO's robust capital strength, AG secured low-interest loans from major Japanese banks, strengthening its financial position. In 2011 and 2013, AG further solidified its financial standing by issuing new shares to CO. As a result, CO's ownership stake in AG rose to over 20% and AG became an affiliated company of CO accounted for by the equity-method. Thereafter, both company names and brands were unified to "DMG MORI" to strengthen the unity between CO and AG and reinforce customer recognition.

Although the capital integration was well underway, the two companies remained in a legally competitive relationship. This made it difficult, under competition law, to proceed with the unification of key components, integration of machine models, consolidation of procurement systems, and streamline of suppliers. Hence, CO, with ability to raise funds from major Japanese banks, opted to assume full control of AG, resulting in a merger aimed at obtaining clearance under competition law. In 2015, CO conducted a tender offer ("TOB") for AG shares, and in April of the same year, its equity stake in AG reached 52.4%. As a result, AG became a consolidated company of CO, enabling collaboration under a free exchange of information in all business areas.

Within the realm of finance and accounting, AG was recognized as a consolidated group company. However, to achieve complete integration under German law, it was necessary to gain the power to issue direct instructions to the executive board. In April 2016, CO increased its equity stake in AG to 76.0%. In August of the same year, a DPLTA (Domination and Profit and

Integration History of Mori Seiki (CO) and GILDEMEISTER (AG)



Loss Transfer Agreement) took effect. The DPLTA has enabled CO to control AG as if CO owned 100% of AG shares. As of December 31, 2023, CO's shareholding ratio in AG was 88.23%.

Strengthened governance structure

As a listed company on the Prime market of the Tokyo Stock Exchange, CO is mandated to enhance governance across its group companies. Accordingly, CO has strengthened its governance over AG, in line with the deepened capital relationship. At the start of the cross-shareholding in 2009, Dr. Mori, the President of CO, began his involvement as a member of AG's Supervisory Board. Following the conclusion of the DPLTA in 2016, Dr. Mori became chairman of AG's Supervisory Board in 2018, further strengthening AG's management oversight function. Prior to this, in 2016, Ms. Bader, head of global marketing, was appointed as a member of the Supervisory Board, and in 2018, Mr. Nudo, head of CO's US sales office, was appointed as a member of the Supervisory Board, resulting in the promotion of the Group's products and services in the global market as well as thorough compliance with laws and regulations.

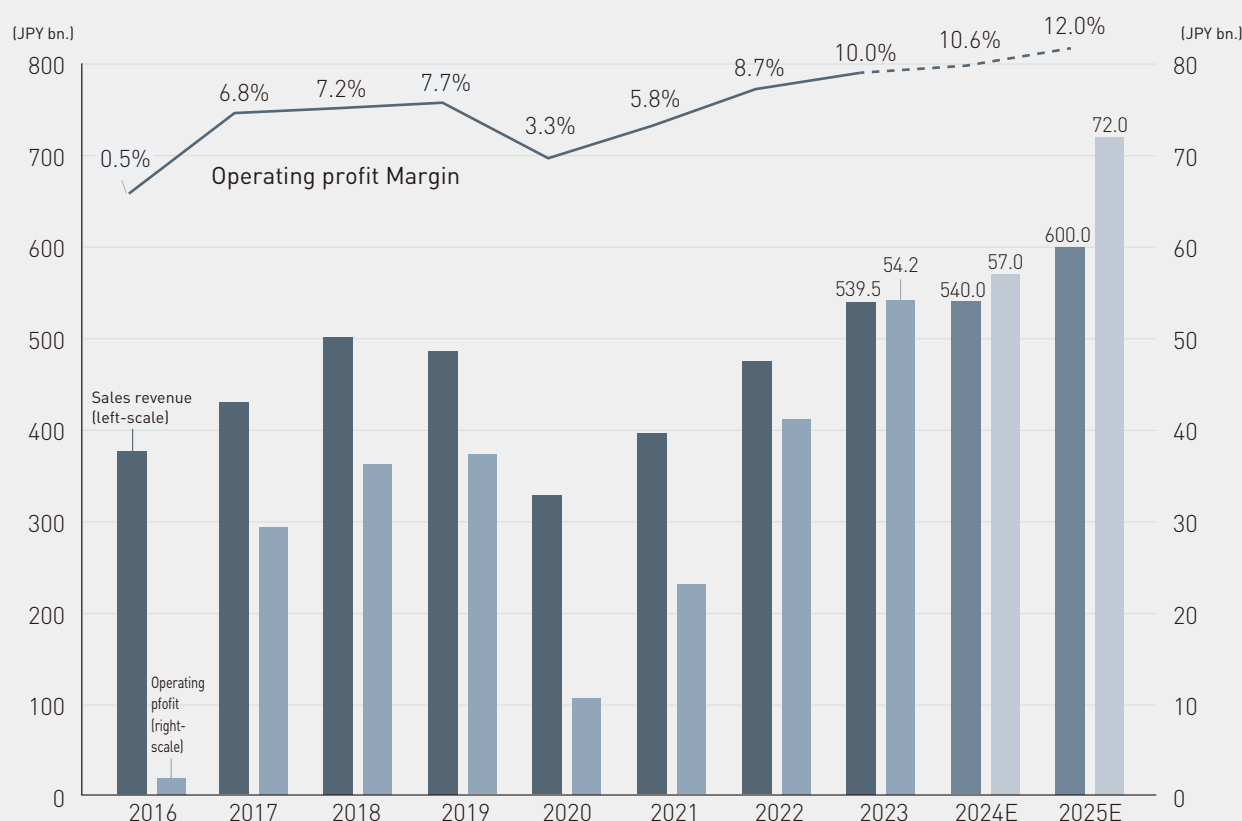
As global geopolitical risks increase and supply chains undergo shifts, coupled with rapid fluctuations in financial markets, organizations are facing significant challenges. Consequently, we have recognized an increasing necessity for comprehensive group-wide management, particularly in accounting and finance, to effectively navigate these dynamics. Since the beginning of 2024, Mr. Kobayashi, the CFO of CO, also serves as the CFO of AG, with the aim to maximize the corporate value of the group as a whole. Until 2022, a Joint Committee consisting mainly of Japanese and German management members had been exchanging opinions regarding the utilization of the management resources of both companies. However, to promptly address shifts in the business landscape, this function has been transitioned to

CO's executive officer meeting in 2023. The number of executive officers has been significantly increased to a total of 41, with a particular increase in number representing AG, including key members from various divisions such as development, sales, production, procurement, human resources, and other areas of the group. This strategic move aims to clarify management strategies, foster information sharing, and enhance accountability across the entire organization.

In February 2024, CO announced that it has established its European headquarters in Munich. A new building is planned to be completed by 2026. To swiftly adapt to shifts in the global social and business landscape, establishing a robust communication network is crucial. Alongside video-based communication, face-to-face meetings remain indispensable for important decision-making and conveying significant matters effectively. Munich stands out as an ideal headquarters due to its central European location, facilitating convenient travel not only within Europe but also to our bases in Japan, the Americas, Asia, and other regions.

Regardless of the integration, AG has maintained its listing on the German stock market. With its rich history and strong reputation, especially in the European market, AG enjoys significant trust from both customers and business partners. In the machine tool industry where products have a lifespan of over 20 years, recruiting and retaining skilled employees, especially service and maintenance personnel, are of utmost importance. We deem AG's listing on the German stock exchange important for maintaining the trust of employees and other stakeholders and ensuring transparency to our external shareholders. As leaders in the machine tool industry, CO and AG will continue to strengthen its integration and strive together to enhance the enterprise value of DMG MORI.

Financial performance after integration with GILDEMEISTER AG (since 2016)



DMG MORI's Strengths

Integration of Trading, Engineering, and Manufacturing Functions



*1 Administration: Executive Board / Executive Officer, Finance, Accounting & Controlling, IT, HR, Corporate Communication, Legal, Internal Audit, and other administrative functions

Provide machining technology through customer-oriented sales and services network

With 116 offices around the world, DMG MORI has established a customer-oriented sales and service structure unparalleled in the industry and contributes to solving customer issues through value-added proposals.

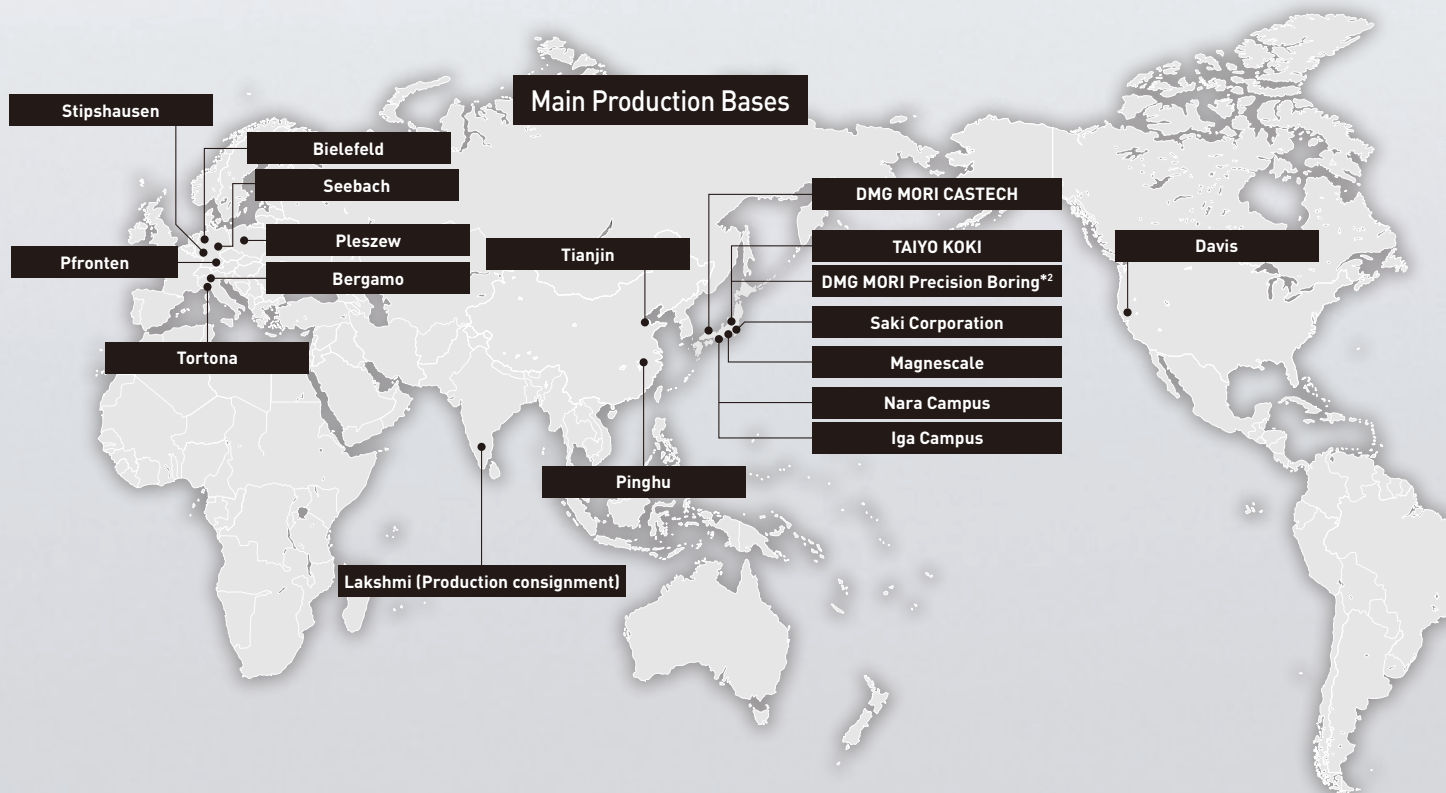
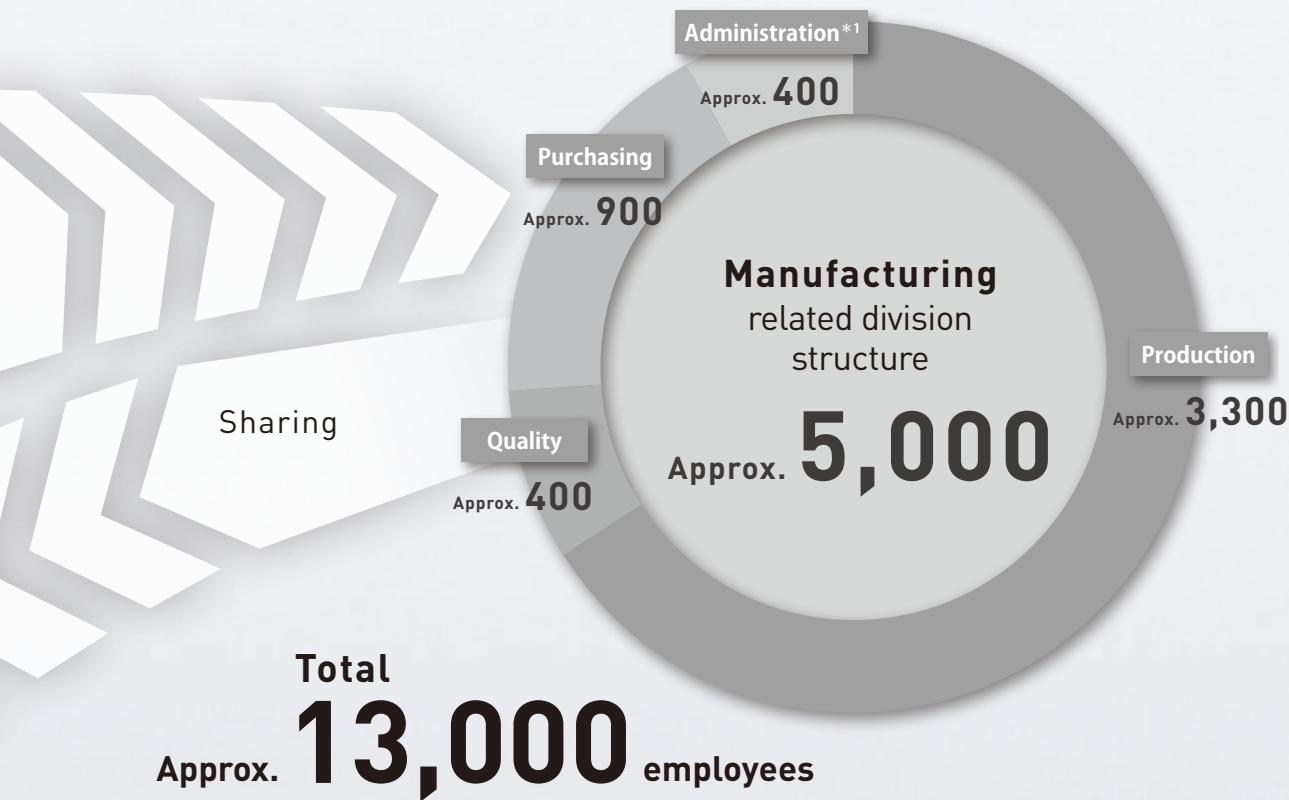
Technological innovation of machine tools precisely capturing societal needs

Through the introduction of cutting-edge technology, we are responding to major societal changes such as the pursuit of quality of life, the shift to EVs (electric vehicles), and the introduction of AI (artificial intelligence).

Building platforms by software and IoT

DMG MORI has built an integrated production structure that not only delivers machines, but also peripheral equipment and software to customers worldwide.

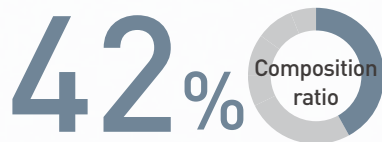
DMG MORI has established a business model that is unique in the industry, combining trading, engineering, and manufacturing functions through a direct sales structure. We deliver high-precision, high-quality products directly to customers, and reflect customer feedback in manufacturing and development to enhance value for customers.



*2 Formerly KURAKI; joined DMG MORI Group in January 2024

The World's Most Comprehensive Lineup of Japanese-German Technologies

5-axis machines



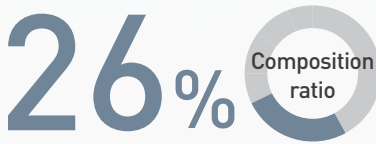
DMG MORI's 5-axis machines boast outstanding milling capability and excellent operability, a crystallization of Pfronten factory's 120 years of experience in development and manufacturing. 5-axis machines, which can index multiple surfaces, enables machining to be completed in a single clamping, reducing the number of setups and simplifying or eliminating fixtures, thereby significantly shortening the process time. This enables high-precision machining that could not be achieved with 3-axis or 4-axis machines.



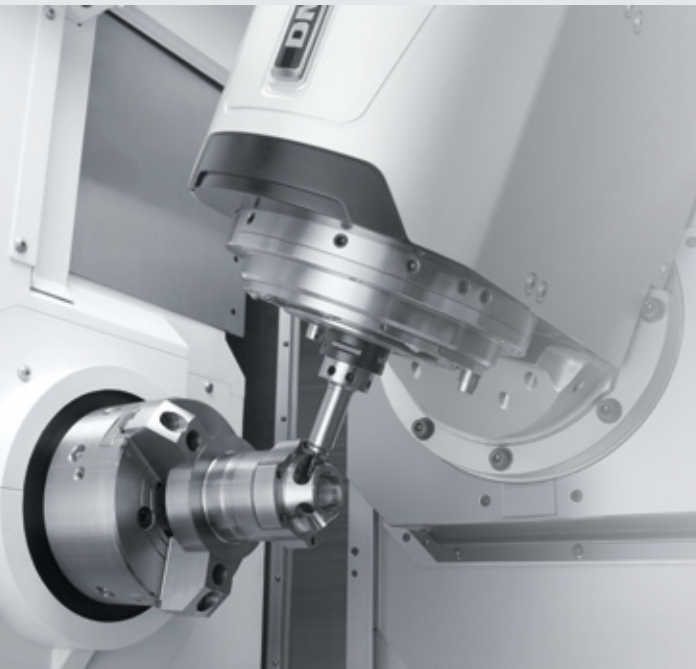
INH 80

DMU 65 monoBLOCK
2nd Generation

Mill-turn centers



As the name implies, a mill-turn center is a machine that can perform machining operations that were previously performed on separate machine tools with a single machine, without the need for manual intervention by the operator. The high machining capacity achieved by the integration of a turning center and a machining center significantly reduces the production lead time, and the efficient integration of processes, whether the machine is used for high-mix low-volume parts to or mass-production parts, brings great benefits to DMG MORI's customers.



NTX 500

With large production sites in Japan and Germany, DMG MORI develops new products with the knowledge and experience from regions with different industrial structures and customer needs.

Advanced Technologies

Additive Manufacturing (AM) / ULTRASONIC
(ULTRASONIC processing machine)

7% Composition ratio

Additive manufacturing is a machining method that creates various shapes by layering metal materials. ULTRASONIC machines can efficiently machine advanced materials, which are generally considered difficult to machine, into complex shapes. By superimposing ultrasonic vibration in the Z-axis direction in addition to tool rotation, resistance during the machining process can be suppressed compared to conventional machining. Laser machines enable low-cost, high efficiency machining of all metals and new materials, including molding, micromachining, precision toolmaking, and drilling.



LASERTEC 3000 DED hybrid



ULTRASONIC 60 eVo



Turning centers

10% Composition ratio



ALX 1500

A turning center holds a workpiece on its spindle and performs shaving, boring, and drilling of the outer diameter or end face by applying a blade on the rotating workpiece. Since its founding, DMG MORI has refined its turning technology as an innovation leader in cutting technology.



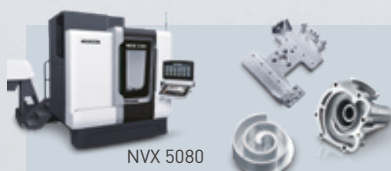
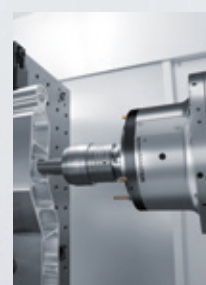
Horizontal machining centers

9% Composition ratio



NHX 10000 μPrecision

A horizontal machining center is a type of machining center that has a spindle mounted horizontally (sideways to the ground), and in addition to the XYZ axis, there is an axis for the rotating table. This structure eliminates the need to manually adjust the surface of the workpiece to be machined, prevents chips from accumulating on the workpiece during machining and makes the machine optimal for automation.



NVX 5080

Vertical machining centers

6% Composition ratio

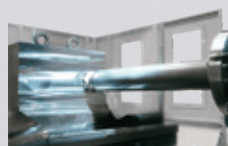


Machining centers are machine tools designed to perform a wide variety of machining operations, by using different rotary cutting tools for face milling, drilling, boring, or tapping, which are replaced by an automatic tool changer. A vertical machining center is one in which the spindle (rotating axis of the cutting tool) is mounted vertically (facing vertically to the ground).

Horizontal Boring & Milling Machines



KBT-13.A

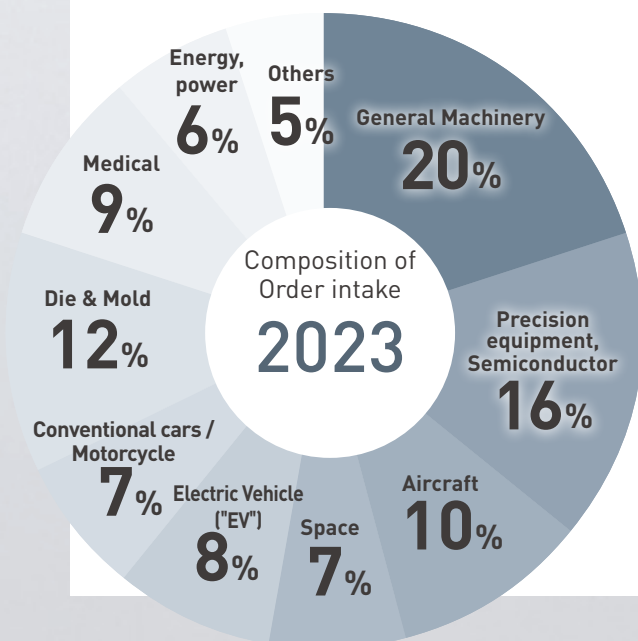
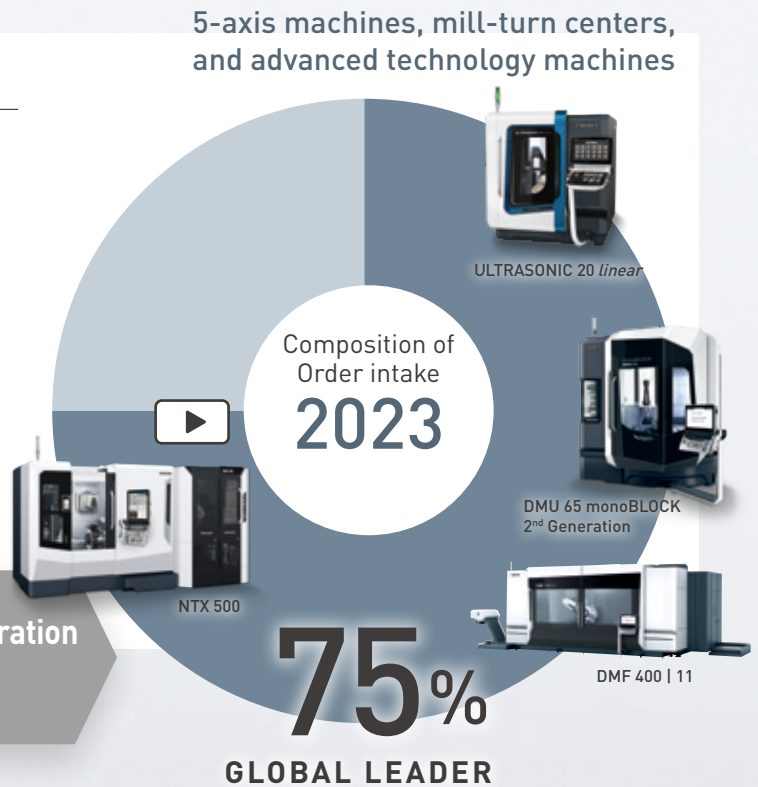


Horizontal boring and milling machines utilize the spindle for high-precision hole processing (boring) of various workpiece sizes from heavy-duty cutting to finishing. With the spindle in horizontal position, milling operations can be performed as well. In January 2024, we acquired KURAKI, and their advanced technology for large-workpiece processing with horizontal boring and milling machines.

Diversification Strategy

Against the backdrop of societal changes such as a shortage of engineers and operators and the rise of high-mix low-volume production, DMG MORI has appropriately responded to customer needs for process-integration machines, which have increased since around the 2010s, and as a result, process-integration machines, represented by 5-axis machines and mill-turn centers, have been driving order intakes. DMG MORI will continue contributing to the automation and digital transformation in the manufacturing industry along by spreading process-integration machines.

Order composition ratio for process-integration and advanced technology machines



DMG MORI's products and services have been supporting customers in a diverse range of industries, from traditional manufacturing industries such as agricultural machinery, construction machinery and energy industry, to cutting-edge growth industries such as medical, electric vehicle ("EV"), aircraft, space, and semiconductor industries. DMG MORI contributes to the development of industrial society by offering our machining know-how to customers in a wide range of industries and by working together with them to improve their machining technologies.

Balanced industrial base

Over the years, DMG MORI has evolved to meet diverse customer needs.
We believe that diversity strengthens our business foundation and inspires new innovations.

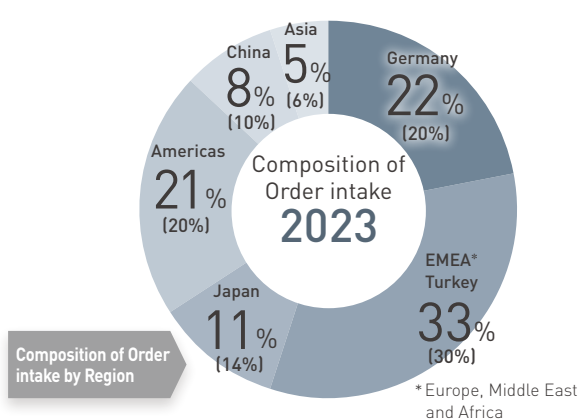
(% in brackets: FY2022 Jan-Dec)

DIVERSITY by region

Customer composition by country / region

The machine tool industry is inevitably affected by demand fluctuations caused by unpredictable macroeconomic changes and capital investment trends. However, DMG MORI is aiming to stabilize its business by diversifying its customer base to many countries around the globe.

DMG MORI intends to achieve sustainable growth by expanding its customer base from markets in developed countries to emerging markets.

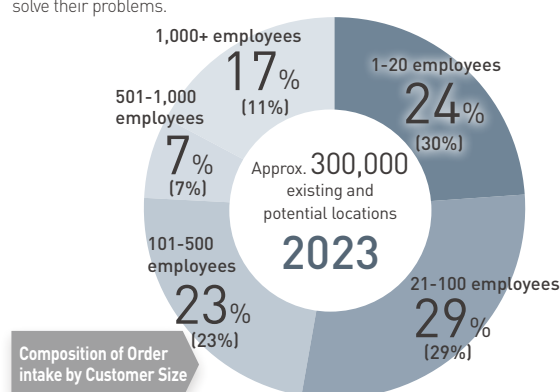


DIVERSITY in business size

Customer composition by size (based on number of employees)

More than 50% of DMG MORI users are relatively small companies with no more than 100 employees. DMG MORI intends to stabilize its sales revenue and profits by establishing a system that covers both small companies and big enterprises, thereby addressing diverse needs.

DMG MORI's relationships with a wide variety of customers have resulted in the accumulation of our machining know-how. This accumulated expertise creates a virtuous cycle that leads DMG MORI to help even more customers solve their problems.

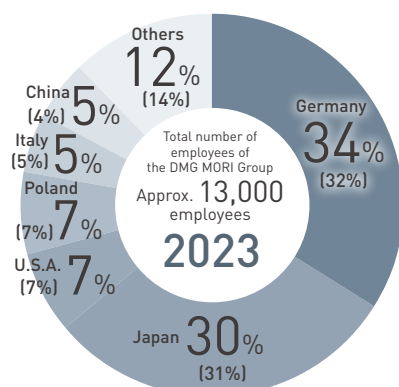


HUMAN RESOURCES

Multinational workforce

DMG MORI's workforce consists of approximately 13,000 employees of 59 nationalities, who are diverse in language, gender and field of expertise. At DMG MORI Group, employees with different backgrounds cooperate and work with respect for each other.

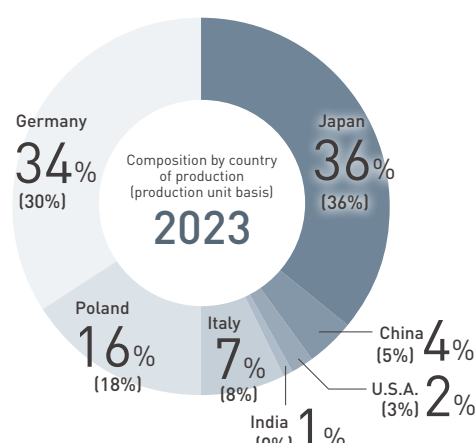
DMG MORI's diverse employees are the driving force to capture customers' needs and make technological innovations.



DIVERSITY of production sites

Diversification of production sites

DMG MORI has production sites in Japan, Germany, other European countries, the United States, China, and other countries. The diversification of production sites enables optimized delivery time to customers, reduces transportation costs. In addition, the dispersion of production bases ensures business continuity in view of geopolitical risks.



Advancing Machining Transformation (MX)

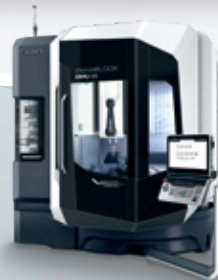
Process Integration



NTX 500



INH 63



DMU 65 monoBLOCK 2nd Generation

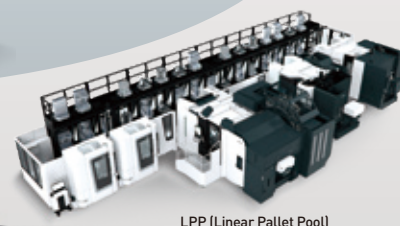
Automation



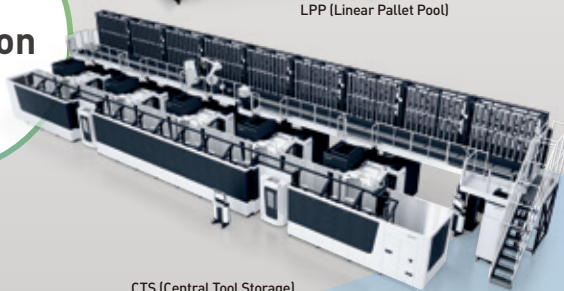
WH-AMR
(Autonomous Mobile Robot)



MATRIS
(Modular Robot System)



LPP (Linear Pallet Pool)



CTS (Central Tool Storage)

Digital Twin Showroom



Digital Twin Test Cuts



Process Design Advisor



DMG MORI Digital Academy



JOB SCHEDULER



JOB MANAGER



CELOS DYNAMICpost



Technology Cycle



Machine
tool model
selection

Machining
process
consideration

Operator
training

Machine tool
installation /
startup

Planning

Programming

ERGoline X (Hardware)
CELOS X (Software)



DMG MORI GATEWAY





myDMG MORI



Services



Digitization of measurement and correction of machine accuracy

- 3D quickSET
- VCS Complete



VCS Complete

Digitization and automation of machining setups

- Tool Data System
- Tool Visualizer
- easycenterSET



Tool Visualizer

Setup



CONDITION ANALYZER



Non-contact on-machine measuring



Measurement



DMG MORI Messenger

DMG MORI GATEWAY



Monitoring

CELOS X_{perience}



Production



Reduction of environmental impact

Less work-in-progress

Optimization of management resources

CONNECTIVITY

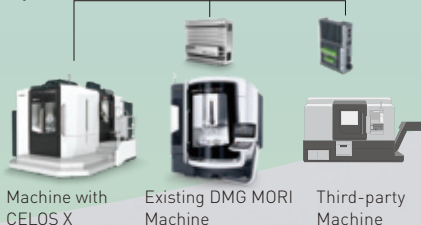


Application 1
Production Planning

Application 2
Machine Monitoring

Application 3
ERP

CELOS X_{change}



A platform for creating applications to support production



Value Creation Process of DMG MORI

Our Capital

Sales and Service Capital

Global sales and services locations 116

Overseas direct sales and service network

Development Capital

Globally distributed R&D organization led by Japan, Germany and the US

R&D expenses approx. 5% of sales

Intellectual Capital

Accumulated know-how as the industry leader

Formation of Intellectual properties

Standardization of measuring methods, etc.

Manufactured Capital

17 production locations worldwide

In-house production of key-components

Human Capital

Diversity in 13,000 employees with 59 nationalities

Providing a well-rounded educational program

Social and Relationship Capital

Globally recognized brand

Fostering with our partners

Natural Capital

Solar power generation utilizing the roof top of our factories

Maintain the beautiful landscape around the major factories

Financial Capital

Improvement in profitability

Investment for future growth

Management of the listed company in Germany

Output

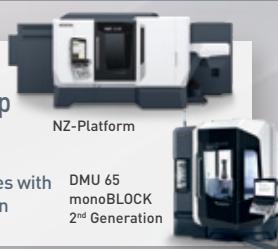
Offering the optimized machining process

Starting businesses from the workpiece drawings



A variety of product lineup

Replacement of dedicated machines with process integration machines



Stabilized financial performance

Focus on high-value projects
Breaking away from the low price / short delivery businesses



Improvement of the surrounding scenery around factories

Utilizing the neighboring abandoned farmland



Globally recognized brand

Establishing a "Global One" company in Japan, Germany and the US



Stable production

Committed to the customers' medium- to long-term facility planning



Safety in work environment

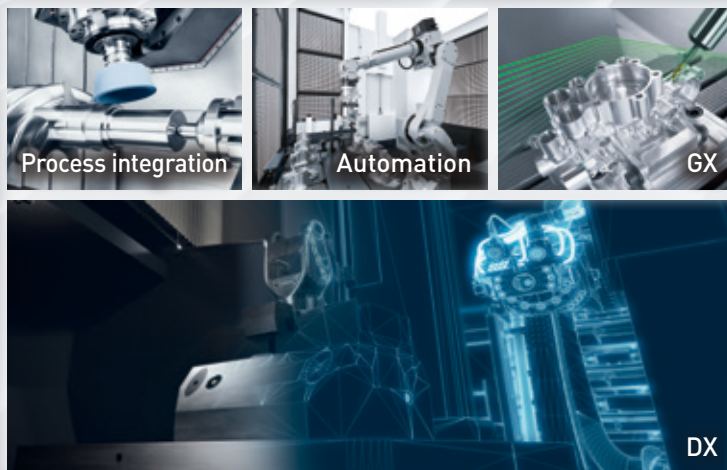
Realization of our motto, "Play Hard, Study Continuously, Work Together"



At DMG MORI, financial and non-financial capital is divided into eight categories. These are augmented by a virtuous cycle in which high value-added outputs are generated through the business model of promoting MX, which in turn become new management resources.

MX

MACHINING TRANSFORMATION



Outcome / Growing Capital

Financial outcome



Improved profit margin
Cash flow generation

Market share



Establishing a leading position in
5-axis machines and mill-turn
centers

New markets



One-stop offering to investment
by multinational companies to
multiple location

Source of innovation



Cutting-edge technologies born from
business negotiations with top notch
companies in the various industries

Reduction of environmental footprint



Reducing work in progress parts,
defective products, and power
consumption by improving
production efficiency

Capturing the customers' needs



Addressing the challenges of
operator shortage by automation
solution or operator's training

Production know-how



In-house production of key
components with our own
machines
Stringent protection of trade
secrets

Prosperity throughout the entire value chain



Promotion of sales of peripheral
equipment from our partner
companies

| Production Sites

Globally Distributed Production Sites

DMG MORI operates multiple production facilities all around the world, including Iga Campus in Japan, our Group's largest production site, and Pfronten Factory in Germany. Our strategy enables us to produce directly in the regions of high demand, improve transportation efficiency and respond quickly to diverse customer needs, while also strengthening our business continuity capacities in the face of geopolitical risks.



Germany



DMG MORI Pfronten Factory

DMG MORI's largest
production site for 5-axis
machines

DMU / DMC Series and others



DMG MORI
Bielefeld Factory



DMG MORI
Seebach Factory



DMG MORI Ultrasonic
Lasertec Factory

Europe



DMG MORI
Poland Factory (Poland)



DMG MORI
Bergamo Factory (Italy)



DMG MORI
Tortona Factory (Italy)

India



Lakshmi Machine
Works Limited
(Production consignment)



Japan

Iga Campus

One of the world's largest production sites for mill-turn machines, turning centers and machining centers



Nara Campus

Among the world's largest production sites for system solutions in the world



U.S.A.



Davis Factory

China



Tianjin Factory



Pinghu Factory

Group Companies (Japan)



Magnescale



TAIYO KOKI*1



DMG MORI CASTECH



DMG MORI Precision Boring (KURAKI)*2



Saki Corporation

*1 Global brand: DMG MORI Precision Grinding *2 Joined DMG MORI Group in January 2024

| Automation Solutions

14 product lines, 58 products

From automation systems that dramatically improve machine tool productivity to state-of-the-art smart factories that utilize digital data, DMG MORI provides everything including fixtures, tools, and programs to meet customer needs as a one-stop provider.



LPS 4th Generation
Control software for DMG
MORI Automation Systems



| DMG MORI Qualified Products (DMQP)

DMQP: DMG MORI Qualified Products

By combining DMG MORI's machine tools with high-performance, high-quality peripherals that are most suitable for them, customers will be able to start their production faster and further improve productivity.

DMQP is a collection of carefully selected and certified peripheral devices for DMG MORI machines that excel in quality, performance, and maintainability.

Together with DMQP partners, DMG MORI will create maximum value for its customers.

Benefits of DMQP

Benefit 1

DMG MORI arranges equipment of superior quality, performance, and maintainability as a single source

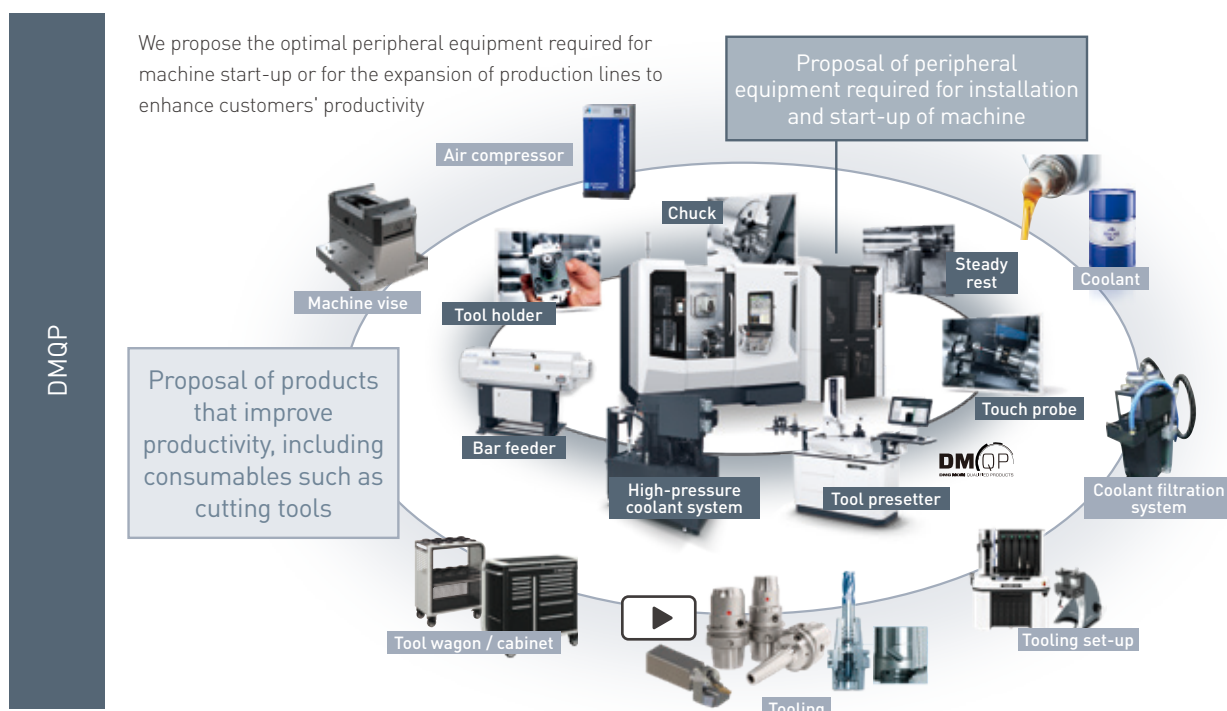
Benefit 2

Customers enjoy a 2-year warranty, in the same way as for machine bodies (This benefit is offered only in certain regions and does not cover consumables such as cutting tools)

Benefit 3

365-day toll-free maintenance service (offered in Japan only)

Extensive product lineup of peripheral equipment



+

Peripherals and solutions made by DMG MORI

DMG MORI's unique solutions for the 3 most frequent machining troubles

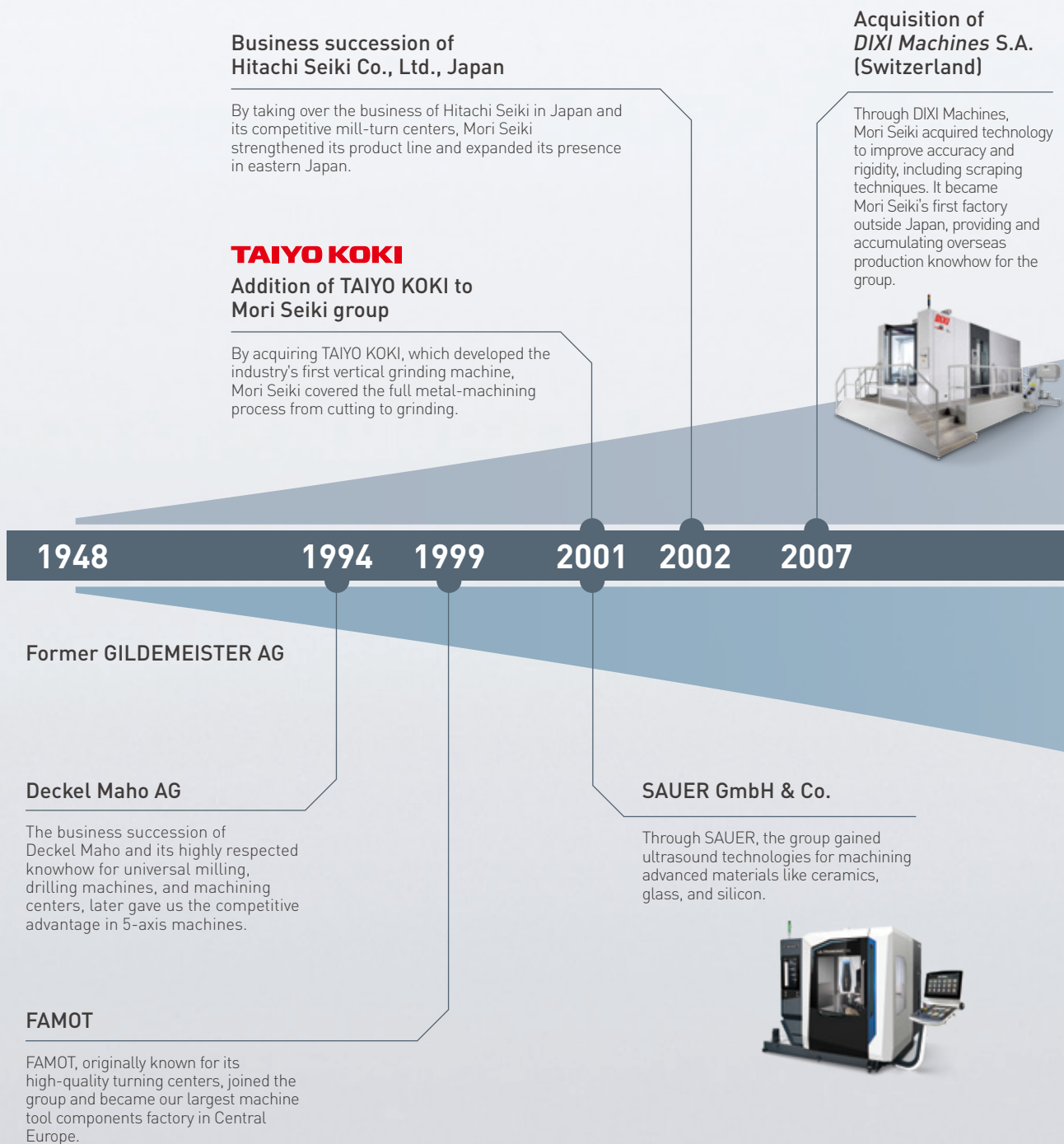
chips	AI chip removal	coolant	zero-sludgeCOOLANT pro	mist	zeroFOG

| Synergies with Group Companies

The current DMG MORI was formed in 2016 through the integration of the former Mori Seiki Co., Ltd. of Japan and GILDEMEISTER AG ("DMG") of Germany.

Even before this integration, both companies have been actively acquiring technologies and know-how through strategic acquisitions and takeovers, contributing to their business growth.

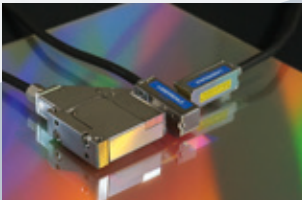
In our quest to be the best partner for our customers, DMG MORI will continue to evolve through business growth plans as well as mergers and acquisitions.



Magnescale

Establishment of Magnescale Co., Ltd., after business take-over from the current Sony Group Corporation

Magnescale brought us high-precision scale and sensor technology, which is critical for semiconductor production equipment and machine tools.



DMG MORI

CASTECH

Consolidation of DMG MORI CASTECH CO., LTD. (formerly Watabe Steel Works)

Thanks to DMG MORI CASTECH, the group could start the in-house production of castings for machine tool beds and columns, which stabilized the supply and improved quality.

Transfer of small-size turning center business from AMADA CO., LTD.

Under the new brand name "WASINO," DMG MORI started selling small-size turning centers for the first time.

DMG MORI

- ✓ "Global One" machine tool manufacturer
- ✓ One-stop solution for customers' issues
- ✓ A unique corporate culture which comprises elements of Japan, Europe and the United States

2008

2009

2010

2015

2016

2020

2024

Start of Business Partnership with DMG

Full Management Integration with DMG

SAKI

Consolidation of SAKI Corporation

SAKI added the in-line automation inspection systems for mounting circuit boards and semiconductors to DMG MORI's business scope. It also contributed to the expansion of the customer base in the field of next-generation communication systems and EVs.

DMG MORI

DIGITAL

Acquisition of DMG MORI Digital CO., LTD.

DMG MORI Digital has developed CELOS X, my DMG MORI, and other software products to maximize machine tool operations.



KURAKI

Addition of KURAKI CO., LTD. to DMG MORI Group

Planned to be renamed to "DMG MORI Precision Boring Co., Ltd." on April 1, 2024. KURAKI's CNC horizontal boring & milling centers will further enhance our group's product lineup. Starting in 2024, we will support their product sales through DMG MORI's global sales network.

Governance Structure

Corporate Governance

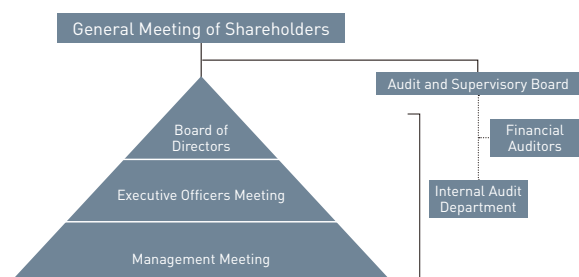
1. Corporate Governance Strategy

At DMG MORI, we place great importance on strengthening our corporate governance and management monitoring functions to enhance the transparency, fairness, and efficiency of our business operations. This commitment is focused on benefiting all our stakeholders, including customers, employees, shareholders, business partners, and the communities we serve. Throughout our efforts, we will continue to foster a culture of high ethical standards and consistently work towards increasing our long-term corporate value.

2. Corporate Governance Structure

In addition to the Board of Directors, our corporate governance structure includes an Audit and Supervisory Board to conduct effective audits of our operations. Given this organization, we employ a top-down approach to ensure flexibility and efficiency in our business operations.

Corporate Governance Structure in 2024



3. Board of Directors

As of March 28, 2024, our Board of Directors consists of 12 members, out of which 5 are external directors (42% of total directors) and 3 are female directors (25%). Over the years, we have developed an efficient management system comprised of Directors and Executive Officers, which allows us to make quick decisions in response to the rapidly changing market and technology trends. Since 2015, we have also been proactively appointing External Directors to enhance transparency and objectiveness in our operations. In addition to their professional insights in organizational management, these External Directors also provide valuable expertise and diverse perspectives from their respective fields. In March 2019, 2 top executives of DMG MORI AG and DMG MORI USA joined the Board of Directors, which was later followed by the first female external director being appointed in March 2021. Through these appointments, we aim to foster diverse perspectives within our board. While discussing major business strategies with long-term

impacts at the Board of Directors meetings, we also hold regular Executive Officers and Management Meetings to discuss day-to-day operations. The discussion results are later shared at the Board of Directors meetings, allowing our Directors to make informed and timely decisions through open and transparent communication.

4. Audit and Supervisory Board

The Audit and Supervisory Board consists of one full-time Corporate Auditor, who is well experienced and familiar with our internal affairs, and several independent External Auditors. In accordance with the audit policy, the auditors attend and express their opinions at Board of Directors meetings, Executive Officers Meetings, Management Meetings, and other important meetings. They also review critical resolution documents and conduct thorough audits at our domestic and overseas headquarters, factories, technical centers, and group companies. Through these measures, we have established an efficient corporate governance system that promotes swift decision-making and lively discussions by our Directors while ensuring fair and transparent management.

5. Governance of DMG MORI AG

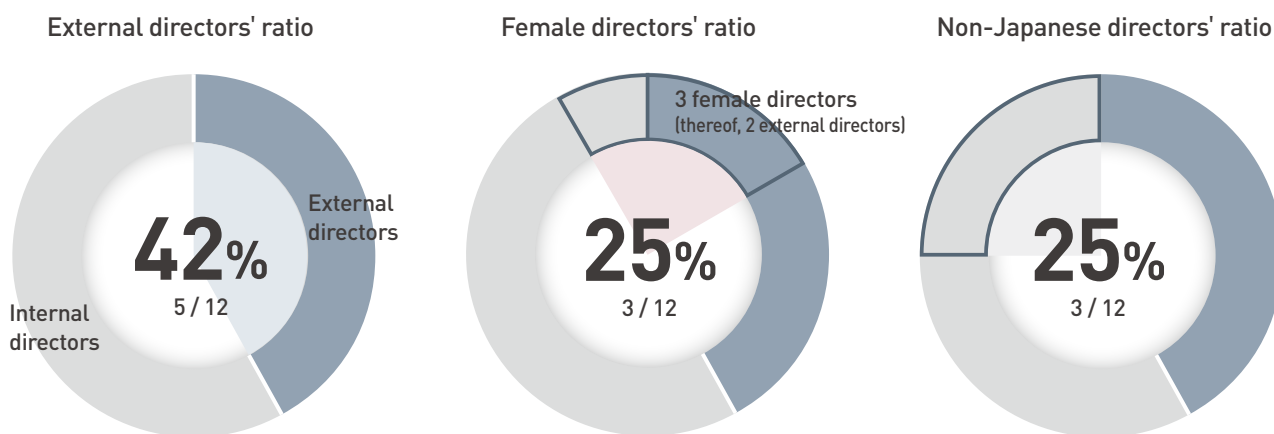
At our German subsidiary, DMG MORI AG, the Supervisory Board is placed above the Executive Board and is responsible for appointing directors and approving major investments and business plans.

To further strengthen our corporate governance, Dr. Masahiko Mori, President and CEO of DMG MORI CO., LTD., assumed the position of Chairman of the Supervisory Board in May 2018. Later in March 2019, Executive Vice President James Nudo and Irene Bader, one of the board members of DMG MORI CO., LTD. were appointed as members of the Supervisory Board. The executive-level members of both DMG MORI CO., LTD. and DMG MORI AG gather once a month at Executive Officers meeting, and discuss day-to-day operations, ensuring unified decision-making as a global company.

6. Executive Officers

Business operations and progress evaluation functions are separated from decision-making and supervision functions. Our Executive Officers system also serves the purpose of training the next generation of Directors and managers. As of March 28, 2024, we have a diverse team of 41 Executive Officers, representing a range of ages, nationalities, and genders. Each Executive Officer carries significant responsibilities as the head of a specific region or business section such as sales, R&D and manufacturing.

Diversity within the Board of Directors (as of March 28, 2024)



Nationality: Japan, the U.S., Germany, Austria

Skill matrix of directors

	Name	Business Management	Global	Marketing	Engineering	Legal & Compliance	Finance & Accounting
Internal	Masahiko Mori	●	●	●	●		●
	Hiroaki Tamai	●	●			●	●
	Hirotake Kobayashi	●	●				●
	Makoto Fujishima		●		●		
	James Nudo		●			●	
	Alfred Geißler	●	●		●		
	Irene Bader		●	●			
External	Takashi Mitachi	●	●				●
	Makoto Nakajima		●			●	
	Hiroko Watanabe	●	●		●		
	Mamoru Mitsuishi		●		●		
	Eriko Kawai		●			●	●

Important meetings held in 2023 and status of attendance of each director

In 2023, the Company held 10 board meetings, attended by external directors and Corporate Auditors, in order to formulate management strategies, evaluate the progress and appropriateness of execution of duties by directors. In addition, the Company held 8 Operating Officer Meetings and 13 Management Meetings, consisting of internal directors and one full-time Corporate Auditor to confirm the progress of the responsible person's business and performance and status of response to risks. Attendance status at the board meetings by each director and Corporate Auditor was as follows.

Status of attendance at the board meetings (January – December, 2023)

Name	Position at DMG MORI	Status of attendance at the board meetings	Remark
Masahiko Mori	President, Representative Director	10 / 10	
Hiroaki Tamai	Vice President, Representative Director	10 / 10	
Hirotake Kobayashi	Vice President, Representative Director	10 / 10	
Makoto Fujishima	Executive Vice President	10 / 10	
James Nudo	Executive Vice President	10 / 10	
Alfred Geißler	Director	—	Newly appointed on March 28th, 2024
Irene Bader	Director	7 / 7	Assumed the position on March 28th, 2023. The board meetings held on or after the date are in the scope
Takashi Mitachi	External Director	10 / 10	
Makoto Nakajima	External Director	10 / 10	
Hiroko Watanabe	External Director	10 / 10	
Mamoru Mitsuishi	External Director	7 / 7	Assumed the position on March 28th, 2023. The board meetings held on or after the date are in the scope
Eriko Kawai	External Director	7 / 7	Assumed the position on March 28th, 2023. The board meetings held on or after the date are in the scope

Risk Management

At DMG MORI, we identify and evaluate risks by taking into account external factors, such as the political and social environment, as well as internal factors related to our industry and business characteristics. Among them, export control and information security are important management topics.

Export Control

The Significance of Export Control

As machine tools are high-performance, dual-use products usable for both civilian and military purposes, they are subject to the export regulations of each country. For example, in Japan, they are subject to the Foreign Exchange and Foreign Trade Law. When selling to customers in foreign countries, we are obligated to confirm the non-military use of our products and can only export them after obtaining permission from the authorities in the manufacturing country (mainly Japan and Germany for DMG MORI). In addition, our products must be tracked and controlled throughout their life cycle until they are disposed of. These export control regulations are aimed at preserving world peace and international order.

The Export Control Process at DMG MORI

Our export control process has two phases: pre-export screening and post-export control. Before accepting a customer's order, we thoroughly inspect their business activities and the intended purpose of their purchase to ensure there are no concerns of military use. Subsequently, before exporting, we apply to the relevant authorities (in Japan, the Ministry of Economy, Trade and Industry) and obtain the necessary export permission. In case of relocation or resale of our product after export, we screen for military use again. Since 2008, all our products manufactured in Japan, including former Mori Seiki-made machine tools, have been equipped with a Relocation Detection Device using GPS location information that detects machine relocation through vibration. Once the device identifies an unauthorized relocation, the machine is automatically locked and rendered unusable (see figure below). Through these measures, we prevent the illegal diversion of our products to countries of concern or for military purposes.

Adapting to Changing Regulations to Protect Our Industry and Technologies

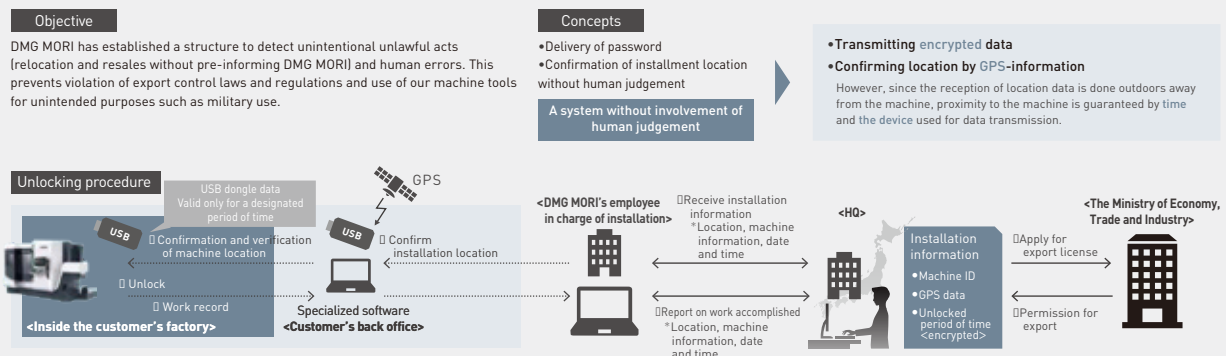
In light of the recent shifts in the global landscape, countries have been strengthening their export regulations for precision products and implementing measures against the outflow of technology. Accordingly, we are committed to providing ongoing education on export control to our approx. 13,000 employees worldwide, ensuring they can effectively respond to evolving regulations. We consider it crucial that all employees understand the significance of export control and internal regulations for our business operations. Since October 2022, we have been conducting regular global export control meetings between our export control managers in each country to share information on regulations that should be managed and operated globally, such as the U.S. International Traffic in Arms Regulations (ITAR).

Group-wide Export Control System

In 2023, several media outlets reported about DMG MORI machine sales in Russia and the use of our European-made machines by users of concern in China. Our subsequent investigations have verified that we have fully adhered to export control regulations in both Japan and Germany at all times, with no instances of us violating any laws or regulations.

Export control is becoming increasingly important, not only for upholding global peace and international order, but also for protecting national industries and technologies. We will continue our efforts to raise awareness and strengthen export control management throughout the entire DMG MORI Group.

Preventing unauthorized machine relocation using GPS information



Information Security

Advancing Information Security: Our Commitment and Actions

In light of the growing threat of cyberattacks, we regard information security as a critical management concern. Consequently, we have implemented a series of measures to enhance our information security management system, including partnering with an external security expert since 2015, formulating an information security policy, and establishing a dedicated Information Security Committee.

We have also extended these efforts to our group companies, each of which now operates its own internal information security team. Guided by our central Information Security Committee, we aim to promote best practices and implement group-wide measures against emerging security threats. Throughout all our initiatives, our top priority remains the protection of the valuable information entrusted to us by our customers. Therefore, we consistently review and refine our information management methods and security measures to uphold this commitment. Apart from our internal initiatives, we enforce stringent security measures to protect the data communicated between our machines, services and the customers' network. Moreover, we engage in close collaboration with our partners and customers to enhance security in factories undergoing digital transformation.

Strengthening Information Security Across the Entire Supply Chain

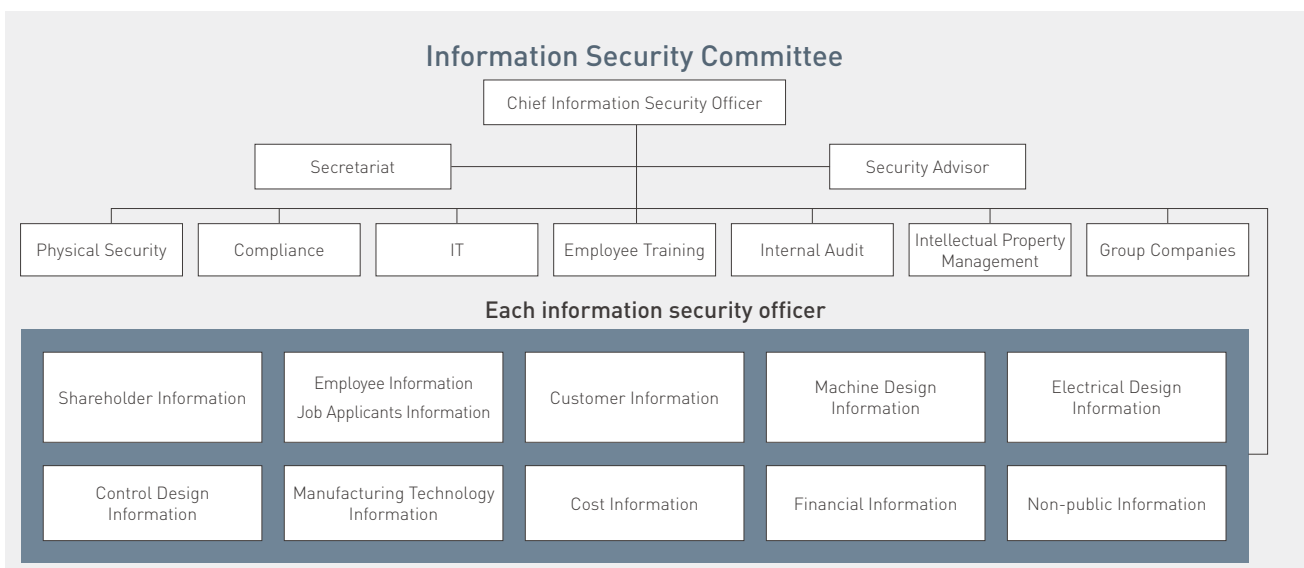
Our central Information Security Committee is led by the director in charge of overseeing our Group's information security

management. The Committee holds regular meetings together with the information security teams of each group company to discuss security threats, and review and implement security measures.

Taking into account organizational and technological aspects, our Information Security Committee formulates security strategies, provides trainings, enforces security protocols, and oversees information security audits. In addition to the Information Security Committee meetings, we also organize global, in-person cybersecurity workshops with our overseas group companies. In 2023, we conducted a total of three workshops in Pfronten (Germany), Redmond (USA), and Nara (Japan), aimed at devising measures aligned with a globally unified security strategy.

In response to the rising number of cyberattacks targeting our overseas bases, we have also initiated information security audits at our Asian facilities starting in 2023. Our IT security experts from Japan personally visit our bases across 11 Asian countries to conduct on-site audits and evaluate the implementation of security measures. Through these audits, we aim to achieve and maintain a consistent security level across all our international bases.

From 2024, we are taking additional steps to enhance security across our entire supply chain. This includes visiting our suppliers and engaging in discussions about their security measures. We remain committed to continuing these initiatives to further strengthen our information security management.



Measures Against Climate Change



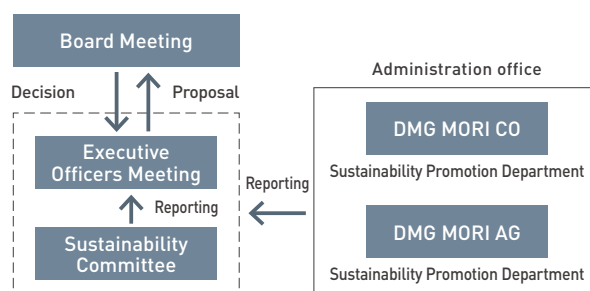
We are proactively disclosing climate change-related risks and opportunities in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and are implementing the following initiatives.

Governance

Our Dedicated Department Ensures Effective Climate Action

We established the "Sustainability Promotion Department" with the function to evaluate the risks and opportunities of climate change and to plan, implement, and monitor appropriate measures. The department calculates DMG MORI's carbon footprint, reports to the Board of Directors, and seeks approval for the carbon emissions reduction plan and related investments.

Climate-related Governance Structure at DMG MORI



Strategy

Contributing to Climate Action Through Machining Transformation (MX)

The key pillars for our machining transformation are process integration, automation, and digital transformation (DX). They increase our customer's productivity and free up management resources which in turn leads to a reduction in carbon emissions. Therefore, we believe the advancement of MX contributes to achieving a green transformation (GX) of the

manufacturing industry. By enhancing our machine tool business, we are actively contributing to addressing the global challenge of climate change. In addition, we are engaging in initiatives such as utilizing solar power generation at our plants and implementing circular business practices, all aimed at reducing CO₂ emissions across Scope 1, 2, and 3.

Risk Management

The Sustainability Promotion Department regularly identifies and assesses risks related to climate change, providing monthly reports to our internal directors. Our Board of

Directors discusses climate change-related matters and passes resolutions once per quarter or whenever there may be a potential major impact on our business operations.

Metrics and Targets

Accredited by SBTi^{*1}

To enhance our response to climate change, we have established greenhouse gas reduction targets for 2030 and obtained certification from the international environmental organization "SBT Initiative"^{*1} in

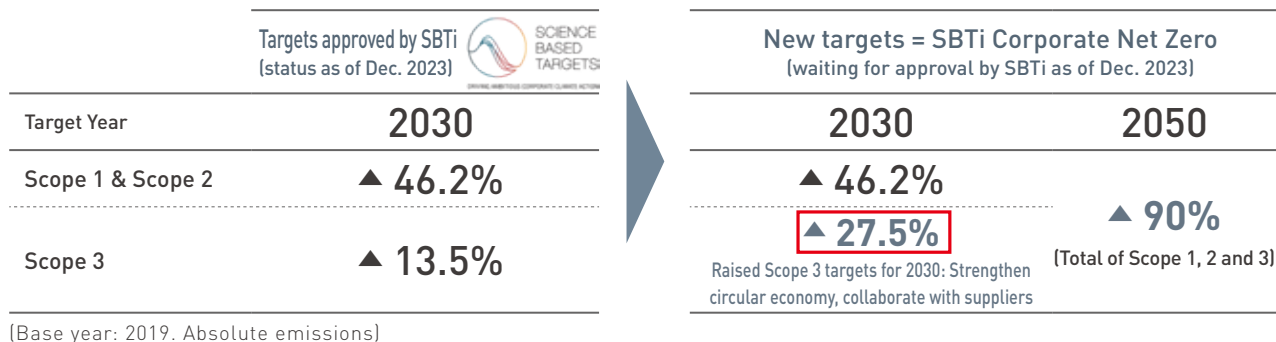
November 2021. Our SBT-certified targets aim for a 46.2% reduction in Scope 1 and Scope 2 emissions, and a 27.5% (applying to SBT) reduction in Scope 3 emissions by 2030 compared to the levels in 2019.

^{*1} SBT = "Science Based Targets": Reduction targets in line with Paris Agreement goals and aiming to limit global temperature rise to 1.5-2 °C above pre-industrial levels. These targets are set and measured against the greenhouse gas emissions in 2019.

Our Reduction Targets for Greenhouse Gas (CO₂) Emissions

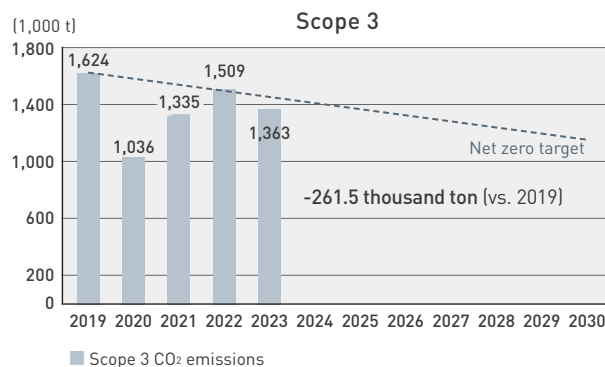
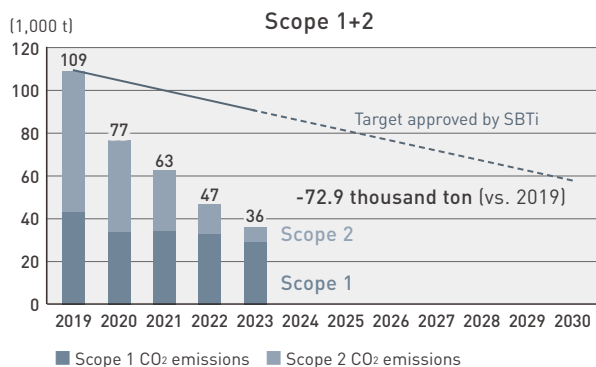
We are setting higher targets than the current SBT certification and will work towards net zero emissions by 2050, in line with the 1.5 °C target level.

Our definition of "net zero" is consistent with the SBT initiative. Through carbon removal, we neutralize residual emissions and strive to reduce the emissions to meet the 1.5 °C target.



Carbon footprint record (compared to carbon footprint reduction targets accredited by SBTi)

* 2023 data not verified yet by third party



DMG MORI received an A- score in the "Climate Change" and "Water Security" categories in the CDP 2023 assessment.

Carbon footprint for Scope 1, 2 and 3 (consolidated)

Period: January 1 to December 31

Scope	Emission Category	Source of emissions	2022 (consolidated)		2023 (consolidated)	
			Ton	Share of total emissions	Ton	Share of total emissions
Scope 1		Direct emissions from the Company	33,147	2.1%	28,583	2.0%
Scope 2		Purchased energy (electricity)	13,884	0.9%	7,318	0.5%
Scope 3	Category 1:	Purchased goods and services	692,776	44.5%	549,155	39.3%
	Category 3:	Fuel and energy related activities not included in Scope 1, 2	17,593	1.1%	16,301	1.2%
	Category 4:	Upstream transportation & distribution	36,456	2.3%	28,898	2.1%
	Category 5:	Waste generated in operations	535	0.0%	662	0.0%
	Category 6:	Business travel	12,505	0.8%	17,366	1.2%
	Category 7:	Employee commuting	15,079	1.0%	16,171	1.2%
	Category 9:	Downstream transportation & distribution	11,957	0.8%	12,433	0.9%
	Category 11:	Use of sold products	686,594	44.1%	685,981	49.0%
	Category 12:	End-of-life treatment of sold products	35,002	2.2%	35,554	2.5%
	Category 15:	Investments	150	0.0%	227	0.0%
Scope 1+2+3			1,555,678	100.0%	1,398,648	100.0%

* 2023 data not verified yet by third party

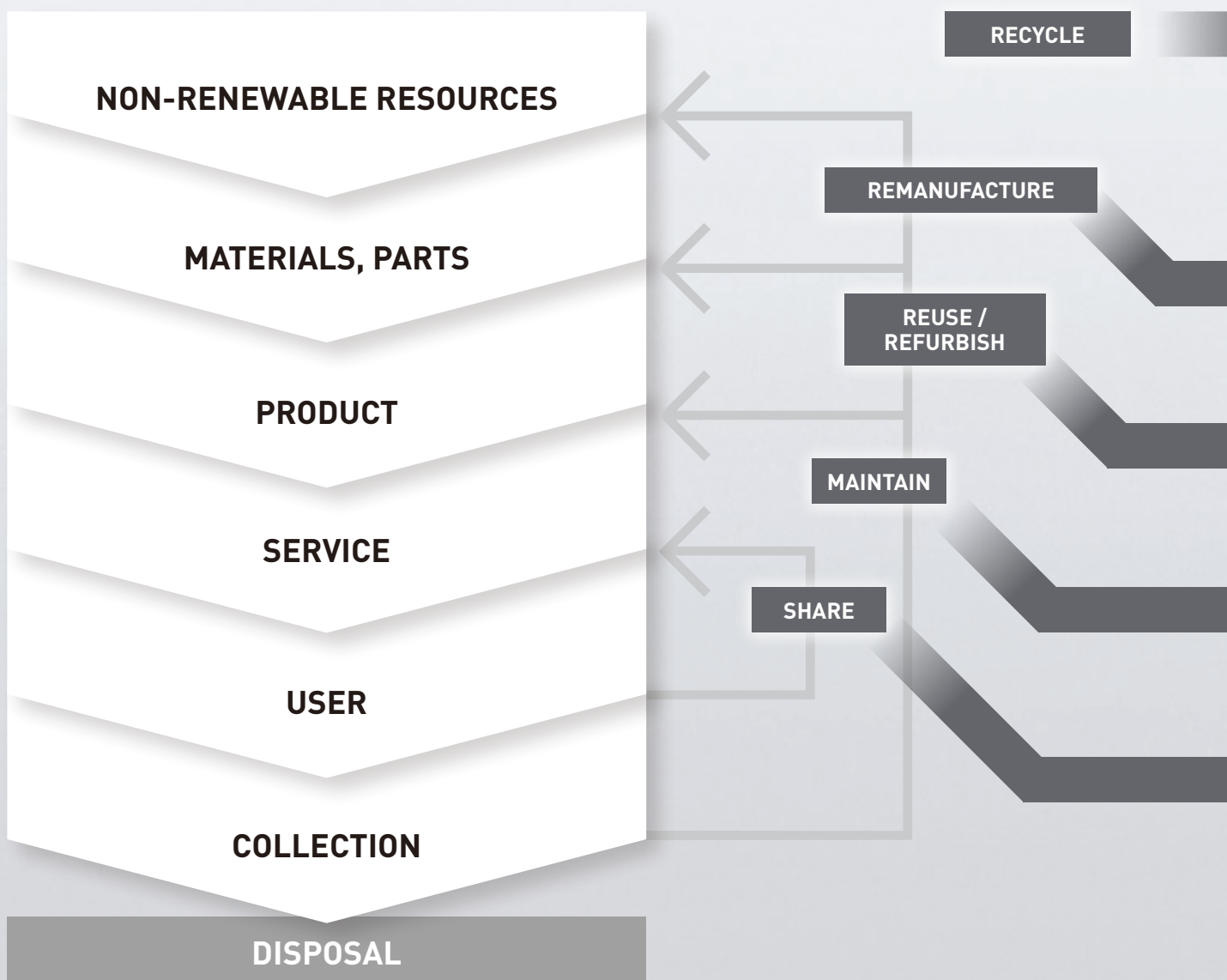
| Contributing to a Circular Economy

Together with DMG MORI CIRCULAR CO., LTD., we aim to contribute to the circular economy through the entire lifecycle of our products.

Pursuing Resource Efficiency throughout the Entire Machine Tool Life Cycle

As we face environmental challenges such as climate change, the global demand for limited resources is surging due to population growth, rising income levels, and increased geopolitical risks. In this complex situation, we recognize the critical importance of transitioning towards a circular economy through proactive and sustainable solutions.

Aligning with this commitment, DMG MORI provides customers with high-precision, high-rigidity machine tools designed for a minimum service life of 10 years, with some lasting over 20 years. Our global network of 116 sales and service offices is dedicated to providing comprehensive support for the enduring use of our products. Furthermore, we offer used machines for sale, including nearly new models originally showcased at our solution centers and exhibitions, as well as well-maintained machines traded in by customers. These machines undergo refurbishment, involving the replacement of essential components and the addition of options. By breathing new life into our machine tools, we not only enhance their precision and reliability, but also contribute to the conservation of our resources.



Renamed to DMG MORI CIRCULAR: Our Commitment to Sustainable Practices

In November 2023, we rebranded our used machine business from 'DMG MORI Used Machines' to 'DMG MORI CIRCULAR' — a change that not only reflects our strong commitment to advancing the principles of a circular economy but also signals the expansion of our sustainable business operations. In addition to the resale of used machines, DMG MORI CIRCULAR actively strives to maximize the reuse of every component from machines designated for disposal. Castings retrieved from such machines undergo shredding and melting at DMG MORI CASTECH, a group company located in Izumo City, Shimane Prefecture, specializing in casting manufacturing. The resulting material is then repurposed as castings for the production of new machine tools, contributing to a resource-efficient cycle.

We also plan to establish a similar corporation in Europe and develop the same business. We remain dedicated to actively advancing efficient resource utilization throughout the entire life cycle of machine tools. This commitment is reflected in the operations of DMG MORI CIRCULAR, our contract manufacturing services offered by AM Lab & Fab, and our spindle rebuild business.

RECYCLE

Recycle business for machine tools

- DMG MORI CASTECH will reuse castings and sheet metal from old machines as casting raw materials
- Planned to cover 20% of annual casting demand



Casting scrap

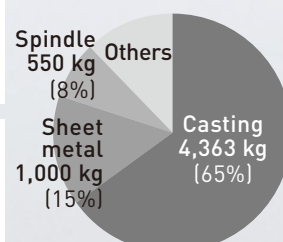


Melting



Casting

Example of reuse of machines designated for disposal



* Other materials are processed by scrap dealers (e.g., iron products such as linear guides: sold to electric furnace manufacturers)

REMANUFACTURE

Remanufacturing: Spindle rebuild

- 1,000 units in 2023



REUSE / REFURBISH

Used machine sales



SERVICE & MAINTENANCE (over 20% of revenue)

- For stable long-term use of machine tools



NV5000a1B / 40
Product weight 6,710 kg

SHARE

AM Lab & Fab

- Contract processing service using AM machines
- Technology sharing with customers



| Key Financial Figures

Amount in JPY (Unit: JPY million)					
FY	2019	2020	2021	2022	2023
Profit or loss					
Sales revenues	485,778	328,283	396,011	474,771	539,450
Operating profit	37,339	10,674	23,067	41,213	54,150
(Operating profit margin)	7.7%	3.3%	5.8%	8.7%	10.0%
Profit before income taxes	31,451	5,106	19,609	36,528	47,927
Net profit	18,861	1,696	13,231	25,800	34,229
Net profit attributable to owners of the parent	17,995	1,745	13,460	25,406	33,944
Cash flows					
Free cash flows (*1)	20,101	△5,212	30,357	24,875	14,878
Financial position					
Shareholders' equity	124,006	185,420	213,139	245,897	267,990
Total assets	524,606	526,526	597,117	680,334	765,806
Shareholders' equity ratio (*2)	23.6%	35.2%	35.7%	36.1%	35.0%
Per share information					
Shareholders' equity (JPY) (*3)	1,008.36	1,493.86	1,703.51	1,957.61	2,134.72
Dividends per share (JPY)	60	20	40	70	90
Other key management indicators					
Return on Equity (ROE) (*4)	15.3%	1.1%	6.8%	11.1%	13.2%
Return on Assets (ROA) (*5)	7.1%	2.0%	4.1%	6.5%	7.5%

(Reference: translated into EUR)

Amount translated into EUR (Unit: EUR million)					
EUR / JPY	122.1	121.8	129.9	138.1	152.0
FY	2019	2020	2021	2022	2023
Profit or loss					
Sales revenues	3,979	2,695	3,049	3,438	3,549
Operating profit	306	88	178	298	356
(Operating profit margin)	7.7%	3.3%	5.8%	8.7%	10.0%
Profit before income taxes	258	42	151	265	315
Net profit	154	14	102	187	225
Net profit attributable to owners of the parent	147	14	104	184	223
Cash flows					
Free cash flows (*1)	165	△43	234	180	98
Financial position					
Shareholders' equity	1,016	1,522	1,641	1,781	1,763
Total assets	4,297	4,322	4,597	4,927	5,038
Shareholders' equity ratio (*2)	23.6%	35.2%	35.7%	36.1%	35.0%
Per share information					
Shareholders' equity (EUR) (*3)	8.3	12.3	13.1	14.2	14.0
Dividends per share (EUR)	0.5	0.2	0.3	0.5	0.6

(*1) Free cash flows = Cash flows from operating activities - Cash flows used in investing activities

(*2) Equivalent to the ratio of equity attributable to owners of the parent company. The figure is calculated by dividing the equity attributable to owners of the parent company by total assets.

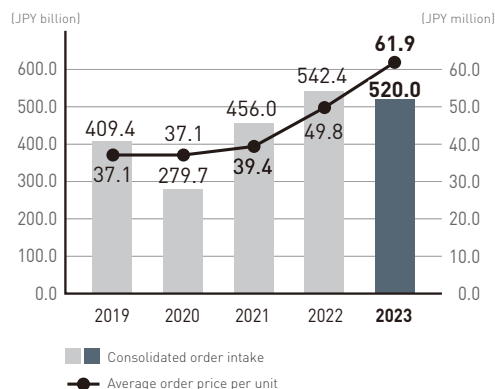
(*3) Shareholders' equity per share (equity attributable to owners of the parent company) is calculated including hybrid capital.

(*4) Calculated by dividing net profit or loss attributable to owners of the parent company by the average of equity attributable to owners of the parent company at the beginning and end of the period.

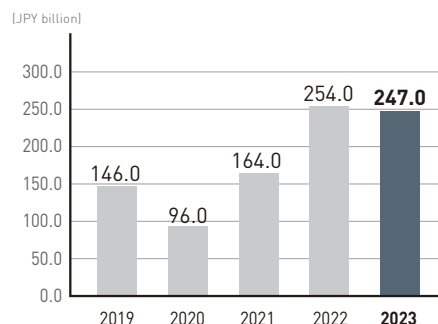
(*5) Calculated by dividing operating profit by the average of total assets at the beginning and end of the period.

Financial Highlights

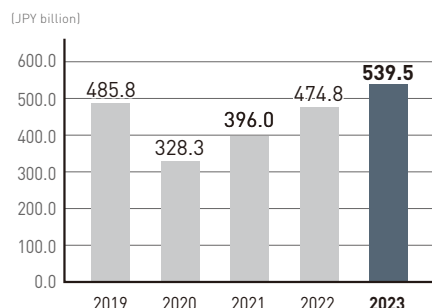
Consolidated order intake
Average order price per unit



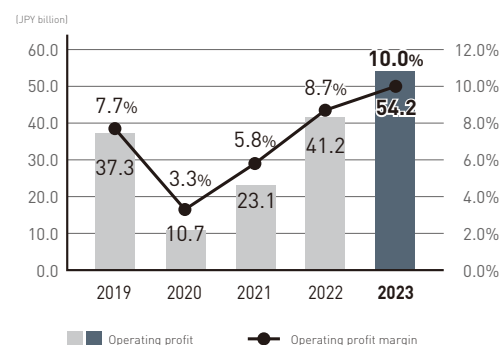
Machine order backlog



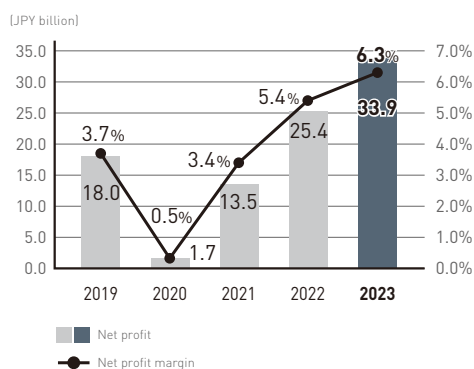
Sales revenue



Operating profit
Operating profit margin

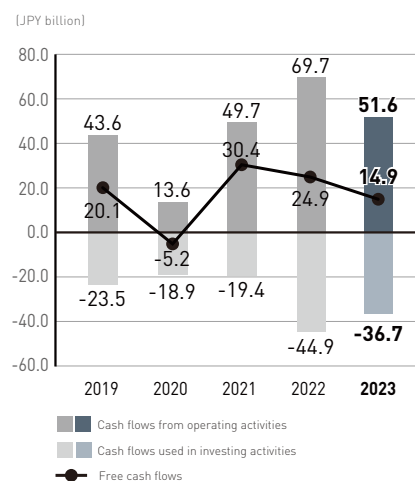


Net profit*
Net profit margin



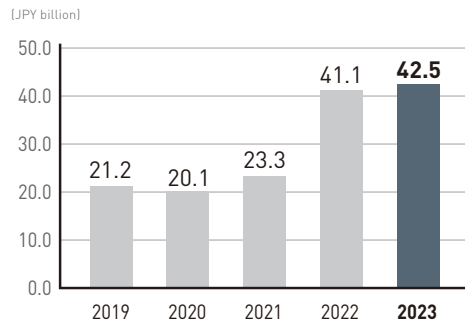
* Equivalent to net profit attributable to owners of the parent.

Free cash flows

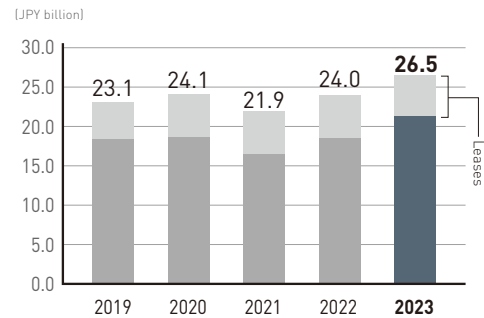


Financial Highlights

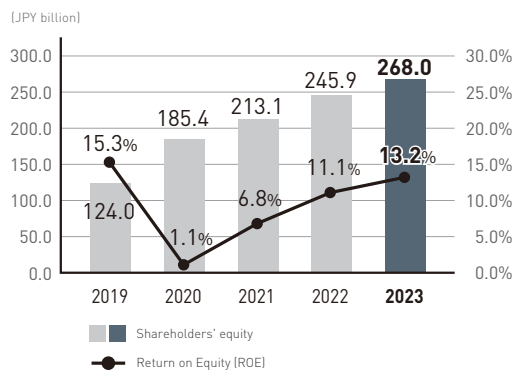
Capital expenditure



Depreciation & amortization



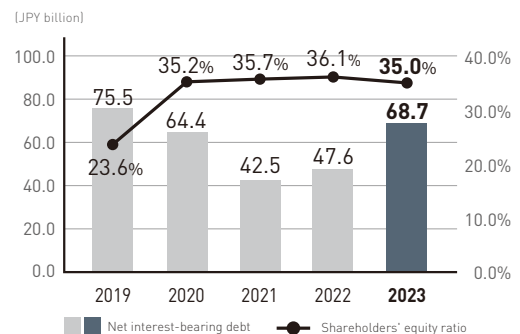
Shareholders' equity*¹ Return on Equity (ROE)*²



*1 Equivalent to equity attributable to owners of the parent.

*2 Equivalent to return on equity attributable to owners of the parent.

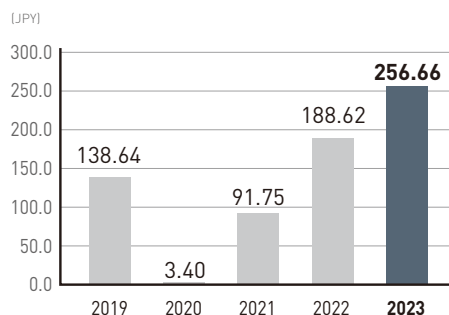
Net interest-bearing debt*¹ Shareholders' equity ratio*²



*1 (Long- and short-term borrowings + convertible bonds) - (cash and cash equivalents + short-term financial assets).
The figures do not include hybrid capital.

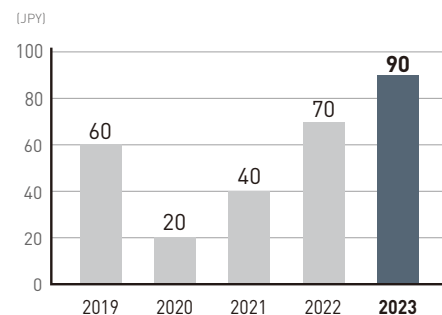
*2 Equivalent to the ratio of equity attributable to owners of the parent.

Earnings per share (EPS)*



* The figures do not consider dilution from convertible bonds

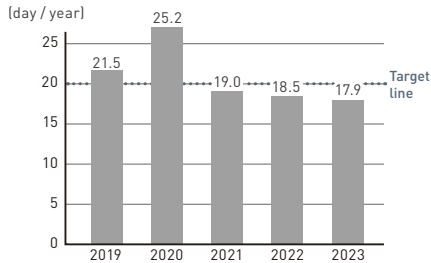
Dividends per share



Employee-related Figures at Major Locations

Japan

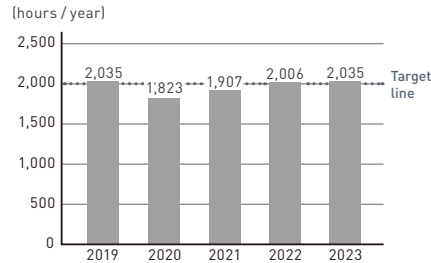
Average number of days of paid leave taken per person per year



* Japan-based permanent or fixed-term employees who worked full-time throughout the reporting year
Number of paid leave days is converted to 20 days granted.

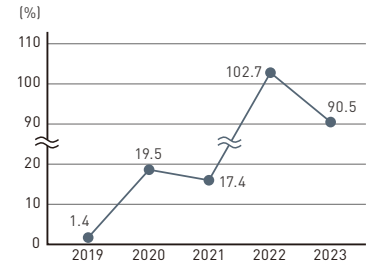
Average total working hours per person

* Aggregation based on internal standards



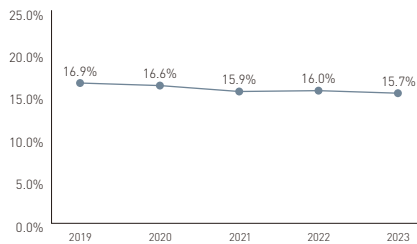
* Japan-based permanent or fixed-term employees who worked full-time throughout the reporting year

Ratio of childcare leave taken by male employees



* Calculation is based on the Childcare and Caregiver Leave Act.

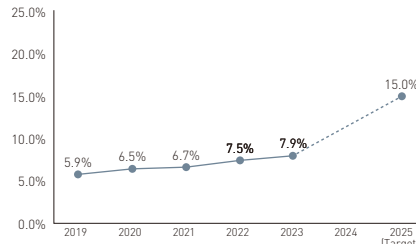
Percentage of female employees



* Japan-based employees

Percentage of female employee in management positions

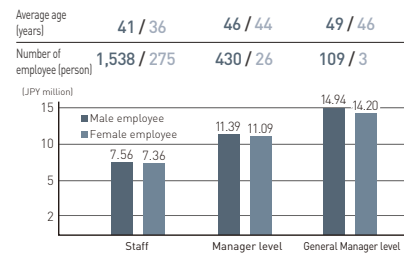
* Aggregation based on internal standards



* Japan-based employees

Average annual salary by gender (FY2023)

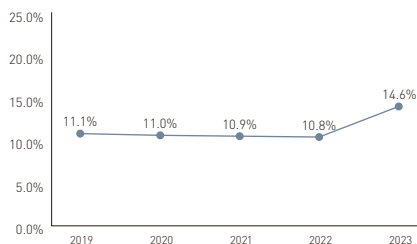
* Aggregation by title based on internal standards



* Japan-based employees

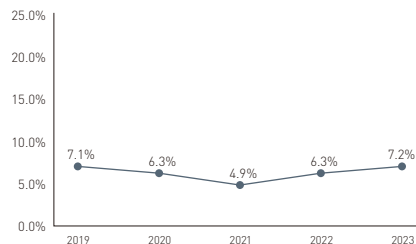
Germany

Percentage of female employees



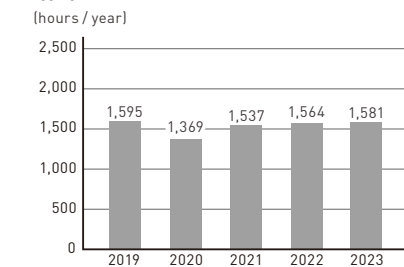
Percentage of female employee in management positions

* Aggregation based on internal standards



Average total working hours per person

* Aggregation based on internal standards

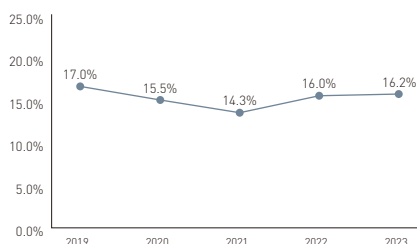


* Based on the contractual obligation (overtime not reflected)

* Working hours decreased in the production departments in 2020 due to the lockdowns during the pandemic

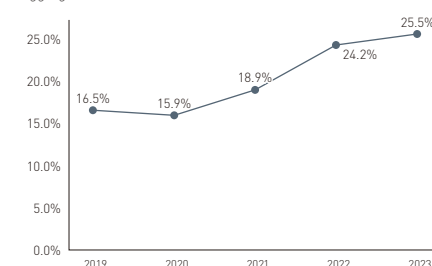
U.S.A.

Percentage of female employees



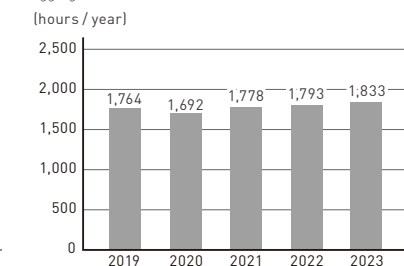
Percentage of female employee in management positions

* Aggregation based on internal standards



Average total working hours per person

* Aggregation based on internal standards



Company Profile as of December 31, 2023

General information about the Company

Company Name	DMG MORI CO., LTD.
Subscribed Capital	JPY 51,115 million
Established	October, 1948
Registered Head Office	106, Kitakoriyama-cho, Yamato-Koriyama City, Nara 639-1160, Japan Phone: +81-743-53-1125
Global Headquarters	2-3-23 Shiomi, Koto-ku, Tokyo, 135-0052, Japan (Tokyo Global Headquarters) Phone: +81-3-6758-5900
Second Headquarters	2-1 Sanjohonmachi, Nara City, Nara, 630-8122, Japan (Nara Product Development Center)
Scope of Business	Provide total solutions consisting of machine tools (machining centers, turning centers, mill-turn centers, 5-axis machines, additive manufacturing machines, etc.), software (user interface, Technology Cycles, embedded software, etc.), measurement equipment, service support, applications, and engineering
Number of employees	13,484 (consolidated)
Website	https://www.dmgmori.co.jp/en/

Share information

Number of authorized shares	300,000,000
Total number of shares already issued	125,573,501 shares (treasury shares of 380,182 excluded)
Shares constituting one unit of stock	100 shares
Number of shareholders as of the end of the fiscal year	38,596

Major shareholders

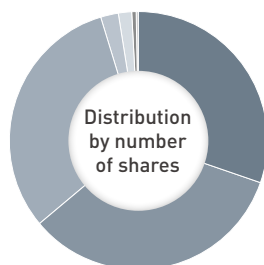
Name	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	15,979	12.72
Custody Bank of Japan, Ltd. (trust account)	14,203	11.31
DMG MORI Employee Shareholders Association	4,873	3.88
Masahiko Mori	3,591	2.86
Custody Bank of Japan, Ltd. (Mori Manufacturing Research and Technology Foundation account)	3,500	2.79
THE BANK OF NEW YORK MELLON 140051	3,317	2.64
BNY GCM CLIENT ACCOUNT JRRD AC ISG (FE-AC)	2,779	2.21
BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP	2,133	1.70
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2,071	1.65
RBC IST 15 PCT NON LENDING ACCOUNT — CLIENT ACCOUNT	1,995	1.59

[Note] 1. Acquisition or disposal of treasury shares in FY 2023

Acquisition	Acquisition of shares less than one unit of stock	870 shares
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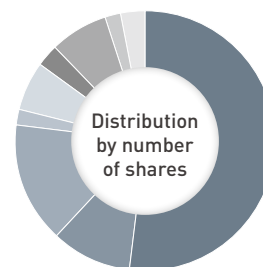
2. The shareholding ratio is calculated excluding the treasury shares.

Composition by shareholder type



	Number of shares (1,000 shares)	Number of shareholders (person)
■ Individuals / Others	38,419	37,829
■ Financial institutions (including securities investment trust)	42,544 (31,276)	56
■ Foreign corporate bodies, etc. (other than individuals)	40,031	323
■ Financial Instruments Business Operators	2,385	34
■ Other corporate bodies	2,163	273
■ Treasury shares	380	1
■ Foreign corporate bodies, etc. (individuals)	28	80

Composition by number of shares held



	Number of shares (1,000 shares)	Number of shareholders (person)
■ 1,000,000 shares or more	65,512	18
■ 500,000 shares or more	12,856	19
■ 100,000 shares or more	18,946	84
■ 50,000 shares or more	2,630	37
■ 10,000 shares or more	7,095	385
■ 5,000 shares or more	2,933	474
■ 1,000 shares or more	9,543	5,846
■ 500 shares or more	2,283	3,873
■ Up to 500 shares	4,150	27,860

Glossary

Below are definitions of the terminologies used in this Integrated Report.

Terminologies in the Integrated Report	Explanations
DMG MORI DMG MORI Group	The entire DMG MORI Group consisting of DMG MORI CO., LTD, DMG MORI AKTIENGESELLSCHAFT, and other group companies
DMG MORI CO CO	DMG MORI CO., LTD.
DMG MORI AG AG	DMG MORI AKTIENGESELLSCHAFT

Financial Calendar (Schedule)

DMG MORI CO., LTD.

March 28, 2024	76th Annual General Shareholders Meeting
May 7, 2024	Announcement of 1st Quarter 2024 results
July 31, 2024	Announcement of 1st Half 2024 results
November 1, 2024	Announcement of 3rd Quarter 2024 results

Reporting term

January 2023 – December 2023

[*] Some contents include subjects that occurred outside of this term.

Disclaimer

This Integrated Report contains targets, plans, etc. concerning the future of DMG MORI. All predictions concerning the future are judgments and assumptions based on information available to DMG MORI at the time of writing. There is a possibility that the actual future results may differ significantly from remarks and forecasts stated herein and described plans may not be implemented, due to factors which contain elements of uncertainty or the possibility of fluctuation for a variety of reasons. The financial figures presented in this Report are based on the status as at December 31, 2023. The figures do not reflect any effects caused by the subsequent events that occur after the date.

This Integrated Report was prepared in Japanese and translated into English. In the event of any discrepancy or conflicts between the two versions, the Japanese version shall prevail.

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