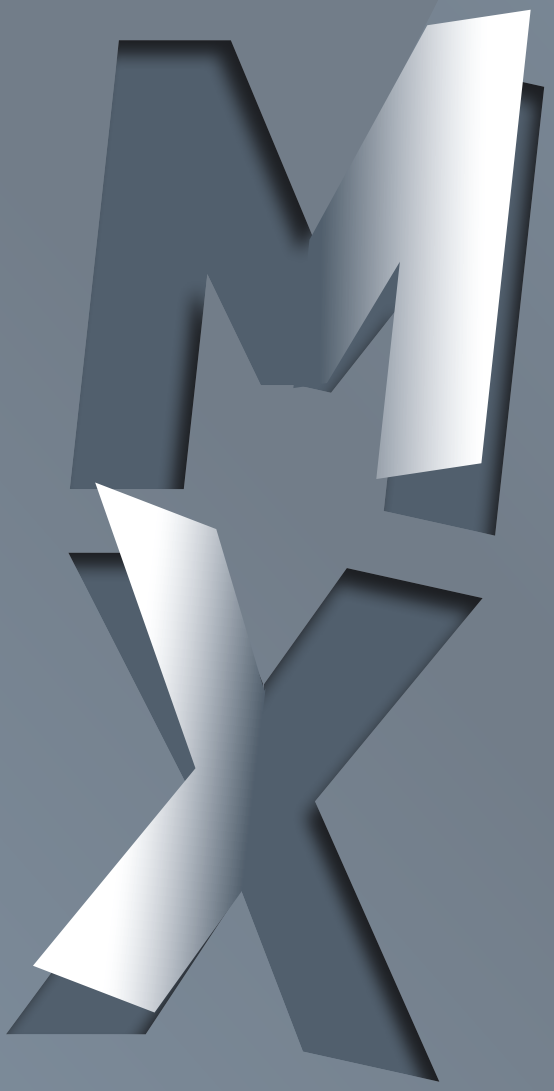
DMG MORI

COMPANY LIMITED



MACHINING TRANSFORMATION

Integrated Report 2023

Fiscal Year 2023 (January - December)

Mission Statement (revised in January 2024)

As a global corporation continually striving to be the world's largest
and most respected international manufacturer of turning centers, machining centers,
mill-turn centers, grinders, additive manufacturing and process automation, we will:

Enable our customers to maximize their potential and excel in their respective markets by continually striving
to provide innovative, accurate, and trouble-free machines, automation systems, and digital technology at competitive prices;
Increase our customers' productivity and efficiency through our latest developments in technology as manifested
by our increasingly accurate and progressive manufacturing capabilities;
Support our customers with our knowledgeable and responsive sales, applications, and service personnel.

As befits a worldwide corporation, we will:

Foster a fair and open corporate culture, utilizing appropriate management initiatives;
Play hard and be dynamic to enrich our private lives, study continuously and be open to advance our professional careers,
and work together and be innovative to bring innovation to the workplace;
Respect each other's opinions and continually develop through fair competition.

As profitability is a goal of all healthy business organizations
and in keeping with the true nature of the machine tool industry, we will:
Work to increase the value of our company, the investment of all shareholders knowledgeable
of the true nature of the machine tool industry, and the prosperity of our partners;

Always remember that the pricing of our products and services is an integral factor of
the prosperity and longevity of the corporation;
Generate suitable profits to ensure the cash flow necessary to provide for the healthy operation of our corporation,
research and development, stable customer services, employee training and development,
and the maintenance of safe and efficient manufacturing facilities.

As an industry leader and responsible corporate citizen, we will:

Contribute our fair share to our local community and society;
Conserve environmental resources at all times to preserve the global environment;
Incorporate the highest standard of ethics while still encouraging an aggressive approach to our business activities.

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 (CO_2) 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 ERGO*line* 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 CO_2 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

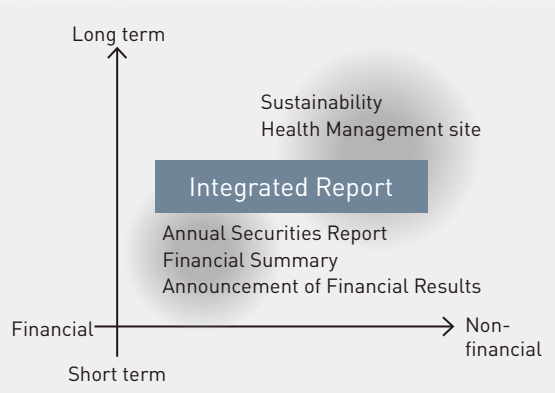
Governance

- 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.

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

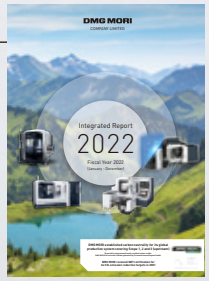
134 DMG MORI Group companies (as of December 31, 2023), including DMG MORI CO., LTD., 125 subsidiary companies, and 9 affiliate companies.

Reporting period

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

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

Key Points of 2022



The Integrated Report 2022 gives a holistic introduction of our new business model "Machining Transformation" and outlines our roadmap to achieve our Medium-term Business Plan through high-value-added strategies. Furthermore, we share insights of how we address medium- and long-term management challenges through discussions with our CEO, CFO, institutional investors, and securities analysts to offer transparency in our interactions with investors. In addition, we showcase numerous specific examples of how we address climate change and highlight our pioneering approach in topics called for by our stakeholders.

Key Points of 2023

The Integrated Report 2023 offers a comprehensive and detailed explanation of the positive cycle of sustainable growth generated by Machining Transformation. By summarizing our business risks and opportunities and disclosing our materiality, we showcase our effective allocation of management resources. Moreover, to provide greater insight into our human resource development efforts, we put emphasis on our employees not only in Japan but also in various locations worldwide, including Germany and the U.S. This conveys the diversity and richness of our workforce, which comprises over 13,000 individuals.

Environment
Social
Governance

Guidance for Collaborative Value Creation

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.

Integrated Report 2023 Contents

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Eight Capitals

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Financial Section

Please click on ▶ to find related videos on our website.
https://www.dmgmori.co.jp/corporate/en/ir/ir_library/integrated_report.html

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.

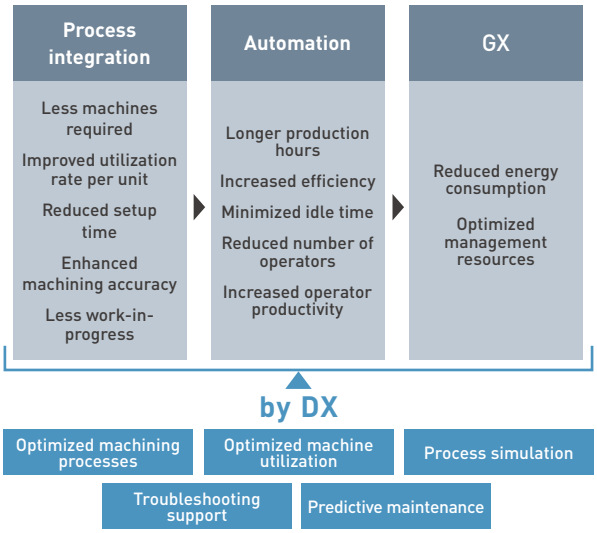
1. Significant Changes in the Business Environment and Customer Demands

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.

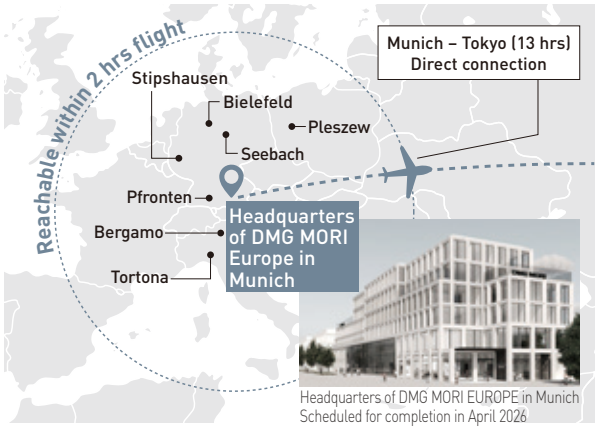
The most important factor in delivering solutions lies in having direct communication channels with customers. Through our collaboration with former GILDEMEISTER AG (hereinafter referred to as "AG") in Germany, we have built and gradually expanded a direct sales and service organization. Today, we manage 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 productions 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.



Headquarters of DMG MORI EUROPE in Munich
Scheduled for completion in April 2026

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.

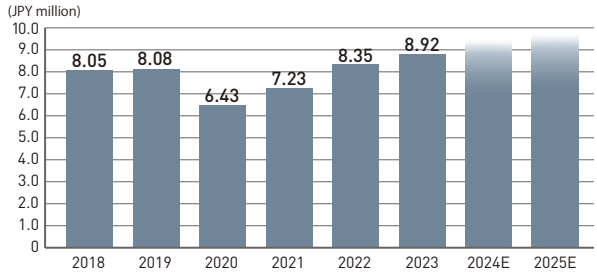
3. Strengthening our Export Control System

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)



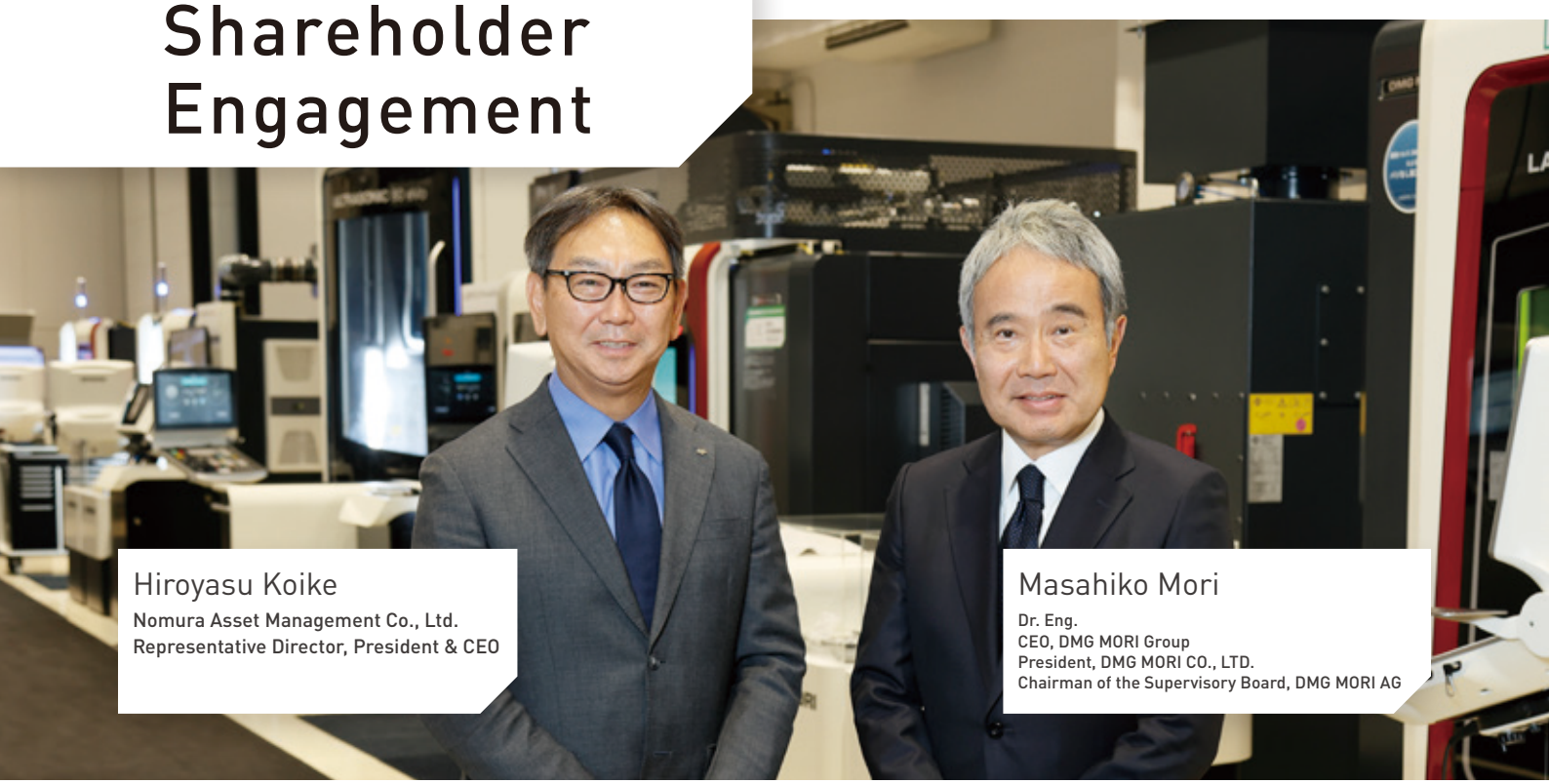
* Includes base salary, qualification salary, position salary, bonus, child allowance, housing allowance, and overtime allowance.
* Excludes dormitory / company housing, meal allowance, commuting allowance, employee stock ownership incentive, childcare expense support, travel expense support for family 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.

Shareholder Engagement



This article was prepared by Nomura Asset Management Co., Ltd. and translated into English by DMG MORI.
(Conversation held in November 2023.)

DMG MORI has its origins in 1948 when it was founded as Mori Seiki in Yamatokoriyama, Nara Prefecture, initially focusing on manufacturing and sales of textile machinery. From the 2000s onward, the company expanded through a series of strategic mergers and acquisitions. In 2009, it initiated a partnership with the German company GILDEMEISTER (DMG, hereinafter "AG"), ultimately acquiring a controlling stake in 2016. In this interview, Dr. Masahiko Mori, President and Group CEO of DMG MORI, and Mr. Hiroyasu Koike, President and CEO of Nomura Asset Management, elaborate on the company's sustained growth and its position as a world-class player in the machine tool industry.

Key to Successful Machine Tool M&A: Approaching New Customers in the Right Way

Mr. Koike: DMG MORI became the world's largest machine tool company through a business merger between Mori Seiki and the German DMG. Since you became president, I have noticed that DMG MORI has enhanced its growth trajectory by increasing in-house parts production, and reinforcing its service capabilities. After the acquisition of AG, DMG MORI has been transitioning to a direct sales structure. Could you give us some background and thoughts on the change in management policy?

Dr. Mori: After graduating from college in 1985, I joined ITOCHU Corporation and worked in textile machinery. Carbon fiber was just starting to be introduced and I was selling related equipment to major Japanese synthetic fiber manufacturers. Observing companies during the challenging economic times has significantly shaped my belief in the necessity of continuous corporate growth.
I returned to Nara in 1993 and took over the company from my father in 1999, when I was 37 years old. The turning point for me came in 2002 when we took over the business of Hitachi Seiki. At the time, Hitachi Seiki was our largest competitor, but it was practically insolvent. Our substantial cash reserves through our main bank, on the other hand, allowed us to acquire their Japanese business.

Mr. Koike: What insights did you gain from this M&A?

Dr. Mori: I believe that successful M&A in the machine tool industry is all about approaching new customers in the right way. The first thing we did after the business transfer was to train our service personnel in how to repair the machines of Hitachi Seiki. By this, we expanded our service capabilities and gradually began to receive more repeat orders. Following this success, we ventured

into the global market and acquired DIXI (Switzerland) and TOBLER (France), but these acquisitions were not that smooth.

Preserving the Diversity and Creativity of Local Employees

Mr. Koike: Could you share details about the acquisition of AG and what you took into consideration?

Dr. Mori: Around 2008, when the global machine tool industry was in a state of flux due to the financial crisis ("Lehman Shock"), I reached out to several German machine tool companies. While most declined, the management of AG was open to discussions about a potential collaboration. Ultimately, this paved the way for our management integration in 2016, and we have since operated as a unified company. I attribute our success to the preservation of diversity and creativity within our development and production teams in Germany and Italy. We embraced our differences and harnessed them as a driving force for innovation.

The management integration had a positive impact on our employees in Japan. Simply put, we were able to realize that we had become a leader in our industry. As DMG MORI, we established relationships with leading European companies such as Siemens, Rheinmetall, and Volkswagen in Germany, becoming a comprehensive provider from the initial test cutting to the final product delivery. I believe this has contributed to creating a sense of enjoyment and excitement in the work of our younger employees.

The integration has diversified our project portfolio and expanded our global reach. We now have the ability to partner with customers worldwide on cutting-edge processes and materials in various industries like aerospace and medical. For instance, we are currently collaborating with a customer in the race car industry, supporting them in manufacturing new engine parts from 2026. Additionally, in the field of semiconductor lithography equipment, we have been approached by a major manufacturer of ultraviolet lithography equipment for the production of next-generation models.

Aiming for Enhanced Corporate Value by Optimizing the Balance Sheet

Mr. Koike: I can see that DMG MORI built such a strong and trusted brand that manufacturers find it difficult to develop new products without seeking your expertise. After undergoing changes through M&A, what future vision and strategies do you have in mind?

Dr. Mori: Our sales revenue in 2022 was JPY 474.8 billion. I think there is room for organic growth to about JPY 800 billion by 2028-2030, our 80th anniversary. We are optimistic about the future because of the ongoing global consolidation of machine tool companies. With the role of distributors decreasing, our strong direct sales structure allows us to engage directly with customers and positions us well against competition, particularly in the United States and Europe.

Although distributors have historically played a strong role in Japan, we are witnessing a similar shift here as well. We have developed into a one-stop provider of comprehensive manufacturing solutions including peripherals through direct sales. We are also in the process of setting up a new system that utilizes our Digital Twin technology to test the operation of complete automation systems with peripherals. Additionally, we recognize the demand for annual maintenance of machine tools and recurring tasks like replacing consumable parts, and we are well-positioned to address this need.

Mr. Koike: While your ROE is close to the target level, your ROIC is relatively low and needs to be improved. To enhance the corporate value, it will be essential to achieve a reduction in interest-bearing debt, including hybrid capital, as planned in your Medium-term Business Plan. Can you share your perspective on maintaining a consistent and balanced approach between growth and financial strategies?

Dr. Mori: Given DMG MORI's sales target of JPY 600 billion, it is appropriate that its total balance sheet should be approximately the same amount. However, our current total assets amount to over JPY 700 billion. We are just entering the final stage of our business integration and are in an irregular situation where various financial burdens arise. We expect to be able to reduce interest-bearing debt by about JPY 100 billion by 2025, including redemption of subordinated debt. In that sense, we are trying to strike a balance.

The current asset increase is also due to the fact that the lead time for MRP (Material Requirements Planning) had

been extended by almost a year in response to the shortage of electronic materials, and product inventories are increasing as the construction of customer plants is delayed. We rarely receive order cancellations thanks to 30% up-front down-payment with little risk in our inventory assets. We are planning to reduce inventories. Improving profitability is also a key focus for us, and we are actively pursuing in-house production of parts and software. As our operating margin increases, we anticipate improved cash flow, aligning with our planned balance sheet adjustments.

A Leader Must Understand the Customer's Perspective

Mr. Koike: I hope you will continue to share such interesting stories with the stock market. Nomura Asset Management revised its Proxy Voting Standards for Japanese companies on November 1, 2023. We recommend that the board of directors functions as a monitoring board, supervising management execution with a majority of external directors. Could you tell us about the governance of DMG MORI?

Dr. Mori: Since acquiring shares in AG, a listed company in Germany, in 2009, I have been involved in the management and participated in the Supervisory Board meetings. And since holding more than 75% of the shares and concluding the domination agreement, I have also served as the chairman in the General Meeting of Shareholders.

On a personal note, I am a member of the administrative council of Kyoto University, my alma mater, and of Todaiji Junior & Senior High School. I believe that their approach to improving the organization by gathering opinions of people in various positions is similar to company management.

Mr. Koike: Looking at the members of the board of directors so far, I strongly feel the high awareness of the importance of diversity. I would like to ask you about your current thoughts on the succession plan for the next president after you.

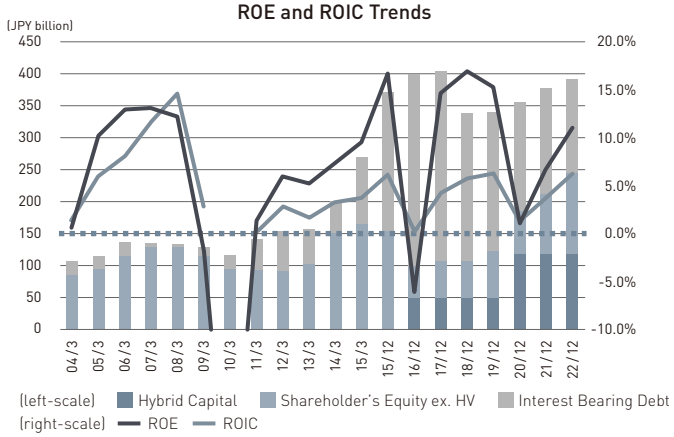
Dr. Mori: The year 2028, our 80th anniversary, will be the threshold of the succession. I believe that the executive officers who are currently around 50 years old are likely to be candidates.
The qualities we seek in future leaders include a strong customer-centric perspective. It's crucial to understand the demographics of our customers, their needs, and how they utilize machine tools to advance their businesses. We define our approach as that of 'Shoku-Akindo' or professional merchants. In essence, we operate as a vertically integrated business entity, distinct from being a mere manufacturer or a trading company. We seek individuals who can take an overarching view of our operations, and we invest in internal training to foster this capability.

Promoting Innovative Human Capital Management

Mr. Koike: I can see that the succession plan is built as a growth strategy. If you were to identify any challenges or management risks, what would they be?

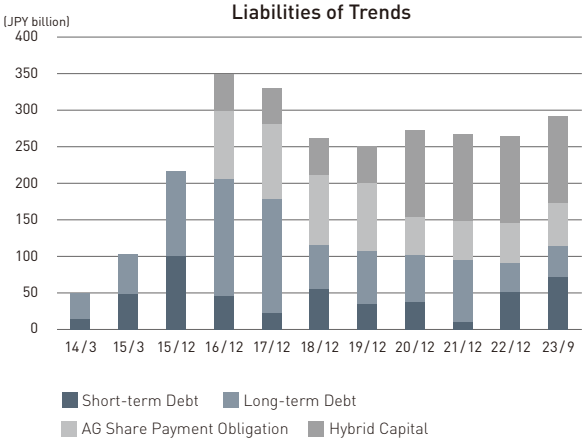
Dr. Mori: One risk is the violation of export control laws and regulations. Since machine tools are products that can be used for both civilian and military purposes, we must always be very careful in confirming end users and applications. Export control laws, regulations, and government protocols can differ significantly from one country to another. It's crucial for us to ensure strict compliance with each country's specific rules and provide honest and precise information. This also includes

ROE and ROIC Trends



(Source) Prepared by Nomura Asset Management based on securities reports of DMG MORI CO., LTD.

Liabilities of Trends



(Source) Prepared by Nomura Asset Management based on securities reports of DMG MORI CO., LTD.

displaying accountability in case there are media reports about our products being illegally resold.

Mr. Koike: Regarding sustainability management, I can see that DMG MORI has taken proactive steps from a relatively early stage. The Integrated Report released in 2019 showed that you had already considered environmental and health factors in your human resource development. In particular, the Medium-term Business Plan mentions "further investment in human resources that will enable us to provide high-quality products and services. " What are your thoughts on human capital?

Dr. Mori: Shortly before 2019, one of our employees committed suicide. This made us deeply reflect on our organization and marked the starting point of our efforts. Up to then, we had been working on improving the system, such as encouraging the use of paid holidays, but we had not yet put our souls into it. After this incident, we were determined to transform into a progressive and socially responsible company.

In our workforce, we have employees stationed at regional levels, those who operate across different regions, and those who work internationally. As a company, we can create added value by establishing clear roles and offering continuous education and trainings to the employees. This includes the development of the expertise needed to customize machine tools to meet customer specifications and deliver comprehensive packages, including software and peripherals. Such specialized skills cannot be acquired at a university or through an MBA but can only be taught at DMG MORI. We provide comprehensive trainings to our employees, who ultimately transform that knowledge into their own strengths. Similar to how airlines train pilots and medical institutions train doctors, our social mission revolves around advancing technology in the field of machine tools, which is directly linked to human capital management.

We learned a lot about human capital management from our German counterparts. An illustrative example of this is the high utilization rate of paid holidays. Germans are dedicated to enhancing productivity while minimizing overtime hours. This is reflected in their national discourse about 4-day workweeks and rising global GDP ranking.
Ninety percent of our sales revenue comes from overseas. We are a group of machine tool experts, and we can generate value by doing unique things that set us apart from typical Japanese companies.

Low Valuation of the Machine Tool Industry is a Challenge

Mr. Koike: What is your impression of the valuation in the Japanese stock market?

Dr. Mori: Our P / B ratio is roughly 1.3x, which is a somewhat good valuation compared to other machine tool manufacturers who are mostly under 1x. Our stock price (equity value) should also increase if we further reduce our debt. The challenge we face is the relatively low valuation of the machine tool industry. In fact, countries such as the U.S., the U.K., and France, which no longer make machine tools, have stock markets with a higher valuation. I don't think that our current valuation captures the full extent of our operations, especially considering the value of our German business (AG shares).

Mr. Koike: That is true. At Nomura Asset Management, we aim to boost the economy and increase investments by communicating the positive qualities of Japanese companies. Our dialogue today is one part of our efforts and I hope that many people will take an interest in the world of machine tools and DMG MORI. Do you have any requests for us institutional investors?

Dr. Mori: The machine tool industry still has a large number of companies. I personally feel that M&A is necessary to increase competitiveness. The Ministry of Economy, Trade and Industry (METI) has established guidelines to promote M&A, but there are still issues regarding incentives for the management on the selling side. One problem is the handling of special retirement allowances of executives. I hope that institutional investors will support M&A guidelines that support executives who make decisions with the future of their employees in mind.

Mr. Koike: DMG MORI is a Japanese company with a strong global reputation, and I am looking forward to sharing the story of your transformation and sustainable growth with both Japan and the whole world. Thank you very much for your valuable insights today.

Changes in Societal Needs and Development of DMG MORI

Societal needs

1960s-1970s

- Development of public infrastructure
- High economic growth and industrialization (mass production and mass consumption)

1980s-1990s

- Global production
- Energy-saving and resource-saving (lightweight and compact products)

- Declining birthrate and aging population
- Shortage of engineers and operators
- IT (Information Technology)

DMG MORI's initiatives

- Providing machine tools that enable mass production
- Manufacturing and selling lathes with numerical controls

- Establishing overseas business locations
- Providing machine tools for machining complex parts

- Providing high-precision, high-speed, and high-rigidity machine tools
- Providing interactive operation systems

Average price

Average price per unit JPY 10 million JPY 20 million

Sales revenue

1948
- Founded MORI SEIKI
  Began manufacture and sales of textile machine in Yamato-Koriyama City, Nara Prefecture

1958
- Started manufacture and sale of machine tools (high-speed precision lathes)

1970
- Constructed Iga Plant which has been in operation ever since

1979
- Listed shares on the second section of the Osaka Securities Exchange

1981
- Listed shares on the second section of the Tokyo Stock Exchange

1982
- Established MORI SEIKI GmbH

1983
- Established MORI SEIKI U.S.A., INC. (current DMG MORI U.S.A., INC.)

1983
- Transferred to the first section of the Tokyo Stock Exchange and Osaka Securities Exchange

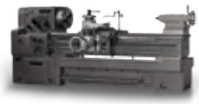
1987
- Completed construction of Nara Head Office
  Started actual operations at the Nara Plant

1992
- Started operations at the Iga No. 2 Plant High-Precision Facility

2009
- Started capital and business collaboration with DMG of Germany

Transition of DMG MORI's products

1960s



Manual lathes

1970s

ALX 1500

Turning centers

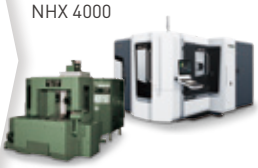
1980s

CMX 800 V

Vertical machining centers

1990s

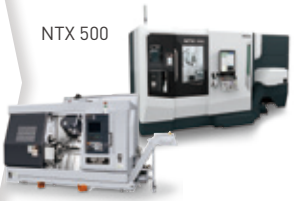
NHX 4000



Horizontal machining centers

2000s

NTX 500



Mill-turn centers

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

2020s

•Sustainability
•Automation

Growing need for:

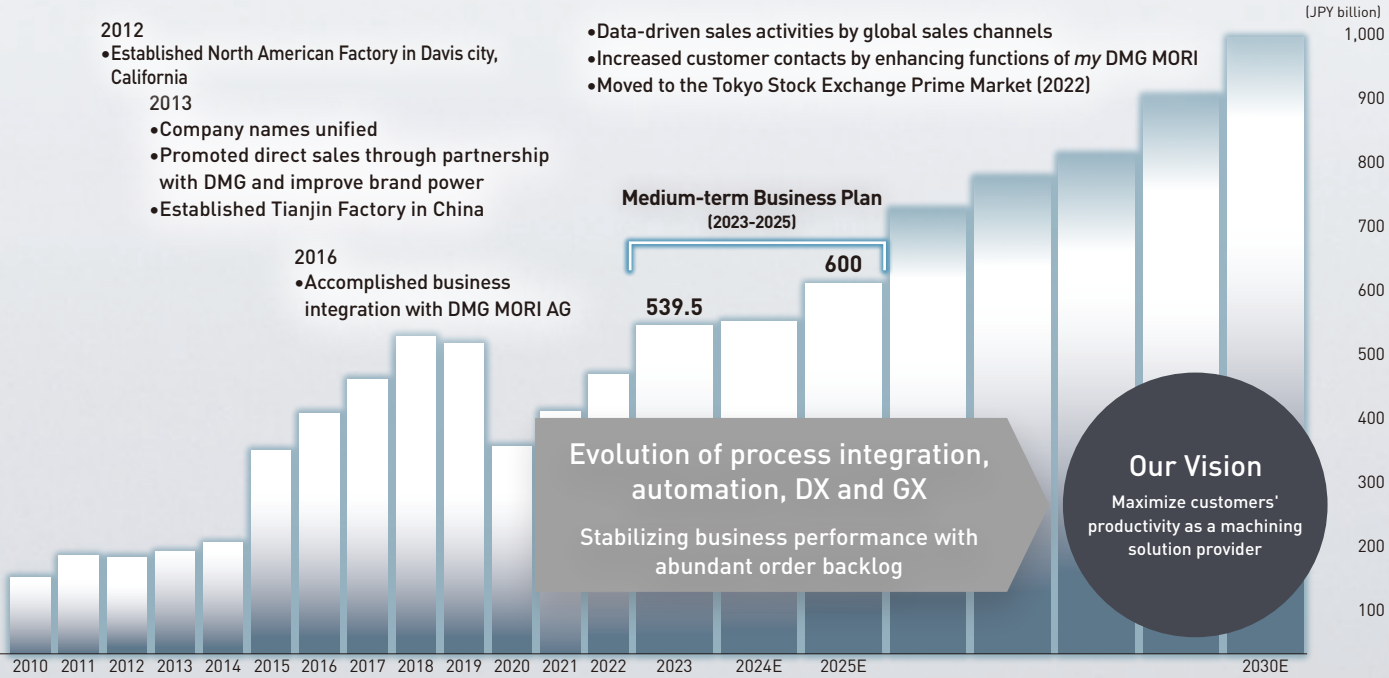
Hardware and software integration

High precision and green technology

Restructuring of global supply networks

Providing digital services in accordance with customer needs
•Digital Twin Showroom
Digital Twin Test Cuts
•Portal Site / Online shop
Providing environmentally-friendly products

JPY 30 million | JPY 40 million | JPY 60 million | JPY 75 million (Plan)



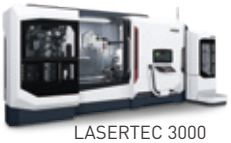
2010s

DMC 125 FD duoBLOCK

5-axis machines

2020–

DMU 50 + MATRIS



LASERTEC 3000 *DED hybrid*

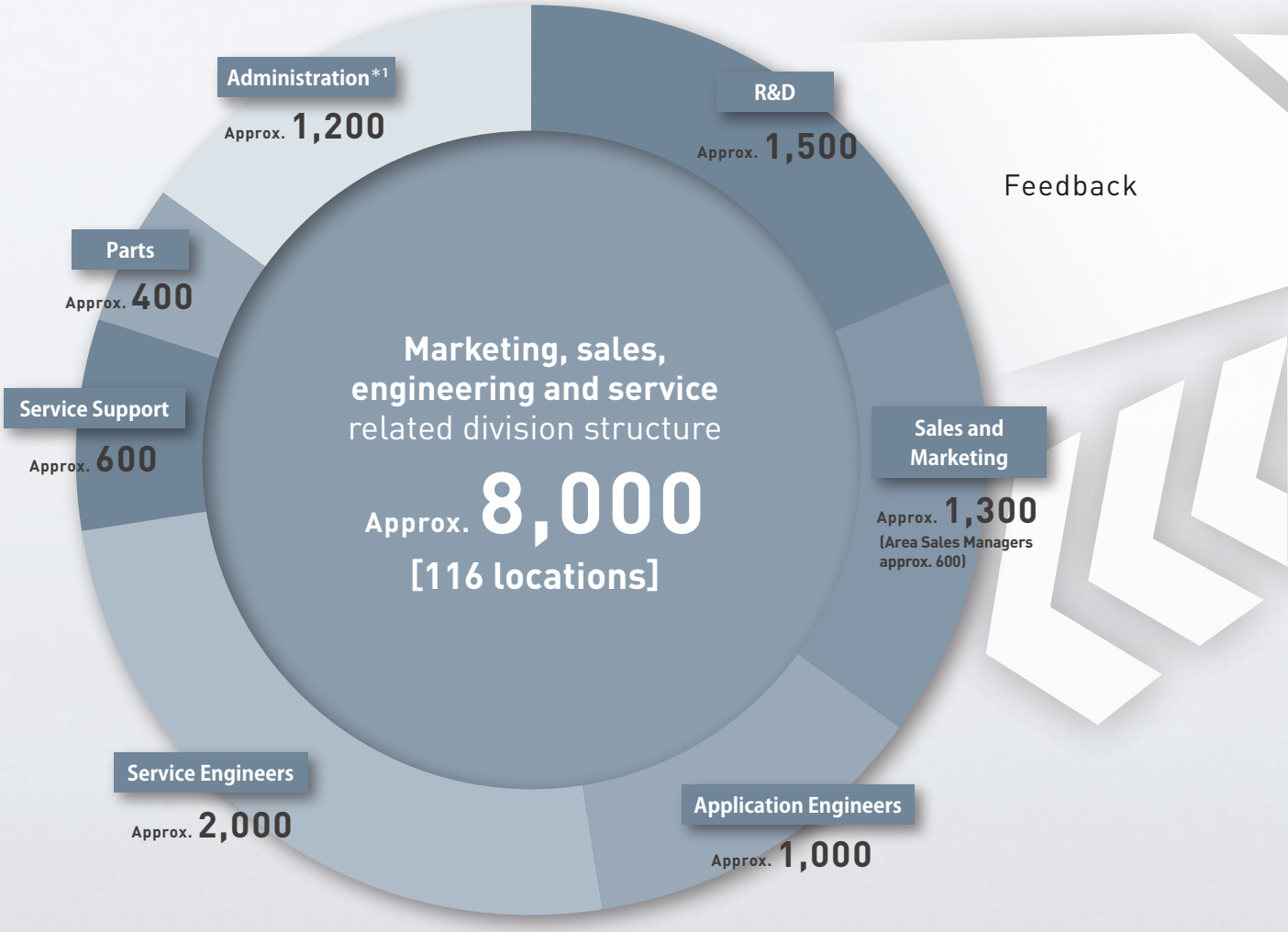
WH-AMR 10

Technology Cycles "Chip-Braking"

Machining Transformation:
Process integration, Automation, Digital Transformation, and Green Transformation

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

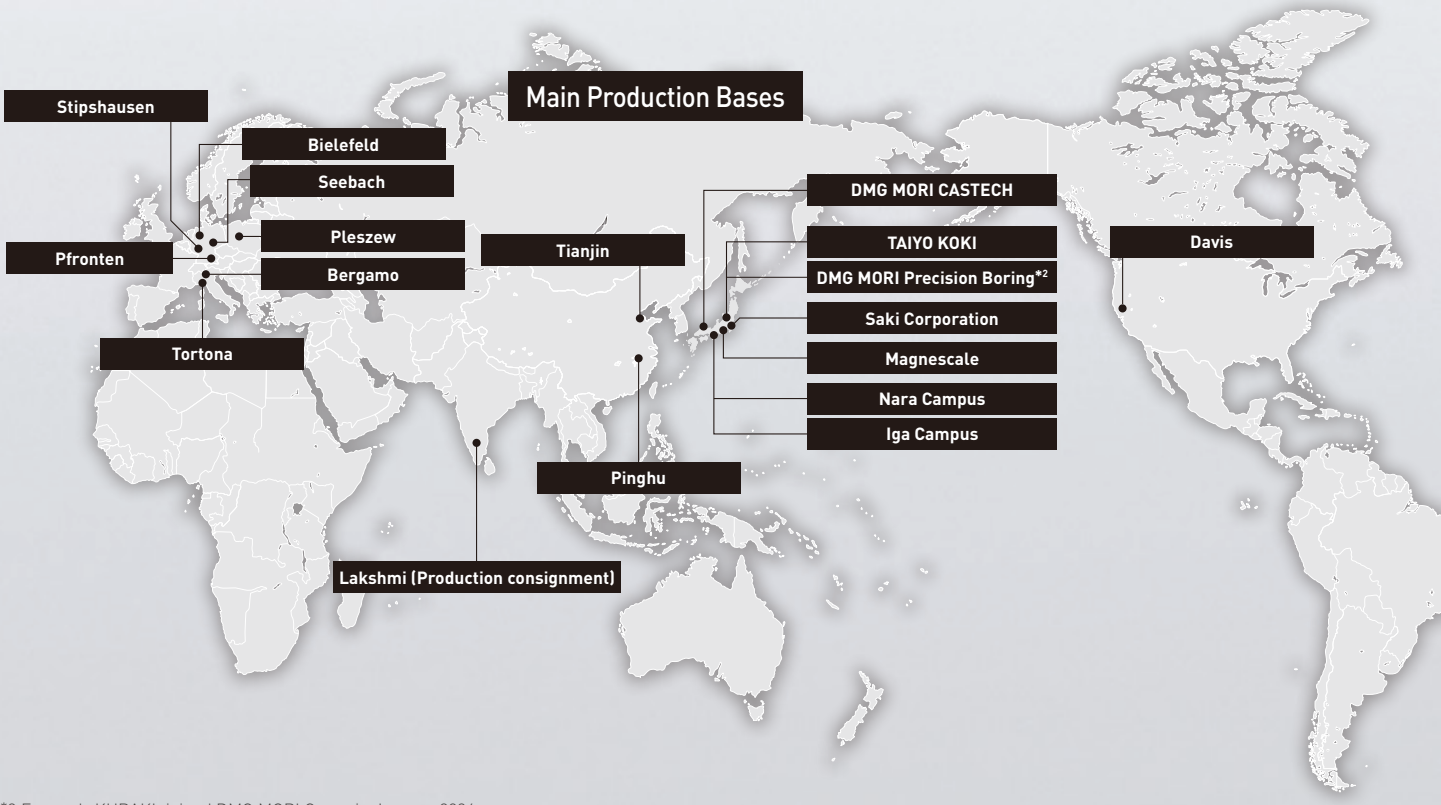
Through the introduction of cutting-edge technology, we are responding to major societal changes such as the pursuit of quality of life, the shift to EVs (electric vehicles), and the introduction of AI (artificial intelligence).

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.

Total
Approx. 13,000 employees



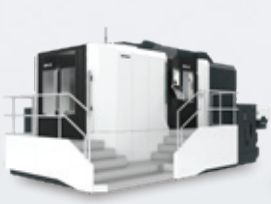
*2 Formerly KURAKI; joined DMG MORI Group in January 2024

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

5-axis machines

42% Composition ratio

DMG MORI's 5-axis machines boast outstanding milling capability and excellent operability, a crystalization 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

26% Composition ratio

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. (P.50) 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

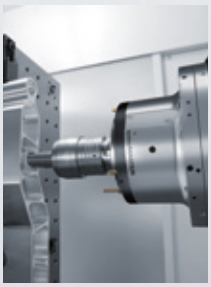
A turning center holds a workpiece on its spindle and performs shaving, boring, and drilling of the outer diameter or end face by applying a blade on the rotating workpiece. Since its founding, DMG MORI has refined its turning technology as an innovation leader in cutting technology.

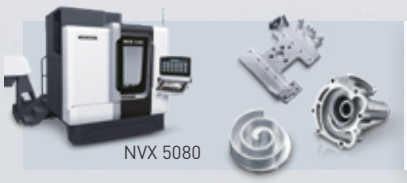
Horizontal machining centers

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.

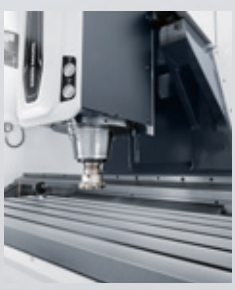




NVX 5080

Vertical machining centers

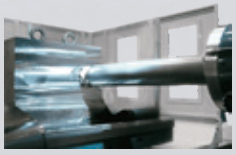
6% Composition ratio



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

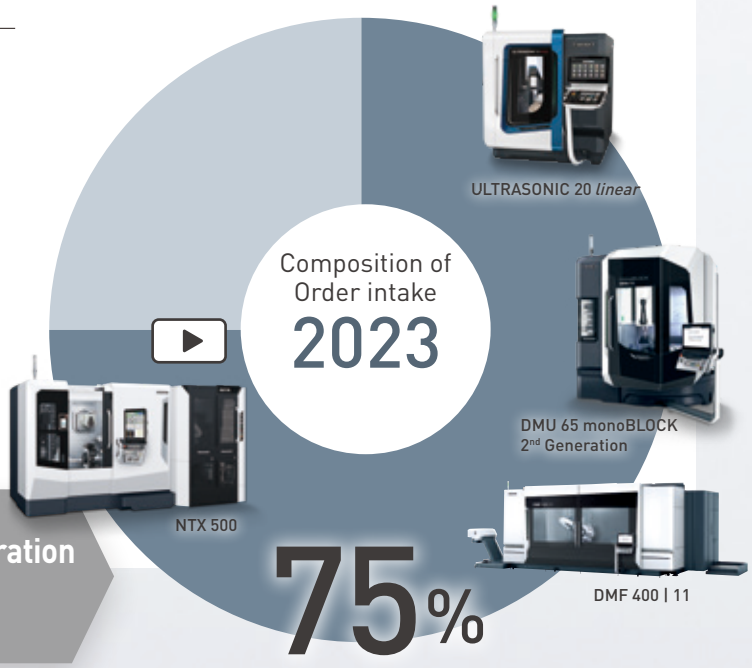


Horizontal boring and milling machines utilize the spindle for high-precision hole processing (boring) of various workpiece sizes from heavy-duty cutting to finishing. With the spindle in horizontal position, milling operations can be performed as well.
In January 2024, we acquired KURAKI, and their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

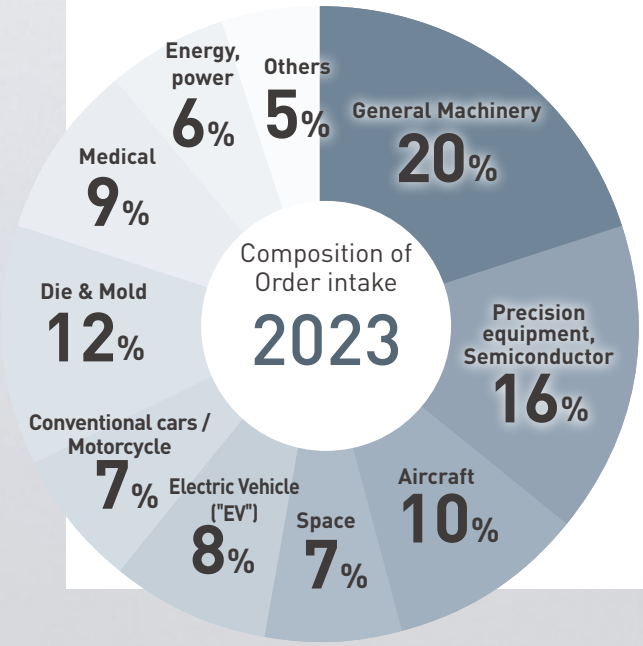
Diversification Strategy

5-axis machines, mill-turn centers, and advanced technology machines

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.

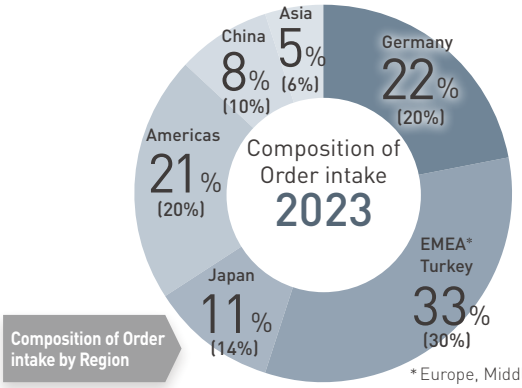
(% in brackets: FY2022 Jan-Dec)

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.



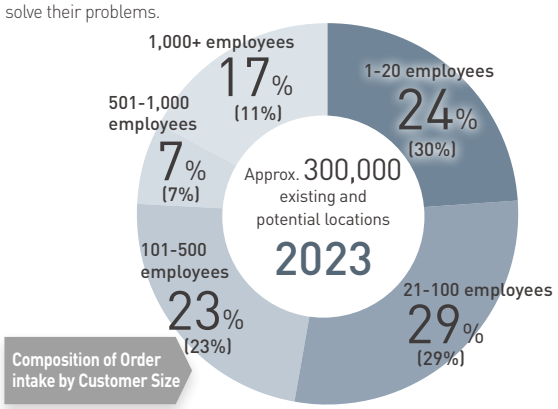
*Europe, Middle East and Africa

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.

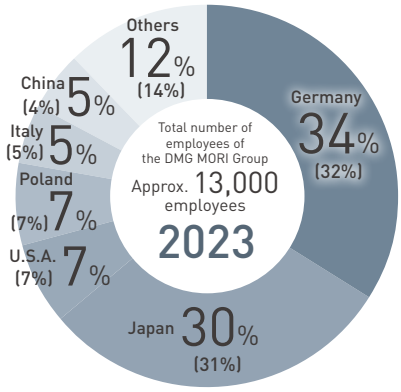


HUMAN RESOURCES

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.

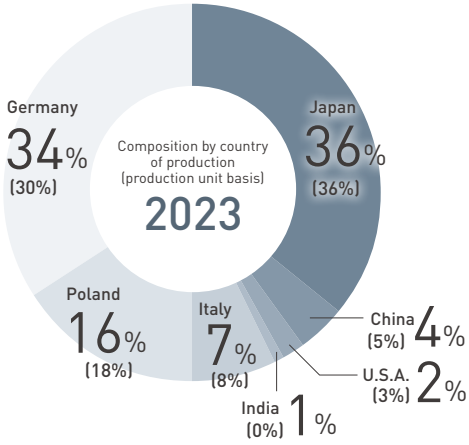
DMG MORI's diverse employees are the driving force to capture customers' needs and make technological innovations.



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.



A Year of DMG MORI
(from January to December 2023)

January

- Hosted Open House Pfronten (Germany)
- Release of Pfronten's Digital Twin Showroom

February

- turnMASTER12in.C spindle for turning applications was newly added to the high-performance MASTER Series
- Participated in IMTEX 2023 held in Bangalore (India)


turnMASTER12in.C

- Japan's largest solar power system for self-use (1st batch: 5,400 kW) started operation at Iga Campus

March

- 2nd TULIP Experience Center (TEC) for hands-on experience of the shop floor digitization platform opened in Nagoya (Japan)
- Certified as "White 500" for excellent health and productivity management in Japan
- 75th Annual General Meeting of Shareholders (Japan)

2023 健康経営優良法人 Health and productivity ホワイト500

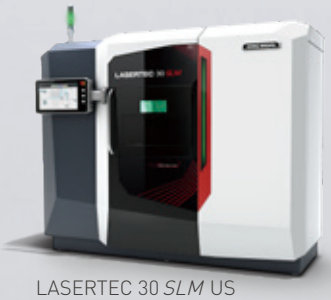
*"Health Management" is a registered trademark by the NPO "Kenkokeiei"

April

- Hosted the Chicago Innovation Days 2023 (USA)
- Participated in CIMT 2023 held in Beijing (China)
- Opened DMG MORI ACADEMY in Hamamatsu (Japan)

May

- Hosted 121st Annual General Meeting of DMG MORI AKTIENGESELLSCHAFT (Germany)
- Opened DMG MORI ACADEMY in Kanazawa (Japan)
- Launch of LASERTEC 30 *SLM* US: first AM machine designed and manufactured in the U.S.
- Established training area for automation, additive manufacturing, and other advanced technologies at Seebach factory (Germany)


LASERTEC 30 *SLM* US

Here are our highlights from 2023.

July

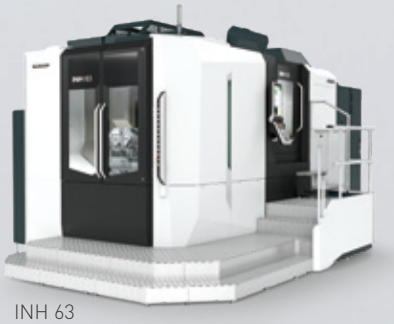
- Release of DMG MORI GATEWAY, our connectivity service for all machines and peripherals on the shop floor
- Launched "Digital Monozukuri Practice Course" together with technical high schools around Japan

August

- Launched "5-axis Machining Technology Certifications" to recognize skilled technicians and promote 5-axis machining in Japan

September

- Opened DMG MORI ACADEMY in Sendai (Japan)
- Opened DMG MORI Arena in Iga, Mie Prefecture (Japan)
- Hosted Global Development Summit (GDS) in Bielefeld (Germany)
- EMO Hannover 2023 (Germany):
  We showcased our Machining Transformation (MX) under the concept "DMG MORI City – The Home of Technology", unveiling 4 world premieres (CTX 450, CTX 550, CTX beta 450 TC, INH 63) and the new operation platform CELOS X.
- Digital Twin Showroom: Launched digital replica of our EMO 2023 booth "DMG MORI City"



INH 63

October

- Magnescale announced construction of new Laserscale plants in Nara and Yamato Koriyama City (Japan)
  New plants to be opened in May 2025
- Participated in MECT 2023, Nagoya (Japan)
- Hosted the qualification tournament for the 47th WorldSkills Competition at Iga Campus

November

- Established DMG MORI CIRCULAR CO., LTD. to further promote a circular economy
- Opened SHINDO YARDS near JR Shindo Station in Iga (Japan)

December

- Agreed with KURAKI on share transfer date (closed on January 5th, 2024)

CNC Horizontal Boring Machine
HMC+110

Advancing Machining Transformation (MX)

Process Integration

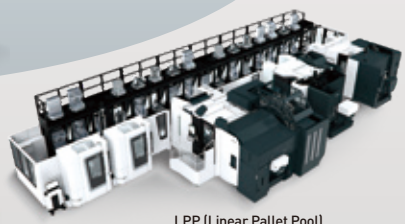
NTX 500

DMU 65 monoBLOCK 2nd Generation

INH 63

Automation

WH-AMR
(Autonomous Mobile Robot)



LPP (Linear Pallet Pool)

MATRIS
(Modular Robot System)

CTS (Central Tool Storage)

Digital Twin Showroom

Machine tool model selection

Digital Twin Test Cuts

Machining process consideration

Process Design Advisor

DMG MORI Digital Academy

Operator training

Machine tool installation / startup

JOB SCHEDULER

JOB MANAGER

Planning

CELOS DYNAMICpost

Technology Cycle

Programming

ERGOline X (Hardware)
CELOS X (Software)

DMG MORI GATEWAY

Process Integration → Automation → GX

by DX

DX
DIGITAL TRANSFORMATION

WALC CARE

my DMG MORI

Services

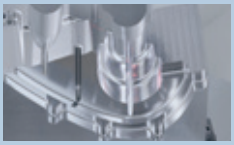
Digitization of measurement and correction of machine accuracy

- 3D quickSET
- VCS Complete

VCS Complete

CONDITION ANALYZER

Non-contact on-machine measuring



Measurement

DMG MORI Messenger

DMG MORI GATEWAY

Monitoring

Digitization and automation of machining setups

- Tool Data System
- Tool Visualizer
- easycenterSET

Tool Visualizer

CELOS Xperience

Production

Setup

GX
GREEN TRANSFORMATION

Reduction of environmental impact

Less work-in-progress

Optimization of management resources

CONNECTIVITY

CONNECTIVITY by DMG MORI

Application 1 Production Planning

Application 2 Machine Monitoring

Application 3 ERP

CELOS Xchange

DMG MORI GATEWAY

Machine with CELOS X

Existing DMG MORI Machine

Third-party Machine

TULIP

A platform for creating applications to support production

MX
MACHINING TRANSFORMATION

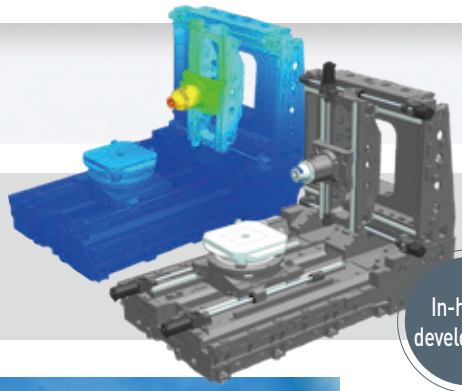
Machining Transformation at DMG MORI's Facilities

R&D

3D CAD

CAE analysis

Design with DMG MORI Digital Twin Technology



In-house development

Digital Twin Technology

Production

Machining plant

In-house production of key components:
spindles, ball-screws, direct drive motors, control panels, castings

Setup

Setup by 3D model ▶ CAM

Machining simulation with CELOS DYNAMIC*post*

In-house development

Machining

Made by DMG MORI

We manufacture key components on our own machines.

Integration of bed grinding process into DMC 340 FD *µPrecision*

Increased production efficiency with process integration P.59

Automation of production processes

Automated workpiece and tool handling with DMG MORI automation systems

Example 1

Ball-screw machining

Automation with MATRIS

Ball-screw transport

Example 2

Spindle machining

Automation with MATRIS Light

Easy to attach and detach to existing production equipment

We are advancing productivity in our in-house operations through process integration, automation, DX, and GX.
The expertise gained from utilizing cutting-edge equipment and digital solutions
translates into optimized proposals for our customers.

Production

Assembly plant

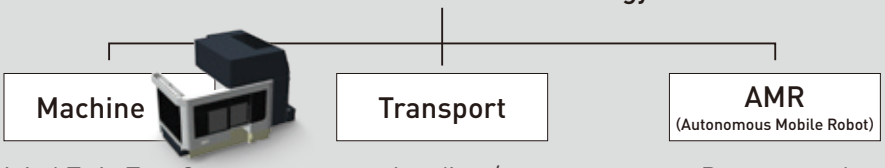
Machine tool assembly

Digital Twin of the factory

Accurate simulation of machine, robot, and all other equipment operation in the factory

Simulation of assembly process at Pfronten factory

▶ **Process optimization with digital technology**



Digital Twin Test Cuts
Cycle time

Loading /
unloading time

Route, speed

Digitization of machining & assembly processes

Sales service in Japan

We have introduced TULIP - the frontline operations platform - at our global production sites to promote on-site efficiency and quality improvements.

Example 1 Machining process

Automatic collection and analysis of in-machine measurement data

Management of machine maintenance data

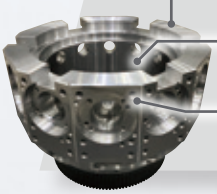
Example 2 Assembly process

Digital quality management

Machining Transformation at DMG MORI's Facilities

Process integration for NLX 2500 turrets from 7 processes / 7 machines to 2 processes / 1 machine

Conventional processes



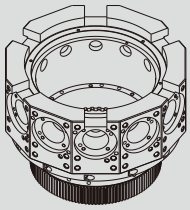
Roughing (Lead time: 7 days + 2 holidays)

- **Roughing** — Turning Center
- **Roughing** — Turning Center
- **Drilling** — Horizontal Machining Center

After Process Integration

Lead time: 1 day

- **Roughing (Reference Surface Processing)** — 5-axis Machining Center
- **Roughing / Finishing** — 5-axis Machining Center



Optimization of Management Resources

*With 350 pcs. monthly production of turrets

Machining Equipment

14 ▼ 3

Number of Operators

10 ▼ 4

Equipment Cost

JPY 740 million ▼ JPY 370 million

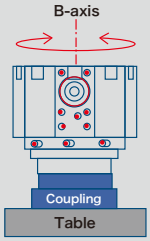
Goods in Progress (for lot size 10)

80 ▼ 1

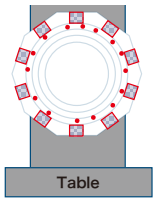
At DMG MORI factories, we realize MX with our own equipment.
We demonstrate how process integration reduces necessary factory space, goods in progress, power consumption and CO_2 emissions.

Finishing (Lead time: 2 days)

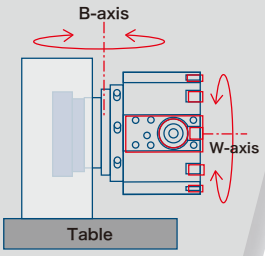
Roughing
Horizontal Machining Center



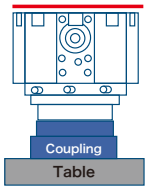
Roughing
Horizontal Machining Center



Finishing
Horizontal Machining Center



Finishing
Horizontal Machining Center



The 12-station turrets made in our own Precise Processing Plant are then equipped on NLX 2500 machines.

Smaller environmental impact

Process time

470 minutes
199 minutes
57.6% reduction

Power consumption

134.1 kWh
61.1 kWh
54.4% reduction

CO_2 emission conversion * Per 1 workpiece

56.9 kg / pc
25.9 kg / pc
31.0 kg / pc

CO_2 emission factor calculated as 0.424 kg / kWh

To expand business opportunities

- Higher productivity
- Answering the need for green products
- Increase of high-value workpieces

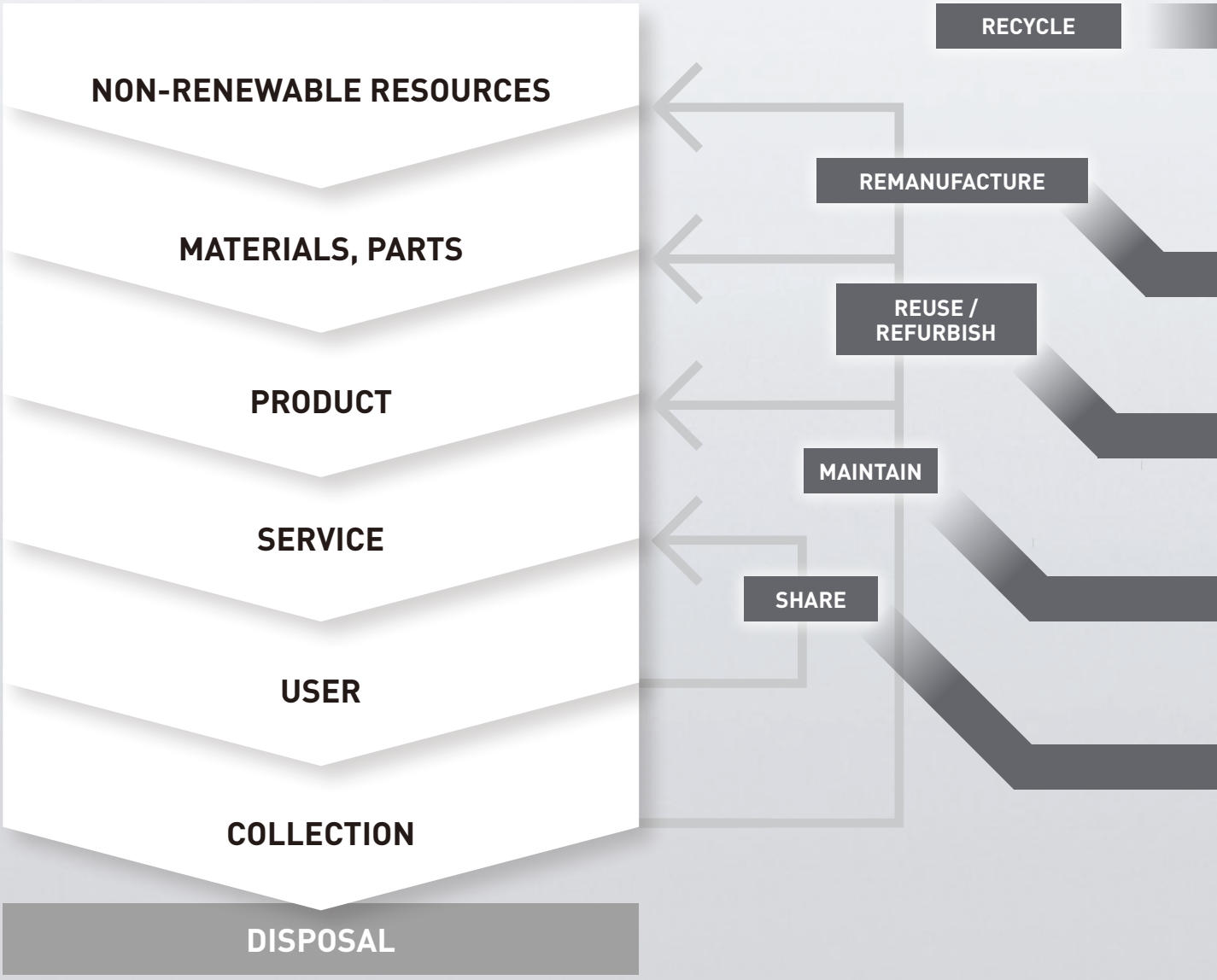
Contributing to a Circular Economy

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.



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

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

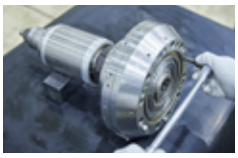

Melting


Casting

REMANUFACTURE

Remanufacturing: Spindle rebuild

- 1,000 units in 2023



REUSE / REFURBISH

Used machine sales

SERVICE & MAINTENANCE (over 20% of revenue)

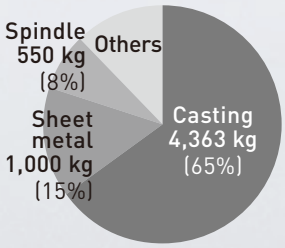
- For stable long-term use of machine tools

SHARE

AM Lab & Fab

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

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)

NV5000a1B / 40
Product weight 6,710 kg

DMG MORI Group Materiality

In accordance with international guidelines, we conducted a materiality analysis considering global social challenges and internal / external business factors to identify risks and opportunities with attention to our corporate mission and the interests of external stakeholders. All topics remain under constant review in our Medium-term Business Plan Committee meetings.
We have defined key performance indicators (KPIs) for each topic and are implementing company-wide activities as part of our three-year Medium-term Business Plan, initiated in January 2023.

Materiality Assessment Process

Understanding Societal Needs

Society undergoes significant shifts every decade, necessitating our proactive response to evolving societal needs. Currently, we must address pressing issues such as global labor shortages, climate change, and supply chain restructuring. Moreover, we must adapt to the shift from traditional mass production to versatile variable-volume production and precise processing techniques.

Investor Input and Internal Discussions

In conversations with long-term and ESG investors, questions were raised about our strategy to enhance our financial corporate value while addressing societal issues. This led to fruitful internal discussions, prompting us to revisit our management philosophy and reassess our company's purpose.

Opportunity and Risk Identification

Recognizing the critical role of machine tools in supporting diverse industries, we concluded that delivering greater value to our customers can also contribute to addressing societal challenges. Consequently, the machine tool industry presents both opportunities and risks.

Medium-term Business Plan Committee meetings

In our Medium-term Business Plan Committee meetings, young management candidates in their 30s and 40s engage in open discussions about topics that will impact our company in the medium to long term. The outcomes of these discussions are regularly reported to the Board of Directors, where further deliberations take place.

We have identified materiality for DMG MORI's continuous contributions to society and sustainable growth. All topics remain under constant review.

Implementing Materiality Measures: PDCA Cycle

Decision making

PLAN

Materiality targets and measures were defined during Executive Officers meetings and are integrated into the Medium-term Business Plan 2025.

DO

Specific measures are executed within each department under the jurisdiction of respective Executive Officers.

CHECK

Progress and effectiveness of measures are reviewed during monthly Executive Officers meetings. Reports are also presented to the Board of Directors when required.

ACTION

Guided by the board's directives and investment decisions, our Executive Officers intensify their efforts.

Report

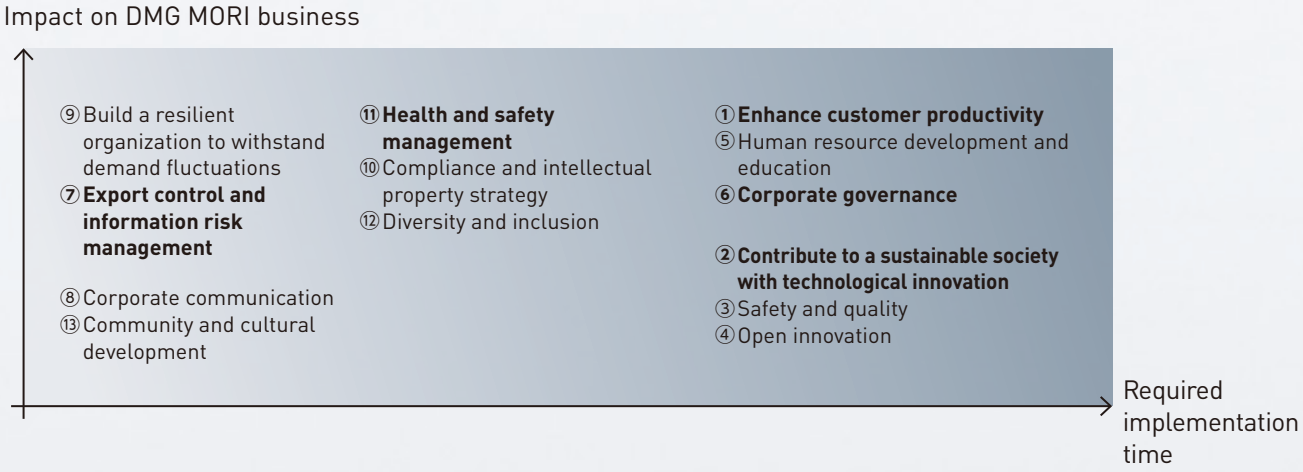
DMG MORI Group Materiality

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.

	List of Materiality Topics		Reference
Contributing to society and environment through technological innovation	1	**Enhance customer productivity** • 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** • 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** • 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** • 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** • 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.



	List of Materiality Topics		Reference
Strengthening management foundation	6	**Corporate governance** • 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** • 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** • 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** • 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** • 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** • 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** • 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** • 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)

Value Creation Process of DMG MORI

Our Capital

Sales and Service Capital P.39

Global sales and services locations 116

Overseas direct sales and service network

Development Capital P.49

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

R&D expenses approx. 5% of sales

Intellectual Capital P.53

Accumulated know-how as the industry leader

Formation of Intellectual properties

Standardization of measuring methods, etc.

Manufactured Capital P.57

17 production locations worldwide

In-house production of key-components

Human Capital P.67

Diversity in 13,000 employees with 59 nationalities

Providing a well-rounded educational program

Social and Relationship Capital P.79

Globally recognized brand

Fostering with our partners

Natural Capital P.83

Solar power generation utilizing the roof top of our factories

Maintain the beautiful landscape around the major factories

Financial Capital P.87

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

NZ-Platform

Replacement of dedicated machines with process integration machines

DMU 65 monoBLOCK 2nd Generation

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

Pfronten factory

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

Sales and Service Capital

AMERICAS

For a stronger presence in the U.S., the center of research & innovation

Sales strategies to match changing investment trends
As the economy continues to recover from the pandemic, we observe that U.S. customers with continuous capital investments are steadily improving their performance. Meanwhile, those who do not invest struggle to secure new orders solely with their existing equipment and are increasingly being pulled into price competition.
Against this backdrop, an increasing number of small and medium-sized manufacturers are being consolidated by investment funds (PE). This allows for new distributive structures of capital investment that enable customers to purchase expensive equipment such as 5-axis and mill-turn centers which they could not afford before.

Simultaneously, some production has been returning from China and Mexico to the U.S. but is met with a severe shortage of operators. This makes process integration and automation inevitable. With our unique sales strategy of providing insurances along with the products, we meet the needs of customers that are worried about equipment damage due to the increased operating complexity.

Innovation drives machine tool demand
Gigacast-type production technology has been attracting attention in EV-related industries, with special focus on the remarkable progress in material research that led to a new approach for casting shapes.
In the aerospace and medical industries, composites of different metals, CFRP (carbon fiber reinforced polymers), and medical plastics are widely used, and we ourselves have accumulated a lot of experience with processing them. Similar changes are occurring in the automotive industry. As new machining methods are developed through material innovation, we believe that our machines will continue to be in high demand regardless of the number of parts being reduced.

As for additive manufacturing (AM), we expect its utilization to expand from mere prototype lamination to surface treatment by coating as well. The entire industry is paying close attention to the possibilities of AM, and especially the U.S. shows interesting market trends and new inventions. However, AM does not offer the same degree of accuracy as conventional cutting, so cutting will continue to be necessary for finishing processes of precise parts, thus increasing the need for cutting machines with the AM market penetrating.

A strong presence as a global company
As a major machine tool manufacturer, we have received strong inquiries for U.S. federal government procurement projects. These projects impose particularly high information security requirements, so we have established DMG MORI Federal Services (DMFS) to ensure security for U.S. government projects and keep them separate from our Japan and German businesses. Since the lead times and the price of government projects are different from those of private companies, there are advantages to having separate legal entities to handle not only information security, but also project management and sales support.

However, DMG MORI's presence is still small in the private market when looking at its full potential. Our mid- to long-term goal is to expand our sales in the Americas to the billion-dollar level and to increase our significance in the U.S., meaning that we will have to attract more customers of U.S. origin in addition to Japan-affiliated companies.

Customer Story | U.S.A.

"In terms of precision, reliability, control technology, automation options, and customer support, DMG MORI has the optimal product range."

Keller Technology Corporation's (KTC) long history began in 1918, with the manufacture of polishing machines and the offer of manufacturing services. Approximately 200 employees are responsible for manufacturing complex precision components and turnkey technology solutions for customers in demanding sectors such as medical and semiconductor. KTC has been partnering with DMG MORI since 2001 to compete in the intense global marketplace.

The company's expansion into scientific research equipment, the medical sector and continued growth in the semiconductor industry required investment in new machining technology. DMG MORI has become a partner that would support KTC's growth in the long term with 5-axis machine tools. Machining the components on 3- or 4-axis machining centers would be far too time-consuming due to the necessity for multiple set-ups and reclampings. The 5-axis technology not only saves time but also reduces the opportunity for inaccuracies.

After the DMU 125 P, KTC has to date purchased two DMC 160 U duoBLOCKs, one DMC 125 U duoBLOCK, two DMC 210 Us and one DMC 210 FD system, all with pallet changers – so set-up and production can be performed simultaneously, providing maximum utilization. In addition, the two DMC 210 Us have a 5-position round pallet storage system (RPS 5) and the DMC 160 U duoBLOCK has a 6-position round pallet storage (RPS 6). This allows us to utilize the machines lights-out, unmanned overnight and during the weekend, so 24 / 7 operation is possible.

One of KTC's major projects is digitization throughout the manufacturing process. To implement the necessary digital and connectivity platforms, the company has partnered with TULIP. Additionally, system monitoring is carried out via DMG MORI Messenger. TULIP's array of applications helps interconnect the company's manufacturing processes – from receipt of order through to shipment to customer. In total, KTC achieves a spindle utilization rate of 85% on a 365 day 24 / 7 schedule.

A very trusting relationship has developed between KTC and DMG MORI as a result of the partnership that has grown over time. "Our local factory-direct sales representative stays close and knows our requirements very well. This assures us of the best manufacturing solutions and support," is how Mark Keller, Vice President Operations, assesses the cooperation. "In terms of precision, reliability, control technology, automation options, and customer support, DMG MORI was the ideal choice. It has positioned us well to remain competitive far into the future."

KELLER TECHNOLOGY CORPORATION FACTS

+ Keller Technology Corporation (KTC) was founded in 1918 as the Duplex Buffing Machine Company in Buffalo NY
+ More than 200 employees for contract manufacturing of high-complexity electromechanical equipment, systems, and assemblies
+ Focus on complex semiconductor equipment, medical capital equipment, and hardware for science and energy research
+ Facilities in Buffalo – New York, Charlotte – North Carolina and affiliates in Daegu – South Korea

KTC Keller Technology Corporation

Keller Technology Corporation
2320 Military Road
Tonawanda, 14150 New York
www.kellertechnology.com

Mark Keller (rightmost)
Vice President Operations
Keller Technology Corporation

JAPAN

Transition to process integration in Japan

Technology solutions to support investment

Looking back, we see that the Japanese industry used to separate production processes, especially for automotive production. Today, many manufacturers in Japan as well as overseas have recognized the necessity of process integration. This transformation is driven by an increase in diverse orders for different workpieces and small lot sizes. It is now leading to a growing demand for advanced solutions with 5-axis machines and mill-turn centers. Applications are varied, ranging from EV-related production up to research and development of innovative technologies, including the 'Flying Car' which will be on display at EXPO 2025 in Osaka, Japan.

In the new industrial landscape, those who have invested in cutting-edge and original technology first are the ones who realize business growth. Customers are thinking ahead, and the number of inquiries for short machine delivery times in reaction to just having received an order is declining. A decade ago, our primary sales focus was building customer relationships for repeat orders. Today, we prioritize providing high-value solutions including end-to-end process integration. Detailed explanations of new machining techniques through visual aids like photos and videos are becoming more important for assisting customers in their investment decisions.

Digital transformation of service

The transition from standalone machines to advanced automation systems demands comprehensive service support to ensure uninterrupted production. Our service engineers are well-equipped to support this transformation with expertise in the field of machine tools, robotics, and peripheral equipment.

As service requirements grow in complexity, we use digital technology to provide tailored maintenance packages and facilitate service requests through our customer portal. *my* DMG MORI is our user-friendly platform that allows customers to submit requests and include detailed information, such as images, videos, and machining programs. Furthermore, our service engineers collaborate closely with our R&D department to diagnose problems and implement effective solutions that benefit all customers. This joint effort makes it possible to minimize machine downtime and maximize productivity.

Tatsuya Ogaki
DMG MORI SALES AND SERVICE CO., LTD.
Tokai Hokuriku Sales Department
Area Sales Manager

Yusuke Yutaka
DMG MORI SALES AND SERVICE CO., LTD.
Chushikoku Kyusyu Sales Department
Service Engineer

Customer Story | JAPAN

Headquartered in Sakaki, Nagano Prefecture, TSUZUKI MANUFACTURING is mainly engaged in parts manufacturing for the automotive and construction machinery industries. The company has successfully combined high-volume and high-mix manufacture under one roof.

Having been searching for an efficient solution to automate high-mix production for construction machinery parts, the company introduced an automation system that consists of the self-driving robot WH-AMR 5 and 2 x NTX 1000 2nd Generation mill-turn centers. This system allows robots and operators to collaborate and work together, enabling flexible workpiece transfer between processes for safe and efficient production.

"I believe that DMG MORI's robot automation systems are one step ahead of other companies", says Kazuhumi Miyashita, the Director and General Manager of the Engineering Headquarters.

TSUZUKI MANUFACTURING FACTS

+ Established in 1944
+ 504 employees
+ Manufacturing of automotive and construction machinery parts, hydraulic equipment, and parts for the aerospace industry
+ Manufactures very lightweight, hollow shafts with the in-house developed sequential forging method "Radial Forging"

TSUZUKI MANUFACTURING CO., LTD.
6649-1 Sakaki, Sakaki-machi,
Hanishina-gun, Nagano 389-0681, Japan
www.tsuzuki-mfg.co.jp

Kazuhumi Miyashita
Director & General Manager of Engineering HQ
TSUZUKI MANUFACTURING CO., LTD.

EUROPE

Offering solutions for new demands in Europe

3 major trends:
automation, sustainability, and supply chain relocation
In Europe, we are witnessing 3 major trends that will generate new machine tool demand in the medium to long term. First, automation as a result of labor shortages that customers of any size and particularly SMEs are struggling with. This growing need for high-flexibility automation benefits us, DMG MORI, as we are capable of offering both simple applications as well as fully automated solutions from a single source. Second, as seen in the EU's Green Initiative, sustainability has become a core value of business, with many multinational companies putting increasing emphasis on the carbon footprint of their supply chain for investment and decision making. DMG MORI offers solutions for process integration to combine processes on one universal machine instead of splitting them across multiple special-purpose machines and to reduce the environmental impact of production. Third, customers are relocating their supply chains in response to geopolitical risks, which will lead to a sustainable expansion of the market for machine tools.

Support through the entire product life cycle
DMG MORI has already established itself as a well-known brand in Europe for many years, and our MX strategy has been particularly well received. Being present in all of Europe, from large-scale markets to smaller markets, DMG MORI holds a unique position that no other competitor has. We will further enhance our presence in Europe through the delivery of cutting-edge products as well as the highest quality of customer service and support along the whole product lifecycle.

Harald Neun
Executive Officer
DMG MORI EMEA GmbH
Managing Director & Chief Sales & Service Officer
EMEA North

Customer Story | GERMANY

Jonas & Redmann Automationstechnik GmbH in Berlin designs and manufactures automated production lines for the solar panel industry, medical engineering, car manufacturing and battery production. In order to be able to react quickly and flexibly, the company has built up its own machining department, which includes eight machine tools from DMG MORI including a DMF 200 | 8.
The new traveling column of this machine enables to machine over-long workpieces that extend beyond the working area. In addition, the innovative and unique tool changer behind the worktable allows the company to use the entire clamping surface for entire frameworks without the risk of collision. "We will gradually modernize our mechanical manufacturing with innovative solutions similar to the DMF 200 | 8 to increase our capacity and particularly our productivity", says Yilmaz Öztürk, mechanical manufacturing manager.

JONAS & REDMANN AUTOMATIONSTECHNIK FACTS

+ Established in Berlin in 1989
+ 450 employees
+ Design and manufacture of automated production lines for the solar panel industry, medical engineering, car manufacturing and battery production

Jonas & Redmann
Automationstechnik GmbH
Segelfliegerdamm 65
12487 Berlin, Germany
www.jonas-redmann.com

Frank Polak (left)
Responsible for communication

Yilmaz Öztürk (right)
Mechanical Manufacturing Manager

CHINA

Direct sales and close customer relations in China

Operator training for customers

The Chinese market has great potential for future growth, and we believe its importance will increase over the medium to long term.
DMG MORI is recognized as an exceptionally high-end brand in China. However, first-time customers are not yet familiar with operating high-precision 5-axis and mill-turn centers; and while investment into new technology is needed to improve productivity, users of low-cost equipment find this decision to be daunting.

There is a striking similarity between machine tools and racing cars: they both can only realize their full potential in the hands of a human, may it be a first-class driver or a capable machine operator. DMG MORI takes on the responsibility of training customer operators to make use of the machine tool's full potential for process integration, automation, DX and GX.
In China, we present our newest solutions either at one of our showroom exhibitions in Shanghai and other cities or through a direct visit to our factories worldwide, such as Tianjin and Pinghu in China, Iga in Japan, and Pfronten in Germany. Once we enter detailed negotiations, our engineering department selects the best machine for the customer's needs from among more than 150 models and 50 automation systems, and we carefully provide guidance on operation after installation.
DMG MORI also cooperates closely with educational institutions by offering our machines to technical high schools and vocational schools for hands-on training classes. Our direct sales and service network provides all in Chinese language.

Excellent local employees are the strength of the organization

Our current sales company in China has more than 300 employees. While we have expatriates from Japan and Germany serving as bridges between the global headquarters and the local entity, we are able to handle much of our day-to-day operations, including important management roles, with our excellent local Chinese employees. This is our strength because many of our customers in China are not fluent in English, making it essential to communicate technical explanations accurately in Chinese.

Since 2015, we have been implementing a program in which young university graduates gain experience in various departments as trainees during their first three years. Currently about 10% of all employees have joined the company through this program. The trainees learn about machine tools and metalworking, and at the same time, acquire the "DNA of DMG MORI". This system has enabled us to achieve an overwhelmingly high employee retention rate compared to typical companies in China.

Frank Beermann
Executive Officer
DMG MORI Sales and Service GmbH Managing Director

Tina Shen
DMG MORI Machine Tools Trading Co., Ltd.
Operations Director

Jian Gao
DMG MORI Machine Tools Trading Co., Ltd.
Managing Director & President

ASIA

Capturing the growth of the high-end market in Asia

Advancing industries signal rapid market transformation in Asia

Outside of China, we expect significant growth in Asia in the medium to long term. We are receiving an increasing number of inquiries from our customers in Asia, who are very eager to implement process integration and take on more high-value-added tasks. 60% of our customers in Asia are local companies. Moreover, our Asian customers are highly interested in using digital technologies to enhance the efficiency of their entire production process, spanning from CAM-based machining program creation to production scheduling.

80% of the orders from Asia are for cutting-edge process integration machines. The Asian market is increasingly focusing on shifting to advanced and highly efficient production. This trend is on par, if not stronger, than what is observed in other advanced industrial nations.

Also, we can see a similar growing concern about labor shortages in Asia. Despite an overall population increase, the scarcity of young talents with a manufacturing background, particularly with an understanding of processing technology, is a shared challenge across all countries. As a result, there is a growing demand for production systems that can achieve high throughput in a stable and efficient manner, while also reducing the need for personnel through process integration and automation.

Driving success with sales excellence, firsthand experience, and quality service

DMG MORI is witnessing steady growth of the high-end market in Asia. To effectively capture this demand, we focus on three strategies. First, it is crucial for us to train sales professionals who can articulate the benefits of introducing our products to customers, including the trends for the next 10 to 20 years.

Next, we strive to provide opportunities for customers to experience our products. In addition to our showroom events in each country, we actively invite companies to visit our factories in Japan and Germany, as well as the facilities of existing DMG MORI users. Experiencing our advanced products firsthand enables customers to envision their own future in manufacturing.

Another crucial aspect is enhancing service quality. We believe that high-quality after-sales service builds trust with customers and makes them feel confident in purchasing our machines. By dispatching our service engineers in Asia to our factories in Japan and Germany for training, we actively engage in talent development and skill refinement. DMG MORI's direct sales structure allows us to efficiently develop talent over the long term.

Aiming to become a global business professional

Currently, I oversee 10 sales companies spanning various countries in Asia-Pacific, from Australia to India, managing approximately 500 employees. Leading such a large organization has provided me with valuable experiences in navigating diverse cultures and markets. I will continue to seek experience in different regions to become a business professional well-suited for the global stage.

Satoshi Hashimoto
DMG MORI Asia
DMG MORI India
Chief Operating Officer

Digital Platform

Our digital platform to support MX

Digital technology to accelerate MX

DMG MORI launched the customer portal "*my* DMG MORI" to accelerate after-sales services with digital technology. In a first step, the platform offered central management for specification documents and manuals of customer machines; in a second step, we enabled customers to place requests for repair and recovery directly from their PCs and smartphones at any time. Now, our platform fully supports customers after machine delivery with a variety of services that also allow them to purchase spare parts and peripheral equipment, attend e-learning courses, book hands-on training, and more. More than 50,000 customers worldwide have signed up for *my* DMG MORI free of charge, and we expect a steady increase of users over the long term.

Selected peripherals with the DMQP (DMG MORI Qualified Products) label can also be purchased through *my* DMG MORI. With e-commerce for machine tools, we take it as our responsibility to introduce our customers to some of the world's best products they might not know yet. In addition, we are a direct supplier of production systems, and we believe it is important to respond directly to the needs of our customers even after machine delivery. In addition, DMG MORI offers a variety of IoT-related value propositions as well. When constructing a production system together with customers, it is necessary to visualize the status quo, analyze cause-and-effect relationships, predict what will happen next, and respond to problems before they occur. But as a first step, a proper infrastructure for information acquisition and connectivity must be in place. With connectivity by DMG MORI, we can build networks of both newest and oldest machines, including competitor machines. Combined with our low-code application TULIP, we can acquire even more detailed data that allows in-depth analyses and process improvements to benefit a factory's overall productivity through digital technology.

Spearheading solutions to social issues

DMG MORI has established TECHNIUM as a joint venture with Nomura Research Institute for sales and service of digital technology.
We believe that the greatest value of Machining Transformation (MX) lies not only in eliminating production waste through process integration and automation but also in reducing the need for management and natural resources, which we refer to as GX. As expectations for addressing social issues rise rapidly, companies that take the initiative in the digital realm will acquire valuable data and experience, positioning themselves as industry leaders. The appeal of working at DMG MORI is to be involved in the process of fundamentally shaping the manufacturing industry and bringing about a previously unimaginable world.

Kentaro Blumenstengel
TECHNIUM CO., LTD.
President

Engineering

Empowering customers as technology partners

Crafting tailored solutions from workpiece drawings

Our Engineering Department collaborates closely with sales specialists around the world to propose the optimal production systems for our customers. After receiving workpiece drawings and samples, we conduct feasibility or time studies to confirm the theoretical machining conditions, before continuing with actual tests cuts on showroom machines anywhere in the world if requested by the customer. In short, all discussions start with the actual workpiece drawing.

Requirements vary depending on the customer, with some demands ranging from high-rigidity machines for hard-to-cut materials up to standard 5-axis machines with dedicated software to enable high-mix low-volume production of complex shapes.

Many customers are faced with severe operator shortages, which shows in a decline of requests for stand-alone machines. Operators are valuable assets and it would be inefficient to assign them for each individual task, such as machine setup, material transport and workpiece cleaning. Through process integration, automation, and DX, we directly address these challenges and enable customers to utilize their factory resources more efficiently, and therefore reduce environmental footprint as well – in other words: achieve Machining Transformation.

Enhancing proposals through extensive customer experience

We place great importance on direct connections with our customers. For this reason, more and more customers see DMG MORI as a technology partner rather than just a machine tool supplier. We dedicate ourselves to making customers feel comfortable consulting with us, and we engage in open discussions to exchange knowledge with each other.

All of our accumulated experience within the company serves as the basis for offering better proposals. For example, if confronted with a certain Technology Cycle request by a customer, our engineers from the Wernau showroom can flexibly consult with our colleagues in Iga, Bielefeld or anywhere else. Also, resident engineers temporarily stationed at customer sites can deliver honest customer feedback to contribute to the development of next-generation machines. This organization-wide exchange enhances DMG MORI's value as an engineering company.

Gaining trust through engineering skill

To provide better proposals, it is essential to maintain a keen focus on customers' precise needs and expectations, even when discussions become complex and involve multiple parties.

Due to my long history at DMG MORI, I occasionally receive direct inquiries from customers when they are considering new investments. Delivering good results and gaining our customers' trust directly translates into new business opportunities. As an engineer, I find it most rewarding to realize that ultimately, it is the human connection that makes the difference.

Lorenzo La Rosa
DMG MORI EMEA GmbH
Application Engineering
Team Leader

Marketing

Enhancing brand power, providing stakeholders with unique experiences

Strengthening relationships with various stakeholders
DMG MORI has many important stakeholders, including customers, employees, shareholders, partners, and local communities. We strive to strengthen and maintain our relationships with each of these stakeholders through a variety of channels, including our website, factory tours, seminars, internal and external events, catalogs and other publications, social media, as well as intranet solutions for internal communication among our employees. We want to share with our stakeholders the possibilities of machine tools and the ways in which DMG MORI contributes to society. This involves more than just showcasing our products and initiatives; we also enrich our content by featuring customer case studies and highlighting the entire product life cycle.

MX: driving sustainable growth in the manufacturing industry
In recent years, there has been a growing expectation for the manufacturing industry to respond to the diversifying social needs and environmental challenges. In 2023, DMG MORI introduced and widely promoted the concept of Machining Transformation (MX), positioning it as a means to achieve Green Transformation (GX) through process integration and automation, along with the Digital Transformation (DX) of these processes. MX serves as a guiding principle for DMG MORI's business objectives and the role it should play. By advancing MX, we aim to enhance our customers' productivity and contribute to building a sustainable society. We have observed that MX has become more than just a slogan for our customers, partners, and employees — it facilitates mutual understanding and serves as a driving force for our business.

Building brand power through unwavering pursuit of customer satisfaction
We have dedicated time and effort to establish DMG MORI's brand image as a Global One Company. To achieve a unified global brand image, we have revised our corporate identity guidelines. These guidelines are applied across all channels, from exhibitions to the design and writing of each content, as well as the behavior of our employees, all of which contribute to enhancing DMG MORI's presence. The all-black DMG MORI logo serves as a powerful symbol of our brand, signaling the completion of our integration to external stakeholders and instilling a sense of pride among our employees.

In our ongoing efforts to shape our brand image, we have taken steps to make our communication more impactful and engaging. This involves delivering personalized content tailored to each customer's needs, using both real-world and digital platforms. For instance, our Technology Friday events, designed for small groups, offer firsthand experiences of DMG MORI's initiatives. Additionally, our Digital Twin Showroom, featuring fully computer-generated replicas of our Iga Global Solution Center and System Solution Plant, allows customers from afar to virtually explore our facilities. Our extensive web content, including a wealth of customer story videos, further supports customers in implementing the processes they desire. By leveraging our global network and working closely with customers on a daily basis, we continuously gather insights and knowledge to better understand and address their needs. Through ongoing communication efforts, we aim to further strengthen our relationships with customers and other stakeholders.

Factory Tours and Exhibitions

Inviting customers to worldwide factory tours

In order to effectively showcase our cutting-edge technology, we regularly organize customer tours and events at our factories and solution centers worldwide. In Japan, our "Technology Fridays" bring together small groups of customers every week, providing them with an up-close look at our innovations. We also arrange Japan tours for our overseas visitors to explore our Tokyo Global Headquarters and Iga Campus. At the same time, we also regularly host large-scale Open House events and tours at our Pfronten Factory in Germany and Chicago in the U.S. These regional events facilitate direct business discussions and enable us to gather valuable feedback from our customers, fostering seamless collaboration across our production and sales teams. This collaboration bridges the gap between us and our customers, allowing us to provide optimal solutions.

Technology Friday

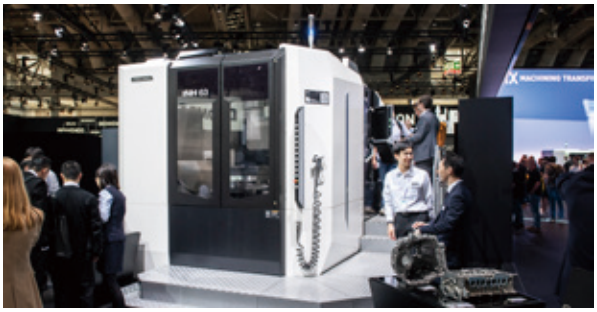
Japan Tour from Germany

Open House Pfronten

Chicago Technology Days

Participating the large exhibition

EMO Hannover 2023, the largest machine tool trade fair in Europe, took place in Hannover, Germany, from September 18 to 23, 2023. Our exhibition, themed as "The Home of Technology - DMG MORI CITY," had a special focus on Machining Transformation (MX) at a vast 9,000 m^2 booth, the largest among all exhibitors. We displayed a total of 39 machine tools, including the world premieres of the turn-mill center "CTX beta 450 TC" and the 5-axis horizontal machining center "INH 63." In addition, we also showcased 21 automation solutions, including the new "AMR 2000," an autonomous mobile robot capable of transporting workpieces, chips, and tools weighing up to 2,000 kg, with a wide range of potential applications. Customers had the opportunity to fully immerse themselves in our vibrant city concept and experience our technology firsthand.



EMO Hannover 2023

Development Capital

R&D Strategy in Mid- to Long-term

Leading innovation in the manufacturing industry through MX strategy

Driving MX with global organization

DMG MORI has major development bases in three regions: Japan, Europe, and the U.S. Within Europe, we operate seven major factories where our developers engage in product development tailored to each production lineup.

We choose not to centralize our development function in one location due to the extensive diversity within our product portfolio. Being close to our customers at various locations is essential to ensure their needs are effectively integrated into our products. As one of the most experienced R&D professionals in the Group, my role is to create a strong collaborative environment by integrating different cultures and building trust. To ensure that colleagues working from different locations can collaborate seamlessly and generate synergy without redundance, it is crucial for everyone to share common values through active participation in both online and in-person meetings.

To align our global R&D efforts, we hold Joint Development Conferences (JDC) on a quarterly basis to review upcoming development plans as well as Global Development Summits (GDS) once a year to discuss medium- to long-term development goals. All R&D efforts are based on our common strategy of MX.

Machines capable of process integration such as 5-axis machines and mill-turn centers already account for more than 70% of our orders. Looking ahead to the medium and long term, the ongoing labor shortage will accelerate the importance of automation further, and we anticipate an increase in demand for unattended "Lights Out" factory operation, especially in the fields of semiconductor production equipment and precision equipment. And automation can achieve more than simple operator-free machine operation; it involves maintaining 7,000 hours per year of value-adding spindle runtime and chip generation. But this requires streamlining setups, optimizing tool selection, minimizing maintenance-related interruptions, and improving workpiece transfer flexibility. To make such automation possible, many sensors and analysis technologies are needed, thus digital technology will play an increasingly important role as well. Finally, as workpiece types and lot sizes become more varied, production systems are required to deliver high-accuracy results right from the first piece.

Embracing new technology early for shared growth with customers

Today, 5-axis machines are well-established and high-value products, of which we enjoy a large market share. This was not the case at all when I joined the Pfronten factory. Back in 1988, my initial project for a horizontal 5-axis machine faced numerous challenges, both in mechanical and software aspects. However, it is due to these early failures and our sincere commitment to meeting customer needs that we have accumulated our greatest asset: many years of experience. This has enabled us to develop a variety of 5-axis machines, from compact models to XXL models that are time-consuming to assemble but highly regarded by customers.

The key to continuous growth lies in the courage to embrace innovation and in the practice of sending our developers into the field to actively listen to our customers' feedback.

Advancement of AM Technology

Additive Manufacturing entering practical use phases New opportunities in engineering design

AM as a metal working technology

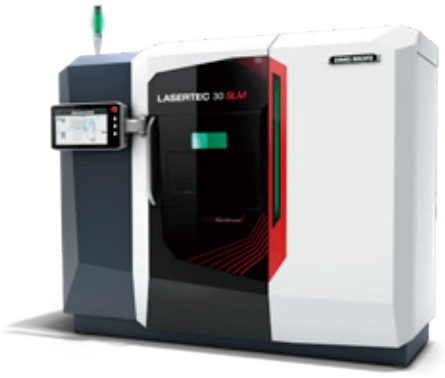
Additive Manufacturing (AM) is a new type of metal working technology that uses a laser to selectively melt metal powder into layers. AM enables new opportunities in engineering design – as long as the purpose of the parts to be created is clear and the materials are available, it is possible to design unprecedented geometries that differ significantly from conventional parts. This technology is giving users new approaches to solve problems that could not be achieved with machining alone.

The advancement of AM technology does not mean that conventional subtractive processes are no longer necessary, which is a common misunderstanding. Precision bores, high tolerance mating surfaces, extremely smooth surface finishes, for example, are clearly processes that require a wide range of cutting and grinding solutions. In reality both subtractive and additive technologies complement each other to enable DMG MORI to meet all kinds of metalworking needs by customer.

AM in practical use for mass production

Until now, AM technology has been used mainly for research and prototyping, but recently we have been receiving an increasing number of inquiries for end use production components and practical use phases. In fact, at our own factory, we are using LASERTEC 30 *SLM* US to produce parts for spindle monitoring, and LASERTEC 3000 *DED hybrid* to coat hard materials on the surface of parts after cutting, replacing surface treatments such as hard chrome plating. In addition, Cost Per Part (CPP) is becoming a major concern for customers in the aerospace, medical, and EV industries. By using Adaptive Beam Control, which optimizes laser power and speed as well as dynamically changing the laser profile, just like changing cutting tools during machining process, we have achieved the highest level of productivity in the industry. Furthermore, assuring quality is increasingly important during the mass production. In collaboration with Oak Ridge National Laboratory (the U.S.), we are conducting research to automate the detection of internal defects (e.g., porosity) using high resolution Computed Tomography (CT) scans, analyze them using the new AI-based algorithm, and provide feedback on processing conditions.

There is a surging demand for large AM machines using SLM technology that is capable of processing large parts and has the ability to combine multiple materials; AM machines can run for days once processing starts, and after completion, hundreds of finished parts can be produced simultaneously. The larger the machine, the longer it is required to operate continuously. The challenge is how to develop automation technology that supports continuous operation of the laser.



Play Hard, Study Continuously, Work Together

I am currently a Ph.D. candidate in Mechanical Engineering at Northwestern University in Chicago. My life between Davis, our U.S. manufacturing facility, and Chicago, where the university is located, is busy, but I am committed to both with enthusiasm and understand that the intersection of academic experience and professional expertise will help make a significant contribution to our product development. I collaborate globally as well with colleagues from Japan and Germany in the field of research and publish and present new research works to advance the overall industry. Most recently I was invited to present at CIRP 2023. It is my goal to embody our company's philosophy of "Play Hard + Be Dynamic, Study Continuously + Be Open, Work Together + Be Innovative".

Fred Carter
DMG MORI Additive Solutions
Head of Research & Development

Pioneering Global Innovations

World-class product development: uniting expertise from Japan, Europe, and the U.S.

Expertise from Japan, Europe, and the U.S.

At DMG MORI, developers from all over the world collaborate to create innovative products by combining the unique innovation potential from Europe, the sense for customer-oriented product improvement from Japan, and our U.S. colleagues' proactive approach towards new technologies such as digital solutions and additive manufacturing (AM).

Once a year, all R&D members come together at the Global Development Summit (GDS) for development workshops and networking. The 2023 summit marked the 10th GDS, and as a participant since the beginning, I have noticed that discussions and exchanges have become more vivid with each passing year. This global cooperation is paying off, as seen in the new INH Series that premiered at the EMO Show in 2023. When we faced many conflicting challenges, such as fitting 5-axis capabilities into a 4-axis machine size while maintaining high rigidity, it was thanks to our colleagues in Pfronten, Germany, and their experience from the well-established DMU 5-axis machine series that we could come up with an innovative solution.

The INH Series: optimal 5-axis machining center for mass production

The INH is a 5-axis machine based on a horizontal machining center. While vertical 5-axis machines suit the processing of complex parts one-by-one, for process integration and mass production, the machine structure must allow easy chip and coolant discharge. With the tool spindle mounted horizontally and the workpiece being tiltable, horizontal machining centers best fit this job.

And our customers experience the benefits. In one case, we could successfully replace a production line of 30 machines with just 6 advanced INH machines, reducing machining time by about 30%. Now, the INH is attracting interest from industries like shipbuilding, construction, and agricultural machinery, and I always take time to explain this new machine from a developer point of view when customers visit us in Iga, Japan.

Leveraging the know-how of function experts

As our products are becoming increasingly complex and sophisticated, we have adopted a development structure based on function rather than model. The first model released under this new structure is the INH. Since the project began in 2019, our experts from diverse functions and departments have collaborated closely to incorporate the customer feedback collected from existing models. As the head of the development team, I am confident that the INH is the best 5-axis control horizontal machining center in DMG MORI's history.

Another key element for successful development is our outstanding analysis and simulation technology, which has been refined over many years through the accumulation of customer case studies. This way, we can analyze dynamic machining processes under consideration of detailed factors such as chip accumulation. This analysis technology enables us to provide our customers with Digital Twin Test Cuts and contributes to the efficient development of higher precision and higher rigidity machines with fewer prototypes.

Becoming an automation leader

I have been involved in the development of machining centers since I joined the company in 1997. Especially for horizontal machining centers in mass-production lines, any defect can be a fatal blow to our customers' business, so I find it very rewarding when I can increase the productivity of our customers through reliable process integration and automation.

I will continue to work on the development of innovative automation solutions to further reduce manual labor and enhance efficiency across all processes, from workpiece design to parts completion.

Mitsuru Taga
Executive Officer
Next Generation
Machining Center
Development Department

INH 63 / 80

High-end machine for cutting-edge speed & accuracy Supporting long operation with automation systems

The pinnacle of 5-axis horizontal machining center

The new INH Series is equipped with twin ball screws on all axes that allow guiding and driving while keeping the center of gravity of moving elements in balance. Through further structural improvements for higher stability, we have successfully reduced the machine's column height to suppress torsion and vibration, thus clearing the biggest obstacles to high-speed, high-accuracy processing. This has resulted in improved machining accuracy, shorter machining time, and higher surface quality. In addition, the three-point support structure enables easy horizontal adjustment of the machine, greatly reducing installation time, and minimizing the effects of ground geometry and changes over time.

The INH Series comes standard with our innovative vertical coolant tank, *zero-sludge*COOLANT *pro*. Thanks to its vertical structure and large depth, the tank manages to effectively separate and collect both sludge (impurities including chips) and mixed oil to extend coolant life and drastically reduce tank cleaning frequency. In combination with our solutions AI Chip Removal and *zero*FOG mist collector, the tank supports long operation hours of automated systems without any trouble caused by chips, coolant, and mist. (*)

(*) Cutting chips, coolant, and mist are considered as the three major obstacles to stable and continuous operation of a machine tool and the improvement of the factory environment.

AMR 2000

Robots to enable holistic automation of the shop floor

Flexible and reliable operation

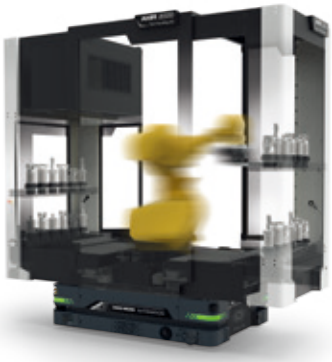
DMG MORI's Autonomous Mobile Robots (AMR) are driverless transport systems that move independently on the shop floor in collaboration with humans.

As a modular platform, the AMR 2000 allows the handling of material pallets, chip weighers, and tools.

In its basic version, AMR 2000 is designed to transport pallets measuring up to 1,200 x 800 mm. The loading weight is 2,000 kg. It moves at a top speed of 6 km / h and can move omnidirectionally without a turning circle.

It also enables automated chip removal by changing the chip trolley.

In the case of tool change and transport, an extension of the module is ready. AMR 2000 Tool Handling 30, offers space for a maximum of 24 tools with a length of up to 650 mm, a diameter of ø 280 mm and a maximum weight of 30 kg.



Sensors and scanners ensure that the entire automation solution operates in accordance with European safety standards. In the event of obstacles, they reduce the speed and, if necessary, initiate an immediate stop or a bypass of the obstacle.

Intellectual Capital

Accelerating innovation through global intellectual property management

Our strategy to protect our technology worldwide
Our intellectual property (IP) strategy is focused on providing comprehensive global protection for our products and technologies. As a total solution provider of machine tools, automation systems, and peripheral equipment, DMG MORI owns various advanced technologies, especially in the areas of process integration and automation. To protect our innovations effectively, we employ a combination of patent, trademark, design, and utility model rights. We are committed to providing our customers with our unique value that no other company can replicate.

We do not patent all our new inventions. Instead, we carefully evaluate each situation by weighing the information we want to disclose against the rights we want to protect. Various factors influence this decision, such as our ability to use the patent as a deterrent against potential competitors entering the same field and our capacity to provide evidence in case of unauthorized use of our technology. Ultimately, the choice to pursue a patent is made on a case-by-case basis. In some instances, we may intentionally keep inventions as trade secrets rather than seeking legal protection. However, for exceptionally vital inventions, we apply for multiple patents to cover not only the main innovation but also related technologies. This creates a more robust defense against potential infringements, making it challenging for others to find patent loopholes.

Supporting innovation
At DMG MORI, intellectual property management starts from the development process. Since new technologies and innovations do not come from coincidence, supporting engineers in their research and development activities is an important role of our IP Department.
To create awareness of the importance of intellectual property management among our development teams, we conduct regular training sessions. We believe that sharing best practices related to our patent registrations is the most effective way to support our employees. Many inventions of our R&D department hold substantial value to the company, even though their importance often goes unnoticed by those directly involved.
We also conduct comprehensive searches of patents from other companies to ensure our ideas do not infringe upon their intellectual property. In addition, our IP Department meticulously reviews the research conducted by our developers, often leading to the filing of new patent applications. We also provide extensive support throughout the entire application process. Furthermore, evaluating the intellectual assets held by potential partners is a crucial aspect of our role in joint research or M&A activities.

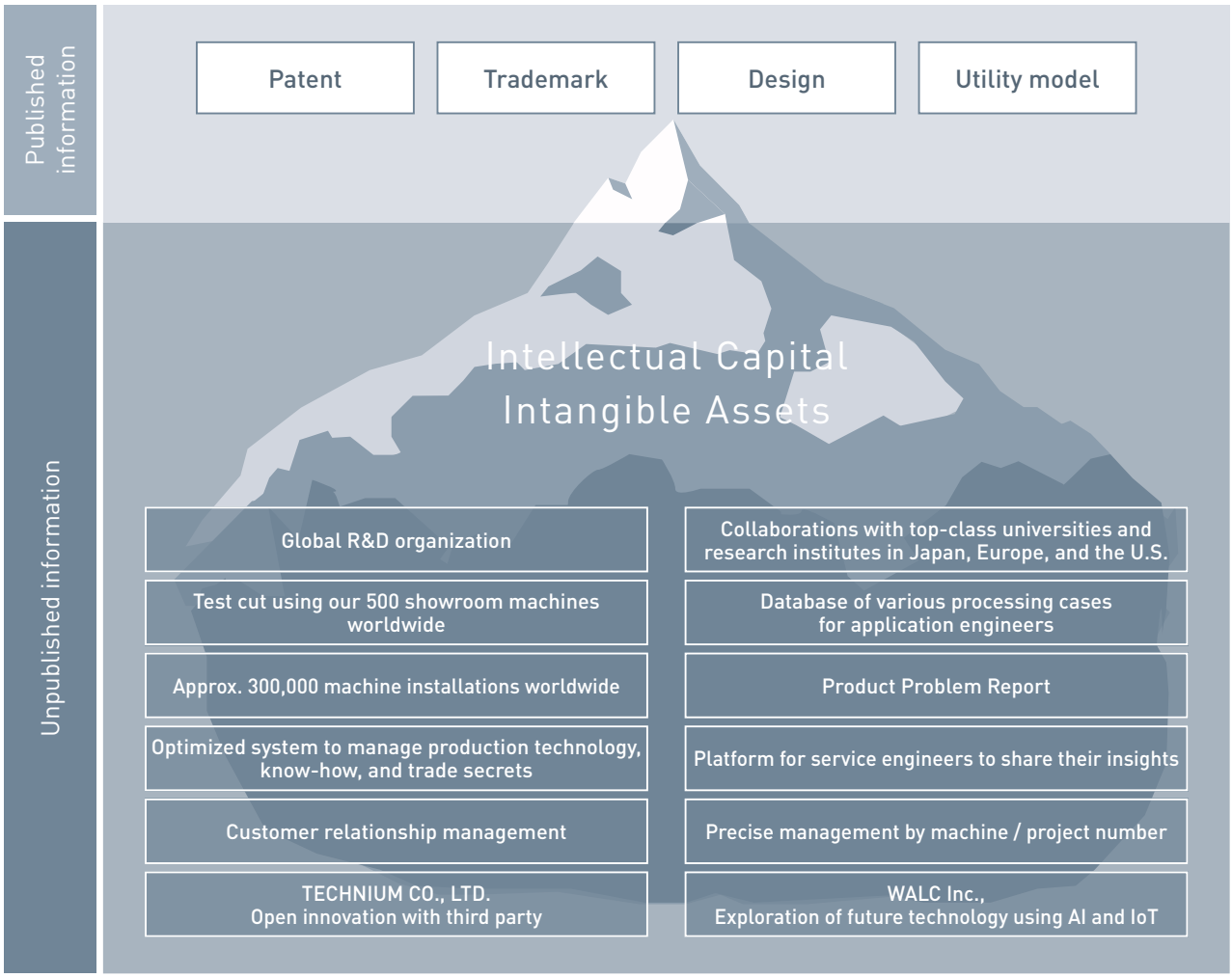
Combining technological and legal knowledge
At the IP Department, our key task is bridging the realms of R&D and engineering with the legal domain, and thus providing support to legally protect and enhance the value of our intellectual capital. The importance of global intellectual property protection is on the rise, as exemplified by initiatives like the European unitary patent system that commenced in 2023. This underscores the growing need for closer collaboration between our R&D teams and IP departments in Japan, Europe, and the United States.

In 2023, DMG MORI achieved a significant milestone by ranking 34th in "the patent value growth ranking" of the Nikkei Business (Japanese economic magazine). Looking ahead, we aim to gain global recognition for the value of our intellectual capital beyond Japan.

Yusuke Yamamoto
Intellectual Property / Product Safety / Industrial Standards Department General Manager

Onur Bostan
GILDEMEISTER Beteiligungen GmbH Central Development Coordination Manager

Driving business with abundant intellectual capital



The patents and trademarks we apply for and publicly disclose represent just a small portion of our intellectual capital and intangible assets. As mentioned earlier, we make strategic decisions on whether to seek patent protection or maintain certain innovations as trade secrets. Regardless of the form, all our intellectual assets play a crucial role in supporting our business operations.

For example, we have established partnerships and collaborations with top-class universities and research institutes in Japan, Europe, and the U.S., and are actively engaged in joint research. Through open innovation, we accelerate development and create new value. We also manage and compile detailed repair and quality reports on sold machines by machine number. These reports serve as valuable references during the development of new machines, facilitating the creation of higher-quality products.
With approximately 500 test cut machines worldwide, our engineers make processing proposals for our customers on a daily basis. Our extensive processing expertise is built on the careful management of customer data, and we have developed our own database to enable engineers to efficiently find similar processing cases.
Additionally, we have established a platform for engineers providing on-site services to share their insights and innovations. This system not only facilitates access to shared information but also allows users to post and respond to questions, thus enhancing the value of shared information and contributing to the delivery of swift and tailored services at customer sites.

In this way, DMG MORI not only owns intellectual property but also possesses and cultivates a rich pool of intellectual capital and intangible assets. This is accomplished by continuously accumulating know-how, building strong partnerships, enhancing our management structure, and refining our systems. All these elements serve as the cornerstone of our competitiveness and provide vital support for our business operations.

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

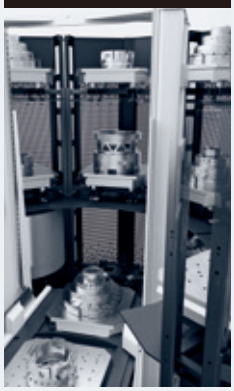
WORKPIECE HANDLING

Gantry Loader

Robot

PALLET HANDLING

Round Storage System



Linear Storage System

CENTRAL TOOL STORAGE

CTS – Wheel Type

CTS – Rack Type

TURNING | **MILLING**

TURNING & MILLING | **MILLING**

WH-AMR for Workpiece Handling

AMR for Material Handling

AMR for Chip Handling

PH-AMR for Pallet Handling

AMR for Tool Handling

AMR – AUTONOMOUS MOBILE ROBOTS (WORKPIECE, MATERIAL, CHIP, PALLET & TOOL HANDLING)

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

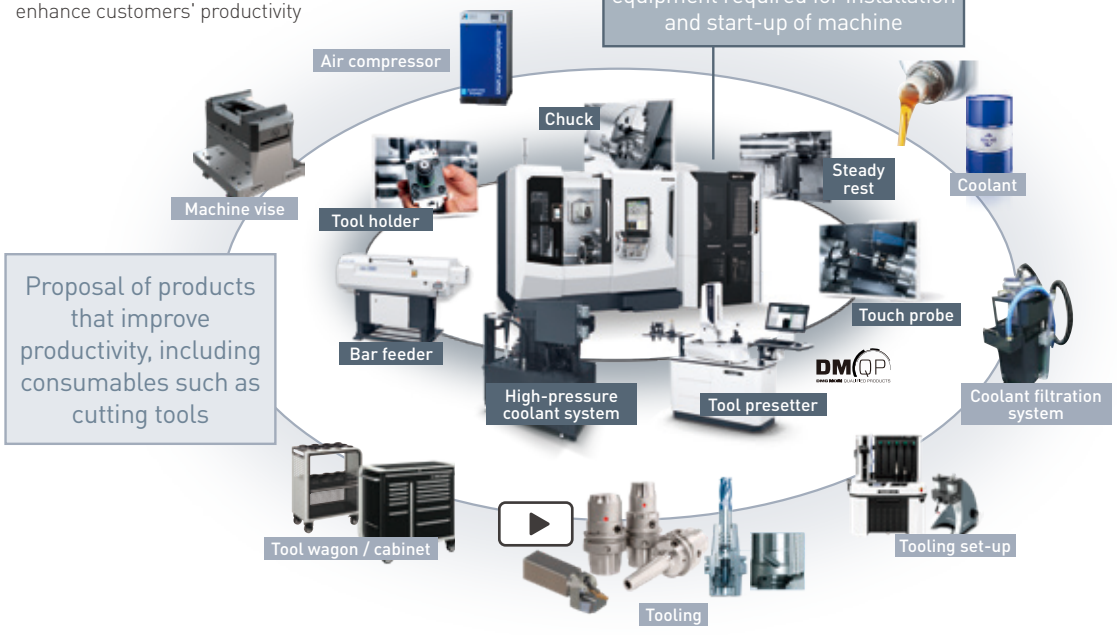
365-day toll-free maintenance service (offered in Japan only)

Extensive product lineup of peripheral equipment

DMQP

We propose the optimal peripheral equipment required for machine start-up or for the expansion of production lines to enhance customers' productivity

Proposal of peripheral equipment required for installation and start-up of machine



Proposal of products that improve productivity, including consumables such as cutting tools

\+

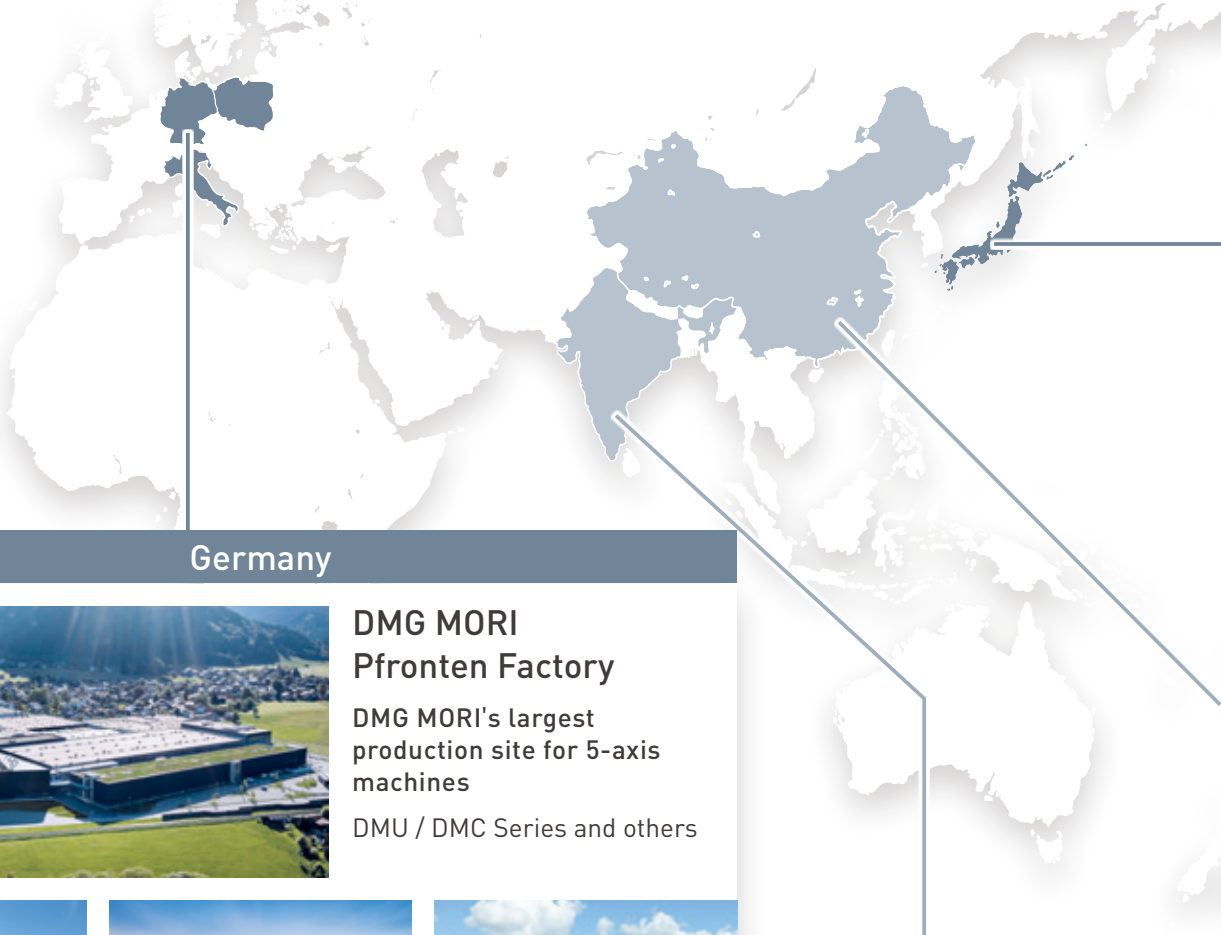
Peripherals and solutions made by DMG MORI

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

Manufactured Capital

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

Iga Campus

In-house production distinct from competitors Sharing expertise and skills globally

Competitiveness through in-house production of key components

DMG MORI has put major emphasis on the in-house production of key components. By utilizing our own high-accuracy machine tools, we can achieve quality not possible with other machines and gain a distinct competitive edge. We can also greatly reduce lead times compared to multi-source procurement with processes divided among multiple suppliers.

In addition, the expertise and skills acquired at Iga Campus are shared with our European factories to benefit the in-house production of their components as well. In Bergamo, Italy, we produce turrets on our own NMV8000 DCG machines, while in Bielefeld, Germany, we manufacture spindles. The result is a drastic improvement of group-wide productivity.

Process Integration to boost productivity and customer transparency

DMG MORI is advancing process integration for our own production as well. For example, we have integrated the production processes for ball screws, shifting from 5 machines to a single NTX. This not only reduced the number of operators from 5 to 1, but also resulted in 24% shorter machining time.

Additionally, we host our small-scale, in-house exhibitions "Technology Fridays" and invite customers to experience the effectiveness of process integration and automation within our own production. By this, the entire Iga Campus transforms into a showroom for Machining Transformation (MX).

Nara Campus

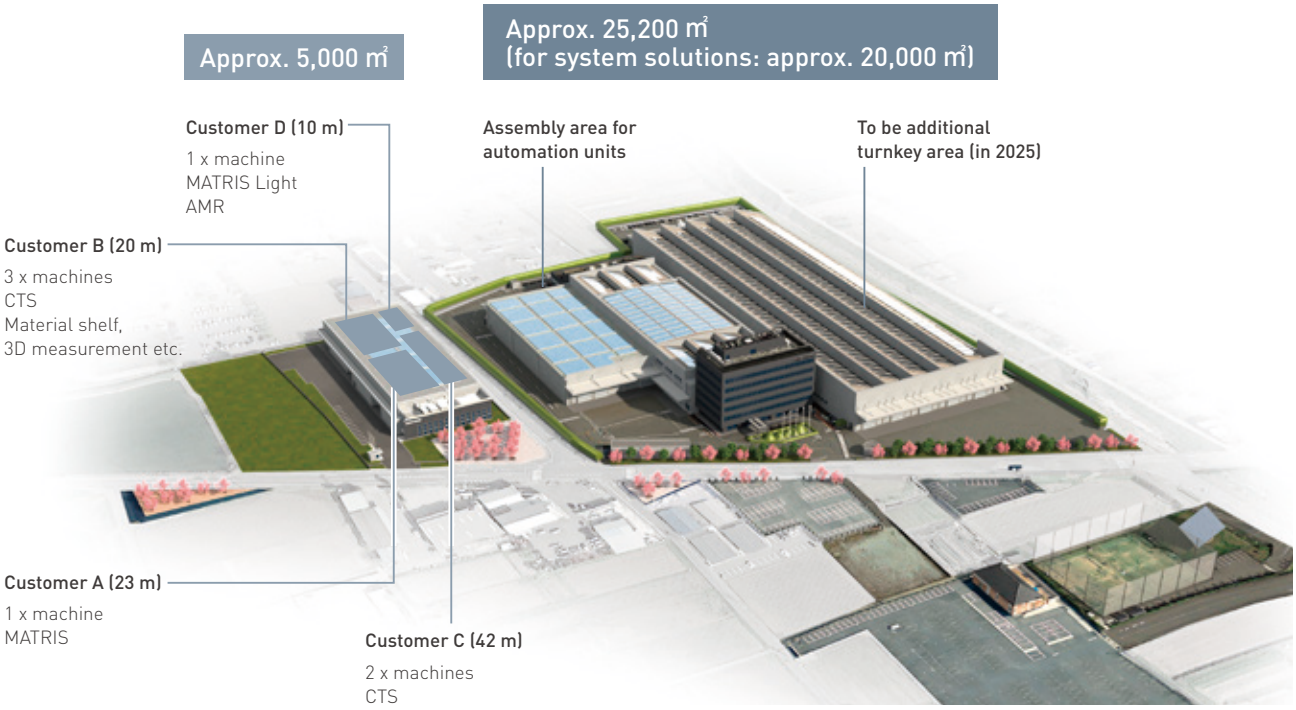
Building one of the world's largest plants for system solutions

One-stop approach for automation systems
Nara campus specializes in system solutions, offering a range of configurations from simple setups consisting of one machine and one robot to complex multi-machine systems. Since our System Solution Plant started operations in January 2016, we have consistently met customer demands for such systems. In 2025, upon completion of renovations, our current 5,000 ㎡ facility will be transformed into an over 25,000 ㎡ system solutions plant, making it one of the largest in the industry.

At Nara campus, we bring together robots, loaders, and peripheral automation equipment with a variety of machine tools, mainly the NTX and NHX Series from Iga as well as the CMX and DMU Series from Europe. Additionally, a significant portion of automation units is manufactured at Nara Campus, specifically loaders, pallet handling equipment (CPP), workpiece handling system MATRIS Light, and the Autonomous Mobile Robots (AMR). All pieces of equipment from the machine tool to the robot and peripherals are controlled by the original controller manufactured in-house, enabling unified operability for the customer.

Due to the high complexity of the automation systems, the customer system is first fully built up at Nara Campus, where we confirm the quality of machining accuracy and system operation together with the customer. After acceptance, the system is then shipped to the customer's factory and built up again. Finding problems at Nara Campus before shipment ensures minimum lead time compared to having the assembly at the customer's facility from scratch.

We offer complete automation systems without the need for external third-party integrators. This one-stop approach sets us apart from competitors. Moreover, we recognize that automation systems may require line readjustments to accommodate workpiece changes. To ensure ongoing smooth operation post-startup, we offer dedicated after-sales services, building trust with our customers.



DMG MORI Pfronten

Largest development & production base in Europe, specializing in simultaneous 5-axis machines and advanced machines

DMG MORI Group's largest development & production base in Europe

Pfronten factory is located in a small rural town in southern Germany close to the Austrian border, a region known for many small, highly skilled manufacturing companies. The factory's roots date back to about 100 years ago when five engineers began building machine tools for processing their own high-precision parts. Their company, named MAHO, merged with DECKEL and then became a part of GILDEMEISTER in 1994. Now, it is the largest European base in the DMG MORI Group with 1,500 employees working on approximately 149,000 m^2. Pfronten factory does no longer manufacture 3-axis or 4-axis machines, but solely focuses on 5-axis machines and machines with advanced laser technology. These product lines are met with high demand, particularly from growing industries such as aerospace, die and mold, medical, and semiconductor production equipment.

The monoBlock Series excels in compactness and versatility, and its production utilizes the innovative flow line system. During assembly, each machine unit is mounted on top of automated guided vehicles (AGVs) that move through the production line at 45 mm per minute through 34 separate assembly cycles. The movement is kept at a constant speed by remote control, thus stabilizing production and improving logistics efficiency. Similar systems are being deployed at other sites, including the Tortona factory in Italy.

The growing need for XXL machines with little competition

XXL 5-axis machines make up a special portion of Pfronten's lineup. These machines are capable of processing XXL parts that range from 3.4 m for the Portal Series to more than 10 m for the Gantry series, and they account for about 10% of the factory's sales revenue. The main components of these XXL machines are manufactured in-house at other plants of the DMG MORI Group. At DMG MORI Poland factory, large-size 5-axis DMU 340 and other machines from Pfronten are used to manufacture machine beds and other components for our production. When the first XXL machines arrived at Poland, our engineers from Pfronten kept an open eye for any kind of learnings and improvements to make the setup at customer site even more efficient.

With a large axis stroke and high workpiece weight, XXL machines require the best technology to achieve the highest accuracy. Although their delivery may take more than a year, these giants face little competition from other companies' products, and order intake has been positive from customers who are actively planning long-term investments. The demand for XXL machines contributes to a stable sales revenue and profit structure that is less affected by macroeconomic factors.

Cornelius Nöß
Executive Officer
DMG MORI Pfronten GmbH
Managing Director

DMG MORI Poland

Critical base in central Europe for in-house production of components and machine assembly

The most advanced and highly productive site in central Europe

Located in Pleszew, Poland, DMG MORI Poland is one of the most advanced and fastest-growing production sites within the Group, producing machine tools such as universal turning centers, 3-axis vertical and 5-axis universal machining centers as well as pallet automation systems. In addition, Poland serves as a strategic supplier of components such as machine bodies, assemblies and high-precision parts for other European factories of the DMG MORI Group. These components contribute to the production of over 50 different types of machine tools, which are delivered to customers worldwide.

The production site in Poland was formerly known as FAMOT, which was founded in 1877. It became a member of the DMG MORI Group in 1999. Thanks to capital investments of more than 100 million euros in the past years, the production capacity of key areas such as assembly and machining has significantly increased. All investments are made in alignment with the highest environmental standards, which contribute to a reduction of 8,214 tons CO_2 emissions per year.

Today, Poland factory produces around 2,000 machine tools, 3,500 components, and 3,000 spindle units per year. Our dedicated machining department operates with a capacity of 330,000 hours to process 25,000 tons of cast iron per year and is mainly equipped with advanced 5-axis machines from the DMC and DMU Series and automation systems made by DMG MORI. The majority of these machines operate on a 20-shift per week schedule and require only minimal human intervention. Combining rich expertise, high-precision machines, and modern production halls with continuous temperature control, our factory achieves the highest accuracy for components of medium, large, and extra-large machine tool bodies up to 40 tons. In response to the growing demand from other DMG MORI production sites, Poland has opened a new production hall in October 2023 to expand its capacities for producing mechanical components, assembly parts, and electrical cabinets.

Our employees are the driving force behind our growth. As one of the largest employers in the area, we provide stable employment to more than 800 employees with equal opportunities for both office and shop floor positions regardless of gender. In addition, we place great importance on promoting education and work closely with local schools to provide educational opportunities for students at technical high schools and colleges. We are also dedicated to the continuous development of our employees through the DMG MORI Academy in Poland, where a dedicated team of specialists supports less experienced employees in enhancing their skills and knowledge.

In accordance with our Group strategy, Poland factory will continue to produce high-precision machine tools, automation systems, and components while optimizing machining processes through process integration and automation. Alongside data collection and analysis through Digital Transformation, we will not only ensure effective process management but also contribute to Green Transformation.

Izabela Spizak

Executive Officer
DMG MORI Poland Sp. z o.o.
Managing Director

Davis Factory

Delivering DMG MORI quality to the growing market of the U.S.

Success story of the first built factory outside of Japan, Davis CA

The Davis factory in California was established in 2012. Excluding the acquisition of DIXI in Switzerland, Davis was the very first Mori Seiki factory to be built outside of Japan, and has helped Mori Seiki's global growth.

Davis currently manufactures mainly NHX Series and recently has been preparing to launch the LASERTEC 30 *SLM* US, the first additive manufacturing machine developed in the U.S. for DMG MORI. While some materials are sourced locally or manufactured in-house, critical components like spindles are imported from our Japanese factories.
With our continuous expansion of engineering services and factory product support, Factory Acceptance runoffs can be completed for both machines made in Davis and those imported from Japan or Germany.

Currently, about 30% of DMG MORI machines installed in the U.S. have some form of automation. In the long-term, we plan to increase the number to over 80% by expanding our automation solutions to include more standard platforms such as MATRIS Light and Robo2Go.

Davis fully utilizes TULIP, a low-code application software, to improve productivity. More than 50% of the employees are directly engaged utilizing TULIP for collecting data used for analysis and reporting functions.

The unique position in installing our best products and recruiting excellent engineers

Having a factory in the U.S. provides superior support to the vast geographic region. The Davis factory allows DMG MORI to be accessible to customers and enables direct communication with our engineers. In that sense, the factory is also an extension of our Sales and Service organization.

Factory location within the U.S. is also strategically located. California is on the west coast, with abundant access to Ports as well as the closest to Japan. Davis is known for excellent engineering education programs at the University of California Davis as well as the other California State Universities. Among the 160 employees working in Davis, many received their education and trainings in the California universities and local community colleges. Davis also offers internship and education programs to young people in the community. As a good corporate citizen, it has established a mutually beneficial relationship with the City of Davis.

New industries and technologies support our medium- to long-term growth

The machine tool market in the U.S. has significant potential for growth with its diversified industry segments and emerging new technologies. Key industry segments such as aerospace, semiconductor production equipment as well as defense, all continue to evolve. With the growing concern, along with regulations, for information security specific with some technologies, especially with some government institutions, "Made in U.S." offers another opportunity for DMG MORI and servicing the needs of customers. In this context, Davis plays an important role for DMG MORI when doing businesses with the U.S. government.

Customer success is the source of my motivation

I joined DMG MORI in 1990 as an application engineer and have spent the majority of my career supporting customers. There is great satisfaction and enrichment helping our customers succeed. Now as a factory manager, I have the opportunity to experience the pride and craftsmanship from our team that is inside every DMG MORI. Although not interacting with customers as much as in the past, each opportunity is another chance to learn and grow together.

Tianjin Factory

Close to 65% of customers place repeat orders within one year Good relationship with customers leading to better business

Celebrating 10-year anniversary of Tianjin factory

Tianjin factory was established on October 18, 2013, in the Chinese coastal metropole of the same name with a population of more than 13 million. Spanning across a total area of over 90,000m², the factory offers 27,000m² of production space for the horizontal machining center NHC Series, vertical machining center CMX Series, turning center ALC Series, and automation products.

Tianjin factory is constructed and operated with the same group-wide standards in terms of land, building, equipment, supply system, personnel and training. Since the start of operation, our commitment to deliver stable high-quality products has been well received by customers with close to 65% expressing their satisfaction and placing repeat orders for Tianjin-made products within one year.

Tianjin factory plays a strategic role for the DMG MORI Group in the development of the Chinese market. As we celebrate this anniversary and reflect on the past decade, we see that Tianjin factory has successfully expanded its product market to Europe and Asia, increased its workforce from 25 to 122 employees, and shipped approximately 2,400 machines to date.

All of these machines are equipped with a Relocated Machine Security (RMS) device to prevent unauthorized relocation. DMG MORI also manufactures products at its Tianjin factory in compliance with Japanese export control laws and regulations. Based on our stringent export control policies, we conduct comprehensive screening to confirm the civilian use by customers before selling any products.

With the NHC Series of horizontal machining centers gaining popularity in China, the demand for pallet handling automation systems is on the rise. We started the local production of LPP, CPP, and RPS pallet handling systems in 2019 and have since expanded our market, offering automation products not only in China but also across Asia and Europe.

Factory upgrade for enhanced customer experiences and work environment

In 2022, we completed a range of factory projects. First, in 2021, we saw the construction of a new parts center and the expansion of the assembly area to achieve a maximum production capacity of 500 units. Additionally, in 2022, we introduced a new customer area and canteen to offer even greater hospitality to visitors as well as an improved working environment for our employees.

Based on our corporate philosophy of "Play Hard + Be Dynamic, Study Continuously + Be Open, Work Together + Be Innovative", our goal is to foster global talents. One key strategy is to support employee well-being by establishing five clubs such as for swimming, badminton, and outdoor activities. Furthermore, HR organizes annual lessons on career knowledge and TQM activities with external instructors, and we provide opportunities for employees training at Iga Campus, Japan. These initiatives convince our employees to stay with us, leading to a stable workforce.

Moving forward, Tianjin factory remains committed to delivering cutting-edge machines to customers worldwide.

Xiaodong Tian

Senior Executive Officer
DMG MORI TIANJIN Manufacturing Co. Ltd. COO

Diversity at Production Sites

Employee Interview | Bielefeld Factory

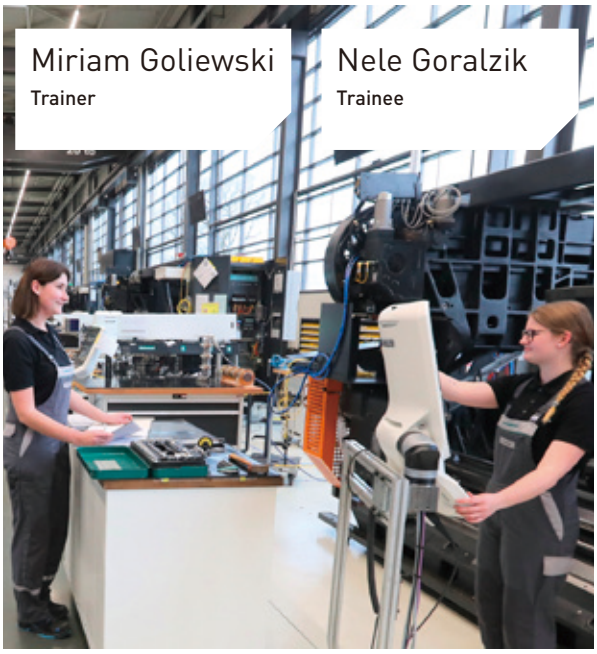
Turning knowledge into practical work
Transforming factory culture:
Advancing female careers on the manufacturing floor

Q: What kind of work do you do?
Ms. Goliewski: In Germany, young people who have completed a technical course become apprentices and undergo training at a company. I myself started working for DMG MORI after completing a 3.5-year apprenticeship at Bielefeld. For the first five years, I worked mainly in assembly and quality inspection. Then, seven years ago, I became a trainer myself to pass on my experience to the younger generation. It is my job to mentor the young people during their 3 to 4-year apprenticeship and help them pass the certification exams after they complete the program.
Ms. Goralzik: II completed my mechatronics apprenticeship in February 2023, but I am now starting a second apprenticeship for production management to gain additional experience instead of working as an assembly worker. By completing both programs, I aim to gain a comprehensive understanding of both aspects of production, which I can then apply in my job.

Q: How many women work in manufacturing?
Ms. Goliewski: Unfortunately, the number of women working in production is still lower compared to administrative positions, but it is not zero. At Bielefeld, three out of about 40 apprentices are women. We also have about seven female employees who have completed their training and are now working in our machine assembly. Women may hesitate to pursue their dream job if they have to join a "males-only" team. Therefore, I hope to see the number of female employees in production gradually increase, creating a more inclusive workplace for everyone. At our factory, we prioritize health and safety to ensure a secure working environment for all employees, regardless of gender. In addition, the factory is kept neat and tidy which is partly thanks to the increasing use of digital technology and the reduction of paper documents.
Ms. Goralzik: Although the number of female employees is still small, I feel that we are building a strong cooperative network within the company. Thanks to knowing each other across different departments, we can create a workplace of mutual support in times of need.

Q: What is crucial for creating manufacturing sites with more women?
Ms. Goliewski: I think it is crucial to increase opportunities for younger generations to experience technical workplaces. In Germany, female students can explore technical career paths through the annual career information day (so-called "Girls' Day"), partnerships with school MINT programs (Mathematics, Informatics, Natural Science, Technology courses), and internships. School-driven initiatives like the MINT program and partnerships with local university laboratories are especially important and contribute to broadening the base of female students with interest in technical careers.

Q: What are your goals for the future?
Ms. Goliewski: I want to learn about cutting-edge concepts and technologies such as Artificial Intelligence and Industry 4.0. These topics not only affect me in my job as a trainer but are also becoming increasingly relevant in my personal life as they gain momentum.
Ms. Goralzik: My top priority is successfully completing my second training. Afterward, I aim to apply the skills I've learned in my job and contribute to our progress.



Employee Interview | Davis Factory

Hands-on jobs for any gender
How knowledge and experience add value to the profession

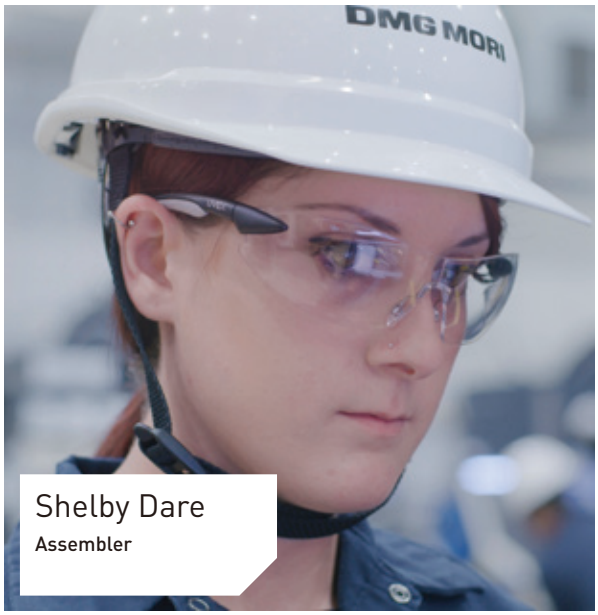
Working on the manufacturing floor

I work in assembly at the DMG MORI Davis factory.
My main job is plumping and wiring of cables and hoses inside machines, with some shipment related tasks now and then. The work varies depending on the machine model and specifications, so I enjoy having a different experience every day.

Influenced by a family member who worked in the construction industry, I knew from an early age that I wanted a hands-on job and went to community college to learn welding. Subsequently, when I joined DMG MORI five years ago, my first job was welding as well. The welding class was taken mostly by men, and many of the factory workers are also men. In reality, however, both men and women can handle these jobs, and workers are evaluated based on knowledge and experience rather than gender. At Davis, my five-year experience in various processes is a valuable asset, and I feel that I am respected as a professional regardless of my gender.
While I am fine with working in an environment of mostly men, an all-male workplace can lead to the misconception that work is limited to a certain gender. Communicating the presence of female workers is important to expand the future possibilities for young women.
Just look at my picture, I am assembling a small box that anyone can lift!
Also, many manufacturing sites in the U.S. are struggling with labor shortages, so skilled operators have no trouble finding employment. I hope more young people will consider this as an example of a "hands-on" way of life.

Message to young people

I would like to advise young people who are considering a technical career to "try what you want to do." You will never know if you are suited for something until you give it a try, so don't be afraid. There is no such thing as a man's job or a woman's job.
I am currently attending college after work, studying for a degree in engineering. My associate's degree in welding was the first step in starting a professional career in a highly demanded field. I believe that my new challenges in college will allow me to further expand my job opportunities. Moreover, I do know that I would like to continue to work on-site with my hands rather than in an office.



Shelby Dare
Assembler

Human Capital

Human Resources Strategy

Diversity at DMG MORI

DMG MORI stands for Deckel, Maho, Gildemeister, and Mori Seiki. Over the years, these four companies and numerous other machine tool manufacturers collaborated. Today, we are a global company with more than 13,000 employees. Japanese nationals account for only about one-third of the entire group. Even within Japan, we actively recruit talent from diverse career backgrounds, so only a small fraction of our employees are so-called new graduates.

Catering to all facets of our industry, we excel in trading, engineering, and manufacturing. Moreover, our sales and service organization is significantly larger compared to other machine tool manufacturers. Therefore, we offer a wide range of job responsibilities to our employees.

Uniting a Diverse Workforce through Shared Values

To unite our large and diverse organization and adapt quickly to the changing business environment, it is essential that all employees share DMG MORI's core values. Therefore, we are actively promoting our values through our policies and strategies to harness the full potential of our workforce.

Machining Transformation (MX) – our strategy to advance more efficient production and Green Transformation (GX) through process integration, automation, and digitization, is one example how we boost our productivity. Our MX strategy drives not only our manufacturing sites but also our entire global workforce towards a common objective. Our local middle management plays an important role in communicating our company-wide values and objectives. Simply relaying instructions from our Japanese or German headquarters is not sufficient to reach a common understanding. Since individual English proficiency levels may vary, we have implemented global training programs to develop managers who can understand top management's messages and convey them effectively in their local languages. The training programs are also designed to instill our newly defined management priorities, which are 1) developing new talents, 2) leadership, 3) team management. After completing these programs, our managers take on the role of trainers to share what they have learned with the next generation.

Promoting Diverse Working Styles

In addition to fostering a workforce with various backgrounds, our Human Resources Department actively promotes diverse working styles to accommodate individual preferences and needs.

Our motto, "Play Hard + Be Dynamic, Study Continuously + Be Open, Work Together + Be Innovative," encourages a diverse and balanced work life. Every month, we award employees who successfully practice this motto in each of the three categories. Additionally, in our efforts to support professional development, we invite talented employees from around the world to leadership and management trainings and support their pursuit of Ph.D. degrees.

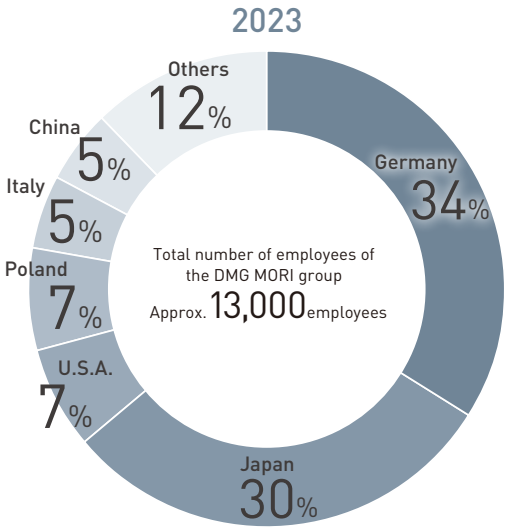
Gender Diversity

Encouraging Proactive Career Development of all Employees

Among our employees, we still observe disparities in job roles and responsibilities based on gender. This can result in different average salary levels depending on job types, particularly in Germany and the U. S. where recruitment by job type is common. For example, positions such as sales and service engineers typically receive higher compensation compared to administrative back-office roles. However, it is important to note that for comparable positions, compensation differences based on gender are already minimal in our organization. Besides achieving a higher gender balance across job roles, we are also actively working on increasing the representation of women in senior and management positions. (see P. 70)

The machine tool industry is still largely dominated by men. To encourage female talents to play an active role in our industry, we actively share our female role models. However, we also strive to avoid excessive emphasis on being "female-friendly" to prevent gender-based task assignments and promote diversity in our workforce and work styles.
Additionally, providing consistent support to employees managing both home and work responsibilities is essential to ensure they can pursue their careers without concerns. Apart from childcare, employees of all genders may face a variety of challenges, including caring for elderly family members or coping with personal health issues. To foster an inclusive culture, we actively address unconscious bias and microaggressions (acts of unconscious discrimination). We also support flexible and proactive career development that adapts to life events and aim to create a workplace where all employees can work with a high level of professionalism.

In Japan, we are implementing seminars in collaboration with our external director, Ms. Eriko Kawai, to enhance our global communication and build employee networks. These seminars feature discussions where non-Japanese employees share their experiences in Japan and executives recount their career journeys. These initiatives help our Japanese employees to recognize the diversity within our domestic teams, fostering mutual respect among colleagues.



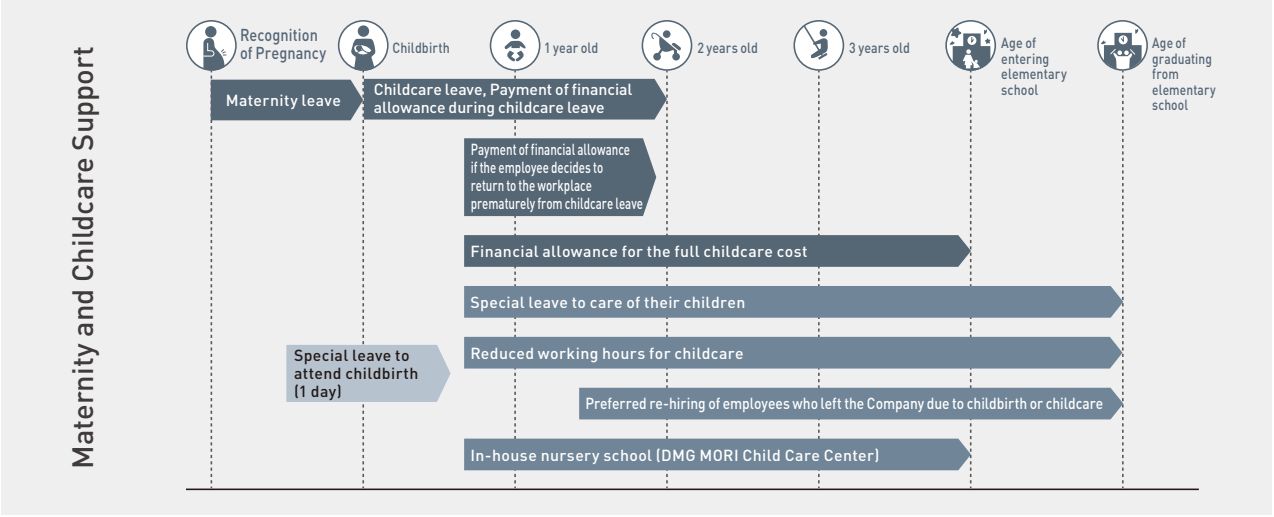
The external director, Ms. Kawai (rightmost)

Fostering Supportive Work Environments

Maternity and Childcare Support

We have established permanent nursery schools at both our Iga and Nara Campuses to accommodate a total of 100 preschool children. Our nurseries are practically free of charge due to company childcare subsidies and operate on national holidays in accordance with our company's work calendar.
In addition, employees with children up to the age of 12 (until elementary school graduation) are entitled to paid nursing leave. It can be used not only to care for a sick child but also for attending school events and fulfilling other family obligations. Employees have the flexibility to use this leave on an hourly basis, allowing for flexible work schedules. We will continue to listen to our employees' needs and foster a supportive work environment.

DMG MORI Child Care Center (Iga Campus)



Encouraging Childcare Leave for Male Employees

To support our employees in their childcare responsibilities, we started offering full payment for the first 20 days of childcare leave in January 2020. Initially, this was only applicable to those who took leave for a continuous period of 20 days or more. However, as of 2022, it is possible to split the 20-day payment into two separate leaves of 10 days or more each, offering increased flexibility for employees with children.
In order to ensure a comfortable environment for employees of all genders, we actively encourage male employees to take childcare leave as part of our effort to change the organizational mindset. By educating managers and establishing a support system, we have successfully increased the number of male employees taking childcare leave from 16 in 2021 (17.4%) to 76 in 2022 (102.7%), and 76 in 2023 (90.5%), consistently achieving high percentage. In some cases, childcare leave has brought about positive changes in the way employees interact with their coworkers and approach their work.

Ratio of childcare leave taken by male employees

2021	2022	2023
17.4%	102.7%	90.5%

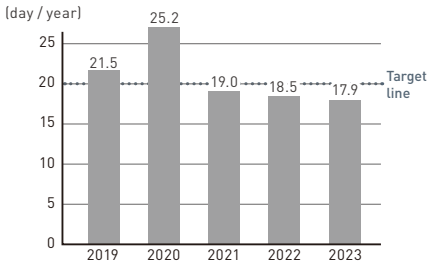
Target 100%

Calculation is based on the Childcare and Caregiver Leave Act.
Number of male employees who started childcare leave during the fiscal year / Number of employees whose spouses gave birth to a child during the fiscal year
* Japan-based employees

Employee-related Figures at Major Locations

Japan

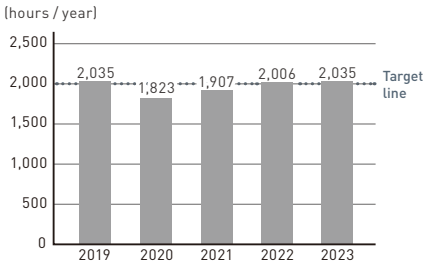
Average number of days of paid leave taken per person per year



* 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.

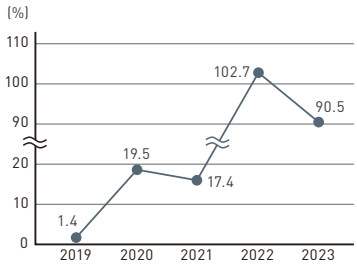
Average total working hours per person

* Aggregation based on internal standards



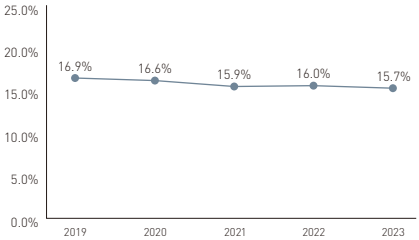
* Japan-based permanent or fixed-term employees who worked full-time throughout the reporting year

Ratio of childcare leave taken by male employees



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

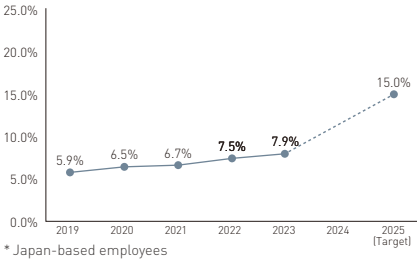
Percentage of female employees



* Japan-based employees

Percentage of female employee in management positions

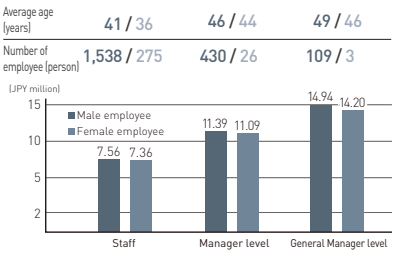
* Aggregation based on internal standards



* Japan-based employees

Average annual salary by gender (FY2023)

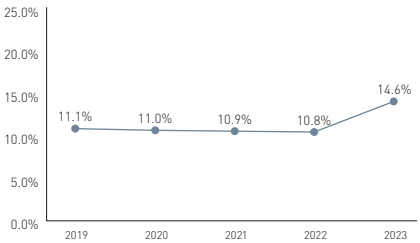
* Aggregation by title based on internal standards



* Japan-based employees

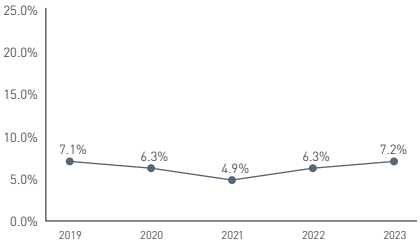
Germany

Percentage of female employees



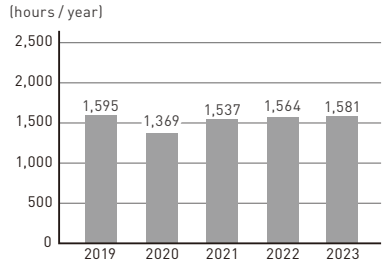
Percentage of female employee in management positions

* Aggregation based on internal standards



Average total working hours per person

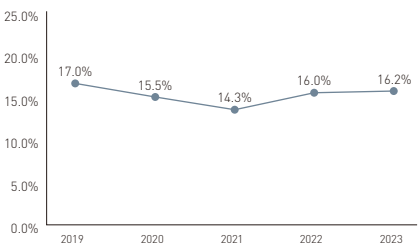
* Aggregation based on internal standards



* Based on the contractual obligation (overtime not reflected)
* Working hours decreased in the production departments in 2020 due to the lockdowns during the pandemic

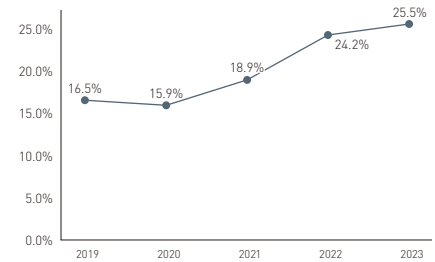
U.S.A.

Percentage of female employees



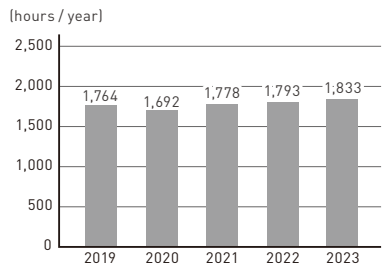
Percentage of female employee in management positions

* Aggregation based on internal standards



Average total working hours per person

* Aggregation based on internal standards



Dialogue with DMG MORI's Female Leaders

Q: When was the first time you were promoted to a manager's position? How did you feel?

Ms. Hirono: I experienced my first management position at my previous company. I thought it was a legitimate promotion because I had successfully completed an overseas project with a major automobile manufacturer. However, since I was promoted two years earlier than usual, which was unprecedented in my office, some people objected to my promotion. When I joined DMG MORI, I was positively surprised by the difference in the corporate culture.

Ms. Hagimori: Thanks to Ms. Hirono's recommendation, I was promoted to a Group Manager last year. In addition to the workload and greater responsibility, my biggest concern was how my balanced relationship with my colleagues would change. Fortunately, this has never been a problem because DMG MORI's promotion is not based on seniority and the employees do not mind having younger supervisors.

Ms. Mao: I was also worried about that at first, but all my subordinates were incredibly supportive and cooperative, saying, "Congratulations! You are the right person for the job."

Ms. Hirono: Ms. Hagimori has many years of experience in customer relations and has hosted a number of visitor tours around the Iga Campus and European factories. She left a strong impression on me with her excellent communication skills when dealing with customers. She is also always eager to learn about unfamiliar areas of technology and has a talent for organizing and bringing new ideas to life. In the rapidly evolving field of additive manufacturing (AM), it's crucial to have a comprehensive understanding of the entire value chain rather than focusing solely on one specific area of expertise. Ms. Hagimori well deserves her promotion, and her gender and age do not matter.

Ms. Dewaki: While some women become managers in their 20s, I had worked at DMG MORI for more than 16 years when I was promoted. It was four years after

returning from childcare leave for my second child. Having been a staff member for so long, I was not sure if I could handle a manager's position. In the end, I took the opportunity for my personal growth.

Ms. Mao: I think the corporate culture has changed a lot over the years. I am originally from China, and after graduating from university, I worked for a Chinese subsidiary of a Japanese company. I first came to Japan to study, and later got married and started working for the Nagoya headquarters of Mori Seiki Co., Ltd. in 2005. In 2006, I was promoted to "leader" and had two or three subordinates for the first time. However, when I returned from childcare leave, my career achievements had been reset. Perhaps it was out of consideration for female employees with children, but it was a little discouraging. I don't think this would be the case today.

Q: Now that diverse working styles are commonplace, DMG MORI's employees can develop their careers at their own pace. Whether they aim for early promotion, prefer excelling as field players rather than managers or need to adjust their workload to accommodate life events, options are available. As a manager, what do you enjoy the most, and what do you keep in mind?

Ms. Hagimori: Even before women were promoted to management positions, DMG MORI was already a diverse organization in terms of educational backgrounds. In large Japanese companies, general managers of technical departments are often required to have a bachelor's, master's, or doctoral degrees in technology-related fields. Here at DMG MORI, however, among general managers in charge of technical sales and services are also graduates of technical high schools and technical colleges. There is also a senior manager with a liberal arts background who is now overseeing sales of machines and software. Even if you don't have senior employees with exactly the same background as yours, there are many role models who you can partially relate to and learn from.

Ms. Mao: When you are in a management position, you are constantly thinking about how to optimize the entire organization. When I was a staff member, I could not see anything other than my own duties. But once I became a manager, I started to receive a wider range of information. Now that I have a broader perspective, I enjoy having a deeper understanding of senior management's direction and thinking about how to make the whole department better.

Ms. Hirono: I feel that my perspective has broadened even further when I transitioned from a Group Manager to a General Manager. Now, I find great satisfaction in effectively assigning tasks according to my team members' experiences and personalities, which not only maximizes our department's productivity but also supports their professional development.

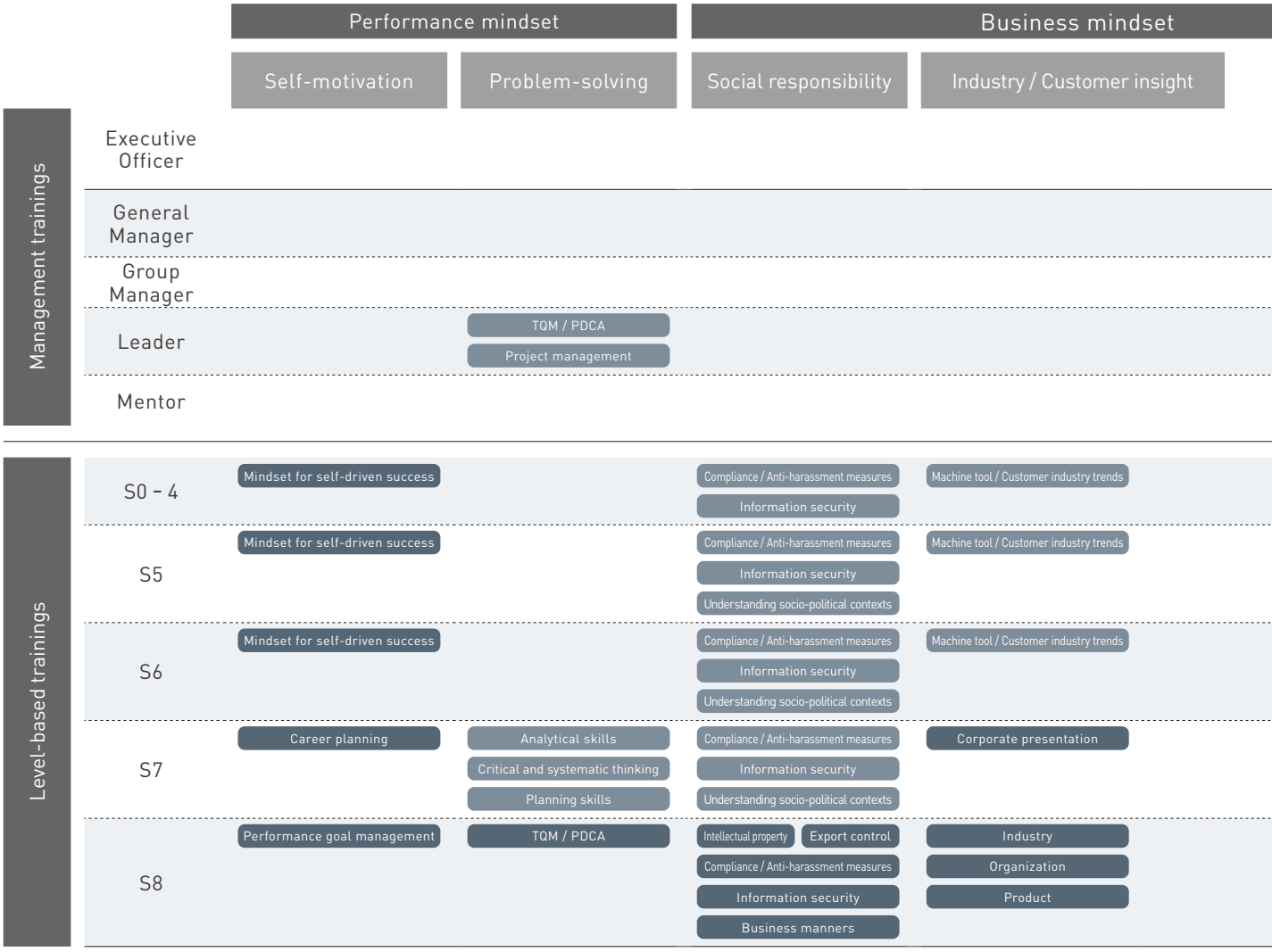
Ms. Dewaki: Rather than imposing my own values on my subordinates, I try to embrace diverse work styles and help them pursue their desired career paths. They often do not know how they want to build their career, and it is impossible to figure that out in a single interview. Therefore, having communication on a daily basis and building mutual trust is essential, although this is easier said than done. In order to increase the number of female leaders, it is equally important to change the mindset of men. If we only pay attention to women who manage the full workload of a full-time job and that of a family at the same time all on their own, it will not help women's empowerment in the workplace.

Ms. Hirono: Men's attitudes appear to be evolving, particularly among the younger generations. Many of our male employees are now taking childcare leave. Strangely enough, after taking the leave, many of my subordinates become more reliable. Perhaps this is because they improved their management skills through cooperating with other family members and managing household chores.

DMG MORI's work styles seem to be continuously diversifying and evolving. Thank you very much for sharing your valuable insights.

Employee Skill Development

Training programs to



DMG MORI ACADEMY: Fostering Engineering Skills

DMG MORI ACADEMY

Our DMG MORI ACADEMY develops and provides training programs for our employees and customers, aimed at enhancing their skills, management capabilities, and safety awareness. In addition to Iga Campus, our largest production site, we have established academies in Tokyo, Nagoya, Hamamatsu, Kanazawa, and Sendai, with plans to open more in Okayama and Fukuoka. Overseas, we operate academies in the U.S., Germany, and Italy to support the continuous skill improvement of our service and application engineers.

DMG MORI ACADEMY trainings for employees

- Safety training
- Machining training for new employees (Machining / Measurement basic course)
- Machining / Measurement technology training
- Service engineer training (Japan, Overseas)
- Sales training (Overseas)
- Application engineer training (Japan, Overseas)
- Technical skill development training
- Digital education (e-learning website production and operation)
- New technology certifications (5-axis Machining Technology Certificate)
- Supplier and partner seminars
- Management training
- Special trainings (industrial robots, handling of low-voltage electricity, replacing grinding wheels, etc.)

enhance talent management - engineering skills - workplace health and safety

	Teamwork		Leadership	
Numerical thinking	Relationship building	Diversity / Cultural Understanding	Influence	Communication
			Leadership stance Manners / Language etiquette	
		Diversity management	Leadership stance Manners / Language etiquette	
	Team building	Diversity management		
KPI management	Trust building, Coaching Evaluation training Mentoring	Diversity management	Leadership training for managers	Listening skills, empathy, understanding Conveying a message
	Communication tools	Diversity*1		
Estimation and numerical intuition Logical reasoning based on facts	Facilitation training Communication tools	Diversity*1		
Finance / Accounting / Tax	Communication tools	Diversity*1	Team leadership	Negotiation
Estimation and numerical intuition	Facilitation for beginners Followership Communication tools	Diversity*1	Leadership discovery	
Finance 101	Communication tools	Introduction to diversity		Presentation

: Individualized trainings (e-learning, recommended readings, etc.) : Group trainings

*1 Not required if eligible to take diversity management as a manager.

Global Talent Development

DMG MORI Global Leadership Program

We have established a one-year leadership program for selected employees from our global offices, with the aim of cultivating future leaders capable of working on a global scale. In addition to technical expertise, these leaders are expected to navigate complex challenges, communicate effectively, and foster collaboration among diverse teams. Since its inception in 2018, our leadership program has welcomed 161 participants from 18 countries, with 24 completing the program in 2023. The comprehensive program includes around 100 hours of facilitated learning, complemented by hands-on workshops held at our global locations four times a year. Through this program, participants not only enhance their technical skills but also develop essential soft skills, including emotional intelligence, adaptability, and effective communication. The collaborative learning environment also fosters strong bonds among employees across our global locations.

Number of Participants by Region (2018-2023)

Asia	Japan, India, Indonesia, Malaysia, China, Philippines	19
Americas	USA, Canada, Mexico, Brazil	113
Europe	Germany, Italy, UK, France, Turkey, Netherlands, Finland, Denmark	29

Industry-Wide Operator Development

Developing Female Engineers through Education

Together with Nara Women's University, the first Japanese women's university to establish an engineering faculty, DMG MORI is supporting the development of future engineers. We have concluded a comprehensive agreement with the university to organize training for female engineers and revitalize the Nara region together.
Starting from October 2022, we have provided lectures for the mandatory course, "Introduction to Advanced Design and Manufacturing Engineering." This course aims to offer practical learning experiences in real-world product development, manufacturing, and cutting-edge technologies that go beyond the scope of academic subjects and research activities. Since 2023, we also invite students to our Nara Product Development Center and offer practical training using our advanced mill-turn center NTX 500 and automation system WH-AMR.
Additionally, we have initiated various collaborations to encourage young women's interest in engineering, including the Women Engineers Program (WE Program) at the Nara Product Development Center for female junior and senior high school students from across Japan, as well as practical lectures by our experienced engineers at Nara Women's University Secondary School.

(Feedback from students)

- Engineering has been my first career choice, but the hands-on training with DMG MORI gave me an even better insight into the field. It will be helpful for my future career development. (WE Program)
- I enjoyed experiencing the whole engineering cycle of identifying a problem, conducting an experiment, and examining and summarizing the results. (Nara Women's University)

Assisting Customers with Operator Training

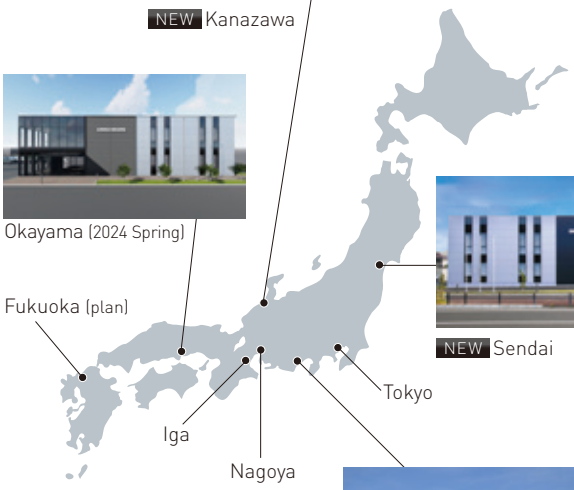
Establishing DMG MORI Academies Nationwide

To support inexperienced operators nationwide and facilitate the installation and setup of new machine tools, our DMG MORI Academies in Tokyo, Iga (Mie Prefecture), and Nagoya (Aichi Prefecture) offer machining training.
To encourage more customers and students throughout Japan to join our training, we are opening new academies in various locations. We have opened three in Kanazawa, Sendai, and Hamamatsu in 2023, and plan to open two more in Okayama and Fukuoka in the future.
At our academies, the participants can learn machining techniques on our advanced 5-axis machines and mill-turn centers, with the curriculum carefully designed by experienced DMG MORI experts according to the customer's skill level. In combination with our "DMG MORI Digital Academy," we also provide hands-on training together with e-learning courses to maximize the learning efficiency and allow customers to attend lessons on a flexible schedule.

NEW Kanazawa

Okayama (2024 Spring)

NEW Sendai



NEW Hamamatsu

● New academies in various locations

Mori Manufacturing Research and Technology Foundation

Investment in R&D and Human Resources

Since 2019, we provide 3-year scholarships to engineering graduate students at Kyoto University and the University of Tokyo. After completing their Ph.D. programs, the scholarship recipients actively pursue careers in their respective fields, including employment at private companies and continuing their research activities at universities. One student of the 2nd cohort has joined DMG MORI. Since April 2023, the program has been expanded to graduate students in the humanities and social sciences at Kyoto University. We held the first joint session of humanities / social sciences and engineering scholars at the Nara Product Development Center in August 2023 and had lively discussions that transcended the boundaries of universities and majors. Starting in April 2024, we will offer scholarships to 8 engineering and 5 humanities / social sciences students for their Ph.D. programs, as well as to master's students at the Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University ("Shishu-Kan"). Thanks to the end of the COVID-19 crisis, many of the students have been proactively engaged in research activities both in Japan and abroad. We will continue to support graduate students and develop global leaders with expertise in their respective fields.

Mori Manufacturing Research and Technology Foundation
(General Incorporated Foundation)

https://morifound.dmgmori.co.jp/

2023 Scholarship per person (maximum)

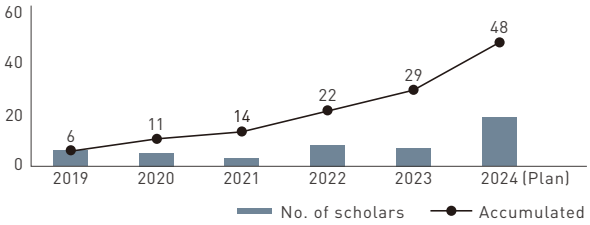
Master's degree	Ph.D. degree	
	Engineering	Social science
JPY 3.0 million	JPY 3.4 million	JPY 3.0 million

Number of scholarship recipients by the Mori Manufacturing Research and Technology Foundation

		2019	2020	2021	2022	2023	2024 (Plan)
Ph.D. degree	Engineering	6	5	3	8*1	2	8
	Social science	—	—	—	—	4	5
Master's degree*2		—	—	—	—	1	6

*1 Incl. one admitted in the fall of 2021

*2 Incl. 1st and 2nd year students of the 5-year integrated doctoral program

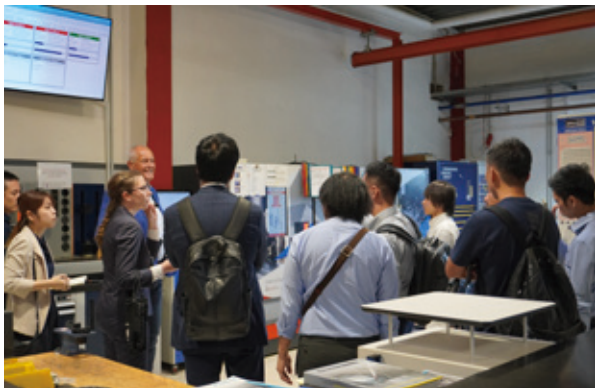


Promoting 5-axis and Automation Solutions

DMG MORI founded the 5-Axis Machining Association in 2021 to expand business opportunities and raise the technological skill of new 5-axis machine users. Currently, the association boasts a network comprising 144 member companies and organizations from across Japan. At the general assembly held twice a year, we invite industry leaders in the automotive, aircraft, semiconductor, and other sectors to share their valuable insights on advancing business strategies, market dynamics, technological innovations, and the latest trends. The network continues to grow with each general assembly, actively fostering mutual give-and-take relationships.

Since 2023, we have also introduced study tours to Germany. At the 4 tours held in 2023, a total of 27 members had the opportunity to visit German 5-axis machine users, learn about their production and operator development, and see for themselves how automation and DX enhance productivity. In addition, we also provide training sessions to foster CAM skills, which are essential for 5-axis machining. Our three-day practical program, tailored for beginners, intermediate, and advanced participants, is designed to enhance skills at each proficiency level, fostering the development of highly skilled professionals in the field. In the future, we plan to further promote the collaboration among members, facilitating the integration of technologies for joint production projects, and assisting in the expansion of business opportunities to overseas markets. The 5-axis Machining Association will continue to support customers in securing and training of operators, provide a forum for member companies and organizations to interact and exchange information, and thereby generate new business opportunities and stable operations.

5X 5軸加工研究会 5AXIS MACHINING ASSOCIATION



Health and Productivity Management

健康経営銘柄 2024 Health and Productivity

DMG MORI Health and Productivity Management: Promoting Mental and Physical Well-being

DMG MORI
Health and Productivity
Management Special Website ▶

What is Health and Productivity Management?

The Ministry of Economy, Trade and Industry (METI) defines "Health and Productivity Management" as strategically managing employee health from a business standpoint, with the aim of enhancing overall productivity and corporate value.

As a first step toward health and productivity management, we announced the "DMG MORI Health and Productivity Management Declaration" in 2021. (Access QR code for more information)

Certified as "White 500" for the 2nd consecutive year
Selected for "Health & Productivity Stock Selection"

METI has established the "Certified Health & Productivity Management Outstanding Organizations Recognition Program" to acknowledge organizations that excel in health and productivity management based on five assessment criteria. Within the large organization category, the top 500 are certified as the "White 500." Among more than 3,500 entries, DMG MORI was highly rated and certified as "White 500" for two years in a row. Additionally, in 2024, METI and the Tokyo Stock Exchange selected us as one out of top 50 companies in their "Health & Productivity Stock Selection," ranking us at the top of the industrial category based on survey results and management indicators.

Continuously Advancing Employees' Physical and Mental Well-being

We are committed to advancing our health initiatives in a proactive, systematic, and comprehensive manner, aiming to further enhance the physical and mental well-being of our employees. At the same time, we will strive to be certified as "White 500" and selected for the "Health & Productivity Stock Selection" every year.

METI's Health and Productivity Certification Program

Source: "Promotion of Health and Productivity Management" by Healthcare Industries Division, Commerce and Information Policy Bureau, METI (partially revised)
kenkokeiei_gaiyo.pdf (meti.go.jp)

DMG MORI's Initiatives for Health and Productivity Management

【A】 Encouraging a healthy balance between professional and personal lives
【B】 Continuously offering an annual comprehensive medical examination
【C】 Enhancing post-examination support
【D】 Providing medical guidance from company physicians and nurses
【E】 Supporting lifestyle improvements
【F】 Supporting employees with mental issues
【G】 Securing and managing venues for exercise
【H】 Enhancing the company canteens
【I】 Promoting measures against COVID-19 or other diseases
【J】 Operating recreational facilities

Eiji Matsuda
Health Insurance Association
General Manager
Member of Health and Productivity Management Promotion Committee

Minami Sasaki
Production Human Resources Department
Staff
Member of Health Management and Productivity Promotion Committee

Norio Kurumatani
Health Care and Promotion Center
Director
Occupational physician
Ph.D. in Medicine

Health Management Measures Established Over the Past Three Years

Annual Health Report

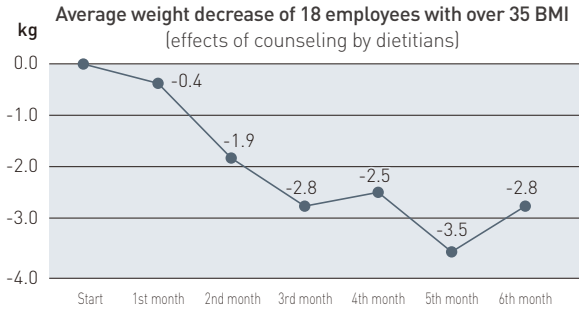
Annually, we gather and analyze health-related data, resulting in the recent release of our Health Report's third edition. This visualization of our health trends is a vital resource for advancing our health management initiatives, and we are committed to its ongoing publication as we strive to promote employee well-being.

Improving Health Literacy

On our internal website "Health Information Homepage," we offer diverse and timely health information and e-learning materials. Additionally, we have conducted manager training on how to support the well-being of team members and ensure a healthy work environment.

Encouraging Healthy Habits

We encourage healthy habits by offering private sessions with company physicians and nurses, exercise classes at our in-house gym, and nutritional counseling by external experts. These classes and sessions are continuously held with varying contents each year.



New Initiatives

Survey about Women's Health and Work-Life Balance

Achieving a balance between personal and professional lives is important, not only for each individual but also for the company as a whole. DMG MORI has formed a special team to conduct a survey of all female employees, collect basic data, and identify underlying issues.

Providing Healthy Low-Salt Meals

After a series of tasting sessions, we started a monthly "Low Salt Day" at our in-house restaurants located at Iga Campus. On this day, we exclusively provide meals with less than 3 grams of salt to promote awareness of blood pressure control and encourage healthier eating habits. We are currently planning to expand the frequency of this initiative and introduce low-salt cuisine at our other locations as well.

Safety and Health Center

Ensuring workplace safety and assessing risks are essential to health management. Therefore, in January 2023, we established a new in-house Safety and Health Center with centralized control and operation.

"Low Salt Day" at Iga Campus
Providing meals with less than 3 grams of salt once a month

Nutritious Lunches at All Locations

DMG MORI is committed to employees' health not only in Japan but all around the world.
We make it our mission to provide every employee with nutritious and balanced meals.

Davis (U.S.A.)

Pfronten (Germany)
Source: Markus Röck

Tianjin (China)

* "Health Management" is a registered trademark by the NPO "Kenkokeiei"

Social and Relationship Capital

Collaborating with partners to address societal challenges through a sustainability lens

Building a Robust Supply Chain through a Unified Platform

In recent years, a new dimension has emerged alongside the traditional benchmarks of price, quality, and delivery time in evaluating supply chains – sustainability. Notably, the enactment of the Supply Chain Due Diligence Act in Germany highlights the growing importance of environmental and human rights risk management for companies. At DMG MORI, we utilize the supply chain monitoring platform by Germany's INTEGRITY NEXT GmbH as a valuable tool to assess legal, financial, and operational risks within our supply chain, ensuring a consistent global standard in our due diligence efforts.

Clearly defining and addressing sustainability issues, whether related to climate change or the health and safety of workers, is crucial for ensuring the seamless continuation of our production. Collaborating with our partner companies on a shared platform allows us to align our values on environmental and human rights matters, thus enabling us to have a greater impact on societal challenges. Moreover, these collaborative efforts serve as a source of innovation, fostering the advancement of Machining Transformation (MX) through initiatives like DMQP (DMG MORI Qualified Products).

Fostering Win-Win Relationships with All Our Partners

In line with our mission statement, we are committed to prosper together with our partners and have built strong, long-term relationships throughout our supply chain, especially in Japan and Europe.

To enhance our joint sustainability efforts, we have introduced INTEGRITY NEXT— a pioneering supply chain monitoring platform. This platform allows our partners to assess risks, exchange company profiles, and share sustainability data. It empowers them to proactively manage risks, improve long-term sustainability, and expand their sales channels without added expenses. In addition, INTEGRITY NEXT offers free trainings, and we host direct briefings to keep our partners updated on the latest laws, regulations, and best practices.

Among the comprehensive range of criteria used to assess sustainability within the Integrity Next platform, we specifically focus on the five areas regulated by the Supply Chain Due Diligence Act: anti-bribery and anti-corruption, environmental protection, human and labor rights, health and safety, and supply chain responsibility. Based on the assessment results, we are closely working together with each partner company to facilitate improvements in these key areas.

We remain dedicated to establishing a sustainable supply system as an industry leader, with the goal of fostering mutual growth and success throughout our entire supply chain.

Criteria and priorities

Priority level	Criteria topics
1. Relevant to the Supply Chain Due Diligence Act	・Anti-Bribery & Anti-Corruption ・Environmental Protection ・Human Rights & Labor ・Health & Safety ・Supply Chain Responsibility
2. Compliance / Sustainability	・Conflict of interest ・Energy management ・General Data Protection Regulation (GDPR) etc.
3. Critical Product Substances	・RoHS ・REACH ・PBT5
4. Others	・Quality Management ・COVID-19

Survey results as of December 31, 2023*1

Number of companies by evaluation	CO (Japan) * Introduced in January 2022	AG (mainly German companies) * Introduced in July 2019
■ Sustainable	137	351
■ Compliant	33	317
■ Critical	41	0
Number of suppliers in the scope	**211**	**668**

*1 Aggregated for 5 areas related to the German Supply Chain Due Diligence Act

Rahim El Baraka
DMG MORI AKTIENGESELLSCHAFT
Corporate Purchasing Strategy Manager

Hiroshi Yuki
Sustainability Promotion Department
General Manager

Advancing Technology and Collaboration Across the Machining Industry

The 18th Cutting Dream Contest

Cutting Dream Contest special site▶

Since 2004, we have been hosting the Cutting Dream Contest for companies, schools, and research institutes in Japan's machining industry. This contest is open to participants utilizing cutting-edge machining equipment such as cutting-type machine tools, additive manufacturing, and laser cutting machines. Through the friendly competition, we aim to enhance technical skills, knowledge, and promote collaboration within the industry.
In the 18th edition of the contest in 2023, we were honored to have a panel of six judges, including Professor Atsushi Matsubara from Kyoto University, who chaired the jury. Following a rigorous evaluation process, the jury selected 21 winners out of 69 submissions across five different categories: production parts machining, prototype and test cut machining, artistic form machining, advanced machining, and academic research. The winning pieces were showcased at our booth during MECHATRONICS TECHNOLOGY JAPAN (MECT) 2023 in October, accompanied by a movie featuring all the submitted works.
Furthermore, the 18th Cutting Dream Contest and its winners were featured in newspapers, offering substantial promotional benefits to the outstanding technology of the participants.

Production Parts Machining Gold Prize

Giant & Ultra-Thin Ring
IG EVEARTH CO., LTD.

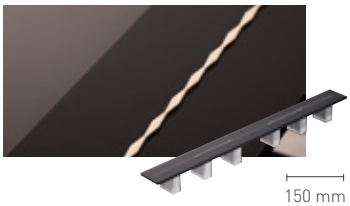
Silver prize: Aspherical Honeycomb Lens Array (for Image Inspection Devices)
Circle & Square Co., Ltd.

Bronze prize: Resin Volute Springs 10˚
Koga Denki Corporation

Technique prize: Waveguide
ShonanAutoCut Inds. Ltd.

Prototype & Test Cut Machining Gold Prize

Ultra-Thin & Long Part
Koga Denki Corporation



Silver prize: Screw-Spring
KYOCERA Corporation

Bronze prize: Ultra-Thin Capsule with Ultra-Fine Holes
IG EVEARTH CO., LTD.

Mini Kettle (No Boiling!)
Askk Co., Ltd.

Technique prize: Sea Anemone Micro Nozzle
Akitsu Industry Co., Ltd.

Turbine Blade Ammonite
CASTEM CO.,Ltd.

Artistic Form Machining Gold Prize

Paper
Seibu Co., Ltd.

Silver prize: Helicopter
Noda Plastic Seikou Co., Ltd.

Bronze prize: Oxalis
Circle & Square Co., Ltd.

Lucanus Maculifemoratus
YAMAMOTO SEIKI CO., LTD.

Technique prize: Two-Face Cup with Latent Images
IG EVEARTH CO., LTD.

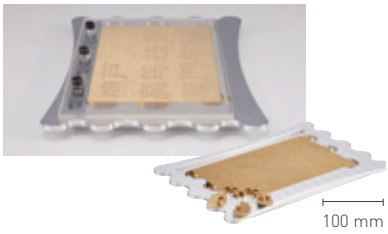
Petit Paris
ASAHI YUKIZAI CORPORATION

Advanced Machining Gold Prize

Transparent Picture Frame (Umezawa Hamlet-Fields)
INAC Co., Ltd.

Academic Research Gold Prize

Slit Lenticular Puzzle
Kobe Advanced Institute of Technology



Silver prize: Fans Made of Recycled Bottle Caps
Kindai University Technical College

Bronze prize: Rose and Beetle (Interior Plastered)
Chugoku Polytechnic college

Oloids
Hyogo Prefectural Monodzukuri Institute

Fostering Culture, Art, and Science

Cultivating music culture

In 2018, we started supporting the world-class pianist Mr. Kyohei Sorita. Building upon our successful partnership, we jointly founded the Japan National Orchestra (JNO) in May 2021. Comprising Mr. Sorita and a dynamic ensemble of 19 talented young soloists, JNO has been contributing to culture and the creation of new art through classical music. The orchestra is headquartered in Nara, DMG MORI's birthplace, and is actively performing in Japan and on the global stage. In September 2023, JNO went on its second international tour, holding concerts in four Italian cities, including a performance at a local music festival. In October, JNO gave an outdoor concert in front of 2,000 people in commemoration of the 1,250th anniversary of the death of the priest Ryoben, founder of Todaiji Temple.

DMG MORI SAILING TEAM

In October 2018, we established the DMG MORI SAILING TEAM and welcomed the maritime adventurer, Mr. Kojiro Shiraishi, as our skipper. In the solo, no-port, no-supply round-the-world yacht race "Vendée Globe 2020-2021" which commenced in August 2020, he came in 16th out of 33 participants (94 day, 21 hours, 32 minutes, and 56 seconds) and was the first Asian sailor to complete the race. What a great accomplishment! The monohull sailing yacht "DMG MORI Global One" was built with several parts which were machined on our own simultaneous 5-axis machines and machining centers.
In order to empower young talents to work in offshore sailing, we later established the DMG MORI SAILING ACADEMY in June 2021. The first opportunity for new trainees to show their skills is in the Mini Transat 6.50 class. Out of our four trainees, Federico Sampei and Laure Galley took part in the transatlantic race "Mini Transat 2023." The other two are aiming to compete in this race in 2025, after going through the qualifier races in 2024.

Thomas DEREGNIEAUX_QAPTUR/DMG MORI

Supporting international academic conferences

The Mori Manufacturing Research and Technology Foundation actively supports international academic conferences such as CIRP (College International pour la Recherche en Productique: International Academy for Production Engineering) In the CIRP 2023 General Assembly held in Dublin, we were proud to participate as a Diamond Partner and contributed with several scientific presentations. Our topics included high precision machining with a contactless on-machine measurement system, digital twin-based accuracy compensation for thermal displacement, and the principle of defect detection during additive manufacturing (SLM processes) using X-ray imaging. We will continue to advance research and development in the field of production technology in collaboration with fellow participants.

Supporting young artists

DMG MORI ART GALLERY▶

Ever since 2020, we have been promoting leading artists in Japan and abroad and are supporters of the ARTISTS' FAIR KYOTO, an exhibition of up-and-coming artists in their 20s and 30s. In cooperation with the exhibition's director, Professor Noboru Tsubaki of Kyoto University of the Arts, we display selected works of art at our offices and facilities. All in all, we show more than 150 works of art, ranging from palm-sized objects to large-scale works up to 10 meters in length. We hope that not only our visitors will enjoy them, but that they will also spark the imagination of employees and lead to the development of better products.

Ryo Shinagawa, "Peach Blossom"

Kenryou Gu, "DMG MORI IGA Campus – Assembly Plant"

Mina Katsuki, "1:29:14"

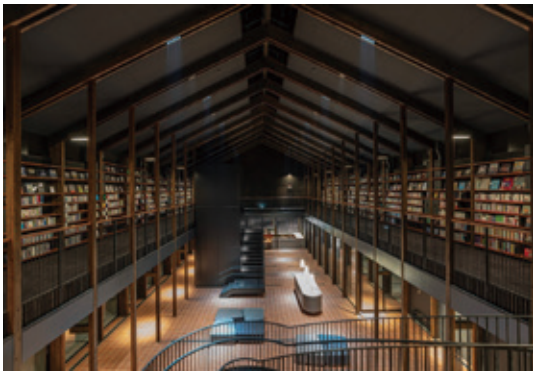
Girls' Day

In Germany, "Girls' Day" is a work experience project held every April to encourage female students to become interested in the fields of science, particularly engineering. During Girls' Day in April 2023, DMG MORI welcomed at total of 31 young women at our locations in Pfronten, Seebach, and Bielefeld where they were introduced to our machine tools. They not only learnt about our company and products but there were also several opportunities where they could experience and try out the technology for themselves. Assembling small parts, calibrating the pneumatic controls, and soldering electronic cubes are only a few examples of the activities. A joint lunch also provided the opportunity to discuss newfound interests and share our appreciation for science and engineering.

SHINDO YARDS

We are actively engaged in initiatives to enhance the landscape around our Iga Campus. In November, we opened "SHINDO YARDS," a complex of educational, cultural, and administrative facilities, situated in front of Shindo Station on the JR Kansai Main Line - the closest station to Iga Campus.
One of the facilities is the library "BOOKMARK STORAGE," which is jointly operated by DMG MORI and Iga City. Its core concept revolves around fostering "enjoyable encounters with books" and its extensive catalog boasts over 20,000 items, including not only general topics but also genres specific to DMG MORI's initiatives, such as art, wine, music, marine, sports, and engineering. The library serves as a welcoming space for local residents to enjoy a good book while awaiting their train or simply take a moment to relax.

SHINDO YARDS



Natural Capital

Preserving Our Environment While Manufacturing First-class Machines

MAHOROBA
DMG MORI VINEYARDS
https://www.mahorobafarm.co.jp/

At DMG MORI, we not only keep our production sites and offices clean and orderly, but also actively work on improving the surrounding scenery. Transforming landscapes cannot be accomplished overnight and requires cooperation with urban planning and local residents. As a responsible corporate citizen, we recognize that the environments where we operate play a significant role in our customers' evaluation of our products.

Our international customers, arriving from Narita or Osaka airports, make their way to our Iga Campus via the Meihan Expressway. In recent years, the abandoned farmland along the roadside in Iga has become more and more noticeable. In contrast, our German factories are surrounded by a beautiful countryside scenery with vineyards. This is something our employees take pride in and it strengthens their motivation to aim for higher goals, resulting in an overall improvement of our product quality. Therefore, as part of our 70th-anniversary celebrations in 2018, we established Mahoroba Farm to enhance the landscape in Iga through the cultivation of grapes and winemaking. The wine is now served in our guesthouse, where it sparks lively conversations about future business possibilities with our visitors.

There are currently 6,000 growing seedlings, and we plan to produce around 20,000 bottles of wine in five years once all our grapevines mature. At present, the harvests are brought to a commissioned winery, but we plan to build our own winery near Iga Campus around 2025. The local community has already voiced their support and high expectations for the project.

When we began the vineyard operation, it took some effort to gain the local support. However, the steady efforts by our employees are bearing fruit. Nearby companies have shown interest in supporting our initiatives and have reached out to us for potential collaborations. We feel that our commitment to preserving the local environment is steadily broadening its reach.

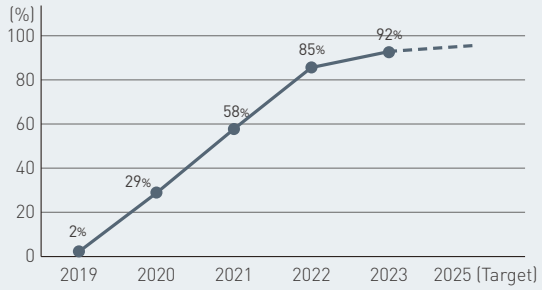
DMG MORI is working on enhancing the landscape not only through grape cultivation. We engage in other projects such as painting guardrails or maintaining streetlights along school routes of local children. We are committed to all activities which make Iga safer, more livable, and more culturally enriched.

Powering Our Operations with Renewable Energy

We are promoting the introduction of renewable energy at our locations worldwide. In 2023, we installed solar panels not only at Iga Campus but also at our factory in Davis. In the same year, our casting supplier, DMG MORI CASTECH (Shimane Prefecture), replaced its conventional coke oven with an electric furnace. This transition is mainly powered by their in-house solar power system, with the option of utilizing carbon-free electricity when needed. In 2024, we plan to start solar power generation at Nara Campus, increase the number of solar panels in Iga, and install storage batteries at both locations. The batteries are part of our Business Continuity Plan and will be used as an initial power source for air conditioning and lighting in the event of a power outage, with a priority on the disaster response rooms.

Furthermore, we launched a heat and power cogeneration system by GLOCK at our Iga Campus in 2022. It employs unused thinned wood from nearby areas, which contributes to forest management and conservation efforts. This system uses heat from the power generation process to dry wood chips and regulate the temperature of the cleaning solution in the adjacent coating plant, thereby reducing waste and increasing energy efficiency. In the future, we also plan to make effective use of the incinerated ash in our vineyards as biochar and fertilizer.

Renewable energy ratio of electricity (consolidated)



* Include in-house solar power system and utilizing carbon-free electricity

column

Gaining experience at external wineries for future success

Mahoroba Farm is currently preparing to build its own winemaking facility. To excel as grape farmers and winemakers in the future, we actively participate in trainings at various wineries. In a year, I dedicate six months to cultivating grapes in Iga, and after the harvest, I spent the remaining six months at wineries in the prefectures Nagano and Yamagata. These consignment wineries, which process harvests from grape farmers without winemaking facilities, offer the unique opportunity to acquire around five times the winemaking experience in one year compared to a typical winery. In between, I also attend wine school and pursue a sommelier certification.

In 2023, Mahoroba Farm achieved a grape harvest of 7,400 kg, double the amount compared to the previous year. Iga's climate is characterized by frequent rainfall and intense sunlight, making grape cultivation more challenging. However, this climate gives us the opportunity to harvest grapes earlier than in other regions, resulting in wines with tropical and deep flavors. Today, Iga Campus is surrounded by a beautiful landscape of grapevines, and we will open winemaking and bottling facilities in the near future. We hope this can be both an attraction for our national and international visitors at Iga Campus as well as a beloved place within the local community.

Mai Yoshimoto
Mahoroba Farm CO., LTD.

Measures Against Climate Change

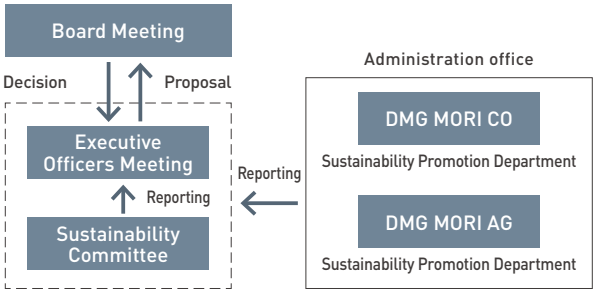
We are proactively disclosing climate change-related risks and opportunities in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and are implementing the following initiatives.

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 CO_2 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 (CO_2) Emissions

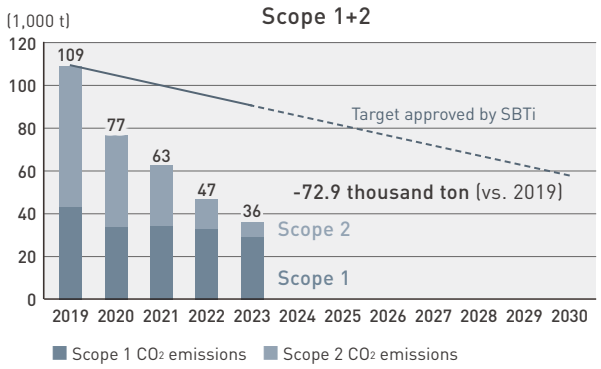
We are setting higher targets than the current SBT certification and will work towards net zero emissions by 2050, in line with the 1.5 °C target level.
Our definition of "net zero" is consistent with the SBT initiative. Through carbon removal, we neutralize residual emissions and strive to reduce the emissions to meet the 1.5 °C target.

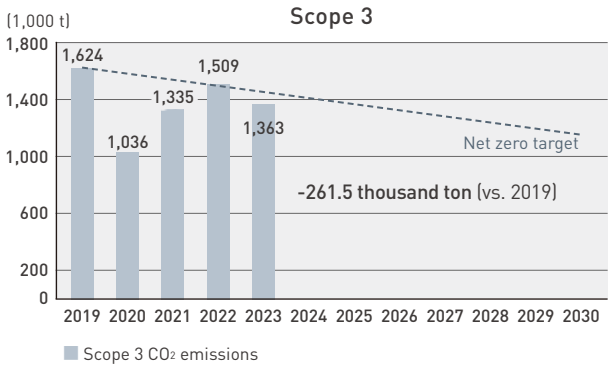
	Targets approved by SBTi (status of Dec. 2023)	New targets = SBTi Corporate Net Zero (waiting for approval by SBTi as of Dec. 2023)	
Target Year	2030	2030	2050
Scope 1 & Scope 2	▲ 46.2%	▲ 46.2%	▲ 90% (Total of Scope 1, 2 and 3)
Scope 3	▲ 13.5%	▲ 27.5% Raised Scope 3 targets for 2030: Strengthen circular economy, collaborate with suppliers	

(Base year: 2019. Absolute emissions)

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

* 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) Ton	2022 (consolidated) Share of total emissions	2023 (consolidated) Ton	2023 (consolidated) 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

Financial Capital

MX Strategy for Stable Cash Flow and Shareholders Returns

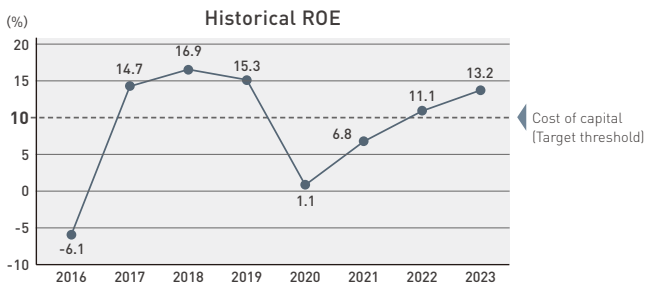
The DMG MORI Group has steadily developed a robust revenue structure that remains relatively unaffected by changes in the demand environment, ensuring a consistent operating cash flow. Based on this foundation, we are aiming to eliminate the interest-bearing debt accrued during the integration of DMG MORI Aktiengesellschaft within the next 2-3 years. Subsequently, we are diligently laying the groundwork for substantial growth investments in the foreseeable future.
In this context, our Accounting & Finance Division holds more than just a traditional back-office role. As the accounting and finance arm of our global corporation, we are capable of formulating proposals and acting beyond mere administration. Our daily efforts are dedicated to evolving into an organization equipped with the capacity to craft diverse strategies aimed at maximizing our overall business performance.

Efficient proposal making requires sufficient time for analyzing financial information. To streamline our processes and minimize routine tasks, our division has actively pursued standardization and automation.
Initiatives such as the implementation of digital invoicing to reduce document processing and Total Quality Management (TQM) in our financial closing procedures have accelerated financial reporting. This, in turn, allows us to allocate additional resources towards analysis and proposal activities.
Furthermore, to ensure the timely and accurate collection of information, we are actively enhancing the transparency and precision of our financial data through strengthened governance across the entire Group. Our efforts include standardizing accounting policies among all global group companies, optimizing cash allocation through comprehensive cash flow analysis, as well as establishing and publicly disclosing the DMG MORI Global Tax Policy. These measures reflect our commitment to enhancing governance company-wide.
We have also enhanced the management of the machine sales process by closely monitoring each unit.
This enables us to minimize inventory assets, accelerate the collection of accounts receivable, and make sure to secure down payments for a fast cash conversion cycle.
We will further boost our profitability by providing essential information for R&D and sales strategies through sales analyses based on machine types and regions. With the planned implementation of a new ERP system in fiscal year 2024, we anticipate even more precise analytic potential to pave the way toward further profitability.

By diligently implementing these strategies, we will strengthen our business structure to adeptly navigate changing market dynamics while ensuring a healthy financial foundation and optimizing capital efficiency.
Our goal is to become an organization renowned for its resource-efficient proposals. As part of the DMG MORI Group, the Accounting & Finance Division remains dedicated to collaborating with all stakeholders, including customers and shareholders, to foster prosperity.

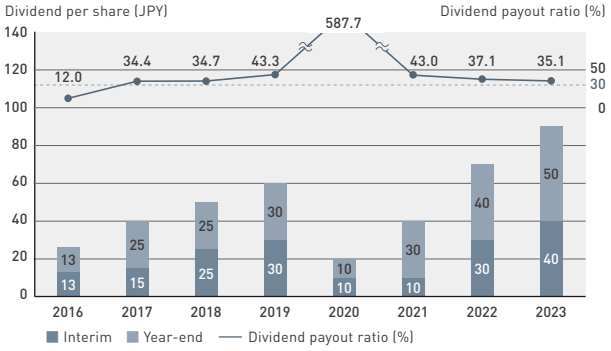
Cost of Capital

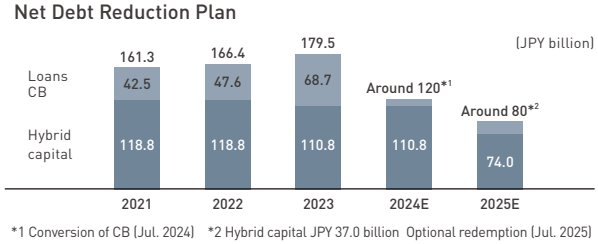
DMG MORI is working to reduce its cost of capital while improving its return on equity (ROE).
The cost of capital is majorly influenced by business risks (volatility) and financial risks. Since the machine tool industry is susceptible to demand and order fluctuations, both business and financial risks are often perceived as high. As a result, a machine tool manufacturer's equity cost tends to be assessed as high, leading to lower valuations. DMG MORI has been implementing unique initiatives to reduce business and financial risks. First, we have diversified our regional and industrial customer base to minimize order fluctuations. Through our Machining Transformation (MX) strategy, we have successfully increased the price per order and compensated for the decreased number of units. In addition, the growing demand from global medium- to large-sized companies and their long-term projects also contributed to our financial stability. Strong orders and sales revenue also came from our high-margin service and spare parts business, which now accounts for more than 20% of our total business. With these measures, we have been able to secure continuous growth, while achieving a record-high profit for two consecutive years and increasing dividends. We will continue to pursue sustainable sale revenue growth, higher profitability, and a lower cost of capital by efficiently communicating our risk-mitigation measures to the capital markets.
When considering business expansion and assessing the profitability of existing businesses, deciding whether to introduce new products or transaction methods, or evaluating potential mergers and acquisitions, the cost of capital is also used as a target threshold. As the target threshold, we are aiming for 10% for our cost of capital. This means our return on equity (ROE) should be consistently above 10% to further increase shareholder value. As shown below, with the exception of the global COVID-19 recession in 2020 and 2021, we have successfully maintained above 10% and achieved 13.2% in 2023. The ROE target for 2025, the final year of the Medium-term Business Plan, is currently 12%, but we will strive to further raise the ROE level by improving profit margins.



Shareholder Returns and Balance Sheet Optimization

When distributing free cash flows, we need to strike a balance between increasing shareholder return and reducing interest-bearing debt. The interest-bearing debt has increased in the process of making DMG MORI AKTIENGESELLSCHAFT a controlled group company through a Domination Profit and Loss Transfer Agreement (DPLTA) in 2016. We are targeting a payout ratio (ratio of dividend to net profit) of approximately 30%, but we also take into consideration the business environment and free cash flows when determining the dividend amount.
In FY2023, we had initially planned JPY 80 per share, but later raised it to JPY 90 per share based on the upward revised business forecast. In our Medium-term Business Plan 2025, we set the annual dividend target for FY2025 at JPY 100 per share, and we plan to achieve this one year ahead in FY2024.
Net interest-bearing debt (including hybrid capital) totaled at JPY 179.5 billion as of December 31, 2023. We were not able to reduce the amount as planned in 2023, as we made major investments to meet increased demand for automation and operator training, and the disrupted supply chain has led to high inventories. However, from 2024 onward, we plan to significantly improve free cash flows by increasing profits, reducing capital expenditures, and optimizing working capital through inventory management. Our target for 2025 is to reduce the interest-bearing debt to JPY 80 billion, as committed in the Medium-term Business Plan.





*1 Conversion of CB (Jul. 2024) *2 Hybrid capital JPY 37.0 billion Optional redemption (Jul. 2025)

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.

1948 Former GILDEMEISTER AG

1994 Deckel Maho AG

The business succession of Deckel Maho and its highly respected knowhow for universal milling, drilling machines, and machining centers, later gave us the competitive advantage in 5-axis machines.

1999 FAMOT

FAMOT, originally known for its high-quality turning centers, joined the group and became our largest machine tool components factory in Central Europe.

2001 Addition of TAIYO KOKI to Mori Seiki group

By acquiring TAIYO KOKI, which developed the industry's first vertical grinding machine, Mori Seiki covered the full metal-machining process from cutting to grinding.

2002 Business succession of Hitachi Seiki Co., Ltd., Japan

By taking over the business of Hitachi Seiki in Japan and its competitive mill-turn centers, Mori Seiki strengthened its product line and expanded its presence in eastern Japan.

2007 Acquisition of *DIXI Machines* S.A. (Switzerland)

Through DIXI Machines, Mori Seiki acquired technology to improve accuracy and rigidity, including scraping techniques. It became Mori Seiki's first factory outside Japan, providing and accumulating overseas production knowhow for the group.

SAUER GmbH & Co.

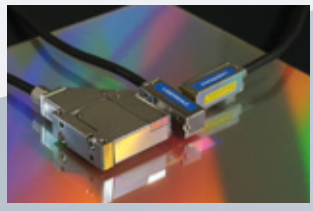
Through SAUER, the group gained ultrasound technologies for machining advanced materials like ceramics, glass, and silicon.

2008

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.



2009

Start of Business Partnership with DMG

2010

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.

2015

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.

2016

Full Management Integration with DMG

2020

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.

2024

Technology for the World 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.

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

Magnescale Co., Ltd.

45 Suzukawa, Isehara City, Kanagawa, Japan https://www.magnescale.com/en/

Enhancing manufacturing and measurement precision with cutting-edge magnetic and optical position detection technology

Magnescale has been providing high-precision magnetic and laser scales to the machine tool and industrial machinery fields for more than half a century. One of its bestsellers, "Magnescale" (after which the company is named), uses magnetism to maintain reliable performance, even in challenging environments like metalworking shops. "Laserscale," on the other hand, has achieved the world's highest resolution of 2.1 picometers and supports the quality control of advanced semiconductor production equipment and ultra-precision machine tools. "Digital Gauge" incorporates Magnescale's high-precision measurement technology into a digital platform and provides digital support for measurements during production and assembly processes. As a JCSS (Japan Calibration Service System for measurement traceability) certified length and angle calibration provider, Magnescale also ensures high traceability in compliance with Japanese national standards. As the accuracy required for machine tools, inspection equipment, and semiconductor production equipment increases, Magnescale and Laserscale are becoming more popular in these fields. In order to ensure a stable supply in the long term, Magnescale decided to build a new plant in Nara, the birthplace of DMG MORI. By expanding its production capacity and strengthening its business continuity planning with the dispersion of production bases, Magnescale aims to become a reliable partner for customers and further enhance its corporate value.

Ultra-high resolution 3D Laserscale

High precision Magnescale SQ47

Rotary Magnescale RS97

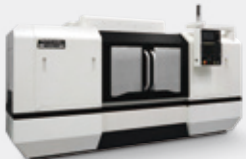
Digital gauge μMATE+

TAIYO KOKI CO., LTD. (Brand name : DMG MORI Precision Grinding)

221-35, Seiryo-machi, Nagaoka City, Niigata, Japan https://www.taiyokoki.com/en/

Fulfilling customers' needs through customization An all-round manufacturer of grinding machines

TAIYO KOKI is a specialized grinding machine manufacturer and has revolutionized vertical grinding with its outstanding creativity and technological know-how. Grinding machines perform the final process of metal machining and demand the highest precision among all types of machine tools. TAIYO KOKI meets such challenging and diverse needs with a wide range of products, including compact machines for mass-produced parts, large-scale machines for high-mix, low-volume production, and comprehensive automation solutions. Founded in 1986, the company joined the Mori Seiki Group in 2001, was listed on the JASDAQ Standard Market in 2007, and later moved to the Tokyo Stock Exchange Standard Market. In 2019, the company achieved annual sales revenue of JPY 10 billion for the first time since its establishment. As the markets for semiconductor production equipment, wind power and other new energy sources, medical devices, and electric vehicles continuously grow and require higher-precision parts, TAIYO KOKI's grinding machines are expected to become even more popular in the future. In fact, the company has reached JPY 10 billion in sales revenue again in 2023 and aims for further growth and record-high sales revenue in 2024, with the launch of a hybrid cylindrical grinding machine and global growth strategy. TAIYO KOKI also plans to strengthen its presence in overseas market by increasing the number of Japanese expatriates in Germany and India. In addition, TAIYO KOKI plans to build new headquarters to develop and manufacture even more precise grinding machines, aligning with the growing demand in the market. With the goal of achieving sales revenue of JPY 20 billion by 2030, TAIYO KOKI will continuously strive to enhance its financial performance and corporate value.



CNC cylindrical grinding machine CGX25/100

CNC vertical multi-process grinding machine CVG-9

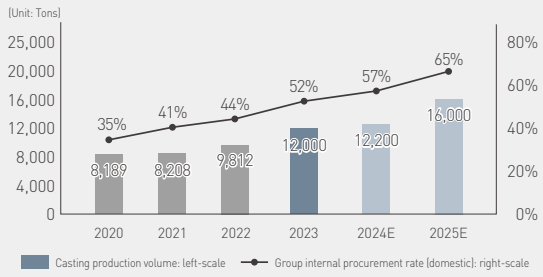
DMG MORI CASTECH CO., LTD.

1378 Otsu-cho, Izumo City, Shimane, Japan https://www.dmgmori-castech.com

Offering stable supply of ecological, high-quality casting products

DMG MORI CASTECH CO., LTD. produces castings for beds and columns of machine tools. Castings are crucial to the accuracy, rigidity, and durability of machine tools, and it is important to ensure high quality and stable procurement. In addition, the production and procurement of castings contribute largely to our carbon footprint, so it is necessary to take measures to address this issue. To solve it, the company is rebuilding its headquarters with the aim of replacing production equipment as well as expanding production capacity. Casting production capacity was less than 12,000 tons per year in 2023, but will increase to about 16,000 tons per year in 2025. The company currently delivers a little more than 40% of the amount used in DMG MORI's production sites in Japan, and intends to increase this ratio to about 65% by 2025. With the construction of the new factory, we switched from the conventional coke oven to the electric furnace in January 2023. The new electric furnace uses CO_2-free electricity and renewable energy. DMG MORI CASTECH's carbon footprint will be reduced from 6,665 tons per year in 2020 to about 140 tons per year in 2025 (down 98% from 2020). In this way, DMG MORI CASTECH will contribute to the stable supply of casting for DMG MORI's production in Japan by increasing the production of castings, which are the main parts of machine tools, and will strive to protect environment by reducing CO_2 emissions through the introduction of new facilities.

Expansion of casting production



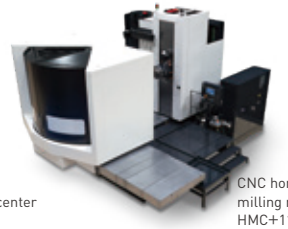
KURAKI Co.,Ltd. (* To be renamed to "DMG MORI Precision Boring Co., Ltd." on April 1, 2024)

1-2-1 Jooka, Nagaoka City, Niigata, Japan https://www.kuraki.co.jp/en/

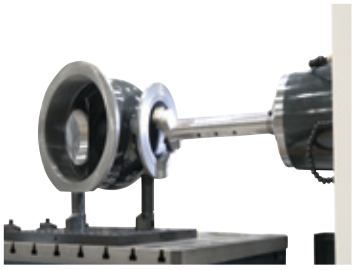
Expanding the global reach of cutting-edge horizontal boring & milling machines

KURAKI is a specialized manufacturer of horizontal boring and milling machines and newly joined the DMG MORI Group in January 2024.
The company was founded in 1938 in Nagaoka City, Niigata Prefecture, a longstanding center of the iron and machinery industry in Japan. While maintaining its headquarters and main plant in Nagaoka City, KURAKI has expanded its presence to the United States, and has established a comprehensive sales and service system. The company's most important products are horizontal boring and milling machines characterized by exceptionally high torque and spindle rigidity with applications in a wide range of industries that process difficult-to-cut and heavy-weight workpieces, such as automotive, construction machinery, infrastructure, energy, marine, and aerospace. Recent product releases include the KTR-1200, a 6-axis machine (5 standard + 1 boring axis) based on conventional horizontal boring and milling machines, as well as the HMC+ series, which meets the needs for compact floor space, high workpiece weights, and more.
In addition to their products, their service system is highly regarded as well, and this shows in the high rate of repeat orders from KURAKI customers. In the industrial machinery field, the company also develops and sells notching machines for prototype applications such as EV motors, and CAD / CAM software as crucial assets of machine tools.
As part of the DMG MORI Group, KURAKI will continue to make their products even more attractive and expand sales to Europe and other parts of the world, aiming to achieve a sales revenue of JPY 10 billion by 2028.

6-axis machining center
KTR-1200



CNC horizontal boring & milling machines
HMC+110



Large diameter boring using a boring spindle

DMG MORI Digital Co., LTD.

1-1-14, Shimonopporo Techno Park, Atsubetsu-ku, Sapporo City, Hokkaido, Japan https://www.dmgmori-digital.co.jp/

Unique IT solutions to accelerate MX

DMG MORI Digital was founded in Sapporo, Japan, in 1980 under the name "B.U.G. CO., LTD.", as an IT startup that originated from Hokkaido University. Since its foundation, the company has been developing advanced technology with its expertise in computer hardware and software. Since becoming a part of the DMG MORI Group in 2008, DMG MORI Digital has been actively involved in the development of advanced software solutions. This includes the user-friendly and competitive next-generation operating software, CELOS X / MAPPS, as well as CELOS DYNAMIC*post*, a software capable of post processing, cutting simulation, and cutting force optimization.
DMG MORI Digital is also engaged in the development of connectivity solutions, linking machines to networks. One example is DMG MORI GATEWAY, our one-stop connectivity service available since 2023. This service includes providing the optimal hardware, building and configuring the network, conducting installation processes, and establishing a seamless connection to the cloud. All these steps are specifically tailored to the unique equipment and network configurations in customers' facilities.
In April 2023, DMG MORI Digital added a new building (West Building) to its existing facilities to offer a more comfortable and efficient work environment for developers. The creative workspace is used to recruit and train new talents and develop high-quality IT solutions. Through these initiatives, DMG MORI Digital plays a crucial role in advancing our Machining Transformation (MX).

TECHNIUM CO., LTD.

DMG MORI Tokyo Digital Innovation Center, 3-1-4 Edagawa Koto-ku, Tokyo, Japan https://www.technium.net/

Supporting the digital transformation (DX) of customers' factories

In 2018, we established TECHNIUM CO., LTD. together with the Nomura Research Institute to support the digital transformation (DX) of our customers' factories.
TECHNIUM develops and operates the Japanese version of "*my* DMG MORI", our online customer portal with over 50,000 users worldwide. In 2023, the platform also launched an online store for DMQP, enabling customers to order a wide range of products with a single click.
TECHNIUM also offers a wide range of other services and software. Their IoT-enabled services are not limited to machines manufactured by DMG MORI but can also be connected to machine tools and peripherals by other manufacturers. With around 5,000 machines in Japan already connected to the cloud, TECHNIUM facilitates remote operation monitoring and predictive maintenance in numerous customer plants through IoT. We will continue to expand the products and services of TECHNIUM to support our customers' machining transformation (MX) as a comprehensive digital solution provider.

SAKI Corporation

DMG MORI Tokyo Digital Innovation Center, 3-1-4 Edagawa Koto-ku, Tokyo, Japan https://www.sakicorp.com/en/

Ensuring manufacturing quality with automated inspection systems for electronic component mounting processes

SAKI Corporation develops, manufactures, and sells automated inspection systems for electronic modules such as mounting boards and power semiconductors. The company's cutting-edge quality inspection systems capture images of electronic circuit boards and automatically identify defects, offering an efficient alternative to conventional visual inspection.
Electronic modules serve as the core components in a wide range of digital and connected devices, including various applications such as automobiles, airplanes, smartphones, personal computers, and crucial network infrastructure like base stations and data servers. In the midst of growing environmental concerns, they have also played a vital role in saving energy. By inspecting electronic modules and eliminating manufacturing defects, SAKI provides the foundation for people's lives and businesses and contributes to the realization of a sustainable society.
SAKI offers a wide range of products, including high-speed automated X-ray inspection systems for in-line inspection of electronic component's high-density mounting processes and semiconductor's back-end processes, as well as scalable inspection systems with various options and statistical process control systems. With its diverse solutions to optimize the quality of the entire manufacturing process, SAKI continues to grow while addressing societal challenges.

High-speed inline automated X-ray inspection system

T Project CO., LTD.

DMG MORI Tokyo Digital Innovation Center, 3-1-4 Edagawa Koto-ku, Tokyo, Japan https://tprj.co.jp/

Sales of TULIP – a low-code platform for field-driven DX

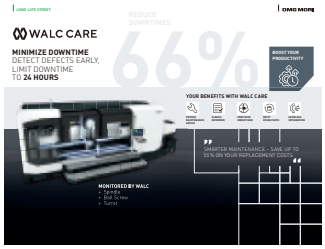
Since its establishment in September 2020, T Project has been providing domestic sales and services for TULIP, a platform developed by the US-based Tulip Interfaces, Inc. for cloud-based manufacturing support applications.
With its low-code nature, TULIP allows app creation and operation without the need for IT expertise and promotes the seamless integration with production equipment, external systems, and services. At DMG MORI's global production sites, TULIP is actively supporting productivity and quality.
TULIP offers versatile applications in various manufacturing fields. With only a small amount of training time needed, it is also an excellent tool for creating reporting documentation and ensuring traceability.
Our TULIP Experience Centers (TECs), where visitors can experience TULIP hands-on, have been in operation since 2022, with new centers in Sendai and Nara opening in September 2023. Together with Tokyo, Nagoya, Hamamatsu, and Kanazawa, we now operate a total of 6 TECs across Japan to offer TULIP demonstrations.

WALC Inc.

13-15 Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan https://www.walc.co.jp/

Exploring future technologies for software services

WALC Inc. was established in Shibuya, the vibrant heart of Tokyo, on April 1, 2022, and carries forward the legacy of our former "Emerging Technology Laboratory" founded in 2017. Created as a hub for fostering talents and leaders of the digital revolution in manufacturing, WALC is driving the digital transformation (DX) of the industry through cutting-edge software solutions.
The company name "WALC" means "Waltz" in Polish, a ballroom dance set to triple meter. Accordingly, WALC's philosophy is to cultivate talented engineers with masterful skills in the three key elements of digitization: AI, IoT, and Cloud computing, to delve into uncharted technological territory and pave the way for an open and innovative future.
In 2023, WALC took over the development of WH-AMR (Autonomous Mobile Robot), a cutting-edge self-driving robot from DMG MORI. This innovative automation system enhances operational efficiency and labor savings, serving as a seamless solution for tool and workpiece transfer alongside machine tools. Additionally, WALC has developed the WALC CARE KIT to simplify the integration of WALC CARE, a health monitoring service for predictive maintenance of machine tools to maximize the utilization of customer equipment.



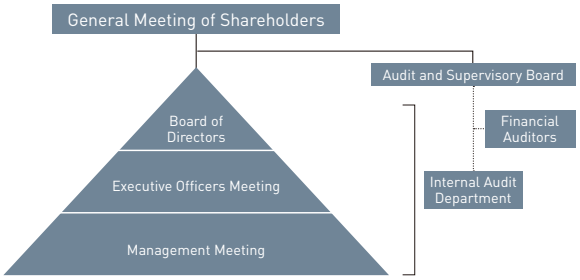
Governance Structure

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.

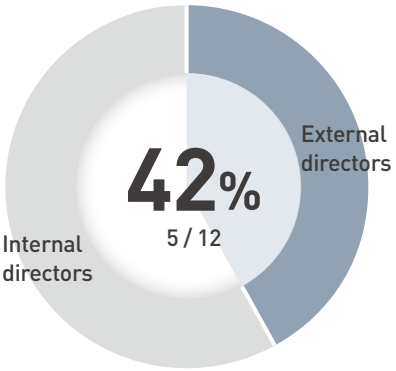
4. Audit and Supervisory Board
The Audit and Supervisory Board consists of one full-time Corporate Auditor, who is well experienced and familiar with our internal affairs, and several independent External Auditors. In accordance with the audit policy, the auditors attend and express their opinions at 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.

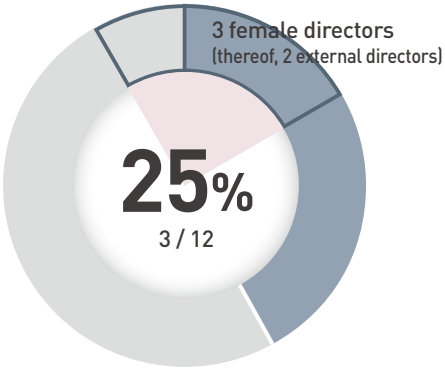
6. Executive Officers
Business operations and progress evaluation functions are separated from decision-making and supervision functions. Our Executive Officers system also serves the purpose of training the next generation of Directors and managers.
As of March 28, 2024, we have a diverse team of 41 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)

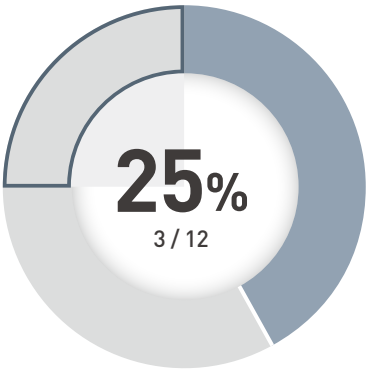
External directors' ratio



Female directors' ratio



Non-Japanese directors' ratio



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

Remuneration of Directors and Corporate Auditors

The amount of remuneration, etc. of the Company's directors and Corporate Auditors and the method for its calculation are determined within the remuneration framework approved by the annual general shareholders meeting. In case of directors, remunerations are determined by taking each director's contributions to business and the status of business execution into account. In case of Corporate Auditors, remunerations are determined by discussions among Corporate Auditors.
The table below shows the remunerations in 2023.

1) Company Policy regarding Deliberation of Remuneration, etc. for Directors and Auditors

To attract and retain personnel who will contribute to the sustainable enhancement of the Company's corporate value on a global scale, the remuneration system of directors and Corporate Auditors shall be based on the short- and long-term business performance and be transparent and competitive as required of a public company in a global market.
The Company has adopted the highly transparent remuneration system of Germany, in which remuneration is disclosed regardless of the amount, as its benchmark, given the nature of the Company's business and that the Company appoints non-Japanese directors and has DMG MORI AG, a listed company on the German stock market, as a part of the consolidated result. Accordingly, the remuneration, etc. consists of fixed and variable remuneration.
The variable remuneration consists of a "bonus", based on the short-term business performance of a fiscal year, and a "stock compensation", based on the long-term business performance over multiple fiscal years. In order to distinguish clear responsibilities among directors and achieve the fiscal year's target, the Company takes the company-wide achievement ratio of financial targets such as consolidated sales revenue and consolidated operating profit, and the personal achievement ratio of targets under the jurisdiction of each director into account when calculating the bonus amount. The target of each director includes an achievement of societal responsibility such as carbon footprint reduction.
Furthermore, as set by the Board of Directors as a standard unique to the Company, the remuneration of each director shall not exceed 50 times the average annual salary of the general employee. However, external directors and Corporate Auditors who are independent from the execution of business shall only receive the fixed remuneration, which is the basic compensation. The policy and composition of remuneration for directors are consulted with a voluntary remuneration committee consisting of one internal director, one external director and one external Corporate Auditor. Upon the opinion from the remuneration committee, the final decision is made in the board of directors meeting including 5 external directors and 2 external Corporate Auditors. The evaluation of business performance and compensation for each director is also consulted with the voluntary compensation committee. After receiving the report, the amount of remuneration for each director is entrusted to and determined by President and representative Director Dr. Masahiko Mori. Upon the opinion from the remuneration committee, the amount and the process of its determination is reported and approved in the board of directors meeting.
The fixed remuneration, which is the basic compensation, is based on each director's position and level of responsibility and is set at a ratio of 4:2:1.4:1 for president and representative director, executive vice president and representative directors, vice president and directors, and other directors. With regard to the remuneration related to business performance, the bonus bound to the result of one fiscal year cannot exceed 1.5 times the basic compensation and depends on the consolidated performance indicators and the individual performance evaluation. However, the bonus of the president and representative director only takes the consolidated business performance indicators into account. With regard to stock compensation, stock compensation with transfer restrictions is granted irregularly and is determined by the board of directors on a case-by-case basis.
The board of directors has confirmed that the method of determining the details of remuneration, the final remuneration amount, etc. for each director for this fiscal year are consistent with the decision policy resolved by the board of directors.

2) Total remuneration per category, total amount per type of remuneration, etc., and number of applicable directors and Corporate Auditors

Category (Director / Corporate Auditor)	Total remuneration, etc. (JPY million)	Total amount per type of remuneration, etc. (JPY million)			Applicable number of directors or Corporate Auditors
		Base remuneration	Renumeration based on business performance, etc.	Non-monetary remuneration, etc.	
Directors (excluding external directors)	976	489	468	18	5
Corporate Auditors (excluding external Corporate Auditors)	35	35	—	—	2
External Directors	120	120	—	—	6
External Corporate Auditors	30	30	—	—	2
Total	1,161	674	468	18	15

(notes) 1. All listed figures are rounded down to JPY millions.
2. Non-monetary remuneration includes the cost for granting restricted shares.
3. The amount of remunerations, etc. of Directors is based on the resolution of the 71st annual general shareholders meeting on March 22nd, 2019, determining that the total annual amount of remuneration shall be within JPY 2 billion (including the annual amount of remuneration for external directors, which shall be no more than JPY 200 million). At the end of the 71st annual general shareholders meeting, the total number of Directors is 12 (of which 5 were external directors). In addition, apart from the above, the 70th annual general shareholders meeting on March 22nd, 2018, determined that the total annual amount for transfer restricted shares shall be no more than JPY 300 million for internal directors (and such remunerations shall not be granted to external directors). At the end of the 70th annual general shareholders meeting, the total number of internal directors is 7.
4. The amount of remunerations, etc. for Corporate Auditors is in accordance to the decision made at the 59th annual general meeting of shareholders on June 28th, 2007, determining that the total annual amount shall be no more than JPY 100 million. At the end of the 59th annual general shareholders meeting, the total number of auditors is 3.
5. The amounts listed above do not include the remunerations, etc. paid by the Company's subsidiaries.
6. The above includes remuneration, etc. for one director who retired due to expiration of his term of office at the conclusion of the 75th Annual General Meeting of Shareholders held on March 28, 2023.

3) Total amount of consolidated remuneration, etc. per director and Corporate Auditor

Name or position	Category (Director / Corporate Auditors)	Company name	Amount per type of consolidated remuneration, etc. (JPY million)			Fiscal Year 2023 (current fiscal year) Total amount of consolidated remuneration, etc. (JPY million)	(For reference) Fiscal Year 2022 Total amount of consolidated remuneration, etc. (JPY million)
			Base remuneration	Renumeration based on business performance, etc.	Non-monetary remuneration		
Masahiko Mori	Director	DMG MORI CO., LTD.	200	200	4	404	379
Hiroaki Tamai	Director	DMG MORI CO., LTD.	100	95	5	200	180
Hirotake Kobayashi	Director	DMG MORI CO., LTD.	100	91	8	199	178
Makoto Fujishima	Director	DMG MORI CO., LTD.	70	63	—	132	129
James Nudo	Director	DMG MORI CO., LTD. / DMG MORI USA, Inc. / DMG MORI EMEA GmbH	98	98	—	196	179
Irene Bader	Director	DMG MORI CO., LTD. / DMG MORI Global Marketing GmbH	40	40	—	81	—
External Directors	External	DMG MORI CO., LTD.	120	—	—	120	96
Toshio Kawayama	Corporate Auditor	DMG MORI CO., LTD.	7	—	—	7	35
Masahiro Yanagihara	Corporate Auditor	DMG MORI CO., LTD.	27	—	—	27	—
External Corporate Auditors	External	DMG MORI CO., LTD.	30	—	—	30	30

(notes) 1. All listed figures are rounded down to JPY millions.
2. President and representative Director Dr. Masahiko Mori is also appointed as chairman of the supervisory board of DMG MORI AG and director of TAIYO KOKI CO., LTD., but does not receive any remunerations from either company.
3. Mr. Masahiro Yanagihara was newly elected and assumed the position of Corporate Auditor at the 75th annual general shareholders meeting on March 28, 2023.
4. Ms. Irene Bader was newly elected and appointed as a Director at the 75th Annual General Meeting of Shareholders held on March 28, 2023.
5. Mr. Toshio Kawayama retired from the position of Corporate Auditor due to expiration of his term of office at the conclusion of the 75th Annual General Meeting of Shareholders held on March 28, 2023.
6. The number of external directors subject to the total amount of remuneration, etc. was 6 in FY2023 (including 1 who retired due to expiration of his term of office at the conclusion of the 75th Annual General Meeting of Shareholders held on March 28, 2023) and 4 in FY2022.
7. The number of external auditors subject to the total amount of remuneration, etc. was 2 in FY2023 and 2 in FY2022.

Our Governance Policy and Relationship with Listed Subsidiaries

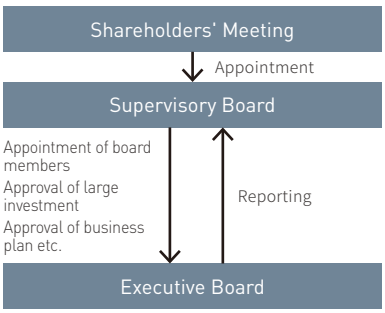
As of December 31, 2023, DMG MORI CO., LTD. has two listed subsidiaries in Japan and Germany. Both subsidiaries are primarily engaged in the machine tool business, which is the core business of the DMG MORI Group. This shared commitment serves to cultivate robust business synergies across the entire group. Together, we are strategically leveraging our respective strengths, while working towards establishing a governance system to preserve the rights of general shareholders. This collaborative effort aims at enhancing the overall corporate value of the entire group, and thus DMG MORI CO., LTD.

1.DMG MORI AKTIENGESELLSCHAFT

The German DMG MORI AKTIENGESELLSCHAFT (hereafter referred to as "AG") is listed on the Prime Standard market of the Frankfurt Stock Exchange. As of December 31, 2023, DMG MORI CO., LTD. owns 88.23% of AG's outstanding shares. Under German law, the General Meeting of Shareholders elects the members of the Supervisory Board, which appoints and dismisses the Executive Board. Since DMG MORI CO., LTD. holds more than 3 / 4 of the voting rights, it can wield significant influence, through the Supervisory Board, over the appointment of Executive Board members and the overall management of the company. Regarding the protection of general shareholders, we signed a Domination and Profit and Loss Transfer Agreement (DPLTA) in August 2016, which limits the rights of general shareholders regarding their involvement in the management of AG. However, as economic compensation, a fixed amount of recurring compensation is paid each fiscal year regardless of AG's performance. In addition, we have established a voluntary commitment that at least 50% of the Supervisory Board members must be independent to strengthen corporate governance.
Although we, DMG MORI CO., LTD., and DMG MORI AG are effectively operating as one company, maintaining AG's listing will (1) improve management transparency by ensuring that AG meets the governance, auditing, and internal control standards required of a publicly listed company in Germany, (2) attract and motivate talented employees by maintaining and improving its name recognition as one of the oldest and most prominent companies in Germany, and (3) facilitate transactions with business partners and customers in the region, given AG's character as a European company. As stated above, we believe that it is significant for AG to remain listed in Germany, while conducting its business operations as an integral part of our company.

Our shareholding ratio

Approx. 88%



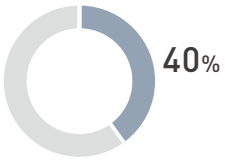
2.TAIYO KOKI CO., LTD.

TAIYO KOKI is a specialized manufacturer of grinding machines headquartered in Nagaoka City, Niigata Prefecture. The company is listed on the Standard Market of the Tokyo Stock Exchange. As of December 31, 2023, our shareholding ratio in the company is 50.85%. Since grinding is used for the finishing processes of metal machining, Taiyo Koki's customer base closely overlaps with that of DMG MORI. This creates a synergy effect within the group, particularly in terms of sales. Furthermore, by sharing our established sales network beyond Japan, TAIYO KOKI can effectively expand its market reach and enhance the sale of its products.
The governance system for the preservation of general shareholders consists of two rules. (1) Two out of five directors, or more than 1 / 3 of the Board of Directors, must be independent external directors. (2) Intra-group transactions between TAIYO KOKI and DMG MORI CO., LTD. are determined fairly and appropriately after price negotiations on a case-by-case basis, taking market prices into consideration, as with other general business partners. The status of such transactions is regularly confirmed by the company's Board of Directors.
Since the demand cycle for grinding machines is different from that of our products, it is highly significant to continue the evaluation system with TAIYO KOKI as a separate company. In addition, we anticipate that maintaining the listing of TAIYO KOKI will not only increase the motivation of its management team and employees but also create a synergy effect that enhances the overall quality of the group management. Notably, TAIYO KOKI has introduced a stock compensation system for its management team and employees, and we expect that this system will contribute to elevating the corporate value of TAIYO KOKI and, consequently, the corporate value of DMG MORI CO., LTD.

Our shareholding ratio

50.85%

Ratio of independent external directors



Board of Directors

Introduction of Directors
As of March 28th, 2024

Masahiko Mori

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

Mar. 1985	Graduated from the Department of Precision Engineering, Faculty of Engineering, Kyoto University
Apr. 1985	Joined ITOCHU Corporation
Apr. 1993	Joined the Company
Jun. 1994	Director, General Manager, Planning / Management Office and International Affairs Department
Jun. 1996	Senior Director
Jun. 1997	Executive Director
Jun. 1999	President (incumbent)
Oct. 2003	Dr. Eng. of the University of Tokyo
Nov. 2009	Member of Supervisory Board, DMG MORI AKTIENGESELLSCHAFT
May 2018	Chairman of Supervisory Board, DMG MORI AKTIENGESELLSCHAFT (incumbent)

Hiroaki Tamai

Executive Vice President
Director in charge of Administration and Production

Mar. 1983	Graduated from the Faculty of Commerce, Doshisha University
Mar. 1983	Joined the Company
Jun. 2003	Director, Executive General Manager, Administrative HQ
Jun. 2007	Senior Director, Executive General Manager, Administrative HQ
Jun. 2008	Executive Director, Executive General Manager, Administrative HQ
Jun. 2014	Executive Vice President, Director in charge of Sales and Engineering / Administration, Executive General Manager, Sales and Engineering HQ / Administrative HQ
Mar. 2016	Executive Vice President, Director in charge of Administration, Executive General Manager, Administrative HQ
Feb. 2020	Executive Vice President, Director in charge of Administration / Production, Executive General Manager, Administrative HQ (incumbent)

Hirotake Kobayashi

Executive Vice President
Director in charge of Accounting / Finance and Sales

Mar. 1977	Graduated from the Faculty of Economics, Keio University
Apr. 1977	Joined Kirin Brewery Company, Limited (currently Kirin Holdings Company, Limited)
Mar. 2012	Representative Director, Managing Director, Kirin Holdings Company, Limited
Oct. 2015	Joined the Company Senior Executive Officer, Vice Executive General Manager, Accounting / Finance HQ
Mar. 2016	Executive Director in charge of Accounting / Finance, Executive General Manager, Accounting / Finance HQ
Mar. 2017	Executive Vice President, Director in charge of Accounting / Finance, Executive General Manager, Accounting / Finance HQ
Jan. 2021	Executive Vice President, Director in charge of Accounting / Finance and Sales, Executive General Manager, Accounting / Finance HQ (incumbent)
Jan. 2024	Executive Board Member, DMG MORI AKTIENGESELLSCHAFT (incumbent)

Makoto Fujishima

Dr. Eng.
Vice President
Director in charge of Quality

Mar. 1981	Graduated from the Department of Electronic Engineering, Faculty of Engineering, Doshisha University
Mar. 1981	Joined the Company
Mar. 2001	General Manager, Control Technology Department
Sep. 2002	Dr. Eng. of Kyoto University
Jun. 2003	Director, General Manager, Control Technology Laboratory of the Company
Jun. 2005	Senior Director, Executive General Manager, Development / Manufacturing HQ (in charge of Development), General Manager, Information System Department
Apr. 2014	Senior Executive Officer, Manufacturing / Development / Quality HQ (in charge of Electrical Circuit / Control)
Jan. 2019	Senior Executive Officer, President, R&D HQ
Mar. 2019	Executive Director in charge of Research & Development, President, R&D HQ
Apr. 2021	Executive Director, Executive General Manager, Quality HQ
Aug. 2021	Vice President, Director in charge of Quality, Executive General Manager, Quality HQ (incumbent)

James Nudo

J.D.
Vice President
Director in charge of the Americas

Jun. 1981	Juris Doctor of Loyola University Law School
Nov. 1981	Registered as Attorney at law in the State of Illinois, U.S.A. and the United States Federal Courts
Jun. 1982	Established Law Offices of James V. Nudo
Aug. 1992	Joined Yamazen, Inc.
Apr. 2003	Joined the Company
Jul. 2014	Operating Officer, General Manager, International Legal Department
Jan. 2017	Executive Officer, General Manager, International Legal / International Human Resources Department
Jan. 2019	Senior Executive Officer, President and Director, DMG MORI USA, Inc.
Mar. 2019	Executive Director in charge of the Americas, President and Director, DMG MORI USA, Inc.
Aug. 2021	Vice President, Director in charge of the Americas, CEO, DMG MORI AMERICAS HOLDING CORPORATION
Sep. 2022	Vice President, Director in charge of the Americas, President, DMG MORI AMERICAS HOLDING CORPORATION, Managing Director, DMG MORI EMEA GmbH (incumbent)

Alfred Geißler

Director in charge of DMG MORI AKTIENGESELLSCHAFT of the company

Feb. 1983	Graduated from Technische Hochschule Augsburg
Jul. 1983	Joined IROBUS Robot Systems (currently DMG MORI Pfronten GmbH)
Jan. 1997	Head of Production, DECKEL MAHO Pfronten GmbH (currently DMG MORI Pfronten GmbH)
Jul. 2000	Head of R&D, DMG MORI Pfronten GmbH
Jul. 2005	Managing Director in charge of R&D / Production / Quality and Finance, DMG MORI Pfronten GmbH
Sep. 2016	Managing Director in charge of R&D / Production / Quality and Finance, DMG MORI Pfronten GmbH, Managing Director in charge of R&D and Quality, DECKEL MAHO Seebach GmbH (currently DMG MORI Seebach GmbH)
May 2023	Chairman of the Executive Board, DMG MORI AKTIENGESELLSCHAFT (incumbent)
Jul. 2023	Senior Executive Officer, Director in charge of DMG MORI AKTIENGESELLSCHAFT
Mar. 2024	Director in charge of DMG MORI AKTIENGESELLSCHAFT of the company (incumbent)

Irene Bader

Director in charge of Global Corporate Communication

Jun. 1999	Graduated from Akademie für Sprachen und Wirtschaft
Mar. 2001	Joined DMG Büll & Strunz GmbH (currently DMG MORI Austria GmbH)
Jan. 2002	Technical Press and Marketing Manager, GILDEMEISTER AKTIENGESELLSCHAFT (currently DMG MORI AKTIENGESELLSCHAFT)
Apr. 2005	Marketing Manager, MORI SEIKI GmbH (currently DMG MORI Global Marketing GmbH)
Mar. 2012	MBA from The Open University Business School
May 2016	Member of Supervisory Board, DMG MORI AKTIENGESELLSCHAFT (incumbent)
Jan. 2017	Operating Officer in charge of Global Corporate Communication
Jan. 2019	Executive Officer in charge of Global Corporate Communication
Jan. 2023	Senior Executive Officer in charge of Global Corporate Communication
Mar. 2023	Director in charge of Global Corporate Communication (incumbent)

Introduction of External Directors

As of March 28th, 2024

Takashi Mitachi

External Director

Mar. 1979 Graduated from the Faculty of Letters, Kyoto University
Apr. 1979 Joined Japan Airlines Co., Ltd.
Jun. 1992 Received MBA from Harvard Business School
Oct. 1993 Joined The Boston Consulting Group
Jan. 2005 Japan Co-chair, The Boston Consulting Group
Mar. 2016 Outside Director, Rakuten, Inc. (currently Rakuten Group, Inc.) (incumbent)
Mar. 2017 External Director of the Company (incumbent)
Outside Director, Unicharm Corporation
Jun. 2017 Director (Outside Director), Tokio Marine Holdings, Inc. (incumbent)
Oct. 2017 Senior Advisor, The Boston Consulting Group
Jun. 2022 Outside Director, Sumitomo Corporation (incumbent)

Makoto Nakajima

External Director
Attorney

Mar. 1974 Graduated from the Faculty of Law, The University of Tokyo
Apr. 1974 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
Jan. 2001 Director-General, Kansai Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry
Jun. 2004 Director-General, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry
Sep. 2005 Commissioner, Japan Patent Office
Jul. 2007 Retired from office
Feb. 2008 Consultant, Sumitomo Electric Industries, Ltd.
Apr. 2009 Registered as Attorney at law
Oct. 2009 Managing Executive Officer, Sumitomo Electric Industries, Ltd.
Jun. 2010 Managing Director, Sumitomo Electric Industries, Ltd.
Jun. 2014 Representative Senior Managing Director, Sumitomo Electric Industries, Ltd.
Jun. 2016 Vice Chairman and Senior Executive Managing Director, Japan Institute of Invention and Innovation
Oct. 2016 Outside Director, AIRI Co., Ltd (incumbent)
Mar. 2017 External Director of the Company (incumbent)
Jun. 2021 Advisor, Japan Institute of Invention and Innovation

Hiroko Watanabe

External Director

Mar. 1984 Graduated from the Faculty of Humanities, Jissen Women's University
Mar. 1986 Joined Fuji Electronics Industry Co., Ltd.
Jun. 1998 Director, Fuji Electronics Industry Co., Ltd.
Apr. 1999 Managing Director, Fuji Electronics Industry Co., Ltd.
Jun. 2008 President, Fuji Electronics Industry Co., Ltd. (incumbent)
May 2009 Director, Osaka Prefectural Manufacturing & Industrial Association (incumbent)
May 2016 Director, Japan Industrial Furnace Manufacturers Association (incumbent)
Chairperson, Monozukuri Nadeshiko
Jun. 2017 Awarded by the Prime Minister for distinguished contribution toward the creation of a gender-equal society
Mar. 2021 External Director of the Company (incumbent)
Apr. 2021 Chairperson, Monozukuri Nadeshiko (incumbent)
Mar. 2023 Temporary Member, Council for Small and Medium Enterprise Policy, Ministry of Economy, Trade and Industry (incumbent)
Jun. 2023 Chair, Japan Metal Heat Treatment Association (incumbent)
Jun. 2023 Director, The Japan Society for Heat Treatment (incumbent)

Mamoru Mitsuishi

Ph.D.
External Director

Mar. 1979 Graduated from the Faculty of Science, The University of Tokyo
Mar. 1981 Graduated from the Faculty of Engineering, The University of Tokyo
Mar. 1986 Completed the Department of Mechanical Engineering, Graduate School of Engineering, The University of Tokyo (Doctor of Engineering)
Apr. 1986 Lecturer, Faculty of Engineering, The University of Tokyo (Department of Industrial Mechanical Engineering)
Apr. 1989 Assistant Professor, Faculty of Engineering, The University of Tokyo (Department of Industrial Mechanical Engineering)
Aug. 1999 Professor, Graduate School of Engineering, The University of Tokyo (Department of Industrial Mechanical Engineering)
Apr. 2014 Dean of the Graduate School of Engineering and Dean of the Faculty of Engineering, The University of Tokyo
Apr. 2017 University Executive Director and Vice President, The University of Tokyo
Feb. 2019 Representative Director, CIRP JAPAN
Aug. 2019 President, CIRP (International Academy for Production Engineering)
Apr. 2022 Director, National Institution for Academic Degrees and Quality Enhancement of Higher Education (incumbent)
Specially Appointed Professor, Teikyo University Advanced Comprehensive Research Organization (incumbent)
Visiting Professor, Research Council, Future Robotics Organization, Waseda University (incumbent)
Jun. 2022 Professor Emeritus, The University of Tokyo
Mar. 2023 External Director of the Company (incumbent)
Apr. 2023 Visiting Researcher, Japan Aerospace Exploration Agency (incumbent)
Oct. 2023 President, Science Council of Japan (incumbent)
Nov. 2023 Member, Council for Science, Technology and Innovation (incumbent)

Eriko Kawai

External Director

Sep. 1981 Graduated from Harvard University
Oct. 1981 Joined Nomura Research Institute, Ltd.
Jun. 1985 MBA from INSEAD (Institut Européen d'Administration des Affaires)
Sep. 1985 Management Consultant, McKinsey & Company
Oct. 1986 Fund Manager, Mercury Asset Management, SG Warburg
Nov. 1995 Director and Executive Officer in charge of Investment (CIO), Yamaichi Regent ABC Polska
Jul. 1998 Pension Fund Administrator, BIS (Bank for International Settlements)
Oct. 2004 Pension Fund Administrator, OECD (Organization for Economic Cooperation and Development)
Apr. 2012 Professor, Kyoto University
Jun. 2018 Outside Director, Daiwa Securities Group Inc. (incumbent)
Mar. 2021 Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd. (incumbent)
Apr. 2021 Professor Emeritus, Kyoto University
Jun. 2021 Outside Director, Mitsui Fudosan Co., Ltd. (incumbent)
Mar. 2023 External Director of the Company (incumbent)

Introduction of Corporate Auditors

As of March 28th, 2024

Masahiro Yanagihara

Corporate Auditor

Mar. 1983 Graduated from the School of Economics, Kwansei Gakuin University
Mar. 1983 Joined the Company
Mar. 1998 President, MORI SEIKI FRANCE S.A.
May 2005 General Manager, Americas Department
Apr. 2010 Operating Officer, General Manager of President's Office and Public Relations Department
Apr. 2014 Operating Officer and Vice Executive General Manager, Administrative HQ
Nov. 2017 Senior Director and General Manager, Secretarial Department
Mar. 2023 Full-time Corporate Auditor (incumbent)

Introduction of External Corporate Auditors

As of March 28th, 2024

Yoshinori Kawamura

External Corporate Auditor

Mar. 1975 Graduated from the Faculty of Economics, Kyoto University
Apr. 1975 Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Jun. 2005 Managing Director and Head of the Americas Division, Sumitomo Mitsui Banking Corporation
Apr. 2008 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
Apr. 2009 Deputy President, Member of the Board, Sumitomo Mitsui Banking Corporation
Jun. 2011 President, Sumitomo Mitsui Finance and Leasing Company, Limited
Jun. 2017 Special Advisor, Sumitomo Mitsui Finance and Leasing Company, Limited
Director, HANSHIN ELECTRIC RAILWAY CO., LTD. (part-time, incumbent)
Jun. 2018 External Director, Japan Bank for International Cooperation (incumbent)
Mar. 2019 External Audit & Supervisory Board Member of the Company (incumbent)

Takahiro Iwase

External Corporate Auditor

Mar. 1975 Graduated from the School of Engineering, Nagoya University
Mar. 1977 Completed master's course, Graduate School of Engineering, Nagoya University
Apr. 1977 Joined Toyota Motor Co., Ltd. (currently TOYOTA MOTOR CORPORATION)
Jun. 2005 Managing Officer, TOYOTA MOTOR CORPORATION
Jun. 2009 Senior Managing Director, TOYOTA MOTOR CORPORATION Outside Audit & Supervisory Board Member, Chuo Spring Co., Ltd.
Apr. 2011 Vice Chairman of the Board of Directors, Toyota Motor Asia Pacific Pte Ltd.
Jun. 2011 Senior Managing Officer, TOYOTA MOTOR CORPORATION
Jun. 2014 President, TOYOTA AUTO BODY CO., LTD.
Apr. 2016 Standing Advisor, Aichi Steel Corporation
Jun. 2016 Chairman, Aichi Steel Corporation
Jun. 2017 External Audit & Supervisory Board Member, Chuo Spring Co., Ltd.
Mar. 2021 External Auditor of the Company (incumbent)
Jun. 2021 External Director of Makita Corporation (incumbent)

External Director Interview: Hiroko Watanabe

(Mr. Graeme MacDonald, Citigroup Global Markets Japan Inc.) In recent years, more external directors, as well as an increasing number of female directors, have been appointed by Japanese companies. However, there are concerns about their roles becoming symbolic. Consequently, investors are showing greater interest in the selection process and actual contributions of external directors, fostering increased dialogue. In terms of board composition, we see DMG MORI as a pioneer in the field of diversity, with an external director's ratio of 45%, 3 female directors and 2 directors of foreign nationality.

Q: How did you become an external director at DMG MORI?

As the president of a company producing and selling heat treatment equipment, I am deeply involved in the manufacturing industry myself. And as a member of the JMTBA, I have known DMG MORI since before becoming a director. Eventually, I was offered the position directly by Dr. Mori. I personally believe that my expertise in the machine tool and manufacturing industries, along with my experience in global entrepreneurship, were appealing factors.

Q: DMG MORI does not have a nominating committee in place for director selection. Have you ever discussed the necessity at board meetings?

We have never addressed the necessity of a nominating committee. At DMG MORI, the 11 board members include 5 external directors, 3 female directors and 2 directors of foreign nationality (as of the end of 2023), so the board is already quite diverse in my opinion. Also, their fields of expertise ranging from management to technology and law are varied, which shows in the vivid exchange of opinions we have. Still, regardless of the board's composition being diverse, I share the opinion of the public pointing out a lack of transparency and feel the need for discussions in the future.

Q: With a sudden spike in demand for external directors, do you see a problem of being appointed in multiple companies at once and having to distribute your capacities?

When I was inquired about signing up in a candidate list for another company, I declined by saying that I don't have

the time. Especially women are in high demand and receive offers from many companies.
In discussion with fellow external directors, we concluded that holding 3-5 positions at once would be the limit for properly understanding a company and giving feedback.
As for DMG MORI, the external directors with multiple positions are all actively participating in discussions.
This is possible because we receive all information necessary for discussion in a timely manner. For example, when the Nikkei Newspaper reported on the military misuse of DMG MORI machine tools in China, I immediately received a phone call from Mr. Tamai, Vice President in charge of export control, and was directly informed of the facts. This is just one example, but I believe that information related to corporate risks and value creation is shared promptly and accurately, so the board of directors is in a position to make appropriate decisions.

Q: Dr. Mori is a charismatic leader and a major shareholder of DMG MORI. How do external directors voice their opinions and opposing views at the board meetings under his chairmanship?

At board meetings, the internal directors usually present future investment plans and management directions, to which we external directors offer our opinions and request detailed explanations. In case of insufficient information for decision making, we may propose to wait and ask for further consideration. I feel that Dr. Mori and the other internal directors respond sincerely to the opinions and questions from our side and fulfill their accountability. If they are unable to answer on the spot, they deliver an updated report on the following day.
While we external directors are rare to strongly oppose a certain management direction head-on, this is not due to being unable to do so but because we genuinely agree with the directions and don't feel the need for it. The present external directors of DMG MORI are, without a doubt, individuals who wouldn't hesitate to voice opposing opinions or express concerns when needed.
As one example from this year's board meeting, an external director raised a valid concern that even though security significantly influences our export control, making any references to political matters could potentially result in reputational risks. I believe both internal and external directors share this perspective and are putting in into practice.

Q: Have you ever discussed the appropriateness of remuneration and the KPIs of directors?

Since Dr. Mori's remuneration is low compared to overseas directors, we once suggested a further increase. While a president should shoulder the most responsibility during times of poor performance, Dr. Mori's management strategy has yielded significant results. His valuable contributions deserve greater recognition. With that being said, the issue of executive compensation is difficult to discuss as the general shareholders' perception differs between Japan, Europe, and the United States.
The KPIs for evaluating the remuneration consist of general financial indicators such as consolidated sales and operating profit, as well as non-financial indicators tied to reducing environmental impact and other unique initiatives of DMG MORI.
Other indicators such as EPS, PBR, and ROIC are reported at board meetings and discussed with cost of capital in mind. They are not included in the KPIs

because we see them as the outcome of growing sales, profit and corporate value. The same applies to the FCF (Free Cash Flow). We are monitoring it, but don't believe that it fits well as an indicator for executive remuneration because it can be influenced by short-term factors like disruptions in the supply chain of components and transportation costs.
In the capital market, all companies are often evaluated

by standardized indicators such as ROE and ROIC. While they are undoubtedly important, every company has its own unique technology, products, and business cycles such as investment and payback periods. In my opinion, it is important to manage indicators that match the characteristics and cycles of each company, and as a result, lead to improvements in ROE and ROIC.

Q: Where do you see the challenges in DMG MORI's management?

At the board, we are discussing the risks concerning Dr. Mori's succession. The sudden hospitalization or passing away of a company's president always causes immense disturbance, even in companies of smaller scale. In case of an organization the size of DMG MORI, we have to achieve a step-by-step transition within the 5 to 10 years' time horizon, meaning that we must start the preparation of a new organization now. When Dr. Mori was appointed president of Mori Seiki at the age of 37, senior counselors were appointed as well. So, besides enabling young executive candidates to gain

experience, it is also important to establish an appropriate internal succession system. Regarding the successor, there is also the possibility of continued leadership by the founding family. Founders possess a high level of commitment and responsibility that can greatly contribute to the long-term growth of a company. In any case, I believe it is the responsibility of the Board of Directors to establish a system to support the new management and ensure a smooth transition from Dr. Mori.

In addition, while we have made relatively good progress in securing and developing top talents, it's essential not to overlook the majority of our employees and how to inspire their active engagement within the company. The larger the number of foreign employees and group companies acquired through M&A activities, the more crucial it becomes to enhance everyone's skills and motivation through effective communication. Ensuring that all employees can fully realize their potential is our responsibility as a sizable, compliance-oriented company.

I clearly see the Board of Directors as a place that allows for open discussions, but from the interview with investors, I see that we are lacking transparency and I better understand their concerns as well. I will make sure to address these concerns at future board meetings and improve our transparency towards the public.

(Mr. Graeme MacDonald, Citigroup Global Markets Japan Inc.)
Thank you very much for the valuable discussion. We greatly appreciate the insights into the contributions of external directors to DMG MORI and its board.

(This interview was conducted in early December 2023.)

External Director Message: Takashi Mitachi

Takashi Mitachi
External Director

In the fiscal year 2023, the Board of Directors, particularly external directors, directed their efforts towards providing guidance and oversight to the executive leadership. The primary objective was to enhance the quality of decision-making processes, thereby preventing any potential downturn in corporate value amidst expected strong performance. Essentially, the emphasis lay on preserving corporate value rather than mere strengthening.

In light of increasing geopolitical uncertainties, there is a heightened risk of exported machine tools being subjected to unauthorized resale or relocation in violation of contractual agreements. Such incidents also expose the company to reputational risks. Despite maintaining close communication with governments in each country from an early stage and implementing stringent export control processes within the company, such incidents have never completely ceased to occur and 2023 was no exception.
At the onset of an incident, information is immediately shared with the board members, even outside of regularly held board meetings, and countermeasures are presented and discussed.
As a result, we have implemented a series of measures, including a safety function to remotely shut down the operation of customer machines made in Germany and Japan in case of unauthorized relocation. Our shareholders can rest assured that DMG MORI has established a world-class export control system and will stay alert at all times.

In addition, changes were also made to the management structure of the German subsidiary, DMG MORI AG. These changes will foster integrated corporate management and strengthen global governance as one global company. Still, when important overseas subsidiaries undergo such thorough structural change, there is always the risk of damage to corporate value, including the retirement of key personnel.
In response, proper explanations of the details of this reorganization were given at the Board of Directors several times, and after further discussion, the necessary measures were implemented. Ultimately, I believe that the new structure will have a significant positive impact on the future.
The Remuneration Committee includes one external director and one external auditor and discusses the performance of the current and next-generation global management team and levels of remuneration for executive directors on a regular basis. The contents of these discussions are open to all directors. In my view, it is thanks to this committee that we can have high-quality discussions.

Early in 2024, KURAKI was successfully acquired and integrated into the group. Apart from this M&A, multiple deals had been brought forward at the board meeting, and we discussed the merits and risks extensively.
Once more, such discussions extend beyond regular board meetings, with information shared and deliberated upon promptly as the need arises.
M&As can greatly affect corporate value depending on how skillfully they are executed.
In 2023, I would say that at the board meetings we had various discussions, ranging from the aforementioned geopolitical risks to the legal risks of the target company.

As I have mentioned, open and vigorous discussion is the hallmark of our Board of Directors.
Each director brings unique knowledge and experience to the table, and I firmly believe that by promptly sharing information with the executive team and creating an inclusive forum for discussion, we can leverage these assets to enhance corporate value. We will continue to maintain this strength and strive to meet the expectations of our shareholders.

Next Generation Leaders Discuss Future Growth

In November 2023, six young Executive Officers with diverse backgrounds and fields of expertise held a dynamic two-hour discussion about the future of DMG MORI.

Q: DMG MORI is targeting a sales revenue of JPY 1 trillion by 2030. What additional resources will be required to achieve this goal?

Dr. Neun: Looking at our current figures, this goal requires twice the sales revenue and three times the profit, meaning that we must increase our market share. This implies the need to further strengthen our direct sales and service network. Being able to provide services directly to customers in key industries worldwide through our own employees offers a significant advantage, especially for customers with a global business presence.

Mr. Nakatsukasa: I believe that providing advanced automation solutions together with sufficient maintenance and service capabilities will be a key factor. That is why we must increase the number of talented engineers, especially in the fields of application and service. We have already improved the organization of DMG MORI Academy in Japan and plan to implement the same in Europe. We aim to enhance the practical training of service engineers in robot programming, so they can also repair automated systems.

Dr. Ota: I think that we may have to redefine our business domain. While our strategy of Machining Transformation (MX) has been well received, people are less aware of the actual solutions behind it, even within our own organization. The lifecycle of machine tools and related technologies is 20 years or more, so a determining factor will be how fast we can enhance our long-term support capabilities to cater to a wide range of technologies across different ages. To achieve further rapid growth, we must fully leverage our knowledge, experience, and partnerships.

Keiichi Ota
Managing Executive Officer
Dr. Eng.
Americas and Global IT

Dr. Budt: As one of the executives responsible for sales and service, I would like to emphasize the importance of customer satisfaction. Since we offer a wide range of high-quality products, our customers expect extensive support to fully utilize our products throughout their lifecycle. In other words, to convince our customers of our technology, we must demonstrate excellent service. Consequently, any investment in our service engineers will benefit our sales as well.

Ms. Hirono: I agree. After-sales service is much more than just fixing machines when they break down. It also includes providing ongoing machining advice to customers through resident engineering services. As these demands continue to grow, we need to hire and train more engineers while efficiently collecting and sharing our expertise.
I encourage my AM machine development team to be involved in every step of the process, from design, production, sales, and installation to customer training and after-sales service. By doing so, they understand the entire value chain and build good relationships with customers and other departments at DMG MORI.

Dr. Budt: Handling a simple machine might be an easy task for a single engineer, but we have already progressed beyond that stage. What we are offering today are very complex, high-tech solutions born from collaborative expertise. Our local sales and engineering teams alone cannot effectively manage such sophisticated systems. We require an organization in which sales and engineering

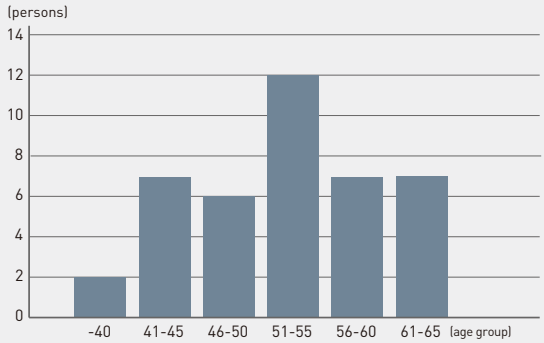
teams can closely collaborate with specialists from various engineering backgrounds, so that they can swiftly resolve challenging technical issues to the satisfaction of our customers.
In this regard, my primary focus lies on communication and training to keep our sales and service personnel up-to-date on our strategy and technology. Furthermore, in the European market, the further away from the factory base in Germany, the more "old-fashioned" the business meetings become. This is partly due to the fact that customers think and react differently in different regions, but if we can have the same amount of training and discussion between the sales team and the factory, it can make a big difference internally and for our customers.

Dr. Neun: Indeed. Providing consistent support with focus on after-sales is one of the most critical factors that determines our customers' success, and ours as well. We are committed to building an organization that can provide the best possible service to our customers in any part of the world.

Mr. Nakatsukasa: At the same time, it is always important to have a critical eye on the future. Our MX strategy is paying off for most of our machines for now. However, it is also true that market trends are changing for some of our products. At some point we will need to reassess whether our business model fits such a lineup or whether we should consider a different approach.

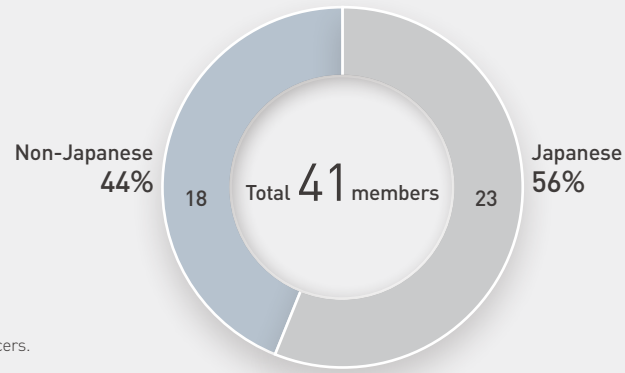
Dr. Ota: MX should be showcased at our factories. For now, most visitors understand what kind of improvements they can expect from our machines. However, if we fail to showcase ongoing MX examples within our own factories, our strategy might lose credibility.

Executive Officers: Distributions per age group



* Please refer to the Annual Securities Report for the names of Executive Officers.

Japanese / Non-Japanese



Ms. Hatano: From a marketing perspective, nowadays, more and more customers are researching our technology by themselves before they consult a sales representative. This means we need to organize our digital marketing content to deliver the right information to the right people at the right time. In addition, it is important to continue to stress that we are here to provide service and support for the long term, say for 10 to 20 years.

Communication gets people engaged. Internally, we are constantly improving our intranet. We are regularly updating our "Medium-term Business Plan 2025" page to share company policies, strategies, and details of each initiative. We are happy to see that the number of views and likes is increasing.

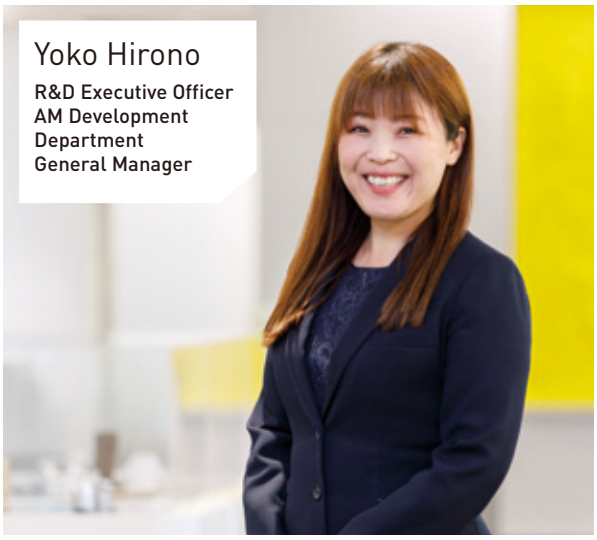
Ms. Hirono: Adding to that, it is crucial that all employees understand the story behind our strategies. To reach our targets by 2030, we must apply both the right strategies and tactics.

As DMG MORI is shifting from a machine tool manufacturer to a total solution provider with Machining Transformation (MX), our responsibilities now cover the entire machine tool lifecycle. After-sales activities are more important than ever. Executive officers and managers are redoubling their efforts to communicate the Group's strategy to their team members.

Q: What is an efficient way to train the next generation of employees?

Mr. Nakatsukasa: Although I have a mechanical engineering background, I have chosen to pursue administrative and management roles that allow me to apply my technical expertise, rather than working in a classic R&D role. In the early days of the AG / CO integration, I worked at the German headquarters and learned about the European culture and mindset.
I always advise the younger generations to do what motivates them and to go "the extra mile" to challenge the status quo. For example, when Ms. Hirono left her previous job and joined DMG MORI in 2019, I was not involved in HR but still provided backup support so that she could join the LASERTEC 6600 *DED hybrid* development project.
Later, she became the catalyst for the LASERTEC 3000 *DED hybrid* project under her lead.

Ms. Hirono: That's true. Thank you for the support back then. As mentioned earlier, my advice is to get actively involved in the entire process, drawing from my own personal experience. When I was a young engineer, a customer decided to purchase a product after seeing a concept drawing I had made on a presentation slide. After receiving the order, I handled the machine design, material procurement, and assembly by myself for the first time. When the machine was shipped for installation, I also stayed at the customer's site in the U.S. for an extended period of time. I had the opportunity



to directly listen to what the customer had to say and could learn a lot from that experience.

Dr. Budt: I joined the former DMG Group 11 years ago and have experienced both the factory and sales side of the business. To this day, I have maintained the practice of having two or three talented and dedicated young employees on my team. Over time, I gradually increase their responsibilities and provide them with opportunities to work alongside experienced managers and team leaders who are nearing retirement. This approach allows them to acquire valuable knowledge and prepares them for future leadership roles, ensuring a seamless transition.
I like the diversity of our customers, the different challenges we encounter on a daily basis, and our dynamic ways of addressing them. The fast and close communication across all levels is unique for a company of our size. I am proud to be part of the DMG MORI family!

Dr. Neun: I have a similar approach like Dr. Budt. I make sure to work closely with the young, motivated and hardworking members in my team. When I sense their passion for shaping our future, I engage them early in the decision-making processes. Once I am confident in their leadership skills, I try to entrust the most talented individuals with responsibilities relatively quickly. Only then can I really assess their potential as leaders. I am truly grateful for the leadership opportunities I received relatively early in my career. I hope to provide the same opportunities to the next generation, even if it requires taking moderate risks at times.

Dr. Ota: Regardless of age, gender, or any other characteristic, I believe everyone has the potential to make significant contributions to a team. However, in the beginning it may be difficult to adapt to the team dynamics with only limited experience. In order to succeed and make contributions, one needs the chance to learn from diverse perspectives and assume various responsibilities. As a leader, I am in a position to bring people with the right attitude and ethics into DMG MORI. After they have settled in, we need to have ongoing discussions about how to define success for the company as well as the individual. Only through these efforts, time, and energy, will we be able to find the leaders of the future.

Ms. Hatano: I joined the former Mori Seiki in 2007 and have been mainly in charge of public relations and marketing. Since Mori Seiki and GILDEMEISTER started their collaboration in 2009, one could say that my career is almost equal to the history of DMG MORI becoming one global company. I am proud to be part of such an important industry leader and to work with such global colleagues. Recently, I was also entrusted with the role of managing fixed assets in Japan. At first, it came as a surprise, but I have come to realize that the process of building a new facility is similar to preparing for an exhibition.
I am always looking for ways to develop the strengths of my team members, and I encourage them to seize opportunities, take on challenges, and experience failure while they are young. I strive to provide them with well-defined sets of tasks while offering them insights into the context behind these assignments. I firmly believe that when they grasp the "why" behind their work, it not only clarifies the tasks but also ignites their motivation.

Ms. Hirono: At DMG MORI, we are all genuinely passionate about machine tools. I believe this shared passion will be the driving force behind our transformation into a more powerful organization.

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.

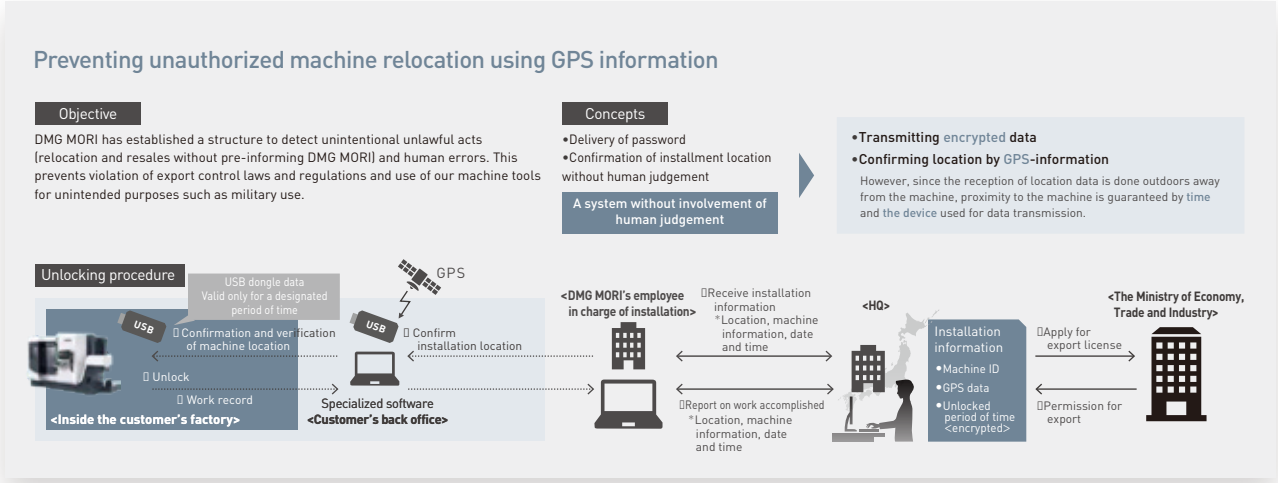
Adapting to Changing Regulations to Protect Our Industry and Technologies

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.



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.

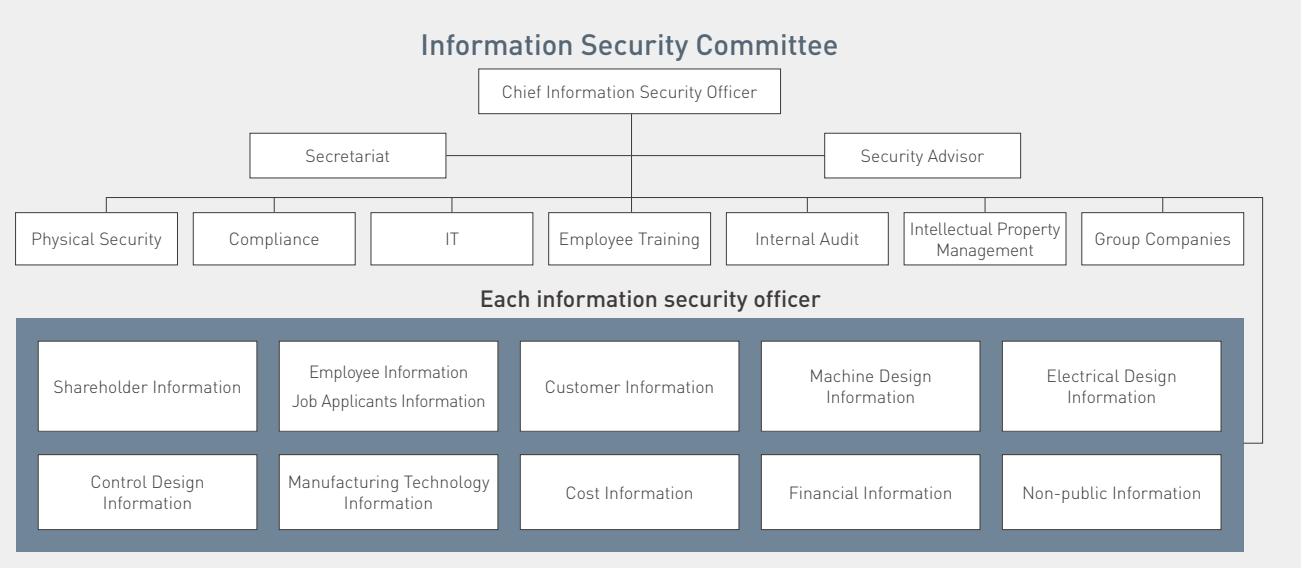
Strengthening Information Security Across the Entire Supply Chain

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.



BCP (Business Continuity Plan)

Basic measures

Following the Great East Japan Earthquake in March 2011, we regularly review our disaster countermeasures manual. As part of our disaster prevention activities, we conduct periodic educational drills, check various disaster prevention equipment, and perform satellite phone call tests. Furthermore, our 17 manufacturing bases worldwide contribute to ensuring business continuity in the event of a major disaster.

Major changes in recent years

BCP Basic Plan	Updated measures for large-scale disasters ・Added hazards (Nankai trough earthquake, Direct-hit earthquakes, Tsunami) ・Established additional business locations (Nara, Tokyo GHQ, Nara PDC, Nagoya)
	Newly added measures for pandemic preparedness
BCP Action Plan	Updated BCP action plans for each department

Power supply measures in the event of a power outage at Iga Campus

We are steadily enhancing our solar power generation systems in Iga Campus, which will have a total panel capacity of 13,400 kW by January 2025. Additionally, starting from 2024, we are installing 1,000 kWh storage batteries to store excess power. In the event of a power outage, these batteries will serve as the initial power source, ensuring a continuous supply of emergency power for lighting, air conditioning, and other essential functions in the disaster response room for approximately 4 to 8 hours. In addition, we will utilize our on-site power generation system at Iga Campus. This system will provide total capacity of 8,000 kW (equivalent to approximately 70% of the energy demand during peak production). These generators and stored fuel enable more than 72 hours of continuous operation.

While it is difficult to deal with a power outage solely relying on solar power, utilizing our on-site power generation system as a secondary power source allows us to achieve a stable power supply of approximately 8,000 kW. This enables continuous plant operation over long periods of time while minimizing the consumption of stored fuel. We are also preparing for the storage and supply systems of electricity using EV and PHEV for evacuation shelters in the local community. In addition, operating our on-site power generation system in response to requests from power companies will reduce the purchased amount, contributing to a stable supply of electricity in the region when the demand is tight.

Supply chain measures

As supply chain disruptions pose a business continuity risk, we are collaborating with our suppliers to implement BCP measures. The key measures are outlined in the table below. By fostering the adoption of business continuity planning, we aim to establish a resilient supply chain, ensuring the continuous provision of parts and materials.

Risks	Key measures
Natural disasters such as large-scale earthquakes	● Establishment of an initial response system at supplier sites ● Development of business recovery plan procedures
Fire	● Risk assessment and reduction in the factory through voluntary inspections
Wind and flood damage	● Implementation of flood risk surveys ● Provision of materials and other educational activities to reduce risk
IT cyber attacks	● Implementation of security audits and provision of necessary support for improvements (targeting major suppliers in Japan)

Compliance Principles

DMG MORI defines code of conduct for Directors, Executive Officers, and other employees by stipulating rules in its Mission Statement, Employee Handbook, Compliance Handbook, Export Control Program, Information Security Policy, and management systems for environment, labor safety and health, and quality. By putting these rules into practice, we aim to achieve legal and regulatory compliance. We also provide continuous compliance trainings for all employees at DMG MORI. In addition, we have established a whistleblowing hotline and defined its operating rules in the Compliance Hotline Rules. The whistle-blowing system, which deals with issues related to employee privacy such as sexual harassment and other sensitive matters, is operated by an external third-party hotline.

Internal Control Principles

DMG MORI implements internal control based on the Internal Control Guidelines resolved by the Board of Directors.

1. Audit & Supervisory Board

The Corporate Auditors of the Audit & Supervisory Board attend the Board of Directors Meetings, Executive Officers Meetings, Management Meetings, and other critical meetings on a regular basis. After hearing the resolution and reporting matters, they may seek further information from Directors, Executive Officers, and managers as needed.

2. Internal Audit

The Internal Audit Office, operating as an independent unit with three dedicated members and reporting directly to the President, conducts thorough assessments to ensure the optimal and efficient execution of group-wide business operations. In addition, the Internal Audit Office evaluates the effectiveness of our internal controls over financial reporting based on the Financial Instruments and Exchange Act (J-SOX or the Japanese equivalent of the Sarbanes-Oxley Act). Furthermore, they monitor risk management within our subsidiaries and share information with the Corporate and External Auditors during subsidiary audits and with subsidiaries' internal audit departments during liaison meetings. The results of internal audits are reported promptly to the President and periodically to the Corporate Auditors. The Internal Audit Office also works closely with accounting auditors, exchanging opinions on audit schedules, procedures, and other relevant matters as needed.

3. Management of Subsidiaries

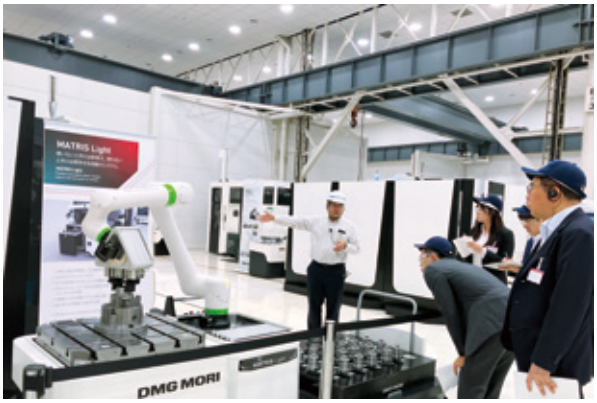
In principle, at least one DMG MORI Director concurrently serves as director or auditor at each subsidiary. This allows them to attend subsidiary board meetings and other critical meetings, receive reports from subsidiary directors and employees, and monitor business operations to ensure proper and efficient business execution throughout the group.

Investor Engagement

We place great importance on investor engagement to enhance our corporate value and increase shareholder returns.
In 2023, we modernized our IR information website to a more user-friendly format. Furthermore, we are continuously enhancing our communication channels by offering briefings for overseas institutional investors, individual meetings, and tours of our major sites in Japan. To ensure fair and timely information sharing with all our investors, we also provide both Japanese and English versions for all our communications, including financial release materials.

August 2023: Solution Center tour at Tokyo Global Headquarters

March 2023: Annual General Meeting of Shareholders



September 2023: Iga Campus factory tour

FINANCIAL SECTION

Financial Information

Key Financial Figures

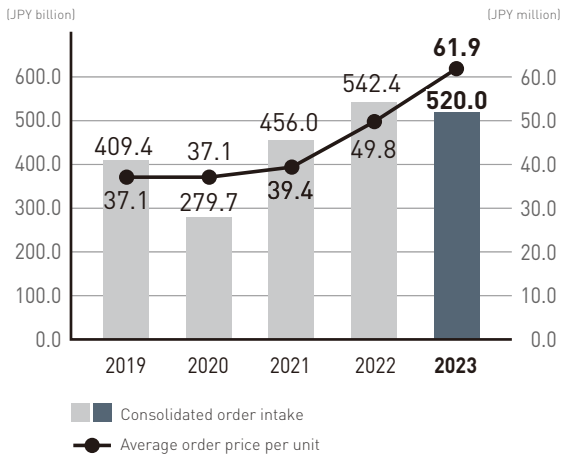
	Amount in JPY (Unit: JPY million)				
FY	*2019*	*2020*	*2021*	*2022*	*2023*
Profit or loss					
Sales revenues	485,778	328,283	396,011	474,771	**539,450**
Operating profit	37,339	10,674	23,067	41,213	**54,150**
(Operating profit margin)	7.7%	3.3%	5.8%	8.7%	**10.0%**
Profit before income taxes	31,451	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**

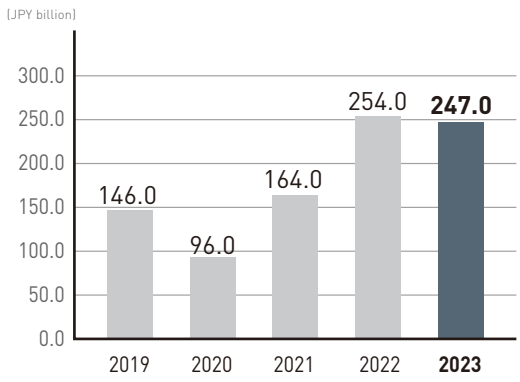
(*1) Free cash flows = Cash flows from operating activities - Cash flows used in investing activities
(*2) Equivalent to the ratio of equity attributable to owners of the parent company. The figure is calculated by dividing the equity attributable to owners of the parent company by total assets.
(*3) 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

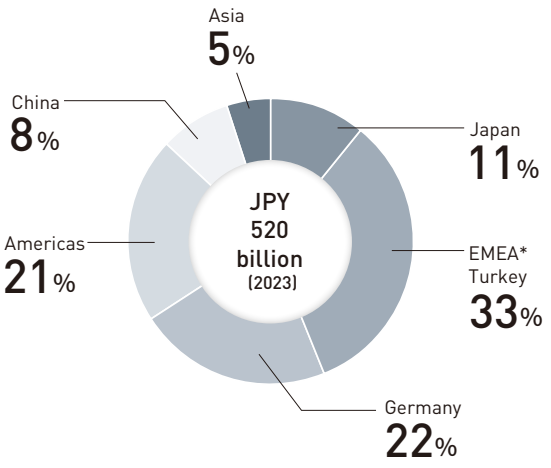
Consolidated order intake Average order price per unit



Machine order backlog

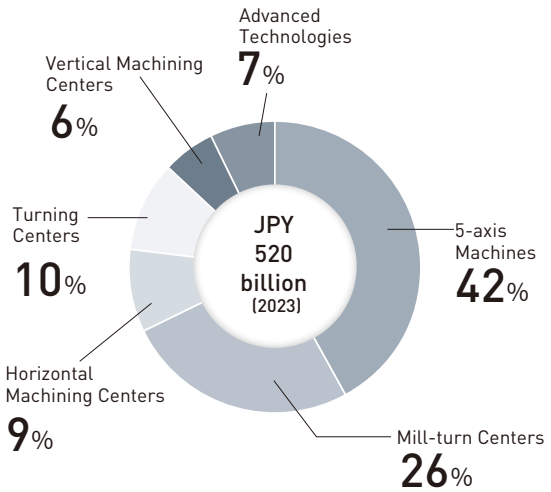


Order composition by region

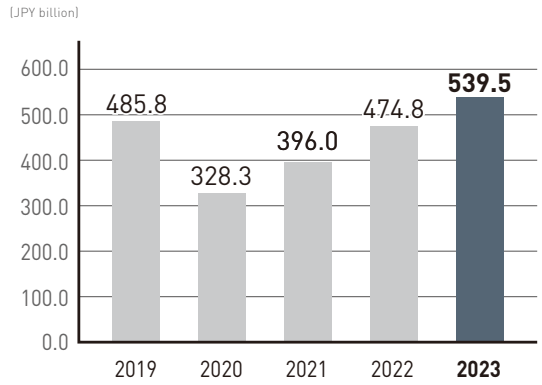


* Europe (excluding Germany, Austria and Switzerland), Middle East and Africa

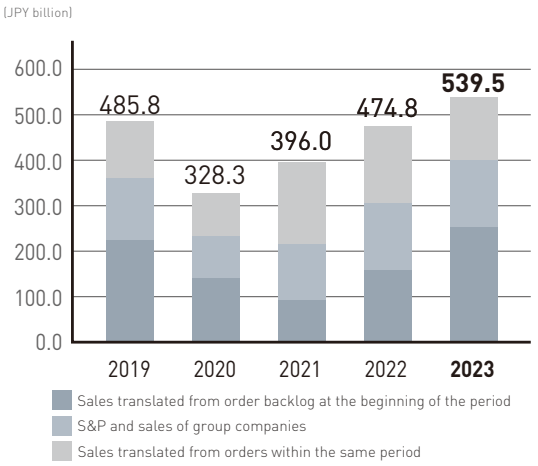
Order composition by product type



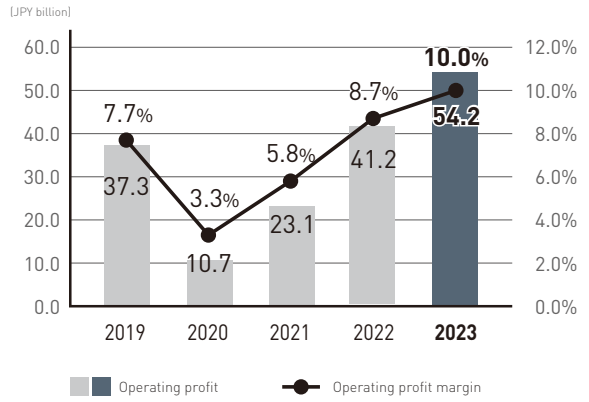
Sales revenue



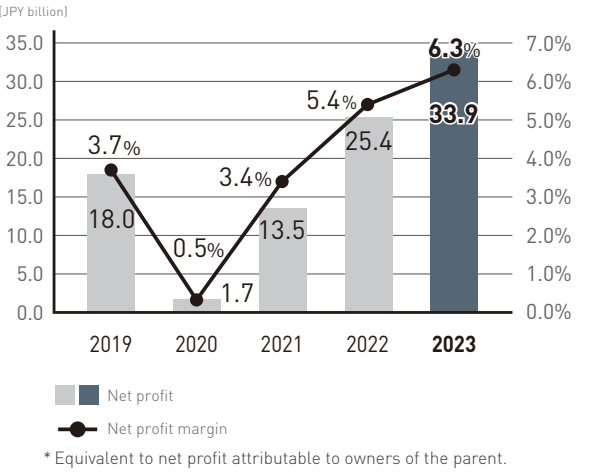
Breakdown of sales revenue



Operating profit
Operating profit margin



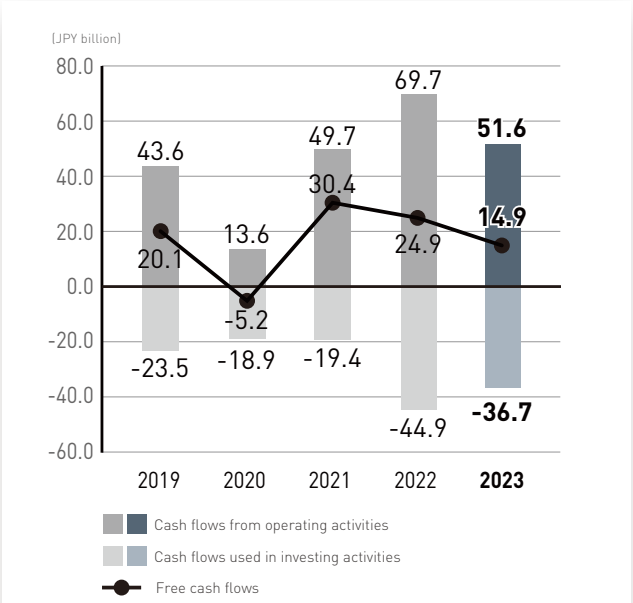
Net profit*
Net profit margin



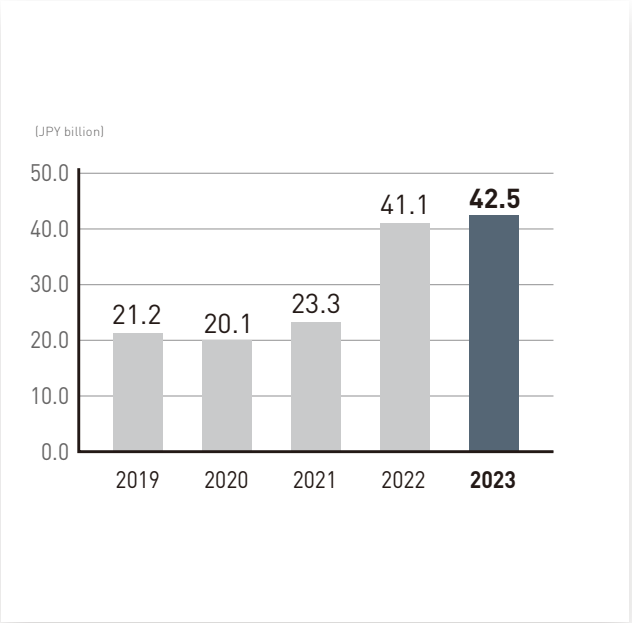
* Equivalent to net profit attributable to owners of the parent.

Financial Highlights

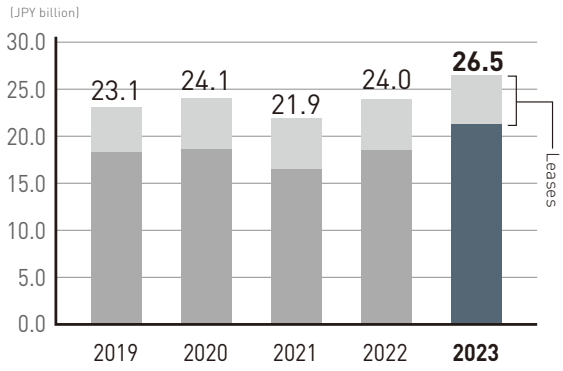
Free cash flows



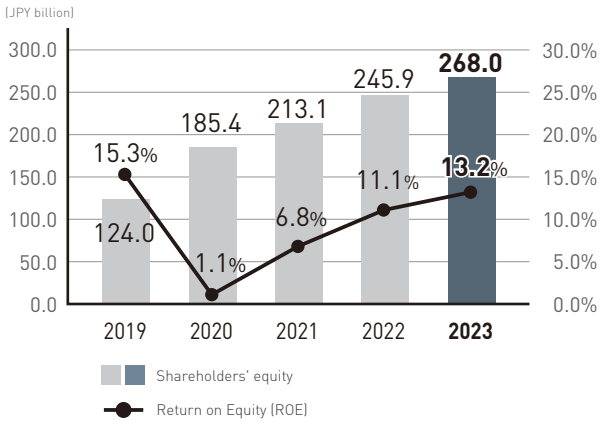
Capital expenditure



Depreciation & amortization

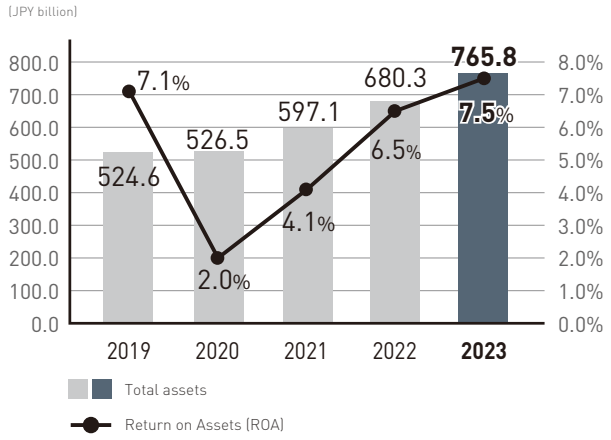


Shareholders' equity*1 Return on Equity (ROE)*2



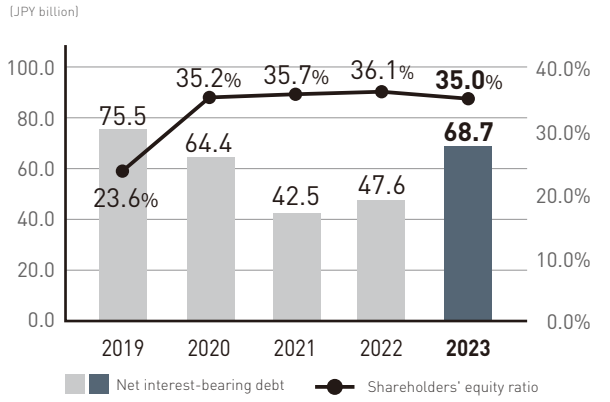
*1 Equivalent to equity attributable to owners of the parent.
*2 Equivalent to return on equity attributable to owners of the parent.

Total assets
Return on assets (ROA)*



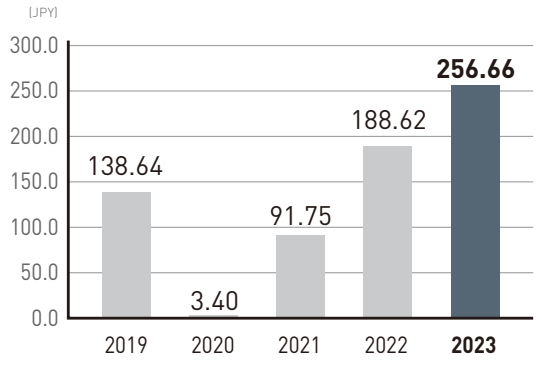
* Calculated by dividing operating profit by the average of total assets at the beginning and end of the period.

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



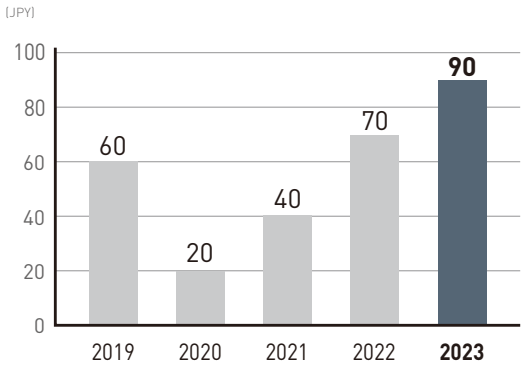
*1 (Long- and short-term borrowings + convertible bonds) - (cash and cash equivalents + short-term financial assets).
The figures do not include hybrid capital.
*2 Equivalent to the ratio of equity attributable to owners of the parent.

Earnings per share (EPS)*



* The figures do not consider dilution from convertible bonds

Dividends per share



Non-financial Highlights (Employee information)

Average annual salary in 2023 (Japan-based employees)

	Male employees			Female employees			All employees		
	Average annual salary (JPY thousand)	Average age	No. of employees	Average annual salary (JPY thousand)	Average age	No. of employees	Average annual salary (JPY thousand)	Average age	No. of employees
All	9,059	43.5	2,191	7,946	36.8	308	8,922	42.7	2,499
General manager level	14,944	49.4	109	14,195	45.7	3	14,924	49.3	112
Manager level	11,394	46.0	430	11,088	43.9	26	11,377	45.9	456
Staff	7,555	41.4	1,538	7,364	35.9	275	7,526	40.6	1,813

The salary 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.

The figures do not include part-time workers or fixed-term employees

Qualification and position salaries are determined by job description, job performance, and level of responsibility. There are no gender-based salary gaps at DMG MORI.

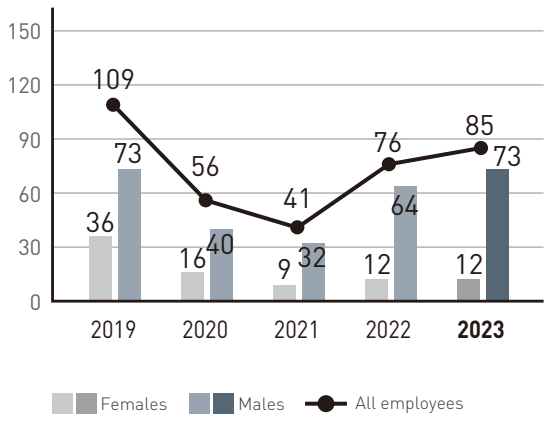
Previously, only the "primary earner" of the household was eligible for childcare and housing allowances, but this restriction has been lifted to eliminate gender-based compensation disparities.

New hires and separations in 2023

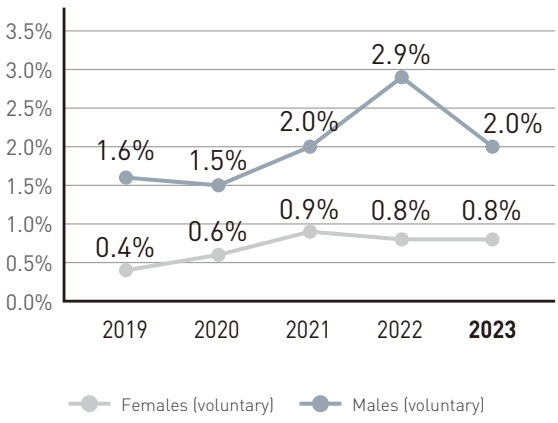
	Japan-based permanent employees		
	Male employees	Female employees	All employees
Total new hires (incl. direct hires at subsidiaries)	73	12	85
New graduate	27	6	33
Mid-career	46	6	52
Total separations (incl. direct hires at subsidiaries)	75	24	99
Voluntary retirement	54	22	76
Retirement	18	1	19
Others	3	1	4
Turnover rate	2.8%	0.9%	3.7%
Voluntary turnover rate	2.0%	0.8%	2.8%
Retirement rate	0.7%	0.0%	0.7%

Only includes the regular full-time employees*1 in Japan.
Only includes the number of hires and retirements within the period from January 1, 2023, to December 31, 2023.
The turnover rate is calculated by dividing the number of retirees by the number of regular employees as of January 1, 2023.
*1 Subject companies are DMG MORI CO., LTD., DMG MORI SALES AND SERVICE CO., LTD., DMG MORI PRODUCTION Co.,Ltd., DMG MORI Precision Components CO., LTD., WALC Inc., DMG MORI KOSAN CO., LTD. , TECHNIUM CO., LTD., Mahoroba Farm CO., LTD.

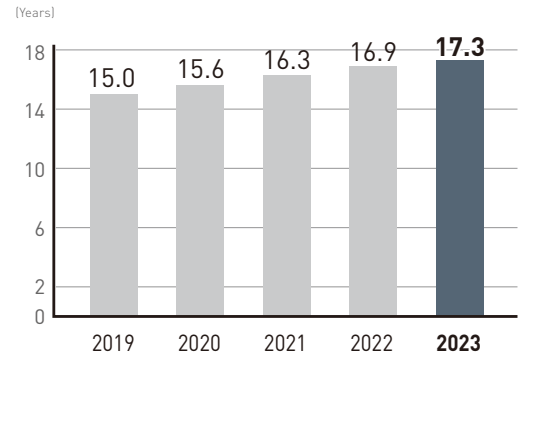
Number of new hires by gender (Japan-based employees)



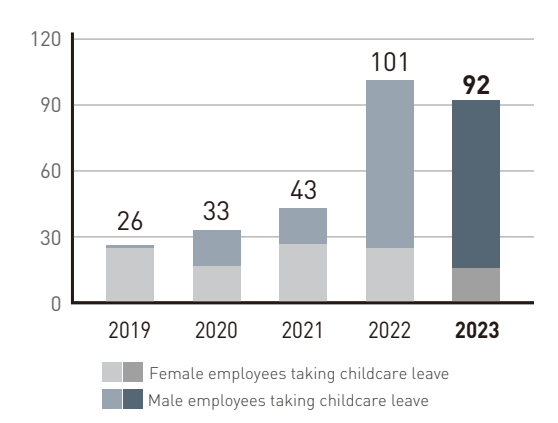
Turnover by gender (Japan-based employees)



Average seniority (Japan-based employees)



Number of employees taking childcare leave (Japan-based employees)



* The calculation is based on the Childcare and Caregiver Leave Act.

Consolidated Statement of Financial Position

	Unit: JPY million		Exchange rate (CR) JPY 157.08 / EUR (*) Unit: EUR million	
	Previous fiscal year December 31, 2022	**Current fiscal year December 31, 2023**	Previous fiscal year December 31, 2022	**Current fiscal year December 31, 2023**
Assets				
Current assets				
Cash and cash equivalents	36,992	**39,212**	235	**250**
Trade and other receivables	68,437	**62,927**	436	**401**
Other financial assets	6,503	**5,713**	41	**36**
Inventories	166,217	**200,843**	1,058	**1,279**
Other current assets	15,834	**14,277**	101	**91**
Subtotal	293,985	**322,974**	1,872	**2,056**
Assets held for sale	—	**799**	—	**5**
Total current assets	293,985	**323,773**	1,872	**2,061**
Non-current assets				
Property, plant and equipment	162,965	**189,231**	1,037	**1,205**
Right-of-use assets	19,874	**24,637**	127	**157**
Goodwill	76,842	**85,587**	489	**545**
Other intangible assets	86,193	**100,909**	549	**642**
Other financial assets	26,122	**26,246**	166	**167**
Equity-accounted investments	5,917	**6,322**	38	**40**
Deferred tax assets	4,509	**5,334**	29	**34**
Other non-current assets	3,923	**3,764**	25	**24**
Total non-current assets	386,349	**442,033**	2,460	**2,814**
Total assets	680,334	**765,806**	4,331	**4,875**

(*) EUR amount is translated from JPY at the current rate of Dec. 31, 2023 (JPY 157.08 / EUR) for both previous and current fiscal year.
Please refer to the Security Report for the audited financial statements.

Exchange rate (CR) JPY 157.08 / EUR

	Unit: JPY million		Unit: EUR million	
	Previous fiscal year December 31, 2022	**Current fiscal year December 31, 2023**	Previous fiscal year December 31, 2022	**Current fiscal year December 31, 2023**
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	72,806	**82,914**	463	**528**
Interest-bearing bonds and borrowings	51,241	**61,187**	326	**390**
Contract liabilities	92,935	**93,430**	592	**595**
Other financial liabilities	7,304	**71,967**	46	**458**
Income tax payable	6,959	**9,657**	44	**61**
Provisions	45,659	**50,998**	291	**325**
Other current liabilities	4,424	**6,477**	28	**41**
Total current liabilities	281,329	**376,633**	1,791	**2,398**
Non-current liabilities				
Interest-bearing bonds and borrowings	39,852	**52,474**	254	**334**
Other financial liabilities	87,305	**40,309**	556	**257**
Liabilities related to retirement benefits	4,479	**5,192**	29	**33**
Provisions	6,819	**6,371**	43	**41**
Deferred tax liabilities	8,103	**9,340**	52	**59**
Other non-current liabilities	2,069	**2,939**	13	**19**
Total non-current liabilities	148,630	**116,627**	946	**742**
Total liabilities	429,960	**493,261**	2,737	**3,140**
Equity				
Issued capital	51,115	**51,115**	325	**325**
Capital surplus	266	**208**	2	**1**
Hybrid capital	118,753	**110,822**	756	**706**
Treasury shares	△906	**△883**	△6	**△6**
Retained earnings	69,864	**92,283**	445	**587**
Other components of equity	6,803	**14,444**	43	**92**
Equity attributable to owners of the parent	245,897	**267,990**	1,565	**1,706**
Non-controlling interests	4,477	**4,555**	29	**29**
Total equity	250,374	**272,545**	1,594	**1,735**
Total liabilities and equity	680,334	**765,806**	4,331	**4,875**

Consolidated Statement of Profit or Loss

Exchange rate (CR) JPY 157.08 / EUR

	Unit: JPY million		Unit: EUR million	
	Previous fiscal year From January 1, 2022 To December 31, 2022	**Current fiscal year From January 1, 2023 To December 31, 2023**	Previous fiscal year From January 1, 2022 To December 31, 2022	**Current fiscal year From January 1, 2023 To December 31, 2023**
Revenue				
Sales revenue	474,771	**539,450**	3,022	**3,434**
Other revenue	8,595	**9,078**	55	**58**
Total revenue	483,366	**548,529**	3,077	**3,492**
Costs				
Changes in merchandise, products and work in progress inventories	△6,844	**△27,726**	△44	**△177**
Costs of raw materials and consumables	203,948	**239,691**	1,298	**1,526**
Personnel costs	138,882	**168,736**	884	**1,074**
Depreciation and amortization	24,016	**26,518**	153	**169**
Other operating expenses	82,150	**87,158**	523	**555**
Total costs	442,152	**494,379**	2,815	**3,147**
Operating profit	41,213	**54,150**	262	**345**
Finance income	633	**1,138**	4	**7**
Finance costs	5,181	**7,553**	33	**48**
Share of profits and losses of at equity-accounted investments (△ indicates loss)	△137	**192**	△1	**1**
Profit before income taxes	36,528	**47,927**	233	**305**
Income taxes	10,728	**13,697**	68	**87**
Net profit	25,800	**34,229**	164	**218**
Net profit attributable to:				
Owners of the parent	25,406	**33,944**	162	**216**
Non-controlling interests	393	**284**	3	**2**
Net profit	25,800	**34,229**	164	**218**

Exchange rate (CR) JPY 157.08 / EUR

	Unit: JPY		Unit: EUR	
Earnings per share				
Earnings per share (basic)*1	188.62	**256.66**	1.20	**1.63**

(*) EUR amount is translated from JPY at the current rate of Dec. 31, 2023 (JPY 157.08 / EUR) for both previous and current fiscal year.
Please refer to the Security Report for the audited financial statements.
*1 The weighted average number of ordinary shares used as the denominator in calculating basic earnings per share is 125,420,542.

Consolidated Statement of Comprehensive Income

	Unit: JPY million		Exchange rate (CR) JPY 157.08 / EUR Unit: EUR million	
	Previous fiscal year From January 1, 2022 To December 31, 2022	**Current fiscal year From January 1, 2023 To December 31, 2023**	Previous fiscal year From January 1, 2022 To December 31, 2022	**Current fiscal year From January 1, 2023 To December 31, 2023**
Net profit	25,800	**34,229**	164	**218**
Other comprehensive income				
Items that will not be reclassified to net profit or loss in subsequent periods				
Remeasurement gain / loss (△) on defined benefit plans	826	**△ 488**	5	**△3**
Change in fair value measurements of financial assets at fair value through other comprehensive income	767	**△ 2,229**	5	**△14**
Subtotal of items that will not be reclassified to net profit or loss in subsequent periods	1,594	**△ 2,717**	10	**△17**
Items that may be reclassified to net profit or loss in subsequent periods				
Exchange differences on translation of foreign operations	12,960	**10,779**	83	**69**
Net gain / loss (△) on cash flow hedges	434	**△ 103**	3	**△1**
Hyper-inflation adjustment	93	**–**	1	**–**
Share of other comprehensive income of at equity-accounted investments	350	**212**	2	**1**
Subtotal of items that may be reclassified to net profit or loss in subsequent periods	13,838	**10,888**	88	**69**
Total other comprehensive income	15,432	**8,170**	98	**52**
Comprehensive income	41,233	**42,400**	262	**270**
Comprehensive income attributable to:				
Owners of the parent	40,791	**42,105**	260	**268**
Non-controlling interests	441	**295**	3	**2**
Comprehensive income for the year	41,233	**42,400**	262	**270**

(*) EUR amount is translated from JPY at the current rate of Dec. 31, 2023 (JPY 157.08 / EUR) for both previous and current fiscal year.
Please refer to the Security Report for the audited financial statements.

Consolidated Statement of Changes in Equity

	Unit: JPY million									Exchange rate (CR) 157.08 Unit: EUR million
	Equity attributable to owners of the parent							Non-controlling interests	Total equity	Total equity
	Issued capital	Capital surplus	Hybrid capital	Treasury shares	Retained earnings	Other components of equity	Total			
As of January 1, 2022	51,115	–	118,753	△1,889	52,817	△7,657	213,139	4,139	217,279	1,383
Total comprehensive income										
Net profit for the period					25,406		25,406	393	25,800	164
Other comprehensive income						15,385	15,385	47	15,432	98
Total comprehensive income	–	–	–	–	25,406	15,385	40,791	441	41,233	262
Amount of transaction with owners										
Payments to owners of hybrid capital					△1,764		△1,764		△1,764	△11
Acquisition of treasury shares				△1			△1		△1	△0
Disposal of treasury shares		△119		984			864		864	6
Cash dividends					△7,519		△7,519	△100	△7,619	△49
Share based payments		290					290	125	416	3
Increase or decrease in ownership interests related to acquisition of shares in subsidiaries		111					111	△158	△46	△0
Transfer from other components of equity to retained earnings					924	△924	–		–	–
Total transactions with owners of the parent	–	282	–	982	△8,359	△924	△8,017	△132	△8,150	△52
Acquisition or disposals of non-controlling interests		△16					△16	29	12	0
Total of changes in ownership interests in subsidiaries and others	–	△16	–	–	–	–	△16	29	12	0
As of December 31, 2022	51,115	266	118,753	△906	69,864	6,803	245,897	4,477	250,374	1,594

Balance as of January 1, 2023	**51,115**	**266**	**118,753**	**△906**	**69,864**	**6,803**	**245,897**	**4,477**	**250,374**	**1,594**
Total comprehensive income										
Net profit for the period					**33,944**		**33,944**	**284**	**34,229**	**218**
Other comprehensive income						**8,160**	**8,160**	**10**	**8,170**	**52**
Total comprehensive income	–	–	–	–	**33,944**	**8,160**	**42,105**	**295**	**42,400**	**270**
Repayments of hybrid capital		**△68**	**△7,931**				**△8,000**		**△8,000**	**△51**
Payments to owners of hybrid capital					**△1,768**		**△1,768**		**△1,768**	**△11**
Acquisition of treasury shares				**△2**			**△2**		**△2**	**△0**
Disposal of treasury shares		**0**		**24**			**25**		**25**	**0**
Cash dividends					**△10,045**		**△10,045**	**△129**	**△10,175**	**△65**
Share based payments		**238**					**238**	**75**	**314**	**2**
Increase or decrease in ownership interests related to acquisition of shares in subsidiaries		**△237**					**△237**	**△181**	**△418**	**△3**
Increase or decrease in ownership interests related to disposal of shares of subsidiaries		**8**					**8**	**6**	**15**	**0**
Transfer from other components of equity to retained earnings					**518**	**△518**	**–**		**–**	**–**
Others					**△230**		**△230**		**△230**	**△1**
Total transactions with owners of the parent	–	**△57**	**△7,931**	**22**	**△11,526**	**△518**	**△20,011**	**△229**	**△20,241**	**△129**
Acquisition or disposals of non-controlling interests		**0**					**0**	**11**	**11**	**0**
Total of changes in ownership interests in subsidiaries and others	–	**0**	–	–	–	–	**0**	**11**	**11**	**0**
Balance as of December 31, 2023	**51,115**	**208**	**110,822**	**△883**	**92,283**	**14,444**	**267,990**	**4,555**	**272,545**	**1,735**

(*) EUR amount is translated from JPY at the current rate of Dec. 31, 2023 (JPY 157.08 / EUR) for both previous and current fiscal year.
Please refer to the Security Report for the audited financial statements.

Consolidated Statement of Cash Flows

Exchange rate (CR) JPY 157.08 / EUR

	Unit: JPY million		Unit: EUR million	
	Previous fiscal year From January 1, 2022 To December 31, 2022	**Current fiscal year From January 1, 2023 To December 31, 2023**	Previous fiscal year From January 1, 2022 To December 31, 2022	**Current fiscal year From January 1, 2023 To December 31, 2023**
Cash flows from operating activities				
Profit before income taxes	36,528	**47,927**	233	**305**
Depreciation and amortization	24,016	**26,518**	153	**169**
Gain on disposal of property, plant and equipment (△ indicates gain)	306	**△531**	2	**△3**
Finance income and costs (△ indicates income)	4,548	**6,415**	29	**41**
Share of profits and losses of at equity-accounted investments (△ indicates profit)	137	**△192**	1	**△1**
Profit or loss from other non-cash transaction (△ indicates profit)	△1,915	**△5,030**	△12	**△32**
Decrease or increase in inventories (△ indicates increase)	△26,311	**△20,725**	△168	**△132**
Decrease or increase in trade and other receivables (△ indicates increase)	577	**13,524**	4	**86**
Increase or decrease in trade and other payables (△ indicates decrease)	16,524	**5,970**	105	**38**
Increase or decrease in contract liabilities (△ indicates decrease)	21,498	**△7,910**	137	**△50**
Increase or decrease in provisions (△ indicates decrease)	3,508	**△760**	22	**△5**
Others	△2,730	**476**	△17	**3**
(Subtotal)	76,687	**65,681**	488	**418**
Interests received	502	**1,002**	3	**6**
Dividends received	111	**148**	1	**1**
Interests paid	△3,821	**△5,344**	△24	**△34**
Income tax paid	△3,731	**△9,879**	△24	**△63**
Cash flows from operating activities	69,749	**51,608**	444	**329**
Investing activities				
Payments into term deposits	△1,221	**—**	△8	**—**
Proceeds from withdrawal of term deposits	—	**1,242**	—	**8**
Purchase of tangible fixed assets	△26,203	**△26,178**	△167	**△167**
Proceeds from sale of property, plant and equipment	120	**5,716**	1	**36**
Purchase of intangible assets	△14,909	**△16,294**	△95	**△104**
Acquisition of shares of affiliated companies	△63	**—**	△0	**—**
Purchase of investment securities	△2,286	**△3,037**	△15	**△19**
Proceeds from disposal of investment securities	8	**2,173**	0	**14**
Others	△318	**△353**	△2	**△2**
Net cash flows used in investing activities	△44,874	**△36,730**	△286	**△234**
Financing activities				
Net increase or decrease in short-term loans and borrowings	4,868	**15,696**	31	**100**
Proceeds from long-term loans and borrowings	—	**52,517**	—	**334**
Repayment of long-term loans and borrowings	△1,748	**△49,362**	△11	**△314**
Expenses due to redemption of bonds	△10,000	**—**	△64	**—**
Repayment of hybrid capital	—	**△8,000**	—	**△51**
Repayments of debt instruments	△15,000	**—**	△95	**—**
Payment of lease liabilities	△5,429	**△6,272**	△35	**△40**
Dividends paid to equity holders of the parent	△7,525	**△10,029**	△48	**△64**
Dividends paid to non-controlling interests	△100	**△129**	△1	**△1**
Acquisition of treasury shares	△1	**△2**	△0	**△0**
Payment of obligations for non-controlling interests	△4,245	**△4,334**	△27	**△28**
Amount of payments to owners of hybrid capital	△1,764	**△1,768**	△11	**△11**
Acquisition of shares of subsidiaries not resulting in change in scope of consolidation	△46	**△417**	△0	**△3**
Proceeds from disposal of shares of subsidiaries not resulting in change in scope of consolidation	—	**15**	—	**0**
Others	2,014	**△4,282**	13	**△27**
Net cash flows from / (used in) financing activities	△38,978	**△16,371**	△248	**△104**
Net foreign exchange difference	3,797	**3,713**	24	**24**
Increase or decrease in cash and cash equivalents (△ indicates decrease)	△10,305	**2,219**	△66	**14**
Cash and cash equivalents at January 1	47,298	**36,992**	301	**235**
Cash and cash equivalents at December 31	36,992	**39,212**	235	**250**

(*) EUR amount is translated from JPY at the current rate of Dec. 31, 2023 (JPY 157.08 / EUR) for both previous and current fiscal year.
Please refer to the Security Report for the audited financial statements.

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

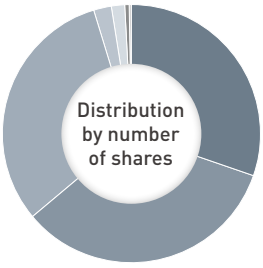
Name	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	15,979	12.72
Custody Bank of Japan, Ltd. (trust account)	14,203	11.31
DMG MORI Employee Shareholders Association	4,873	3.88
Masahiko Mori	3,591	2.86
Custody Bank of Japan, Ltd. (Mori 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

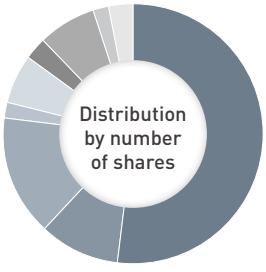
2. The shareholding ratio is calculated excluding the treasury shares.

Composition by shareholder type



	Number of shares (1,000 shares)	Number of shareholders (person)
Individuals / Others	38,419	37,829
Financial institutions	42,544	56
(including securities investment trust)	(31,276)	
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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