DMG MORI
COMPANY LIMITED

Integrated Report 2024

Fiscal Year 2024 (January - December)

www.dmgmori.co.jp/en/

Mission Statement

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, grinding centers, 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 developmaent, 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.

Mission 2050

Machine tools in service globally

2024 approx. **5** million ▶ **2050** approx. **1** million

MX MACHINING TRANSFORMATION

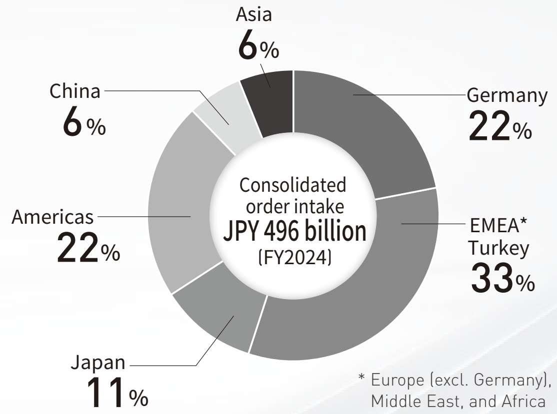
Process integration → Automation → GX

by DX

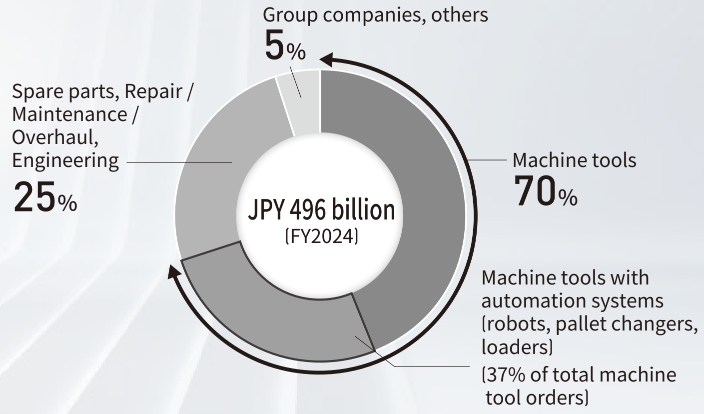
- To solve operator shortage
- To improve machining accuracy & production efficiency
- To reduce environmental footprint of customers

DMG MORI at a Glance

Order intake per region



Order intake per category



Key Financial Indicators

(In JPY billion)	FY2023	FY2024	FY2030 target
Consolidated order intake	520	496	800
Machine order backlog (at year-end)	247	218	
Sales revenue	539.5	540.9	800
Operating profit	55.4	43.7	120
Operating profit margin	10.3%	8.1%	15.0%
Net profit from continued business	35.4	23.1	
Net profit	33.9	7.7	80
EPS (1 yen)	256.66	43.60	563
Dividend per share (1 yen)	90	100	200
Shareholders' equity ratio	35.0%	39.4%	50%
Net debt (Net interest-bearing debt incl. hybrid capital)	179.5	172.8	100
Net D/E ratio	0.26	0.20	<0.3
Operating free cash flow	14.9	6.4	

* In 2024, a one-off loss of EUR 91.8 mil. (JPY 15.1 bn.) from discontinued operations in the Russian manufacturing company was recognized, which pushed down net profit for the year.

Human Capital Indicators

Consolidated no. of employees*1	Approx. 13,500
Employee nationalities	61
Board of Directors	
Ratio of external directors	42%
Ratio of female directors	25%
Ratio of non-Japanese directors	25%

*1 Excluding part-time, non-permanent, or contract workers

Global presence

Production sites	17
Sales & service locations	124
Area sales managers	Approx. 600
Test cut machines	Approx. 450

Changes in Societal Needs and Development of DMG MORI

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

Societal needs

- Development of public infrastructure
- High economic growth and industrialization (mass production and mass consumption)
- Global production scaling
- Energy-saving and resource-saving (lightweight and compact products)
- Declining birthrate and aging population
- Shortage of engineers and operators
- IT (Information Technology)
- High-mix low volume
- Industry 4.0 (connectivity)
- Sustainability
- Automation

Growing need for hardware and software integration

Growing need for high precision and green technology

Restructuring of global supply networks

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

Providing machine tools and software products that enable efficiency to streamline production processes
- Automation system
- Additive manufacturing ("AM")
- CELOS

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

Providing energy-efficient products

Data-driven sales activities through global sales channels
Increased customer contacts by enhancing functions of *my* DMG MORI
Moved to the Tokyo Stock Exchange Prime Market (2022)

1948
- Foundation of the Company 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 Campus and started its operation

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 (Germany)

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

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

1987
- Completed construction of Nara Head Office Started operations of the Nara Plant No. 1

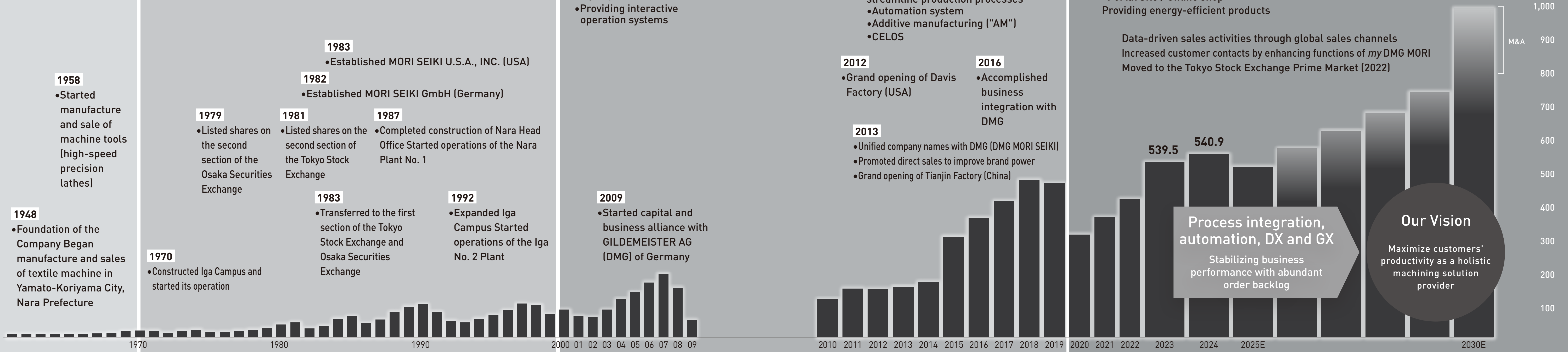
1992
- Expanded Iga Campus Started operations of the Iga No. 2 Plant

2009
- Started capital and business alliance with GILDEMEISTER AG (DMG) of Germany

2012
- Grand opening of Davis Factory (USA)

2013
- Unified company names with DMG (DMG MORI SEIKI)
- Promoted direct sales to improve brand power
- Grand opening of Tianjin Factory (China)

2016
- Accomplished business integration with DMG

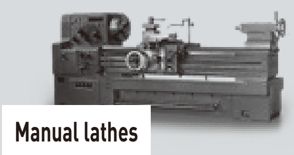


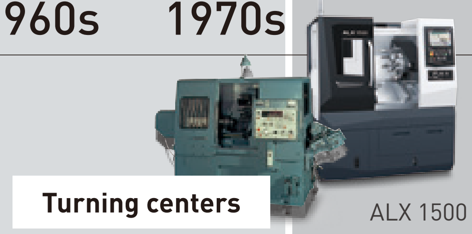
Average price per unit

JPY 10 million | JPY 20 million | JPY 30 million | JPY 40 million | JPY 70 million | > JPY 80 million (plan)

Transition of DMG MORI's machine tools

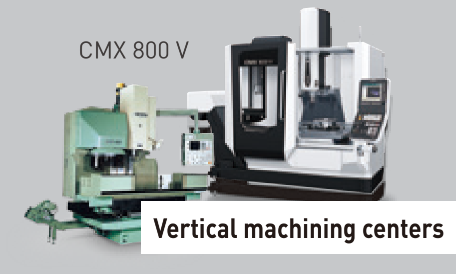
1960s 1970s





1960s–70s

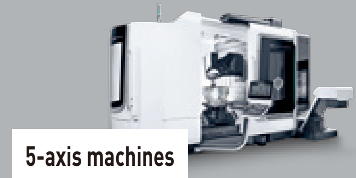
1980s 1990s



1980s–90s

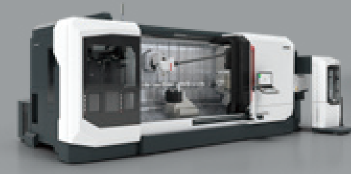
2000s

2010s

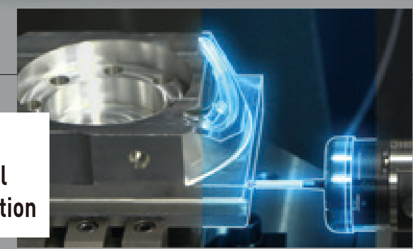


2000s–10s

2020–



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



2020s

Number of DMG MORI vintage machines in service (worldwide)	Machines installed before 1980s	The 1990s	The 2000s	The 2010s	The 2020s	Total number of installed DMG MORI machines in service (worldwide)
	Approx. 57,000 units	Approx. 45,000 units	Approx. 86,000 units	Approx. 80,000 units	Approx. 32,000 units	Approx. 300,000 machines

DMG MORI's Mission: Advancing Machining Transformation (MX)

Many customers use their machine tools for more than 20 years after purchase.
At DMG MORI, we do not merely replace multiple old machines
with one new technologically advanced machine but also offer solutions to maximize machine utilization.
We believe that our MX strategy will deeply transform the metalworking industry by the 2050s.

DMG MORI's Mission

Today | **Machine tool market**

2050s | **Holistic solutions to maximize added value using process-integration machines**

Today:
DMG MORI machines approx. 300,000
Machine tools (worldwide) approx. 5 million
Employee Training · Services · Engineering · Tools & Peripherals

2050s:
DMG MORI machines approx. 200,000-250,000
Machine tools (worldwide) approx. 1 million
Employee Training (DMG MORI Academy, Process Planning Adviser) · Services (my DMG MORI) · CELOS X · DMG MORI GATEWAY · Engineering (TULIP) · Automation systems · Engineering (DMQP)

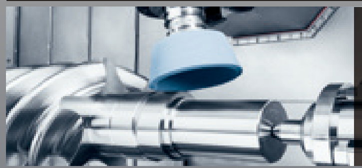
	Today	2050s
Process integration	Worldwide approx. 5 million machines (including 300,000 DMG MORI machines)	Worldwide approx. 1 million machines (including approx. 200,000-250,000 DMG MORI machines)
Automation	1,500 hours / year & machine	3,000 hours / year & machine
GX	Shop floor ≒ Power demand 1	Shop floor and Power demand 1/5
DX	Operators 5 million	Programmers 1 million

2050
- High-precision machining
- Compensating operator shortage
- Optimizing management resources
- Achieving SBTi-approved net-zero target

MACHINING TRANSFORMATION

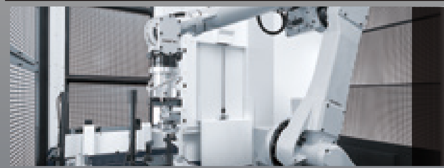
MX-driven management strategy

Process integration



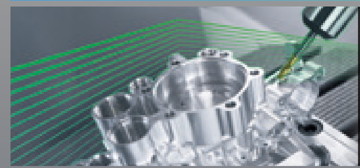
Integration of separate turning and milling processes as well as specialized processes from gear machining to final measurement on a single machine

Automation



Minimizing labor-intensive setup work and expanding machine uptime through overnight and weekend operation

GX GREEN TRANSFORMATION



Effective utilization of management resources and energy through the reduction of machine footprint, work-in-progress, and defective workpieces

Model selection · Analyzing machining conditions · Employee Training · Machine installation & commissioning · Production planning · Programming · Setup · Machining · Monitoring · Measuring · Services

TULIP

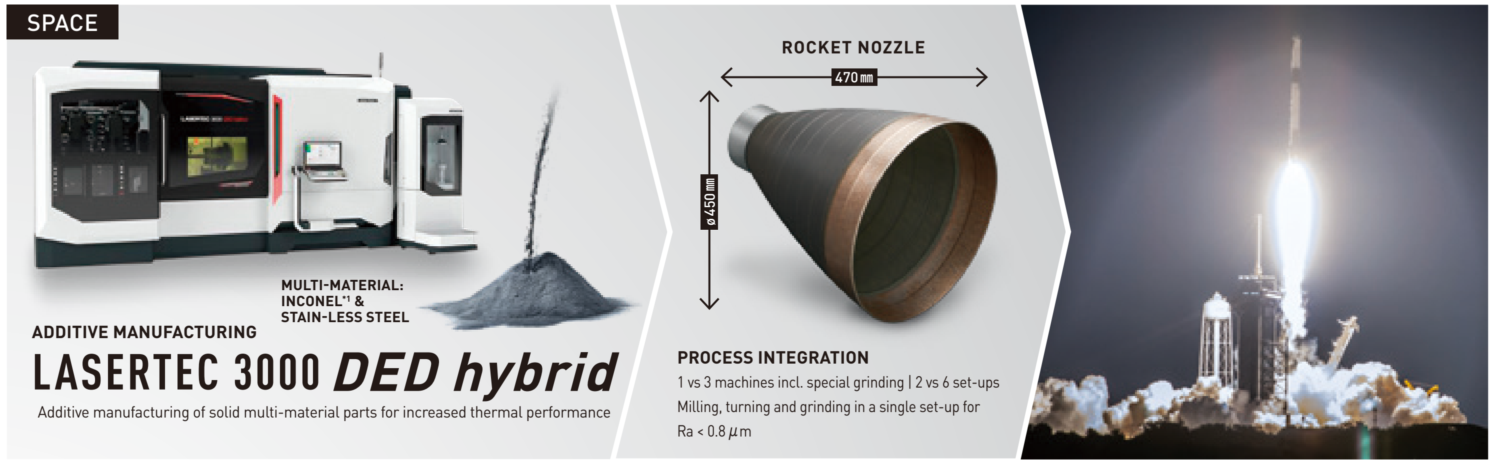
my DMG MORI

by DX DIGITAL TRANSFORMATION

DMG MORI generates added value in growth industries

Machine tools can transform a wide variety of materials into components with high sales value through complex machining.
In many cases, finished parts are not consumer goods and are therefore invisible to the average individual, but they are used in growth industries that demand high quality, such as energy and power generation, precision and semiconductor-related, medical, aerospace, etc. DMG MORI offers solutions that maximize the functionality of high-precision machine tools and extend uptime.

*1 Inconel is a registered trademark of Huntington Alloys Corporation.



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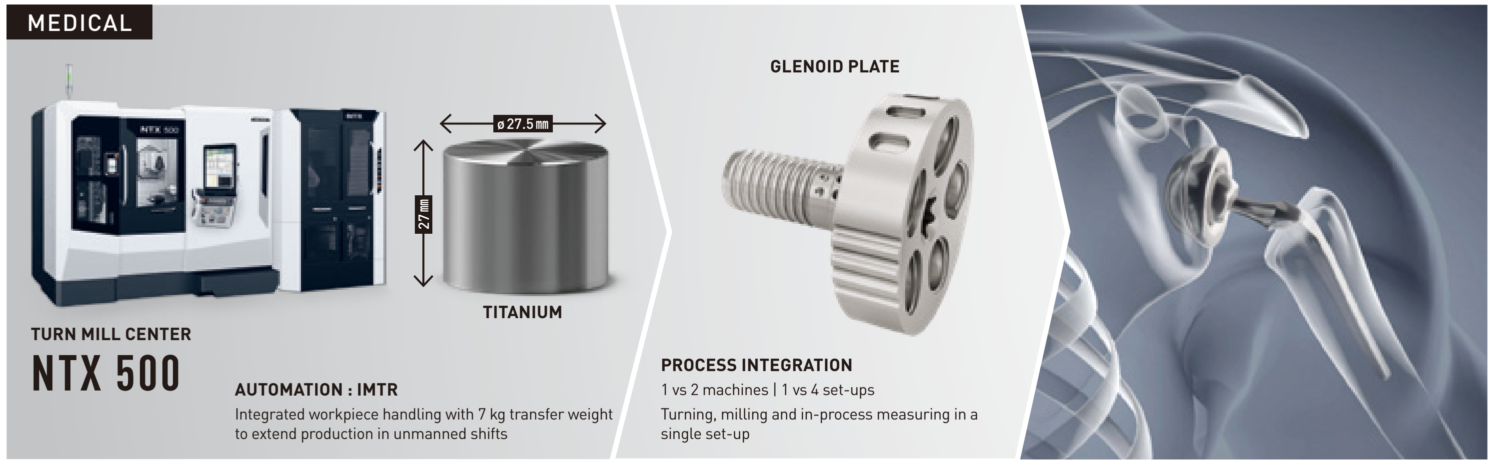
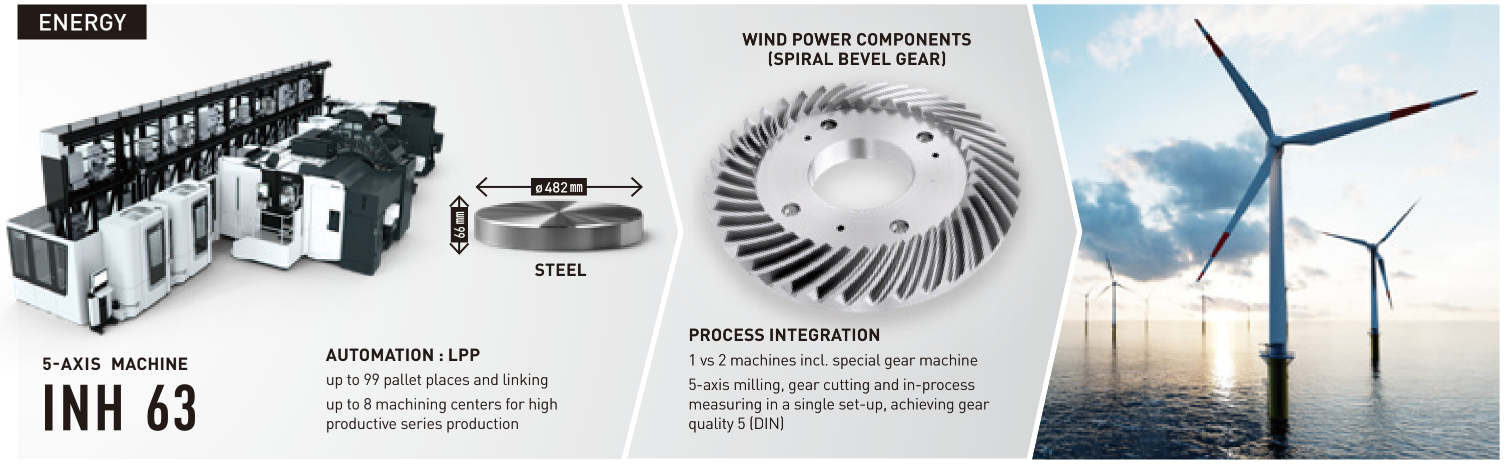
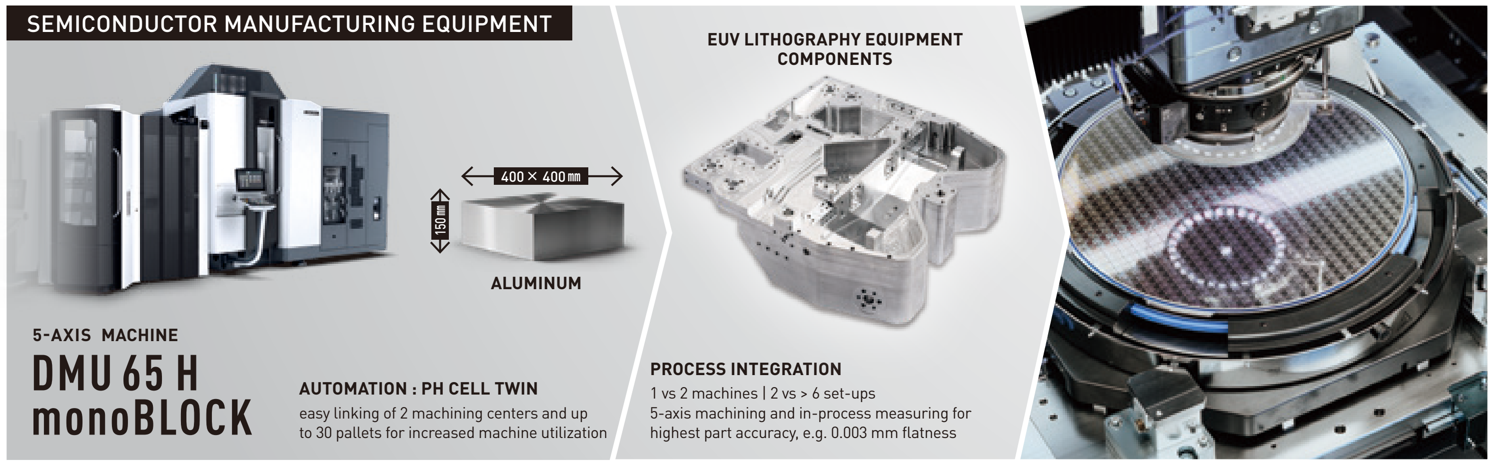






Message from Group CEO

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

MX (Machining Transformation) – from recognition to expansion
Sustainable growth with customers by optimizing management resources

Achieving DMG MORI's Mission with MX

The demand for machine tools fluctuates with changing macroeconomic trends, economic security concerns, geopolitical risks, and emerging technologies. Regardless of such short-term market dynamics, DMG MORI remains committed to its long-term mission by advancing Machining Transformation (MX).

MX combines process integration and automation to realize GX (Green Transformation) and accelerate it through DX (Digital Transformation) to digitally manage, analyze and improve production processes. MX has the potential to significantly boost our customers' productivity by sparking a revolution of the machining process itself. Indeed, data from our connected machines shows an average machine operation time of just 1,500 hours per year, which means there is substantial room for improvement. With MX, some customers already report a dramatic increase of machine utilization, reaching up to 4,000 hours per year.

Traditionally, the machine tool industry has focused on improving performance indicators of standalone machines, such as cutting speed, precision, and rigidity. However, these advancements haven't always translated to proportional improvements in overall production efficiency. We see a significant opportunity to bridge this gap and help customers optimize their entire production. At DMG MORI, in parallel to maintaining and enhancing machine quality, our key challenge for MX lies in finding ways to improve customers' production efficiency with specific products and services.

An estimated 5 million machine tools are currently in operation worldwide, including approximately 300,000 DMG MORI machines. With our MX strategy, we aim to reduce the global number of running machine tools to around 1 million by 2050. Many customers face challenges from a shortage of skilled operators to optimizing resources like materials and logistics, reducing energy consumption, and meeting environmental goals. By delivering timely solutions that enhance production efficiency through process integration, automation, and DX, we shall be able to drive demand for machine replacements and thus reduce the global number of machine tools in use. We expect that our MX solutions will have become widely adopted by 2050 with about 250,000 DMG MORI machines in use, increasing our market share to approximately 25%.

Superior Business Model in the Machine Tool Industry —A Foundation for JPY 500 billion in Sales Revenue

Despite a slowdown in demand, DMG MORI's sales revenue has remained stable. In 2023 and 2024, while orders decreased year-on-year, our sales revenue reached JPY 539.5 billion and JPY 540.9 billion, respectively. This reflects the resilience of our business model, capable of sustaining sales revenue above JPY 500 billion even during economic downturns.

The stabilization of sales revenue is largely supported by higher order prices and reduced discount rates driven by MX, and the steady growth of the engineering, maintenance, spare parts and MRO (Maintenance, Repair, Overhaul) business. DMG MORI offers more than just machine tools, robots, and other peripherals (DMQP: DMG MORI Qualified Products) – we provide end-to-end solutions. From optimization of machining processes through software and implementing automation systems to training, maintenance, spare parts and MRO, we handle everything swiftly with our in-house resources. This seamless process ensures customers can depend on our solutions throughout the whole product lifecycle, which often expands over 20 years from installation to disposal.

We deliver our value propositions through our global network of 124 sales and service locations, a structure that provides a significant competitive edge over competitors. By consistently delivering optimal MX solutions and demonstrating their value to customers, we have successfully reduced discount rates compared to the era of standalone machine tool sales.
Consequently, the average order price has risen steadily, increasing by 24% year-on-year to JPY 61.9 million (EUR 407 thousand) in 2023 and by an additional 15% to JPY 71.0 million (EUR 433 thousand) in 2024.

Maintaining high production efficiency of DMG MORI machine requires not only optimized systems but also minimized machine downtime after installation. While the typical economic lifespan of a machine tool is 10 to 12 years, many are used for over 20 years. This makes MRO system with prompt supply of spare parts crucial.

In addition, the rise of simultaneous 5-axis machines, mill-turn centers, and additive manufacturing has made machines increasingly complex. While designing and producing reliable, durable machines remains fundamental, the ability to quickly diagnose failures, ship spare parts promptly, and provide a platform for sharing relevant information with customers has become a key competitive advantage in the industry. In 2024, the engineering, MRO and spare parts business grew by 7% year-on-year, contributing 25% (FY2023: 22%) of total consolidated orders. This segment has shown steady growth in times of challenging demand conditions for machines, playing a vital role in stabilizing DMG MORI's sales revenue.

MX Acceptance in the Machine Tool Industry —Strengthening Resources in 2024 for the Next Phase of MX

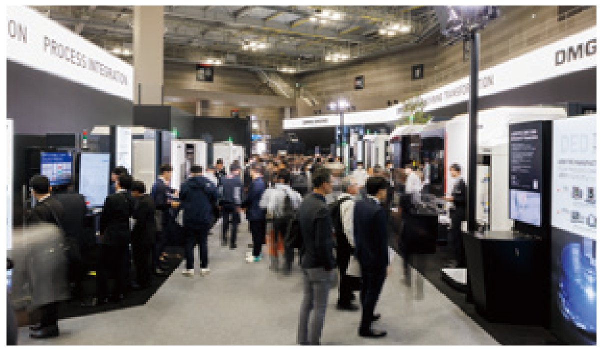
In the last two years since our introduction of the MX strategy in 2023, DMG MORI's management resources have undergone a significant transformation. As of the end of 2024, DMG MORI has approximately 13,500 employees, with only 4,900 (36%) involved in manufacturing, while 8,600 (64%) are engaged in marketing, sales, engineering, MRO and spare parts business. The latter includes around 2,200 MRO engineers and 1,100 application engineers. This shift highlights DMG MORI's notable transition toward a business model that resembles an engineering company.

Although we have already strengthened our human resources, the increasing attention of customers toward MX revealed additional needs in resources. In 2024, we focused on addressing key challenges, such as enhancing marketing to improve customer understanding, expanding our team of MRO and application engineers, and boosting employee awareness and motivation to drive MX forward.

Leading Customers into the New World of MX
— Enhanced Marketing Efforts

Our MX strategy can greatly enhance productivity through process integration, automation, and digital technology, while having the possibility to reduce the environmental impact of our customers. However, most customers have never experienced MX and cannot imagine the impact and effect it can have on their production. In the past, when our business model was based on the sale of standalone machines, we only had to describe the specifications and features of the product in a catalog and promote it to the customer under a product-out promotion strategy. However, in order to encourage customers to leap into the world of MX, we must adopt a market-in marketing tactic and stimulate customers' imagination to visualize how our solutions will benefit them.

In 2024, DMG MORI showcased its MX solutions at major exhibitions such as the AMB in Germany and JIMTOF in Japan. Alongside these large-scale events, we prioritized targeted initiatives such as "Open Houses" and "Technology Days", where we hosted small groups of customers at our showrooms and manufacturing sites, offering tailored machining proposals based on their specific needs. We also expanded our "DMG MORI ACADEMY" training facilities for customer operators, adding a new site in Okayama, Japan, in 2024, after establishing three other domestic locations in 2023. With increasing demand for high-mix, high-precision machining, customers require



skilled operators for complex 5-axis machines and mill-turn centers. Therefore, the Company plans to open another location in Kyushu after 2025. Through these diverse marketing channels, we aim to directly demonstrate the value of MX solutions to customers and foster future demand.

Strengthening the Application and MRO Engineer Team

When introducing new machine tool systems, customers often place importance on achieving the required workpiece accuracy and processing time. Accordingly, DMG MORI application engineers conduct more than 3,000 test cuts per year on actual machines to provide customers with reliable data for their investment decisions. The demand for turnkey solutions for complex workpiece processing is also increasing, making it a top priority to secure engineers capable of managing these setups. Additionally, the increasing machine complexity and automation make it crucial to enhance the skills of our MRO engineers responsible for maintenance and repairs.

Although DMG MORI already has a large number of skilled application and MRO engineers, we still remain short on personnel. Therefore, we actively expanded our recruitment efforts in 2024 and will continue prioritizing these fields. DMG MORI supports a diverse range of manufacturing customers, from global enterprises to SMEs with niche technologies, making us an appealing choice for engineers seeking challenging opportunities. To attract top talent, we have also increased global salaries since 2022. Our wages rank among the highest in the industry, ensuring competitiveness in securing talented engineers. By 2030, we aim to grow our organization to approx. 2,000 application engineers and approx. 3,000 service engineers, further strengthening our position as a leading engineering trading company.

Winning the Deming Prize
— Company-wide Commitment to Creating Customer Value

DMG MORI's largest production site, Iga Campus in Mie Prefecture, Japan, was awarded the prestigious Deming Prize for Total Quality Management (TQM) in October 2024. Since we obtained the ISO 9001 certification (international standard for quality management) in 1999, we have consistently prioritized quality improvement. We have also operated a unique Product Problem Report (PPR) system for years. This system compiles information related to performance issues into a database to enable early issue resolution and improvements in product development and manufacturing processes, which significantly contributes to the quality of DMG MORI products and services. To further elevate our standards, we have adopted TQM methods since 2017, focusing on the core principle of customer value creation. This mindset to be "customer-oriented" has been deeply instilled as a shared mindset across all DMG MORI employees.

We believe that maintaining high employee motivation and fostering an innovative workforce are essential to deliver high-quality products and services while achieving sustainable growth as a company. DMG MORI is represented by approximately 13,500 employees, who vary in languages, nationalities, and professional expertise. To ensure that our diverse workforce acts as one to swiftly adapt to changing business environments and meet the diverse needs of global customers, everyone must understand and commit to advancing our MX strategy. The Deming Prize is a testament to DMG MORI's efforts in quality management and continuous improvement to enhance customer satisfaction. We see this achievement as a milestone and are confident that expanding TQM across the Group will support DMG MORI's long-term sustainable growth.

Target by 2030: JPY 800 billion Sales Revenue with 15% Operating Profit Margin

Machine tool demand is cyclical, but DMG MORI has mitigated some of these fluctuations by diversifying industries, increasing order prices through high-value offerings, and expanding its engineering, MRO and spare parts business. However, fully eliminating the effects of changing customer demand remains a challenge. Our previous three-year business plan was eventually disrupted by short-term demand fluctuations that complicated the achievement of consistent results. For our next business plan, we are therefore adopting a long-term perspective with 2030 as a key milestone. In the coming years, we will strengthen our organizational foundation to advance our core MX strategy, while realizing the performance and financial stability it envisions.

In the past two years, we introduced our MX strategy to the market and strengthened our management resources. Now, we anticipate a phase of growth, higher profit margins, and increased cash flow toward 2030. Through organic growth with existing resources and strategies, we target JPY 800 billion in sales revenue and an operating profit margin of 15% by 2030. This includes JPY 580 billion from the machine business (FY2024: approx. JPY 390 billion), JPY 180 billion from the engineering, MRO and spare parts business (FY2024: approx. JPY 124 billion), and JPY 40 billion from group operations (FY2024: approx. JPY 30 billion). We expect higher order prices for high-value-added solutions and the continued expansion of our engineering, MRO and spare parts business to carry the stable growth of sales revenue. We completed most of all upfront investments, aside from human resource development. Now, we expect to enhance profitability with reduced discount rates from improved customer satisfaction and growth of comparatively high-margin businesses, namely engineering, MRO and spare parts business.

DMG MORI intends to primarily use its future free cash flow to reduce interest-bearing debt (incl. hybrid capital) and to provide shareholder returns focused on dividends. By the end of 2030, we aim to lower net interest-bearing debt to JPY 100 billion (FY2024 year-end: JPY 172.8 billion). Thanks to continued revenue growth, we also plan to increase shareholder equity (excl. hybrid capital) to over JPY 430 billion and achieve a shareholder equity ratio of at least 50%. For shareholder returns, we target a dividend payout ratio of 30% to 40%, raising dividends per share to 200 yen in 2030 (FY2024: 100 yen).

Sustainable long-term growth of our business also depends on our employees' well-being and care for the environmental impact caused by our business. In recognition of our excellent health management initiatives, DMG MORI was selected as part of the "Health & Productivity Stock Selection 2024" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. Guided by our philosophy of "Play Hard, Study Continuously, and Work Together", we will continue to enhance health management and boost productivity. On the sustainability front, our net-zero target has been certified by the SBT (Science Based Targets) Initiative. Additionally, we work with suppliers to reduce Scope 3 CO_2 emissions and actively recycle scrapped machines and machining chips as raw materials for castings in collaboration with our group company, DMG MORI CIRCULAR Co., Ltd.

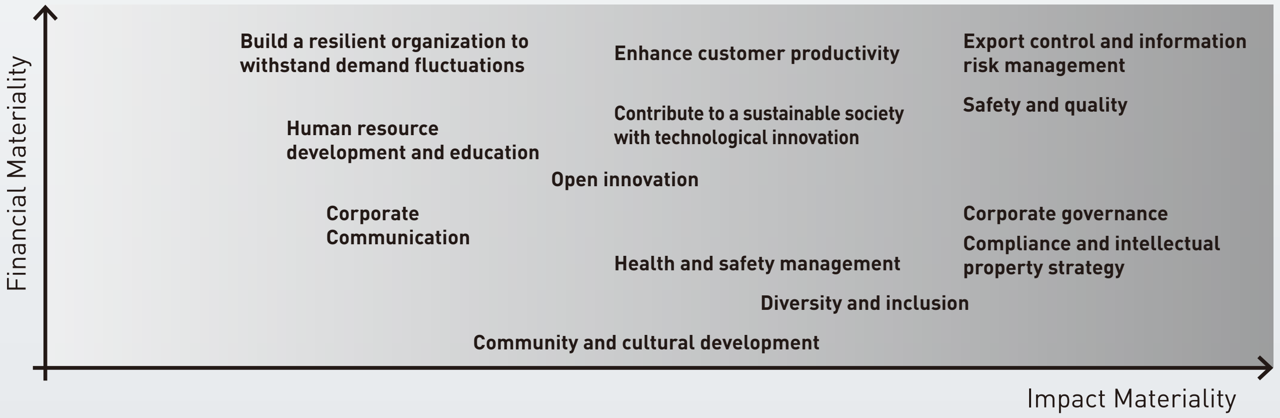
DMG MORI remains committed to driving technological innovation and enhancing productivity, collaborating with all our stakeholders to build a sustainable future. Thank you for your continued support.

DMG MORI's Materiality

We identified 13 materialities through internal and external discussions and grouped them into three key themes aligned with our mission statement.
These materialities are shared and addressed across the DMG MORI Group.

Identified Materialities

The Company has identified and disclosed its approach to sustainability management and the key issues (materialities) that the DMG MORI group should address.
While all 13 identified materialities are significant, we have organized them based on two axes: the impact of the Company on the environment and society, and the impact of the environment and society on the Company. This approach clarifies their relative importance to the Company.
We believe that materialities must be reviewed flexibly in response to changes in the external environment. Moving forward, we will continue to regularly review these materialities and adapt as needed.



Materiality Assessment Process

Our materiality assessment process is as follows:

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 high-precision processing techniques.

Internal Discussions and Investor Insights

In dialogues with long-term investors, questions were raised about our strategy to balancing financial value creation with addressing societal issues. This led to fruitful internal discussions, prompting us to revisit our management philosophy and reassess our purpose as a company.

Identifying Opportunities and Risks

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.

Business Plan Committee Meetings

At our 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 for further deliberation.

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

		Materiality Topics	Reference*
Innovating for social & environmental impact	1	**Enhance customer productivity** • Provide one-stop solutions that meet customer needs for Machining Transformation • Enhancing working environments by increasing productivity and delivering added value to customers	Customer MX Story (→P.38)
	2	**Contribute to a sustainable society with technological innovation** • Reduce environmental footprint throughout the entire supply chain • Develop and promote environmentally friendly products • Improve the machine tool precision	Natural Capital (→P.87) Sustainability (→P.93)
	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.57) Deming Prize (→P.69)
	4	**Open Innovation** • Collaborate with external organizations, including universities, research institutions, and companies • Build win-win relationships to create and enhance values	Development Capital (→P.55) Collaborative Research with Academic Institutions (→P.59)
	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.81)

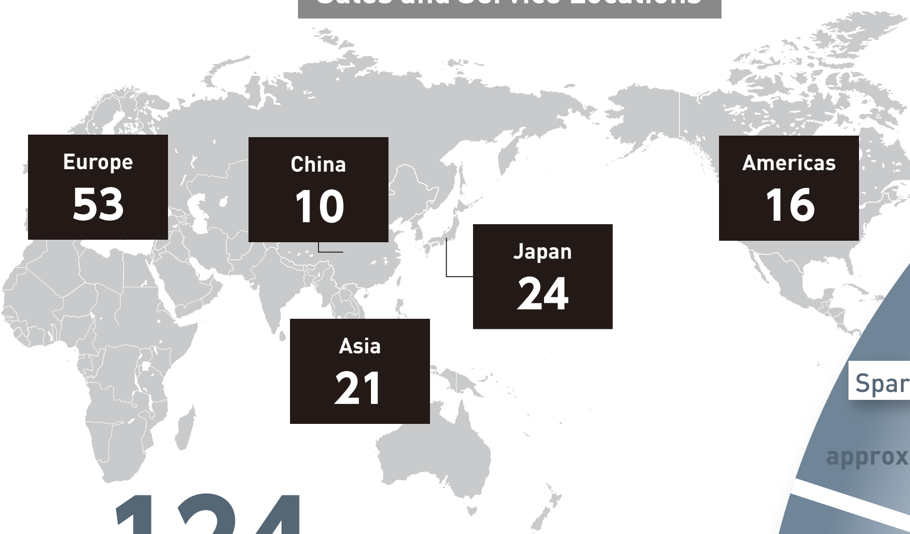
		Materiality Topics	Reference*
Building a stronger management foundation	6	**Corporate Governance** • Increase transparency and fairness as a global company • Strengthen corporate competitiveness through fast decision-making • Secure future leaders for succession	Dialogue with External Directors (→P.109)
	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 internal network • Strengthen measures against cyber-attacks on customer machines	Risk Management (→P.113)
	8	**Corporate communication** • Foster accurate information sharing and ongoing communication • Promote understanding of the increasingly sophisticated and dynamic business landscape	Shareholder Engagement (→P.17)
	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 (→P.7) Diversity (→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 products and technology protection, while also respecting the intellectual property of other companies	Governance Structure (→P.101)

		Materiality Topics	Reference*
Engaging for a prosperous society	11	**Health and safety management** • Create a work environment that embodies our corporate philosophy "Play Hard, Study Continuously, Work Together"	Health and Productivity Management / KENKO Investment for Health Stock Selection (→P.77) Safety Management (→P.78)
	12	**Diversity and inclusion** • Establishing an environment that enables each individual to harness their full potential and attain personal fulfillment	Human Capital (→P.71) Work and Life events (→P.79)
	13	**Community and cultural development** • Create clean factories and beautiful landscapes as a responsible corporate citizen rooted in the community • Contribute to further development of engineering, sports, arts, and culture	Promoting Culture, Arts, and Academia (→P.85)

DMG MORI's Strengths
Integration of Trading, Engineering, and Manufacturing Functions

DMG MORI has established a business model unique in the industry, combining trading, engineering, and manufacturing through a direct sales and service structure. We deliver high-precision, high-quality products directly to customers, while reflecting their feedback during production and development for enhanced value.

Sales and Service Locations



124 bases

Providing machining technology through a customer-oriented sales & service network

With 124 locations around the world, DMG MORI has established a customer-oriented sales & service structure unparalleled in the industry and is solving customer issues through value-added proposals.

Machine tool innovations tailored to meet societal needs

Through the introduction of cutting-edge technology, DMG MORI is responding to major societal changes, such as the pursuit of quality of life and the introduction of AI (artificial intelligence).

Building platforms by software and IoT

DMG MORI has established a global system that allows it to provide integrated production systems that include machine tools, peripheral equipment and software.

Showcasing machining applications at in-house production sites

DMG MORI utilizes its own machines and products at its key components machining plant, inviting customers to visit its production sites as a live showroom.

Industrial service approx. **8,600**

- Administration*1 approx. 1,200
- R&D approx. 1,700
- Spare parts approx. 500
- Service Support approx. 600
- Sales and Marketing approx. 1,300 (including headcounts for Area Sales Managers approx. 600)
- MRO engineers approx. 2,200 → 2030 Plan approx. 3,000
- Application Engineers approx. 1,100 → 2030 Plan approx. 2,000

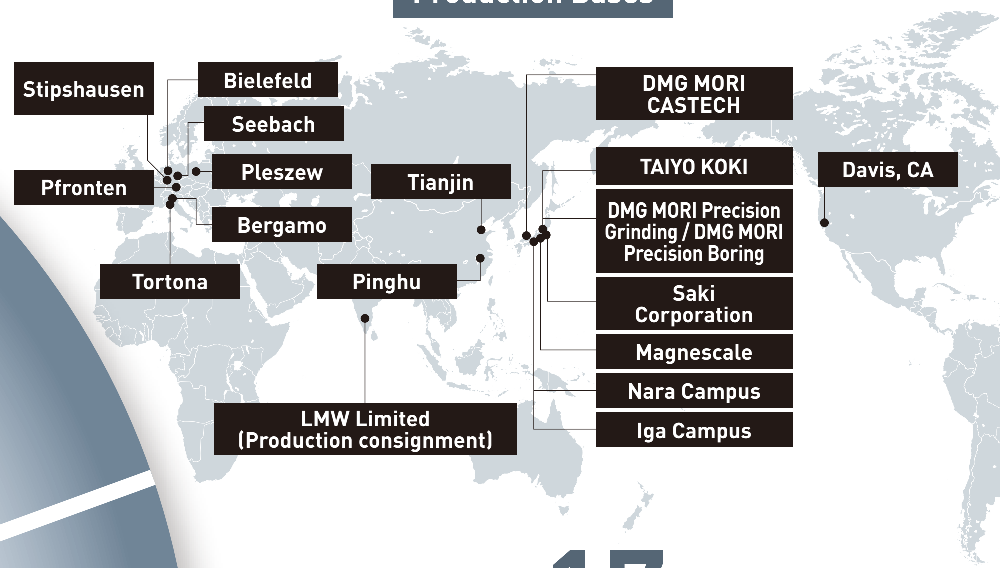
Sharing
Feedback

Machine tools approx. **4,900**

- Administration*1 approx. 400
- Purchasing approx. 900
- Quality approx. 400
- Production approx. 3,200

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

Production Bases



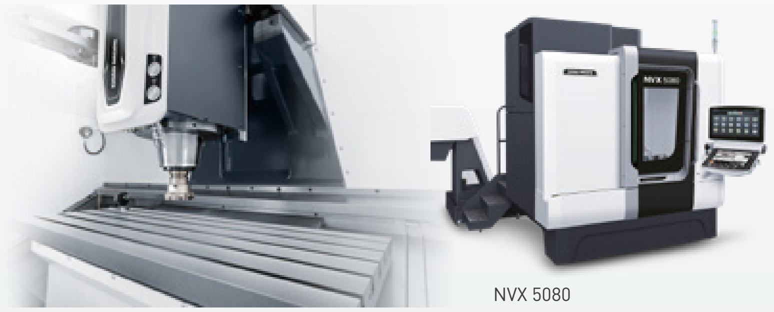
17 bases

2024
Total approx. **13,500** employees

2030 Plan
Total approx. **15,000** employees

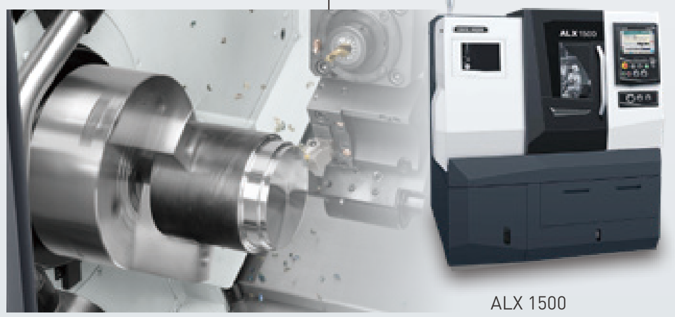
The World's Most Extensive Lineup of Japanese and German Technologies

With major production bases in Japan and Germany, DMG MORI leverages the unique knowledge and expertise gained from diverse industrial landscapes and customer needs to drive the development of groundbreaking products.



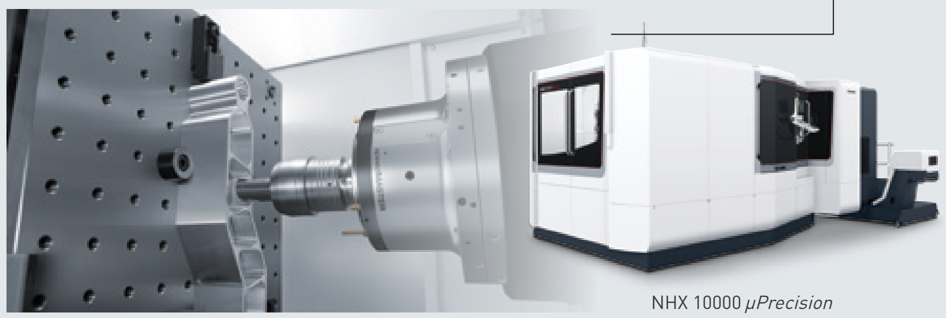
NVX 5080

A machining center is a type of machine tool designed to perform a variety of machining operations by automatically exchanging rotary tools using a tool changer. When the spindle (the axis of tool rotation) is mounted vertically (perpendicular to the ground), it is called a vertical machining center.



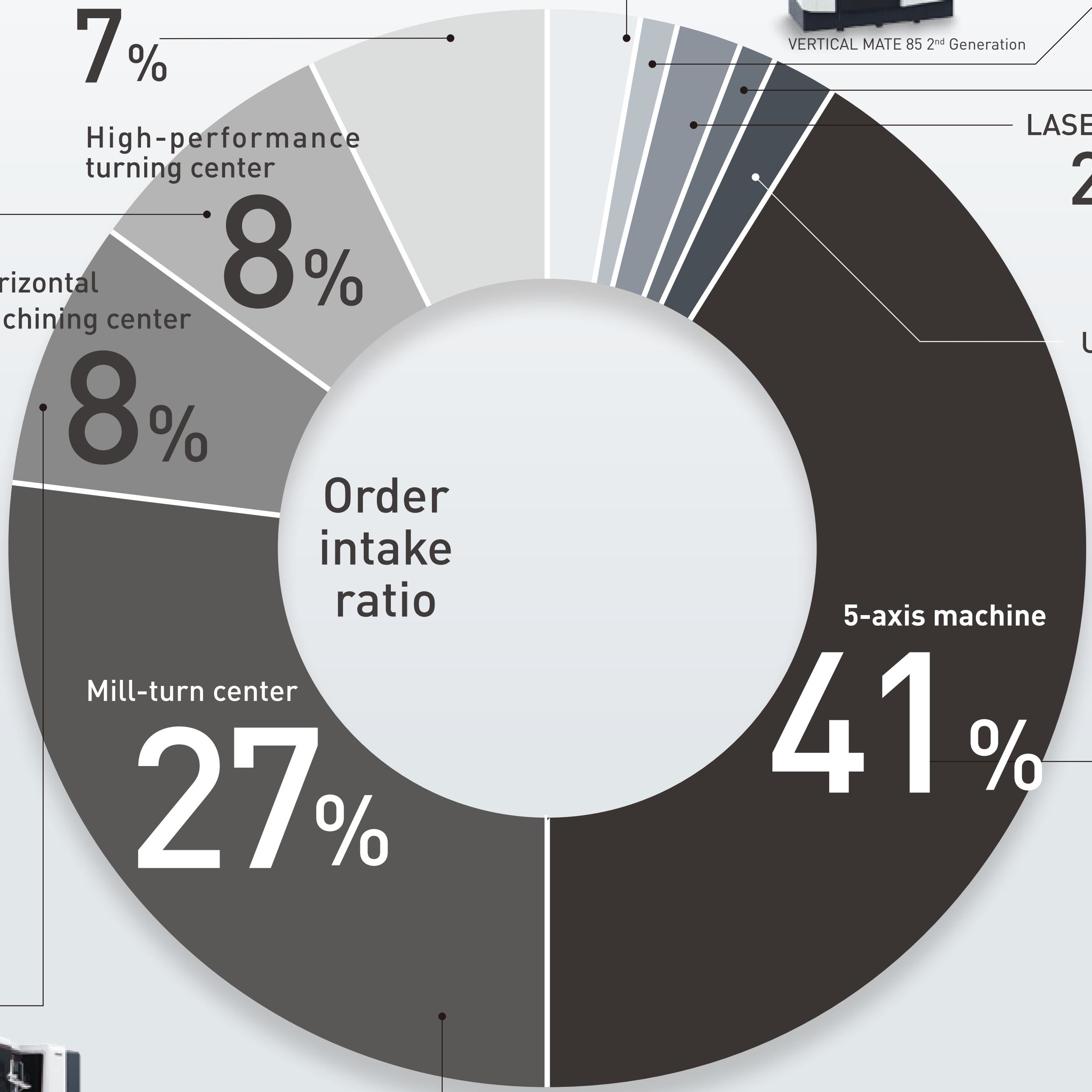
ALX 1500

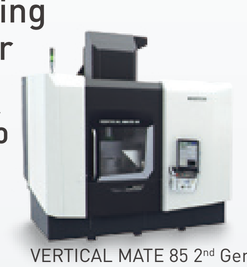
A turning center is a machine tool that fixes the workpiece to the spindle, rotating it while applying a cutting tool to perform operations such as outer diameter turning, facing, boring, and drilling.



NHX 10000 *μPrecision*

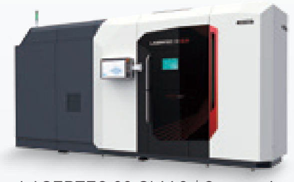
A horizontal machining center is a type of machining center where the spindle is mounted horizontally (parallel to the ground). In addition to the XYZ axes, it features a rotating table axis, eliminating the need for manual repositioning of the workpiece. Its design also prevents chips from accumulating on the workpiece during machining, making it highly suitable for automation.





VERTICAL MATE 85 2nd Generation

KBT-11W.A



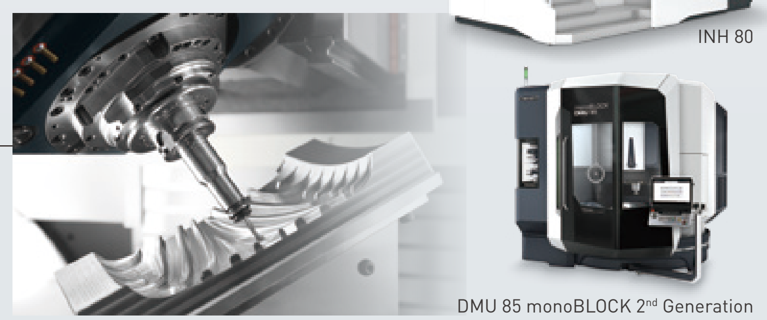
LASERTEC 30 *SLM* 3rd Generation

LASERTEC 50 Shape Femto

ULTRASONIC 20 *linear*

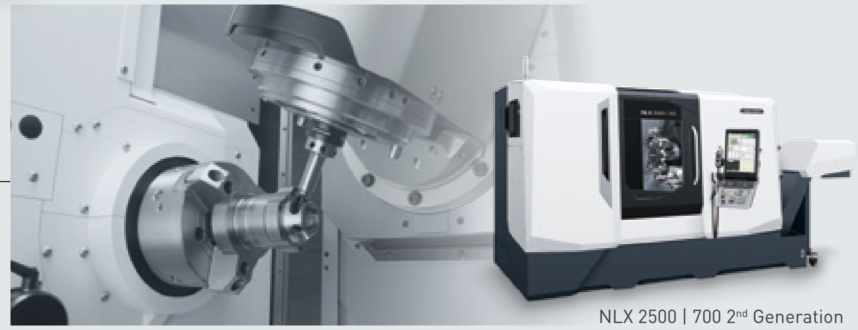
Grinding Center: Rotates a grinding wheel at high speed to remove material from the workpiece surface for finishing.
Boring Machine: Enlarges pre-drilled holes by cutting the inner surface.
Additive Manufacturing (AM): Uses lasers to melt and solidify metal powder to form various shapes.
LASERTEC: Uses lasers for fine machining and texturing on metals and advanced materials.
ULTRASONIC: Simultaneously rotates and vibrates the tool ultrasonically in the vertical direction, enabling high-precision machining of hard materials such as ceramics.

INH 80



DMU 85 monoBLOCK 2nd Generation

DMG MORI's 5-axis machines boast exceptional milling capabilities and outstanding operability. With their ability to index multiple faces, 5-axis machines complete machining in a single clamping, reducing setup times and simplifying or eliminating the need for complex fixtures. This significantly shortens process time.



NLX 2500 | 700 2nd Generation

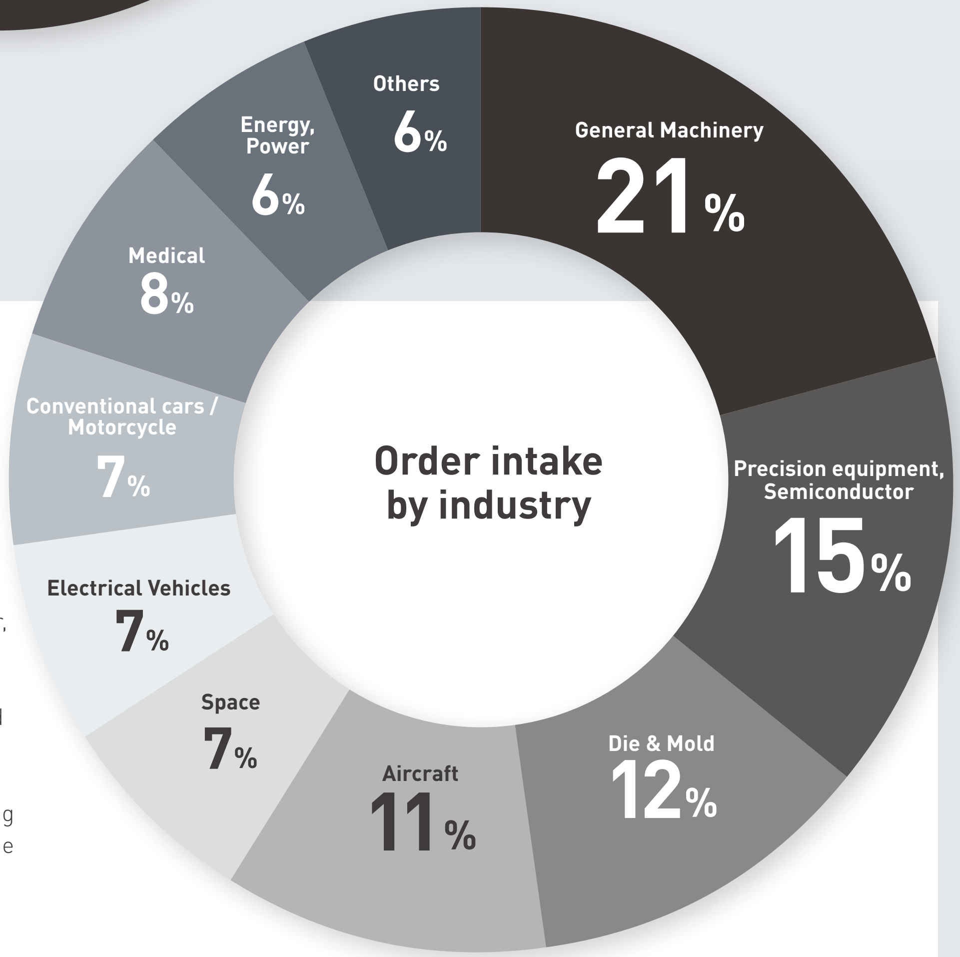
A mill-turn center combines processes traditionally performed on separate machines into one. By integrating the capabilities of turning centers and machining centers, it delivers high machining performance, significantly reducing production lead time. This allows efficient process integration for both high-mix, low-volume parts and mass production components.

Diversity

Over the years, DMG MORI has evolved to meet diverse customer needs. We believe that multi-polarized business strengthens our financial stability and leads to new innovations.

High ratio of process-integration and advanced technology machines

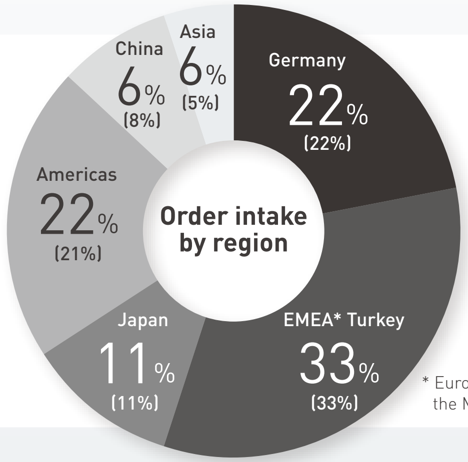
Against the backdrop of social changes such as shortage of engineers and operators, DMG MORI has responded to emerging customer needs for process-integration machines since 2010s by introducing 5-axis machines and mill-turn centers. DMG MORI will continue contributing to the automation and digital transformation in the manufacturing industry by continuously introducing process-integration machines.



Balanced industry base

DMG MORI products and services support different industries, from traditional manufacturing such as agricultural and construction machinery and the energy sector, to innovative growth industries such as medical, electrical vehicles (EV), aircraft, space, and semiconductor industries.
DMG MORI contributes to the development of society by offering its machining know-how to a wide range of customers and by cooperating to improve their machining technologies.

Figures in ( ) pertain to 2023



* Europe excl. Germany, the Middle East and Africa

Global customer base

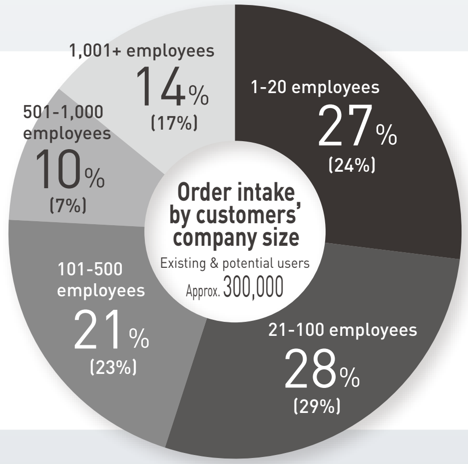
The machine tool industry is susceptible to market fluctuations due to macroeconomic changes and investment trends. However, DMG MORI stabilizes its operations by tailoring to region specific needs worldwide.

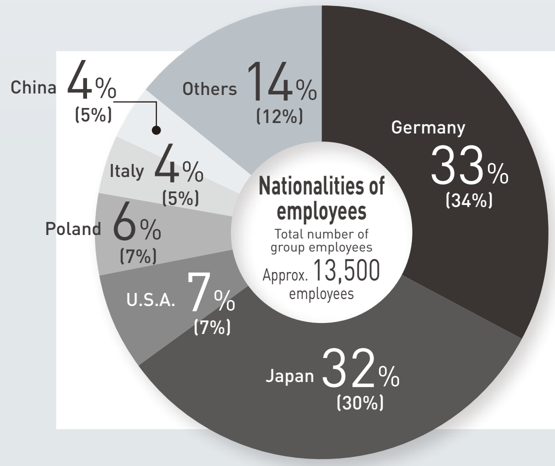
We ensure sustainable growth by combining new demand from technological innovation in developed countries with growing business opportunities in Asia and other emerging markets.

Customers by company size

More than 50% of DMG MORI users are small companies with less than 100 employees. DMG MORI intends to stabilize its sales revenue and profits by addressing diverse needs with a customer base that covers both small companies and big enterprises.

DMG MORI's relationship with a wide variety of customers has led to the accumulation of astonishing process know-how that we share again with customers through application support.





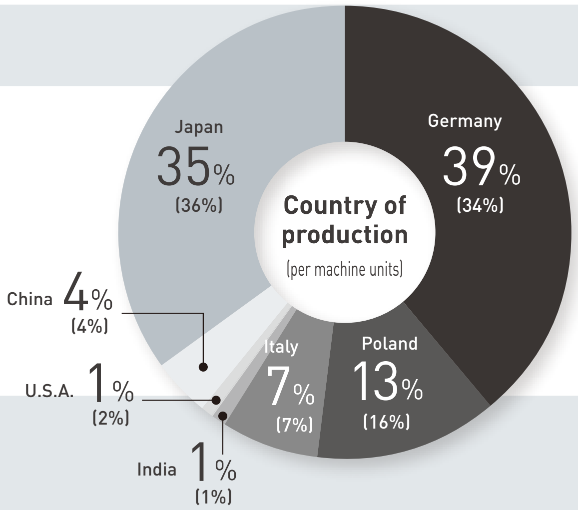
Multinational workforce

DMG MORI's workforce consists of approximately 13,500 employees of 61 nationalities with various languages, skills and values. At DMG MORI, employees with diverse backgrounds cooperate with mutual respect.

Having employees who speak the same language as the customers enables us to capture customer needs and spark technological innovations.

Diversity of manufacturing sites

DMG MORI has manufacturing sites in Japan, Germany, Europe, the United States, and China. The dispersed manufacturing sites enable optimized delivery time to customers, reduce transportation costs and ensure business continuity in view of geopolitical risks.



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 the former GILDEMEISTER AG (brand name "DMG") of Germany. Even before this integration, both companies had been actively acquiring technologies and know-how through harmonious acquisitions and takeovers and steadily growing their businesses. In its quest to be the best partner for its customers, DMG MORI will continue to evolve through business growth plans as well as mergers and acquisitions.

Establishment of former GILDEMEISTER

1948

Establishment of former Mori Seiki

1994

Current DMG MORI Pfronten (Germany)

The former Deckel Maho along with its highly respected know-how for universal milling machines, drilling machines, and machining centers, later gave the Group the competitive advantage in 5-axis machines.

1999

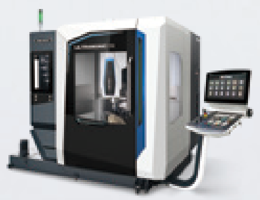
Current DMG MORI Poland (Poland)

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

2001

Current DMG MORI Ultrasonic Lasertec (Germany)

The former SAUER along with its expertise in ultrasound technologies for machining advanced materials like ceramics, glass, and silicon joins the Group.



TAIYO KOKI

Current TAIYO KOKI

By acquiring TAIYO KOKI, which developed the industry's first vertical grinding machine, the Group's portfolio expanded to the full metal-machining process from cutting to grinding. (A wholly owned subsidiary of the Company since 2025)

2002

Former Hitachi Seiki

By succeeding the business of the former Hitachi Seiki in Japan along with its competitive mill-turn centers, the Group expanded its presence in eastern Japan.

2007

Former *DIXI machines* (Switzerland)

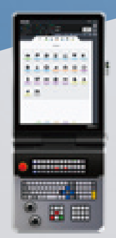
Through acquisition of the former DIXI Machines, the Group acquired technology to improve accuracy and rigidity, including scraping techniques. It was Mori Seiki's first factory outside of Japan, through which the company gained accumulated overseas production know-how.

2008

DMG MORI DIGITAL

Current DMG MORI Digital

Software developed by the former B.U.G. includes CELOS X, MAPPS, and CELOS DYNAMIC*post*.



2009

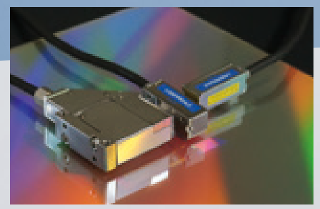
Start of Business Alliance with DMG

2010

Magnescale

Current Magnescale

The business was acquired from the current Sony Group. The Group gained high-precision scale and sensor technology, which is critical for semiconductor production equipment and machine tools.



2015

Former AMADA MACHINE TOOLS

By inheriting the business from AMADA, the Group started the sales of small-sized turning centers under the new brand name "WASINO".

2016

Full Management Integration with DMG

saki

Current SAKI Corporation

SAKI, which produces in-line automation inspection systems for mounting circuit boards and semiconductors, becomes an affiliated company accounted for by the equity-method. It contributes to the expansion of the Group's customer base in the field of next-generation communication systems and EVs.

2020

DMG MORI CASTECH

Current DMG MORI CASTECH

The former Watanabe Seikosho provides in-house production of castings for machine tool beds and columns, which contributes to stabilization of supply and improvement in quality.

2024

DMG MORI PRECISION BORING

Current DMG MORI Precision Boring

The former KURAKI CO., LTD. provides industry-leading boring machines (CNC horizontal boring and milling machines) to further empower the Group's product portfolio.

2025

100% Acquisition of DMG MORI Precision Grinding / TAIYO KOKI

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

History of the former Mori Seiki Co., Ltd. and GILDEMEISTER AG

Start of Business Alliance in 2009

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

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

Strengths of CO and AG and their Synergies

At the time when both companies started negotiations, CO was known for several strengths: 1) A leading global position in mill-turn centers, horizontal machining centers, and turning centers; 2) In-house production capabilities for key components that are essential for the precision, rigidity, and longevity of machine tools, such as spindle units, ball screws, bearings, and turrets; 3) Swift resolution of machine issues via its effective Product Problem Report (PPR) system, alongside continuous advancements in refining next-generation products; 4) Proactive resolution of customer issues through the expansion of maintenance and service networks, coupled with the establishment of global parts centers; 5) A solid financial standing with zero debt and a shareholders' equity ratio of 76%.

CO's key areas for improvement included: 1) Expanding the lineup of 5-axis machines, which were still in the adoption phase at the time; 2) Improve the market reach in Europe; 3) Acquire a direct sales and service infrastructure, along with the necessary expertise, vital to advance a solution-based business; and 4) Reinforce marketing efforts to better appeal to customers.

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

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

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

On the other hand, AG's strengths included: 1) A broad lineup of 5-axis machines from the technology's adoption phase and know-how of versatile processing methods; 2) Proficiency in product development utilizing laser technology; 3) Robust market presence, particularly in Europe, facilitated by its direct sales and service network; 4) Strong capabilities in product design and marketing; 5) Business foundation in China and India.

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

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

Given its improvement in financial structure through the capital increases, AG made capital investments of approximately EUR 1.3 billion in the European region between 2009 and 2024. As a result, DMG MORI Pfronten factory in Germany – the largest dedicated production site for 5-axis machines in Europe – has experienced a remarkable 1.5-fold increase in production capacity. DMG MORI's Poland factory has also been transformed into the most profitable production site in the region by installing state of-the-art automation equipment. Through this collaboration, AG's sales share in Japan and the United States (based on export data from Germany) has expanded significantly. Before the collaboration, AG's sales share in Japan and the United States was 14% and 13%, respectively, but the recent sales share has increased to 48% and 25%, respectively.

As a result of AG's steady business expansion, the number of employees has significantly increased from approximately 6,400 at the start of the collaboration to approximately 7,500 by the end of December 2024. The three important management assets – employees, production facilities and intellectual property, and financial capital – have been greatly strengthened, providing substantial benefits to AG and enabling it to further solidify its market presence.

Integration Results (by 2024)

Sales	**Expansion and stabilization of revenue scale** • Stabilized top-line through global customer and industry diversification • Established strong brand through unified marketing activities, including in-house exhibitions leveraging global office locations • Providing MX solutions (process integration, automation, DX, GX) to customers through trading, engineering, and manufacturing functions via a direct sales structure
R&D	**Development integration** • World's largest and best product lineup combining Japanese and German technologies • Expansion of cutting-edge technologies such as automation solutions and additive manufacturing • Information sharing at Global Development Summits, bringing together developers from diverse countries • Japan-Europe and Japan-US joint development models, unique developments such as operation panel CELOS X
Production / Logistics	**Optimized production network** • Expanded mutual use of production sites, reduced geopolitical risks • Enhanced transport efficiency, quicker delivery from localized production • One-stop production of automation systems (machine tools + robots, automation solutions + peripherals)
Procurement	**Joint procurement** • Established long-term partnerships with global suppliers • Expanded in-house production of ball screws, spindle units, and other components • Established sustainable supply system with industry partners via Germany's INTEGRITY NEXT platform
Quality	• Knowledge accumulation via global deployment of Product Problem Report system (PPR) • Quick response to customer issues through improved maintenance and service network and global parts centers
Others	• Improved operational efficiency by integrating IT systems of both companies • Sharing expertise in sustainability, including greenhouse gas emissions reduction and supply chain due diligence • Strengthening of group-wide export control system, installation of machine relocation detection systems (RMS) on all models • Evolved into a global company with approx. 13,500 employees, continued productivity improvement through increased human capital investment

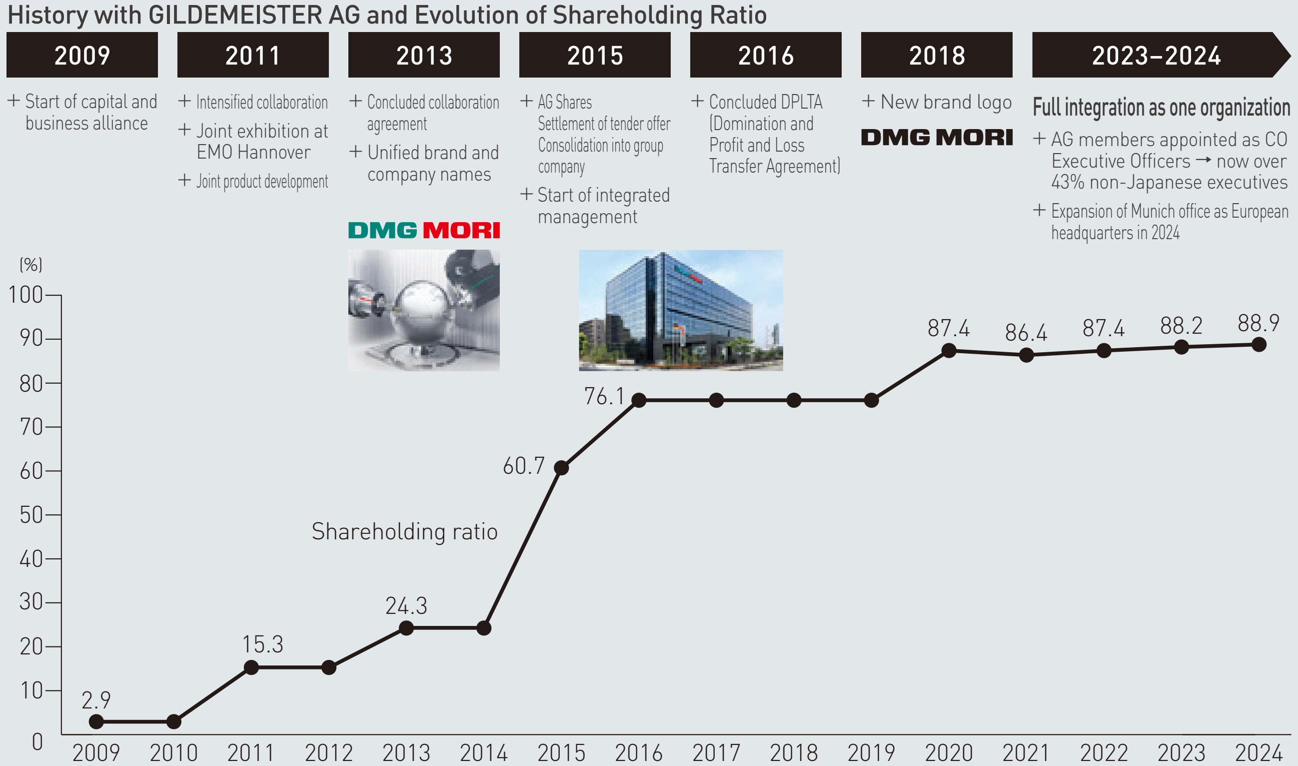
Deepening of Synergies in Business Operations

As CO increased its shareholding in AG throughout the progression of the business alliance, some skeptics derided the notion of a smaller company like CO acquiring a larger company like AG. While AG surpassed CO in terms of sales, it is worth noting that AG was also engaged in a non-core energy-related business at that time. In 2019, AG withdrew from this business, yet at its peak, revenue from this business segment achieved approximately EUR 200 million. As a result, when comparing only the machine tool business, there were no significant differences between both companies. In fact, CO was ahead of AG in terms of profitability and financial stability, including operating profit margin, equity ratio, and net cash balance. Ultimately, what matters most in the context of business and capital integration is how well the strengths of the two companies could complement each other, irrespective of their individual sizes. The integration of CO and AG has enabled the DMG MORI Group to establish the No. 1 global position in the industry in terms of revenue scale, while effectively diversifying our management resources in sales and production across key regions including Japan, Europe, the Americas, and Asia.

Recently, CO's expertise has been effectively utilized in expanding the in-house production of spindle units at DMG MORI Pfronten factory in Germany, and ball screws at the factory in Poland.
In the future, DMG MORI Poland factory plans to launch casting production, utilizing state-of-the-art electric furnaces which were already introduced at CO's group company DMG MORI CASTECH CO., LTD. These furnaces are meant to generate less than 10% of greenhouse gas emissions compared to conventional models. On the other hand, CO has successfully established a global direct sales and service network by leveraging AG's expertise and is fostering closer relationships with its customers.

Through direct sales channels, DMG MORI's MX strategy (Machining Transformation: Process Integration → Automation → GX by DX) is gaining significant traction. In the fiscal year ending in December 2023, DMG MORI's operating profit margin (EBIT) reached 10%. Despite the declining demand for machine tools, this marked the highest profit since the integration, underscoring the evident improvement in profitability from the business integration.
Regarding joint research and development, we host our Global Development Summit (referred to as "GDS") each year, where approximately 300 developers from Japan, Germany, the United States, Italy, and Poland come together. Since its start in 2014, GDS marked its 11th session in 2024. By bringing together developers from various fields to share knowledge, GDS has fostered smoother daily communication and contributed to the development of new products and automation solutions.
Additionally, to further enhance operational efficiency from manufacturing to logistics, DMG MORI began rolling out the globally unified ERP system SAP S/4HANA in 2024, starting with factories in Germany. By 2030, we plan to expand its implementation to Japan, the United States, and other locations, aiming to establish a globally optimized production and distribution system.

History with GILDEMEISTER AG and Evolution of Shareholding Ratio



Capital Integration Process

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

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

Within the realm of finance and accounting, AG was recognized as a consolidated group company. However, to achieve complete integration under German law, it was necessary to gain the power to issue direct instructions to the executive board. In April 2016, CO increased its equity stake in AG to 76.0%.
In August of the same year, a DPLTA (Domination and Profit and Loss Transfer Agreement) took effect. The DPLTA has enabled CO to control AG as if CO owned 100% of AG shares. As of December 31, 2024, CO's shareholding ratio in AG was 88.9%.

Strengthened Governance Structure

As a listed company on the Prime market of the Tokyo Stock Exchange, CO is mandated to enhance governance across its group companies. Accordingly, CO has strengthened its governance over AG, in line with the deepened capital relationship. At the start of the cross-shareholding in 2009, Dr. Mori, the President of CO, began his involvement as a member of AG's Supervisory Board.
Following the conclusion of the DPLTA in 2016, Dr. Mori became chairman of AG's Supervisory Board in 2018, further strengthening AG's management oversight function. Prior to this, in 2016, Ms. Bader, head of global marketing, was appointed as a member of the Supervisory Board, and in 2018, Mr. Nudo, head of CO's US sales office, was appointed as a member of the Supervisory Board, resulting in the promotion of the Group's products and services in the global market as well as thorough compliance with laws and regulations. As global geopolitical risks increase and supply chains undergo shifts, coupled with rapid fluctuations in financial markets, organizations are facing significant challenges. Consequently, we have recognized an increasing necessity for comprehensive group-wide management, particularly in accounting and finance, to effectively navigate these dynamics. Since January 2024, Mr. Kobayashi, the CFO of CO, also serves as the CFO of AG and maximizes the corporate value of the Group as a whole. Until 2022, a Joint Committee consisting mainly of Japanese and German management members had been exchanging opinions regarding the utilization of the management resources of both companies. However, to promptly address shifts in the business landscape, this function has been transitioned to CO's executive officer meeting in 2023. The number of executive officers has significantly increased to a total of 41 (as of March 27, 2025), with a particular increase in number representing AG, including key members from various divisions such as development, sales, production, procurement, human resources, and other areas of the group. This strategic move aims to clarify management strategies, foster information sharing, and enhance accountability across the entire organization.

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

With its rich history and strong reputation, especially in the European market, AG enjoys significant trust from both customers and business partners. In the machine tool industry where products have a lifespan of over 20 years, recruiting and retaining skilled employees, especially service and maintenance personnel, are of utmost importance. Supported by the trust of employees and other stakeholders, CO and AG will continue to strengthen its integration and strive together to enhance the enterprise value of DMG MORI.

Value Creation Process

At DMG MORI, we divide financial and non-financial capital into eight categories. Through the promotion of MX business model, our capital generates high value-added outputs and thus new management resources in a virtuous cycle.

Financial & Non-financial Value

Our Capital

Marketing, Sales & Service Capital
- 124 locations around the world
- Overseas direct sales, service network

Development Capital
- Global R&D organization led by Japan, Germany, and the US
- Approx. 5% of sales revenue as R&D expenditure

Intellectual Capital
- Accumulated know-how as an industry leader
- Formation of intellectual properties
- Standardization of measuring methods and other processes

Manufactured Capital
- 17 production locations worldwide
- In-house production of key components

Human Capital
- Diverse workforce with 13,500 employees of 61 nationalities
- Provider of a well-rounded educational programs

Social & Relationship Capital
- Globally recognized brand
- Thriving together with partners

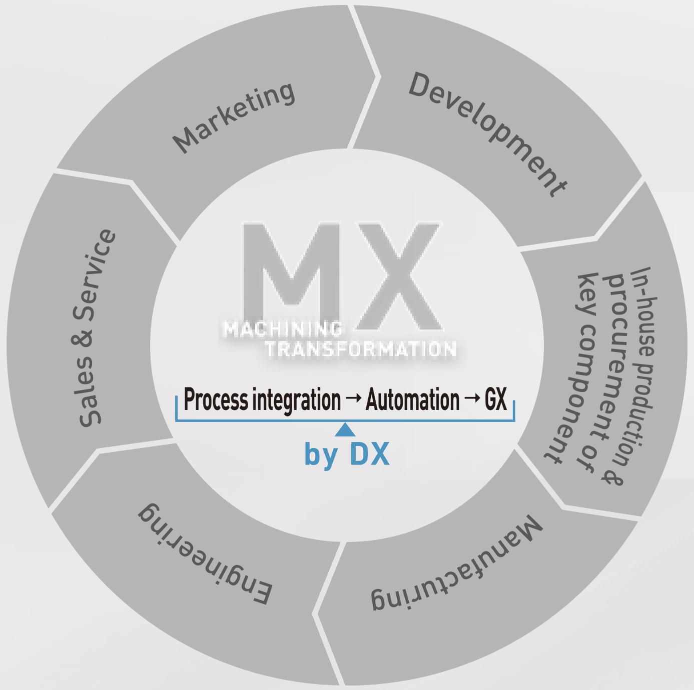
Natural Capital
- Solar power generation on factory roof tops
- Landscape preservation around major locations

Financial Capital
- Improved profitability
- Pro-active capital investment

Output

Offering optimized machining processes
- Start of negotiations from the drawing stage

Stable financial performance
- Focus on high-value projects
- Shift away from low prices & short deliveries



Pfronten Factory

Stable production
- Committed to medium / long-term customer investment plans

Safe working environment
- Realization of "Play Hard, Study Continuously, Work Together"

Globally recognized brand
- Established as Global One in Japan, Europe, and the US

One-of-a-kind product lineup
- Process integration to replace specialized machines

Preservation of neighboring land
- Usage of uncultivated land

Outcome

Financial outcome
- Improved profit margin
- Cash flow generation

Market share
- Leader of 5-axis machines & mill-turn centers

New markets
- One-stop support for multinational customers installing equipment at multiple locations

Source of innovation
- Cutting-edge technology from technical requests by industry leaders

Production know-how
- In-house production of key components using DMG MORI machines
- Strict protection of trade secrets

Prosperity throughout the entire value chain
- Sales promotion of peripheral equipment from partner companies

Reduction of environmental footprint
- Higher production efficiency with reduced WIP inventory and subpar products, effectively using management resources
- Reduced power consumption

Capturing customers' needs
- Addressing operator shortage with automation solutions and operator training

Machine tools in service globally
In 2024: approx. 5 million
↓
In 2050: approx. 1 million

Addressing operator shortage

Mission 2050

Realization of ultra-precise machining and improved productivity

Reduced environmental impact

Globally distributed manufacturing sites

DMG MORI operates multiple manufacturing sites around the world, including Iga Campus in Japan, our Group's largest production site, and Pfronten Factory in Germany. By producing directly in the regions of high demand, we are able to 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

One of the world's largest production sites 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

LMW Limited
(Production consignment, Coimbatore)

The United States

Davis, CA Factory

China

Tianjin Factory

Pinghu Factory

Japan

Iga Campus

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

Nara Campus

One of the world's largest turnkey automation factories for machine tools

Group Companies (Japan)

Magnescale

DMG MORI Precision Grinding / TAIYO KOKI

DMG MORI CASTECH

DMG MORI Precision Boring

Saki Corporation

Deming Prize 2024

1. Introducing Total Quality Management (TQM)

In the mid-2010s, the Company shifted its sales strategy from dealer business to direct sales to gain direct customer feedback and generate added value. Since then, the Company has expanded its portfolio by offering robots and other peripherals for automation and system proposals, while also providing services for operational data analysis. However, this expansion also brought various quality-related challenges with it.

Through our capital and business partnership with the former GILDEMEISTER (Germany) since 2019, we realized our mutual strengths to overcome these challenges. Iga Campus took the lead in refining our quality management approach and applying it globally to deliver only reliable products to customers.

Amid this background, it was thanks to a customer that the Company became aware of Total Quality Management (TQM) and launched its TQM activities in 2017.

2. From TQM to Deming Prize

To improve its quality management, the Company started its TQM activities by studying quality management and QC tools, then applying the learnings for top-down focus topics and bottom-up QC circles. However, during its first TQM assessment in 2020, the Company received critical feedback, noting that integration of company policies and process management were insufficient. As a next step, the Company reevaluated its approach from zero and started department-specific TQM training in 2021 while receiving coaching from external advisors on the implementation of PDCA & SDCA cycles in different departments. This helped us understand how to make the most of TQM in each part of the company. The Company also encouraged its employees to acquire QC certificates and take courses to deepen their knowledge and foster SQC experts.

In 2022, the Company announced its Medium-Term Business Plan 2025 and defined its core competitive strengths while drafting how it wants to be in 2030. The plan covers three years, in which the Company set the foundation for its new organization to provide added value to customers, partners, employees, and various stakeholders in society. As part of this challenge, the Company put its TQM skills to the test and applied for the Deming Prize, which Iga Campus successfully received in 2024.

3. Our TQM approach

(1) Building a business model

As technology becomes more sophisticated and complex, customer needs are also becoming more diverse. In addition, machine tools support our customers' production activities, and the Company will continue to have a relationship with its customers for more than 10 years. The Company's business model supports the whole lifecycle of machine tools from the early introduction up until machine disposal to offer comprehensive manufacturing solutions tailored to each customer. To operate this business model, the Company has been establishing new systems and corporate structures. Its accumulated track record of meeting diverse customer needs has created a virtuous cycle in which customers invest in DMG MORI equipment with peace of mind and the machines contribute to increased earnings of customers through their stable operations.

(2) Fostering New Management Talent

The Company's management has always been adapting to market dynamics and social changes with new products and services. As customer needs diversify and the Group further expands, the Company faces a need to foster a new generation of managers. The Company selected these future managers from mid-level employees and assigned them to 6 workshop committees as part of its Medium-Term Business Plan.

Here, they are responsible for planning, internal communication, plan execution, and progress management. Finally, at monthly Medium-Term Business Plan Meetings, they report on their projects and receive feedback from the upper management.

(3) HR Development

Developing employees is one of the cornerstones of TQM. When the Company laid out the Medium-Term Business Plan, it also defined 9 core skills necessary for all DMG MORI employees so that various operations could run with less intervention by management. The skills are not only aligned with the MX strategy but also current good/bad practices, making them relatable to a vast number of employees.

To enable all employees to acquire these skills, the Company not only launched a training program but also conducted management training in each department. The manager training was based on the "Manager Guidelines", which define the role and mindset of managers, and is designed to change the distribution of awareness from an emphasis on management to an emphasis on development. In the end, the Company appointed 19 lecturers from the above-mentioned future leaders to educate others and all employees in managerial roles completed the assigned training program.

(4) Daily management with TULIP

Machine tools are the origin of all other machines and thus follow ultra-high precision standards. With diversifying customer needs, machine specifications have become more complex in recent years. No machine is built the same, and assembly processes take longer than ever before, resulting in increased work manuals, check sheets, and human errors.

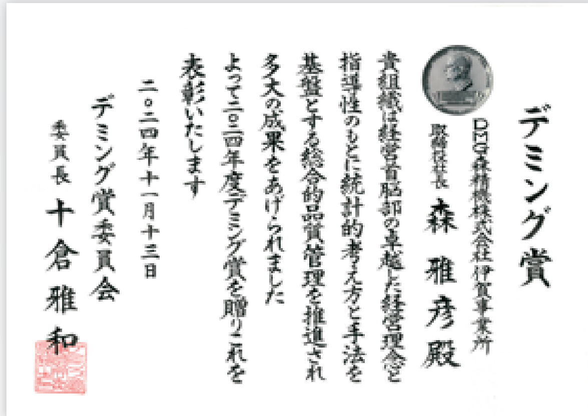
By utilizing the digital platform "TULIP", the Company established a process under which assembly workers can only advance to later processes when each previous process has been cleared. Sensors and digital tools automatically collect data for traceability and quick error analysis in case of mistakes. The Company is expanding its use of the TULIP digital management platform to departments outside of production.

4. Outlook

The Deming Prize made us reevaluate and build up a systematic approach for meeting high customer expectations. It aims to further develop its systems through PDCA and expand its TQM scope to other companies of the DMG MORI Group all around the globe for continuous improvement. The Company will continue its endeavor to offer total solutions across the entire machine tool lifecycle while addressing social issues and enhancing its corporate value.

*1 Deming Prize: A world-class award for Total Quality Management (TQM) established in 1951 to commemorate the achievements of the late Dr. William Edwards Deming, who popularized statistical quality control in postwar Japan and elevated the quality of Japanese products to the highest global standards. (From the website of the Union of Japanese Scientists and Engineers)

*2 As a management style, TQM stands for "Total Quality Management" and translates to "Comprehensive Quality Management" in Japanese. It encompasses the ideas, efforts, methods, systems, and methodologies aimed at maintaining and improving the overall quality within corporate activities and guiding them toward the achievement of management goals. (From the website of the Union of Japanese Scientists and Engineers)



DMG MORI Group's Human Capital

Hiroaki Tamai
Executive Vice President Director in charge of Administration and Production

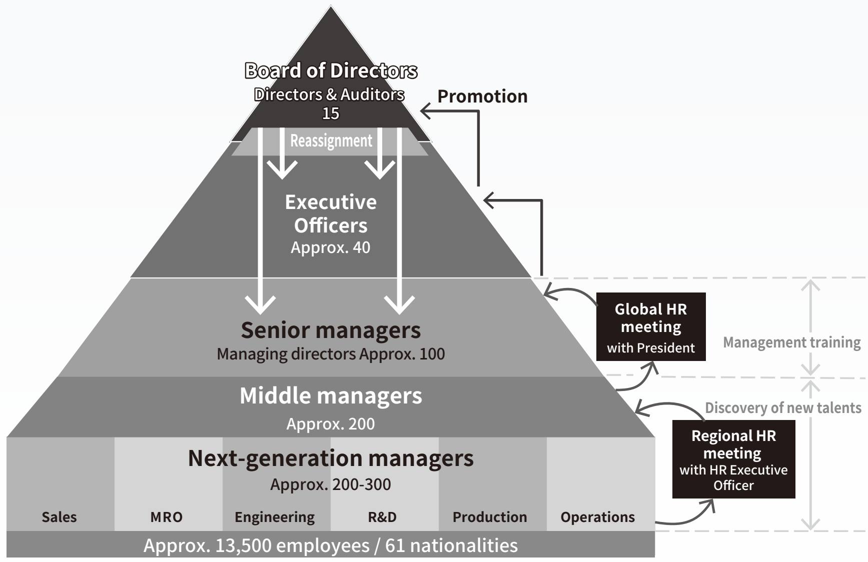
Current Global HR Development

DMG MORI follows a unique business approach in the industry with 124 locations for engineering & sales and 17 production sites. Our Board of Directors consists of 15 members, including 12 Japanese nationals. A total of 41 executive officers, including 24 Japanese nationals, oversee sales, R&D, manufacturing, corporate, and other responsibilities at the regional level.

In addition, our team of around 100 general managers, including 37 Japanese nationals, is responsible for sales, engineering, and manufacturing companies, as their managing directors. At DMG MORI, executive officers are elected by the Board of Directors and represent a diverse range of nationalities and age groups. The Board also evaluates the performance of those top 140 managers and executive officers, of which 60 are Japanese nationals.

Global HR Strategy for 2030

With 53 independent R&D, engineering, sales, and production sites in Germany and across Europe, we require a global talent recruitment system to build a strong future base. While the Board monitors about 140 managers and executive officers, this number equals only 1% of the total of approx. 13,500 employees at DMG MORI. It is crucial to identify talents from the remaining 99% and provide them with training opportunities. Therefore, in our next Medium-Term Business Plan for 2026 onwards, we will establish a system for early detection of such talents and introduce a common global Job Grade evaluation for managers and staff.



New European Headquarters in Munich

The role of the European headquarters in Munich is to enhance corporate value across the group by monitoring sales, engineering, and production companies in Europe, reviewing the product portfolio, and focusing on key products and new business development. To achieve this, the Company will centralize its European holding functions such as corporate communications, group auditing, legal, IT, HR, and finance. A unique aspect of our strategy is the dual-headquarters structure, with offices in both Tokyo and Munich. This setup ensures robust support and monitoring for our 53 European locations for R&D, sales, engineering, and production.

Enhanced Engineer Training & Hiring

Our mission for 2030 is to provide holistic solutions to customers to promote MX (Machining Transformation in the sequence of Process Integration → Automation → DX & GX). For that, we require application engineers capable of delivering comprehensive manufacturing solutions and installation support as well as service engineers for repair and maintenance after machine installation. Our HR strategy defines a clear direction: We will increase our application engineers from around 1,100 to 2,000, and maintenance, repair, overhaul (MRO) engineers from around 2,200 to 3,000 by 2030. In Europe and the U.S., we will utilize our unique apprenticeship systems, while in Asia, we will focus on hiring new graduates similar to Japan.

Promoting Female Leadership

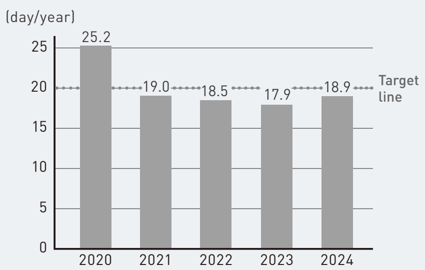
With the establishment of our second headquarters in Munich, the Company has unified its definition of HQ functions at Tokyo and Munich and will strive to achieve an equal gender ratio (50:50) among employees at both headquarters within the period of the next Medium-Term Business Plan. We aim to achieve the same ratio for management positions in the future as well.

Human capital data

Employee-related Figures at Major Locations

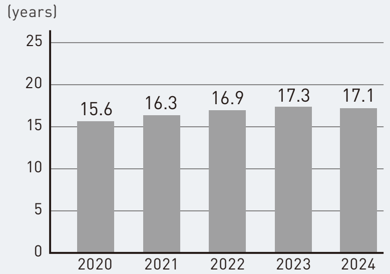
Japan

Average paid leave days per person



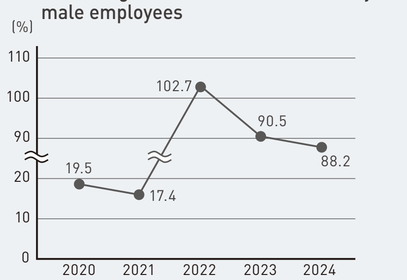
* Japan-based permanent or fixed-term employees who worked full-time throughout each year.

Average seniority



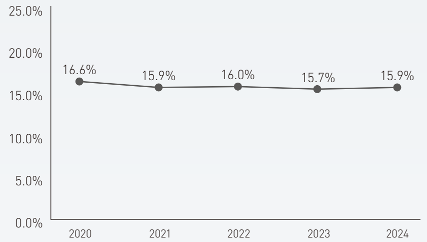
* Japan-based employees only

Percentage of childcare leave taken by male employees



* Calculation based on the Childcare and Caregiver Leave Act

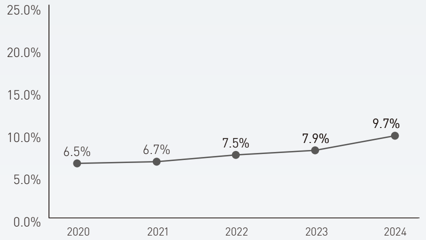
Percentage of female employees



* Japan-based employees only

Percentage of female employees in management positions

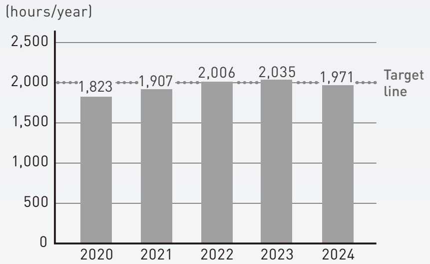
* Aggregation based on internal standards



* Japan-based employees only

Average total working hours per person

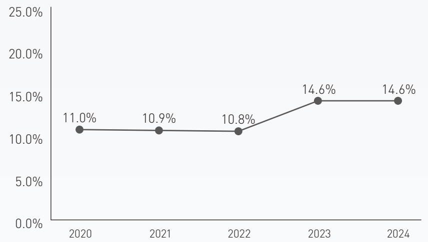
* Aggregation based on internal standards



* Japan-based permanent or fixed-term employees who worked full-time throughout each year.

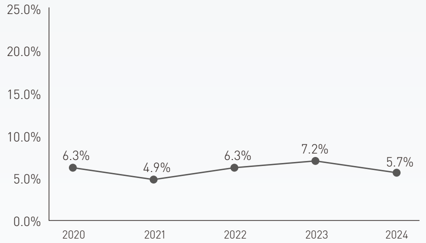
Germany

Percentage of female employees



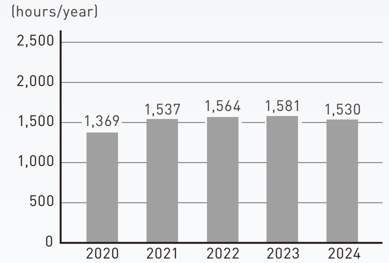
Percentage of female employees in management positions

* Aggregation based on internal standards



Average total working hours per person

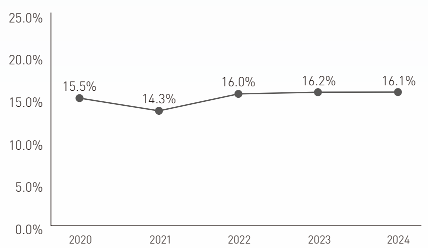
* Aggregation based on internal standards



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

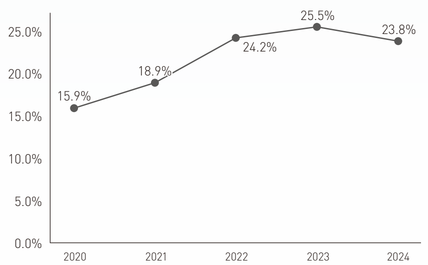
U.S.A

Percentage of female employees



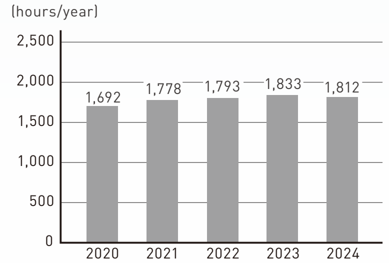
Percentage of female employees in management positions

* Aggregation based on internal standards

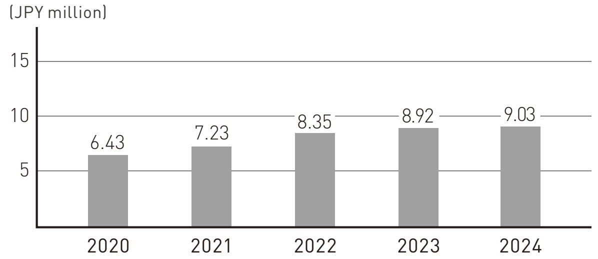


Average total working hours per person

* Aggregation based on internal standards



Average annual salaries (Japan-based employees only)

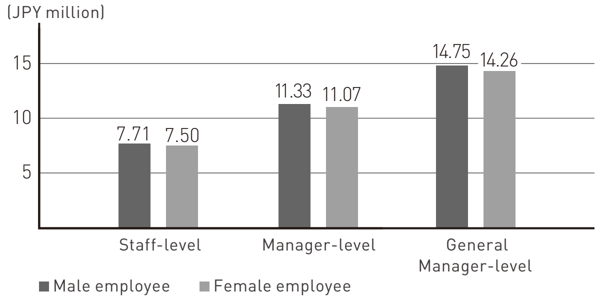


* Only includes full-time employees based in Japan
* Includes base salary, qualification salary, position salary, bonus, child allowance, housing allowance, and overtime allowance.
* Excludes fringe benefits such as dormitory / company housing, meal allowance, commuting allowance, employee stock ownership incentive, childcare expense support, travel expense support for family visits, medical checkup support, and other fringe benefit related payments.

Average annual salaries in 2024 by gender (Japan-based employees only)

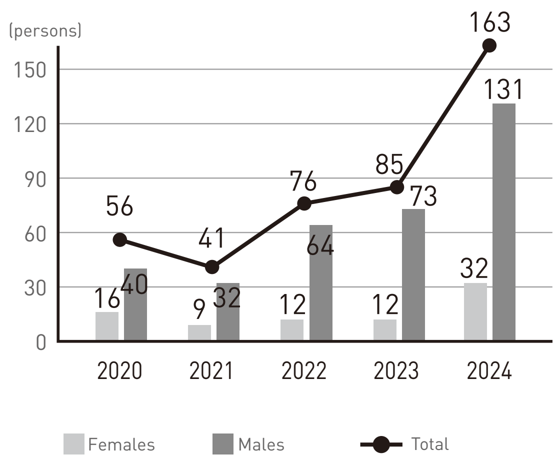
* Aggregation by title based on internal standards

Average age (years old)	41 / 36	47 / 45	49 / 44
Number of employees (person)	1,600 / 291	420 / 23	123 / 5



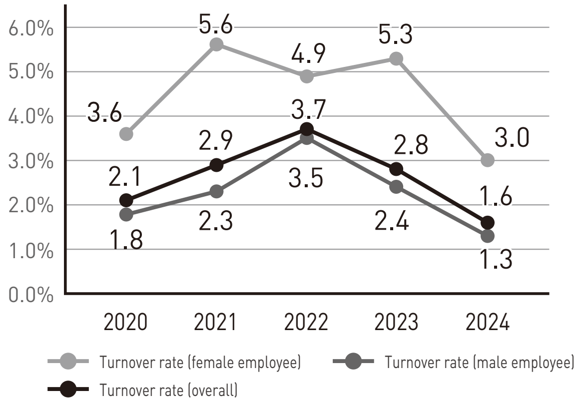
* Only includes full-time employees based in Japan

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



* Only includes full-time employees based in Japan

Turnover by gender (Japan-based employees only)



* Voluntary termination of Japan-based full time employees only

Financial Capital

Financial Strategy for MX-driven Growth

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

Maximization of Free Cash Flow

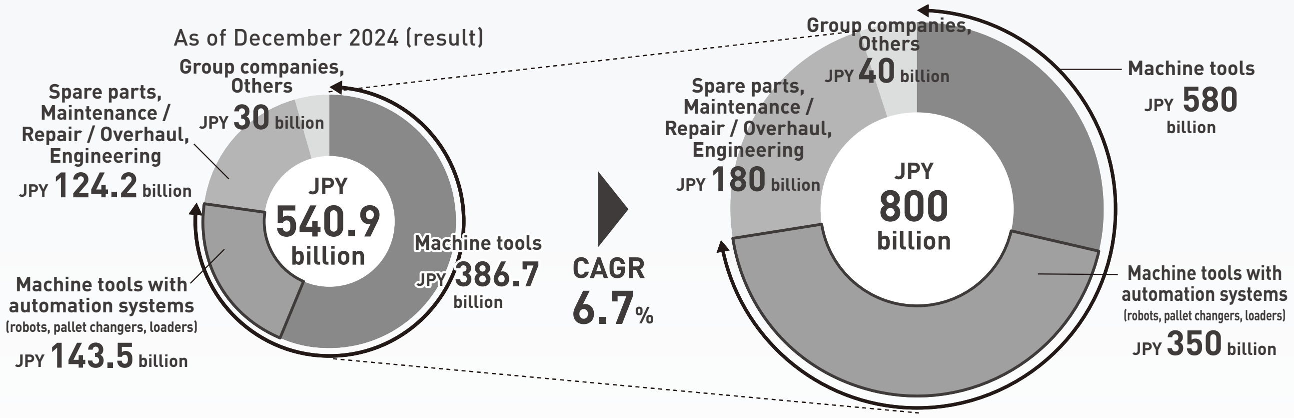
The machine tool industry is defined by a cyclical demand. The Company aims to achieve stable sales growth and improve profitability over the medium to long term through its MX strategy. Based on the FY2024 results, the Company targets sales revenue of JPY 800 bn., operating profit of JPY 120 bn. with a margin of 15%, and net profit margin of 10% through organic growth with its current business model by 2030.

The Company's annual average growth amounts to approx. 7% in sales revenue and approx. 18% in operating profit. To support this growth, the Company made proactive investments of more than JPY 40 bn. in FY2023 and FY2024, respectively. These investments were aimed at expanding the Company's production capacity for growing automation needs, enhancing its showrooms to offer specific high-value proposals to customers, establishing new academies (training facilities) to address the global shortage of operators, and introducing a new ERP system (SAP S/4HANA) to improve business efficiency and speed up decision making by the management team.

To increase free cash flow, the Company has set KPIs focused on sales growth and profit margin improvement, along with strict management of capital expenditures within depreciation limits and control of increase in working capital. Investments for medium-term growth and efficiency improvement have been completed, and from FY2025 onward, the Company plans to keep investments within the depreciation range. To make up for the increase in accounts receivable and inventory assets associated with sales growth, the Company intends to increase the down payments to be received upon order and balance out working capital. With these measures, the Company plans to align free cash flow more closely with profit growth starting in FY2025.

By improving its profit margin, the Company plans to maximize its cash flow. This will be allocated to the repayment of interest-bearing debt, including hybrid capital, and shareholder returns.

Well-balanced business structure



				CAGR
Sales revenue	:	JPY 540.9 billion	JPY 800 billion	6.7%
Operating profit	:	JPY 43.7 billion	JPY 120 billion	18.3%
Operating profit margin	:	8.1%	15.0%	
Net profit	:	JPY 7.7 billion*1	JPY 80 billion	47.7%
Net profit margin	:	1.4%	10%	
ROE	:	2.6%	15% or more	
Dividends per share	:	JPY 100	JPY 200	

*1 A JPY 15.1 bn loss from discontinued operations of the Russian factory was recognized.

Restructuring of Balance Sheet & Financing for future M&As

For FY2030, the Company's target is to achieve a total asset turnover of approximately 1.0, a shareholders' equity ratio of 50%, and a net debt balance of JPY 100 bn. In comparison, in FY2024, total asset turnover was 0.68, shareholders' equity ratio was 39.4% and net debt including hybrid capital was JPY 172.8 bn. By allocating free cash flow to repaying interest-bearing debt, the Company should be able to reduce the net interest-bearing debt balance to an adequate level (ratio of net interest-bearing debt balance to shareholders' equity at around 0.3).

The hybrid capital will become mature for optional redemption by the end of FY2027, and the Company intends to exercise its rights. The Company intends to finance the redemption with increase in profit to the possible extent to strengthen its shareholders' equity. To surpass the sales revenue target of JPY 800 bn. and achieve JPY 1 tn. based on organic growth in FY2030, the Company will need to consider further M&A opportunities. By reducing its net interest-bearing debt to an adequate level and strengthening its balance sheet with a shareholders' equity ratio of 50%, the Company plans to increase its capability to source financing. This will allow the Company to take agile management measures which will lead to medium-to long-term growth.

Improved Capital Efficiency & Policy of Shareholder Return

The Company focuses on return on equity (ROE) as its primary metric for measuring capital efficiency. For FY2030, the Company targets at least 15% of ROE. The Company estimates cost of shareholders' equity at 10% and understands the need to maintain a level of profitability above this rate to generate corporate value. In FY2024, ROE declined because of one-off losses due to the Russian government's expropriation of DMG MORI's factory in Russia. Excluding this one-off factor, the Company's three-year weighted average ROE for FY2022 through FY2024 was 9.9%, almost at the same level with its assumed cost of capital. Now, the Company has set an even higher ROE target for FY2030 based on planned improvements in profitability.

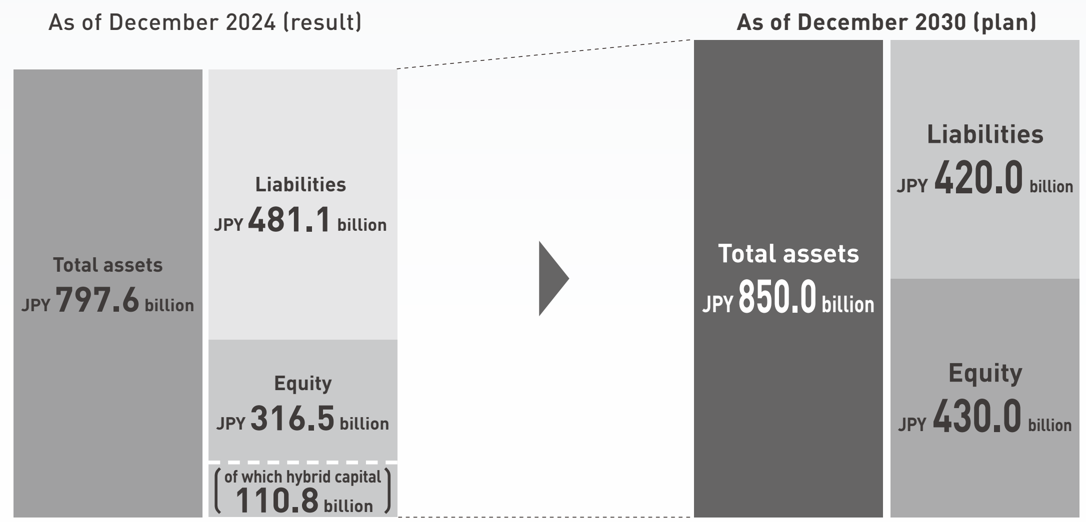
The Company's basic policy for return to shareholders is to aim for a dividend payout ratio of 30-40% (previously 30%) and enhanced shareholder returns. The dividend per share was 70 yen in FY2022, 90 yen in FY2023, and 100 yen in FY2024. Since the optional redemption of hybrid capital is forthcoming through FY2027, free cash flow must be used as the source of repayment and allocation for shareholders must be increased accordingly. From FY2028 onward, the Company will be able to consider greater allocation of free cash flow to shareholders, based on the then-expected healthier financial structure. The target dividend per share is JPY 200 by 2030.

In summary, the Company considers the maximization of free cash flow as its top priority, focusing on reducing net interest-bearing debt and strengthening its balance sheet with enhanced shareholders' equity. At the same time, we target ROE of 15% or more moving forward.

Building a solid balance sheet to support sustainable business growth

Investments: **Only within the range of depreciation, while making proactive use of growth opportunities**

	(FY2024 actual)	(FY2030 Plan)
Shareholders' equity ratio	39.4%	50% or higher
Net interest-bearing debt	JPY 172.8 billion	around JPY 100 bn. (Net Debt / Equity: around 0.3)
Shareholder returns (Dividend per share)	JPY 100	JPY 200 (Dividend payout ratio 30 - 40%)

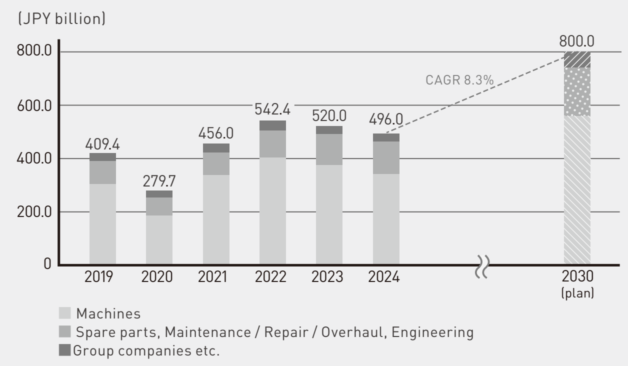


	Converted in JPY (unit: million)				
Fiscal year	*2020*	*2021*	*2022*	*2023*	*2024*
Profit or loss					
Sales revenue	328,283	396,011	474,771	539,450	**540,945**
Operating profit	10,674	23,067	41,213	55,356	**43,726**
(Operating profit margin)	3.3%	5.8%	8.7%	10.3%	**8.1%**
Profit before income taxes	5,106	19,609	36,528	49,113	**37,138**
Net profit	1,696	13,231	25,800	34,229	**7,983**[*6]
Net profit attributable to owners of the parent	1,745	13,460	25,406	33,944	**7,700**
Cash flows					
Free cash flow[*1]	△5,212	30,357	24,875	14,878	**6,384**
Financial position					
Shareholders' equity	185,420	213,139	245,897	267,990	**314,522**
Total assets	526,526	597,117	680,334	765,806	**797,567**
Shareholders' equity ratio[*2]	35.2%	35.7%	36.1%	35.0%	**39.4%**
Per share information					
Book value per share (JPY)[*3]	1,493.86	1,703.51	1,957.61	2,134.72	**2,224.02**
Dividends per share (JPY)	20	40	70	90	**100**
Other management indicators					
Return on equity (ROE)[*4]	1.1%	6.8%	11.1%	13.2%	**2.6%**[*6]
Return on assets (ROA)[*5]	2.0%	4.1%	6.5%	7.7%	**5.6%**

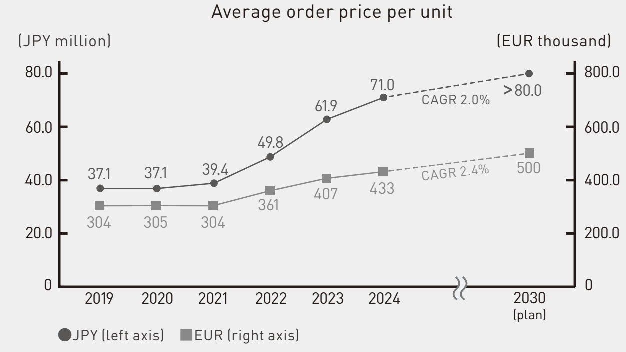
(EUR-converted figures for reference)	EUR-converted amount (Unit: EUR million)				
EUR / JPY	121.8	129.9	138.1	152.0	164.0
Fiscal year	*2020*	*2021*	*2022*	*2023*	*2024*
Profit or loss					
Sales revenue	2,695	3,049	3,438	3,549	**3,298**
Operating profit	88	178	298	364	**267**
(Operating profit margin)	3.3%	5.8%	8.7%	10.3%	**8.1%**
Profit before income taxes	42	151	265	323	**226**
Net profit	14	102	187	225	**49**[*6]
Net profit attributable to owners of the parent	14	104	184	223	**47**
Cash flows					
Free cash flow[*1]	△43	234	180	98	**39**
Financial position					
Shareholders' equity	1,522	1,641	1,781	1,763	**1,918**
Total assets	4,322	4,597	4,927	5,038	**4,865**
Shareholders' equity ratio[*2]	35.2%	35.7%	36.1%	35.0%	**39.4%**
Per share information					
Book value per share (EUR)[*3]	12.3	13.1	14.2	14.0	**13.6**
Dividend per share (EUR)	0.2	0.3	0.5	0.6	**0.6**

*1 Free cash flow = Cash flow from operating activities – cash flow used in investing activities
*2 Equivalent to the ratio of equity attributable to the owners of the parent, calculated by dividing equity by total assets.
*3 Book value per share (equity attributable to owners of the parent) is calculated including hybrid capital.
*4 ROE is calculated by dividing the profit or loss attributable to owners of the parents by the average equity attributable to owners of the parent at the beginning and end of the period.
*5 ROA is calculated by dividing operating profit by the average total assets at the beginning and end of the period.
*6 In 2024, due to a one-off loss of EUR 91.8 mil. (JPY 15.1 bn.) from discontinued operations in the Russian manufacturing company, net profit for the year decreased significantly, hence ROE was lowered.

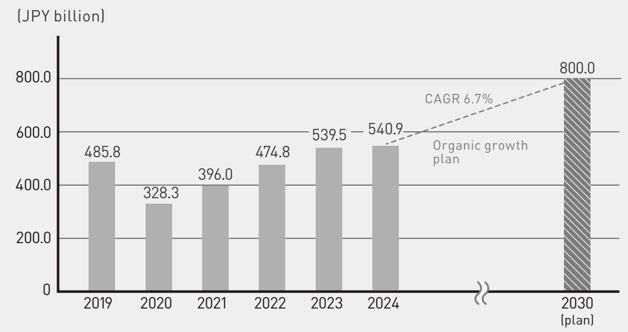
Consolidated order intake



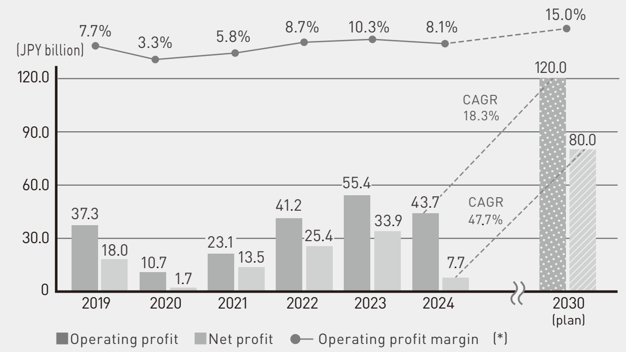
Average order price per unit



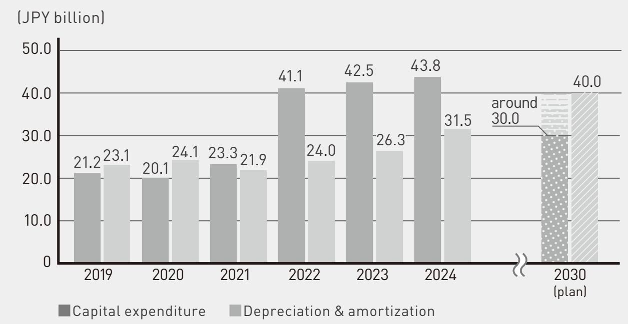
Consolidated sales revenue



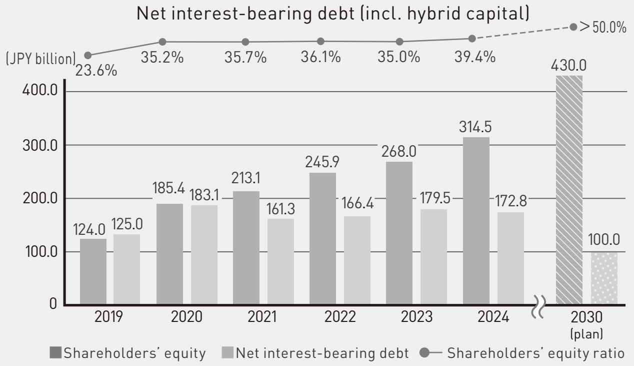
Operating profit (Operating profit margin), Net profit



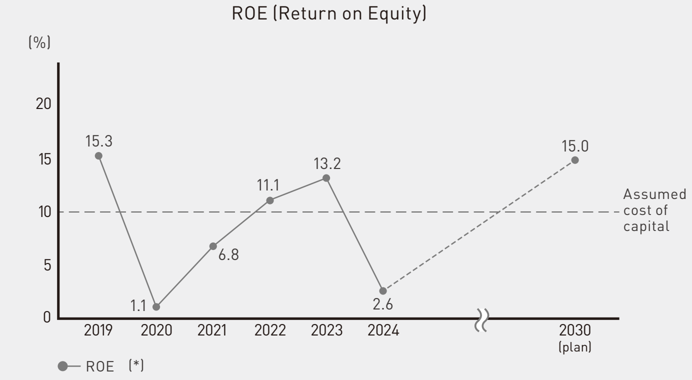
Capital expenditure, Depreciation & amortization



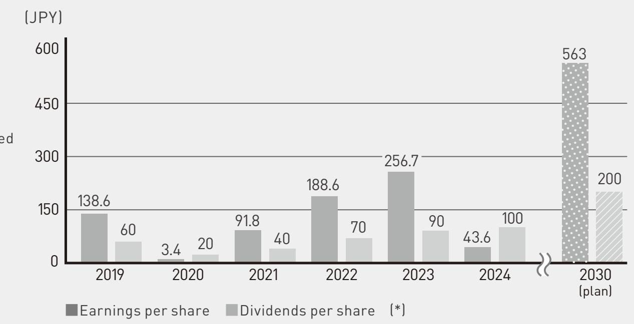
Shareholders' equity (Shareholders' equity ratio), Net interest-bearing debt (incl. hybrid capital)



ROE (Return on Equity)



Earnings per share (EPS), Dividends per share



* In 2024, due to a one-off loss of EUR 91.8 mil. (JPY 15.1 bn.) from discontinued operations in the Russian manufacturing company, net profit for the year and EPS decreased respectively, hence ROE was lowered.

Measures Against Climate Change

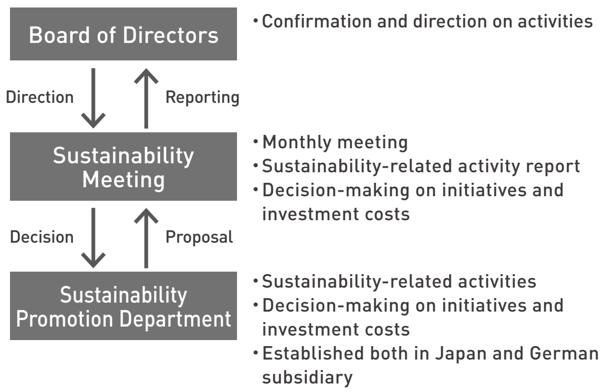
The Company is proactively disclosing climate change-related risks and opportunities in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and is implementing the following initiatives.

Governance

Dedicated Department Ensures Effective Climate Action

The Company established a "Sustainability Promotion Department" with the aim to evaluate the risks and opportunities of climate change and to plan, implement, and monitor appropriate measures. This department reports on sustainability initiatives at the monthly Sustainability Meeting and seeks approval for significant capital investments related to these efforts.

Climate-related Governance Structure for Climate-related Risks and Opportunities



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 the Company's machine tool business, the Company is actively contributing to addressing the global challenge of climate change. In addition, the Company is engaging in initiatives such as utilizing solar power generation at its plants and implementing the "circular" business practices, all aimed at reducing CO_2 emissions across Scope 1, 2, and 3.

Metrics and Targets

Approved by SBT*1 Initiative

To enhance its response to climate change, the Company has established greenhouse gas reduction targets for 2030 and obtained certification from the international environmental organization "SBT Initiative"*1 in November 2021. Furthermore, in June 2024, together with DMG MORI AG in Germany, the Company obtained "Net-Zero" target certification from SBTi. This SBTi-certified target aims for a 46.2% reduction in Scope 1 and Scope 2 emissions, and a 27.5% reduction in Scope 3 emissions by 2030 compared to the levels in 2019. The Company's long-term target by 2050 is a 90% reduction in total emissions from Scope 1 to Scope 3.

*1 SBT stands for "Science Based Targets": Reduction targets in line with Paris Agreement goals that aim 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.

Reduction Targets for Greenhouse Gas (CO_2) Emissions

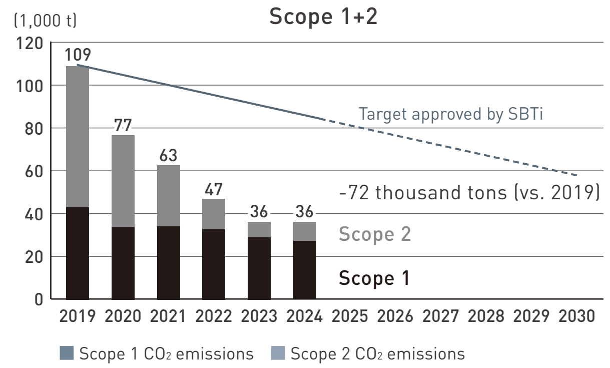
The Company will strive to achieve the SBTi-approved Net-Zero emissions targets by 2050, in line with the 1.5 °C trajectory. Our definition of "Net-Zero" is consistent with the SBT initiative. Companies are required to set reduction targets based on the 1.5 °C target and to neutralize residual emissions through carbon removal.

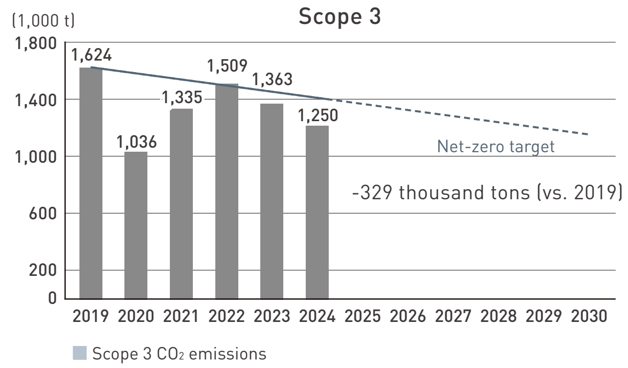
	Net zero targets approved by SBTi	
Target Year	2030	2050
Scope 1 & Scope 2	▲46.2%	▲90% (Total of Scope 1, 2 and 3)
Scope 3	▲27.5%	


Seebach (Germany)


Iga (Japan)

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





The Company scored A in the "Climate Change" and A– in "Water Security" categories in the CDP 2024 assessment.

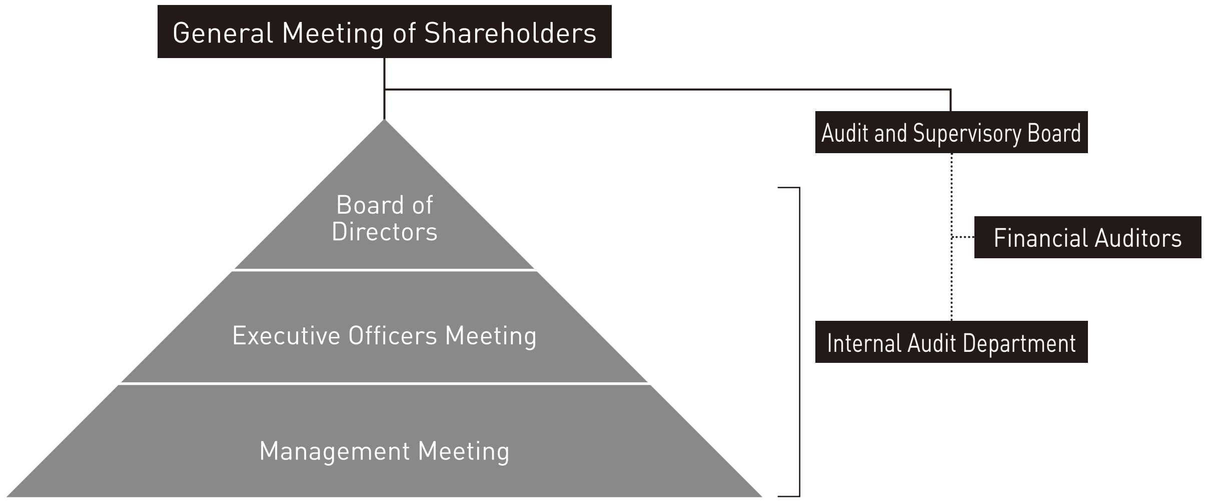
CO_2 emissions for Scope 1, 2 and 3 (consolidated)

Period: January 1 to December 31

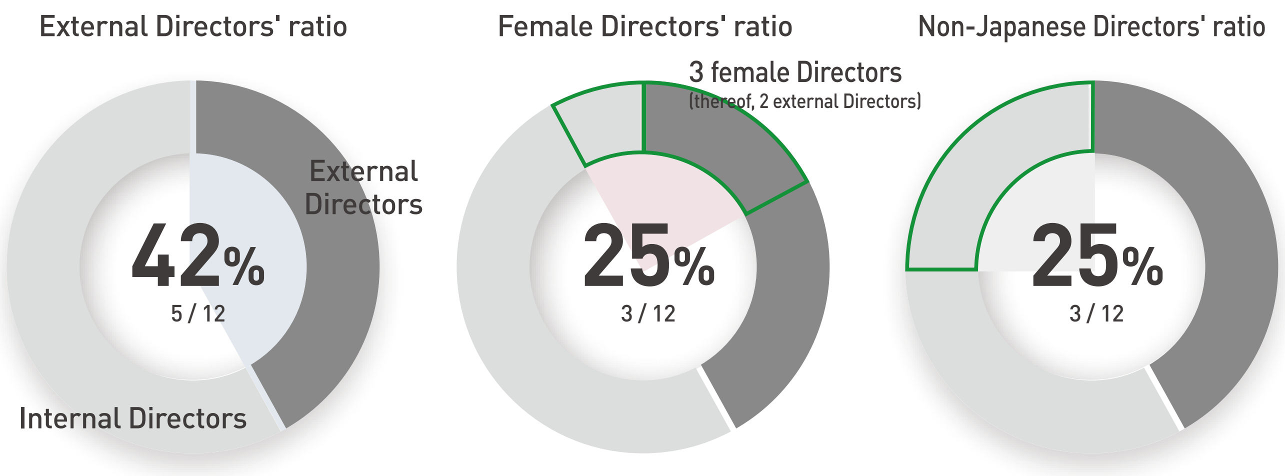
Scope	Emission Category	Source of emissions	2023 (consolidated) (1,000 t)	2023 Ratio	2024 (consolidated) (1,000 t)	2024 Ratio
Scope 1		Direct emissions from the Company	29	2.0%	27	2.1%
Scope 2		Purchased energy (electricity)	7	0.5%	9	0.7%
Scope 3	**Category 1:**	Purchased goods and services	549	39.3%	396	30.8%
	Category 3:	Fuel and energy related activities not included in Scope 1, 2	16	1.2%	11	0.8%
	Category 4:	Upstream transportation & distribution	29	2.1%	22	1.7%
	Category 5:	Waste generated in operations and use of water	1	0.0%	3	0.2%
	Category 6:	Business travel (by plane, train, car, bus, etc.)	17	1.2%	18	1.4%
	Category 7:	Employee commuting (by public transportation, car, etc.)	16	1.2%	14	1.1%
	Category 9:	Downstream transportation & distribution	12	0.9%	9	0.7%
	Category 11:	Use of sold products	686	49.0%	747	58.1%
	Category 12:	Disposal of sold products	36	2.5%	30	2.3%
	Category 15:	Investments	0	0.0%	0	0.0%
		Scope 1+2+3	1,399	100.0%	1,286	100.0%

Governance Structure

Corporate Governance Structure in 2025



Key figures of Board of Directors (as of March 27, 2025)



Nationalities of non-Japanese Directors: the U.S., Germany, Austria

Corporate Governance

1. Corporate Governance Strategy

The Company places great importance on strengthening its corporate governance and management monitoring functions to enhance the transparency, fairness, and efficiency of its business operations. This commitment is focused on benefiting all stakeholders, including customers, employees, shareholders, business partners, and the communities it serves. The Company will continue to foster a culture of high ethical standards and consistently work towards increasing its long-term corporate value.

2. Audit and Supervisory Board Member (*Kansayaku*) System

The Company has adopted the Audit and Supervisory Board Member (*Kansayaku*) System. Based on the Audit and Supervisory Board Member System, which has a proven track record of success, the Company's basic policy is to conduct business operations in a flexible and efficient manner through a top-down approach.

3. Board of Directors

As of March 27, 2025, the Company's 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, the Company has developed an efficient management system comprised of Directors and Executive Officers, which allows the Company to make quick decisions in response to the rapidly changing market and technology trends. Since 2015, the Company has also been proactively appointing external Directors to enhance transparency and objectiveness in its operations. In addition to their professional insights in organizational management, these external Directors also provide valuable expertise and diverse perspectives from their respective fields. While discussing major business strategies with long-term impacts at the Board of Directors meetings, the Company also holds regular Executive Officers and Management Meetings to discuss day-to-day operations. The discussion results are later shared at the Board of Directors meetings, thereby ensuring transparency to the Board of Directors without compromising the agility of business operation.

4. Audit and Supervisory Board

The Audit and Supervisory Board consists of one full-time Corporate Auditor, who is well experienced and familiar with the Company's 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 the Company's domestic and overseas headquarters, factories and group companies.

5. Governance of DMG MORI AG

DMG MORI AG, has a different governance system than that of a Japanese company. The Supervisory Board is placed above the Executive Board and is responsible for appointing Executive Board members and approving major investments and business plans. To further strengthen the Company's governance on DMG MORI AG, Dr. Masahiko Mori, President and CEO of the DMG MORI Group, assumed the position of Chairman of the Supervisory Board in May 2018. Later in March 2019, then Managing Executive Officer James Nudo (currently Vice President of the Company) and then Senior Executive Officer Irene Bader (currently Director of the Company), were appointed as members of the Supervisory Board. Daily business progress at each sales office and production site is reported and managed at the monthly Executive Officer meetings.

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 27, 2025, 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.

Risk Management

The Company identifies and evaluates risks by taking into account external factors, such as the political and social environment, as well as internal factors related to the industry and business characteristics. Among them, export control and information security are deemed as important management topics.

Export Control

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, the Company is obligated to confirm the non-military use of its 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, the 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.

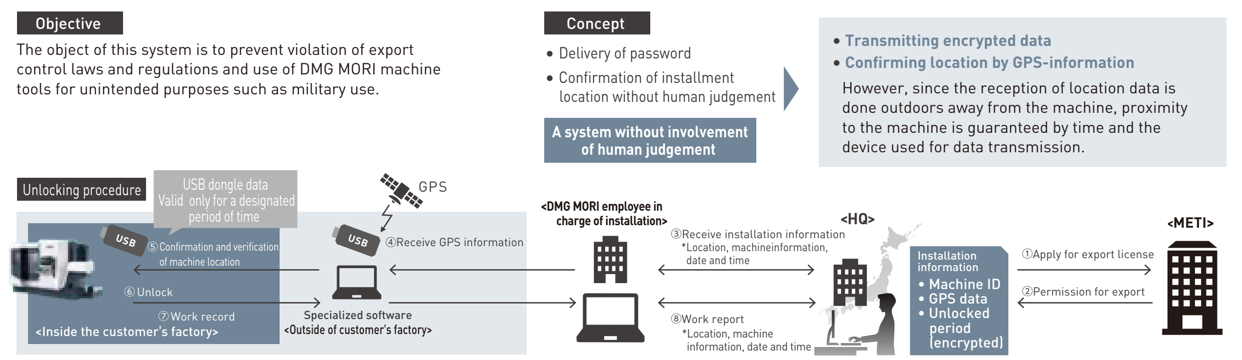
Export Control Process
The Company's export control process has two phases: pre-export screening and post-export control. Before accepting a customer's order, the Company thoroughly inspects their business activities and the intended purpose of their purchase to ensure there are no concerns of military use. Subsequently, before exporting, it files applications to the relevant authorities (in Japan, the Ministry of Economy, Trade and Industry) and obtains the necessary export permission.
In case of relocation or resale of its product after export, the Company screens for military use again. Since 2008, all the Company's 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 a relocation, the machine is automatically locked and rendered unusable (see figure below). Through these measures, the Company strives to prevent the unlawful diversion of its products to countries of concern or for military purposes.

Adapting to Changing Regulations to Protect Our Industry and Technologies
In light of 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, the Company is committed to providing ongoing education on export control to the approx. 13,500 employees worldwide, so that they can effectively respond to evolving regulations. The Company considers it crucial that all DMG MORI group employees understand the significance of export control and internal regulations relevant to their business operations. Since October 2022, the Company has been conducting regular global export control meetings amongst its regional export managers 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
Through our continued global export control meetings and the installation of Relocation Detection Devices on all our machines, including those made in Europe since 2023, DMG MORI ensures compliance with Japanese and European laws and regulations, while safeguarding world peace and international order by preventing machines being used for unintended purposes such as military use.

The Company will continue its efforts to raise awareness and strengthen export control throughout the entire DMG MORI Group.

Preventing unauthorized machine relocation using GPS information



Information Security

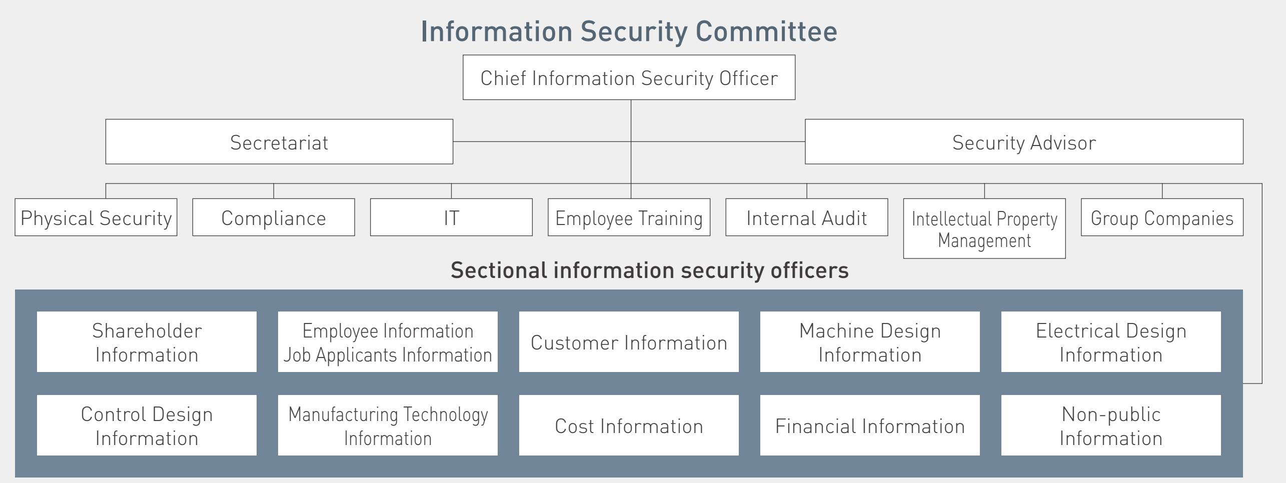
Information Security: Our Commitment and Actions
In light of the growing threat of cyberattacks, the Company regards information security as a critical management concern. Consequently, the Company has implemented a series of measures to enhance its information security management system, including partnering with an external security expert since 2015, formulating an information security policy, and establishing a dedicated Information Security Committee.
The Company has also extended these efforts to its group companies, each of which now operates its own internal information security team. Guided by the central Information Security Committee, the Company aims to promote best practices and implement group-wide measures against emerging security threats. Throughout all of its initiatives, the Company's top priority remains the protection of the valuable information entrusted to it by its customers. Therefore, the Company consistently reviews and refines its information management methods and security measures to uphold this commitment.
Apart from its internal initiatives, the Company enforces stringent security measures to protect the data communicated between DMG MORI machines, services, and the customers' network. Moreover, the Company engages in close collaboration with its partners and customers to enhance security in factories undergoing Digital Transformation.

Driving Force of Information Security Initiatives
The Company regularly hosts "Information Security Committee", which is led by the director in charge of administration and oversees the Group's information security management. The Information Security Committee formulates security strategies, strengthens governance through training, etc., enforces security protocols, and oversees information security audits. In addition to the Information Security Committee meetings, the Company also hosts global, in-person cybersecurity workshops with its overseas group companies. In 2024, a total of two workshops were held in Munich (Germany) and Chicago (USA), sharing local challenges and devising measures aligned with a globally unified security strategy.

Strengthening Information Security Across the Globe and Supply Chain
To deal with the recent surge in cyberattacks targeting its overseas group companies, the Company started on-site IT security audits in 11 Asian countries in 2023. Once a year, IT experts from Japan visit the local offices for security protocol audits and information security guidance, aiming to ensure the same, continuously improved security standards worldwide.

Additionally, in response to the increasing number of cyberattacks on its supply chains, the Company started reaching out to its suppliers. In 2023, the Company visited key suppliers and discussed current and future security measures. Based on the findings, it later organized information security seminars and trainings tailored to their needs and security levels.

The Company remains committed to continuing these initiatives and further strengthen its information security management throughout its supply chain.



General Information about the Company

Company Name	DMG MORI CO., LTD.
Subscribed Capital	JPY 71,230 million
Established	October 1948
Registered Head Office	106, Kitakoriyama-cho, Yamato-Koriyama City, Nara, 639-1160, Japan Phone: +81-743-53-1125 *Planned to be changed after April, 2025
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	Provision of 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	13,951 (consolidated)
Website	https://www.dmgmori.co.jp/en/

Share information

Number authorized shares	300,000,000 shares
Total number of shares already issued	141,574,526 shares (treasury shares of 381,064 excluded) Note: The total number of shares issued increased by 16,001,907 from December 31, 2023, following the exercise of stock acquisition right on the Zero Coupon Convertible Bonds due 2024.
Shares constituting one unit of stock	100 shares
Number of shareholders as of the end of the fiscal year	47,215 shareholders

Major shareholders

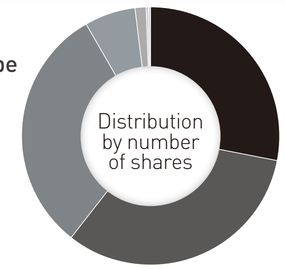
Name	Number of shares held (1,000 shares)	Shareholding ratio (%)
Custody Bank of Japan, Ltd. (trust account)	17,554	12.40
The Master Trust Bank of Japan, Ltd. (trust account)	17,455	12.33
DMG MORI Employee Shareholders Association	4,757	3.36
Masahiko Mori	3,591	2.54
JPMorgan Securities Japan Co., Ltd.	3,523	2.49
Custody Bank of Japan, Ltd. (Mori Manufacturing Research and Technology Foundation account)	3,500	2.47
GOVERNMENT OF NORWAY	2,860	2.02
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO	2,783	1.97
JP MORGAN CHASE BANK 385840	2,345	1.66
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2,315	1.64

(Note) 1. Acquisition or disposal of treasury shares in FY 2024

Acquisition of shares less than one unit of stock	870 shares

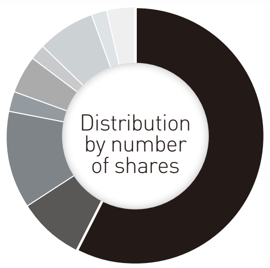
2. The shareholding ratio is calculated excluding the treasury shares.

Composition by shareholder type



	Number of shares (1,000 shares)	Number of shareholders (person)
Individuals / Others	39,839	46,278
Financial institutions	46,159	57
(including securities investment trust)	(35,714)	
Foreign corporate bodies, etc. (other than individuals)	44,527	306
Financial instruments business operators	8,966	46
Other corporate bodies	2,018	344
Treasury shares	381	1
Foreign corporate bodies, etc. (individuals)	64	183

Composition by number of shares held



	Number of shares (1,000 shares)	Number of shareholders (person)
1,000,000 shares or more	81,762	26
500,000 shares or more	12,027	18
100,000 shares or more	17,427	74
50,000 shares or more	3,148	44
10,000 shares or more	6,681	367
5,000 shares or more	2,938	471
1,000 shares or more	10,144	6,219
500 shares or more	2,852	4,844
Up to 500 shares	4,972	35,152

Glossary

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

Terminologies in the Integrated Report	Definition
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 27, 2025	77th Annual General Shareholders Meeting
May 7, 2025 (plan)	Announcement of 1st Quarter 2025 Results
August 1, 2025 (plan)	Announcement of 1st Half 2025 Results
October 30, 2025 (plan)	Announcement of 3rd Quarter 2025 Results

Reporting Term

January 2024 – December 2024

(*) 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 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 of December 31, 2024. The figures do not reflect any effects caused by subsequent events that may have occurred thereafter.

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.