

DMG MORI

COMPANY LIMITED

DMG MORI

Integrated Report 2024

DMG MORI

www.dmgmori.co.jp/en/

Integrated Report 2024
Fiscal Year 2024 (January - December)

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;

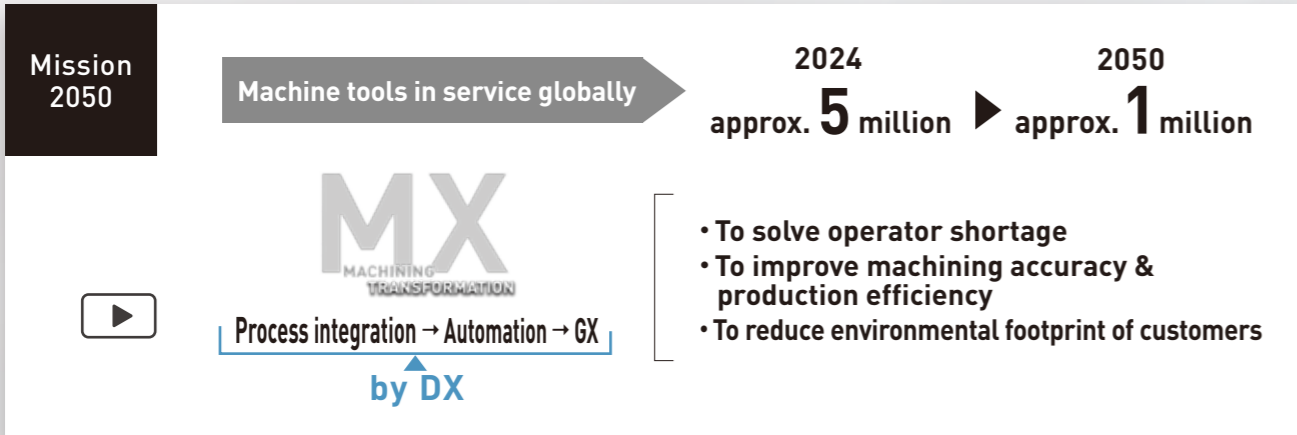
Generate suitable profits to ensure the cash flow necessary to provide for the healthy operation of our corporation, research and development, stable customer services, employee training and developmaent, and the maintenance of safe and efficient manufacturing facilities.

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

Contribute our fair share to our local community and society;

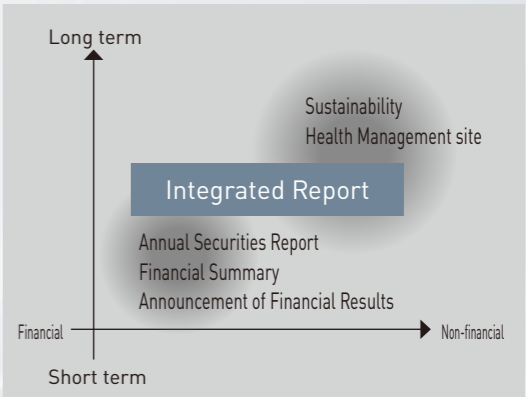
Conserve environmental resources at all times to preserve the global environment;

Incorporate the highest standard of ethics while still encouraging an aggressive approach to our business activities.



About the Integrated Report

This Integrated Report of DMG MORI CO., LTD. ("Company") is put together with the intention not only to offer stakeholders insights into the Company's current business but also to serve as a communication tool to foster dialogue, aimed at enhancing the Company's corporate value over the medium to long term. This Integrated Report is prepared with reference to the "Integrated Reporting Framework" recommended by the International Integrated Reporting Council (IIRC) and the "Guidance for Collaborative Value Creation" by the Ministry of Economy, Trade, and Industry of Japan. With the goal of enhancing the disclosures in line with the IIRC's value creation process, this Integrated Report examines the Company's capital from eight key perspectives. Through its strategy, Machining Transformation (MX), the Company aims to illustrate the processes driving its ongoing growth.



Reporting Organizations

137 DMG MORI Group companies (as of December 31, 2024), including DMG MORI CO., LTD., 127 subsidiary companies, and 10 affiliate companies.

Reporting Period

Fiscal year 2024 (January 1, 2024 – December 31, 2024)

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

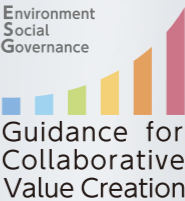
Key Points of 2023

The Integrated Report 2023 provided an in-depth look at the sustainable growth cycle created through the Company's Machining Transformation (MX) strategy. By highlighting business risks, opportunities, and materiality, it demonstrated its efficient allocation of management resources. Additionally, the report emphasized its commitment to human resource development, focusing on employees not only in Japan but also in key locations such as Germany and the U.S., showcasing the richness of its workforce, exceeding 13,000 individuals globally.



Key Points of 2024

MX (Machining Transformation) strategy has gained greater traction with customers than anticipated. To sustain this momentum, the Company is committed to further strengthening its management resources. The Integrated Report 2024 highlights eight key capitals, with selected directors and executive officers announcing goals they desire to achieve by 2030. It also showcases the Company's collaborative research with academic institutions, which drives the development of competitive products and reinforces its leadership in the industry. The report also includes dedicated sections on initiatives to attract top engineering talent and enhance quality management, addressing key areas of interest for its stakeholders.



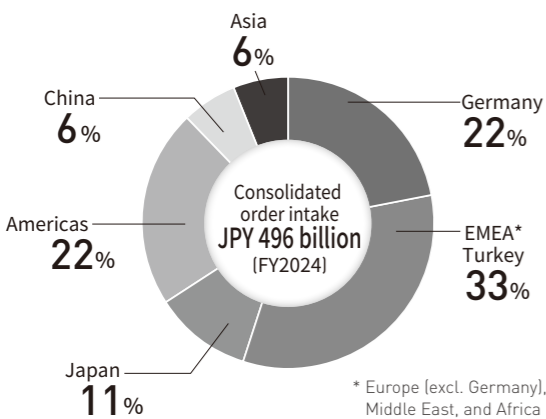
This Integrated Report was created by referring to the "The Guidance for Collaborative Value Creation" by Ministry of Economy, Trade, and Industry of Japan and "The International <IR> Framework" by the International Integrated Reporting Council.

DMG MORI at a Glance

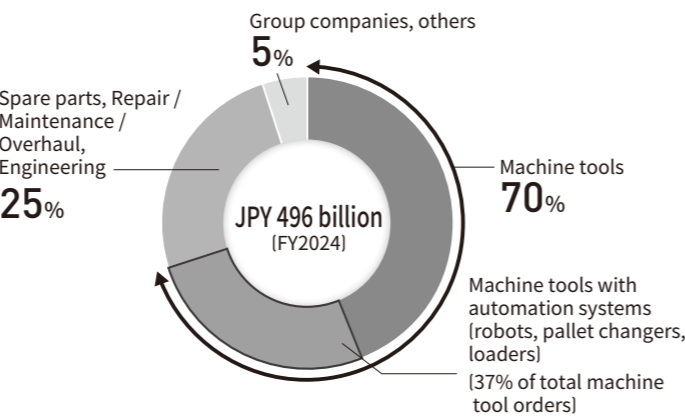
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Fiscal Year Ended December 31, 2024

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

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Sustainability Initiatives



Ranked A in "Climate Change"

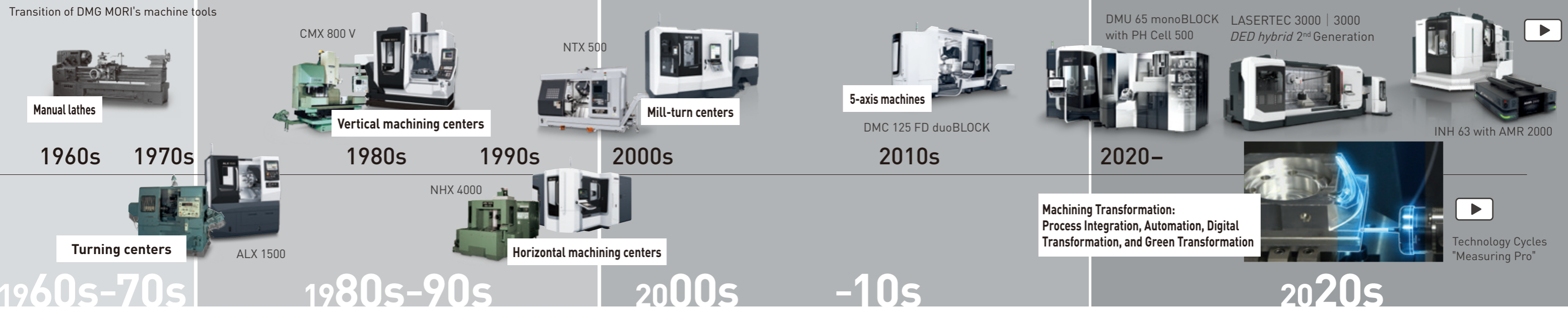
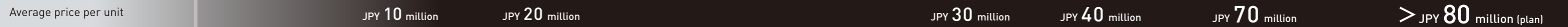
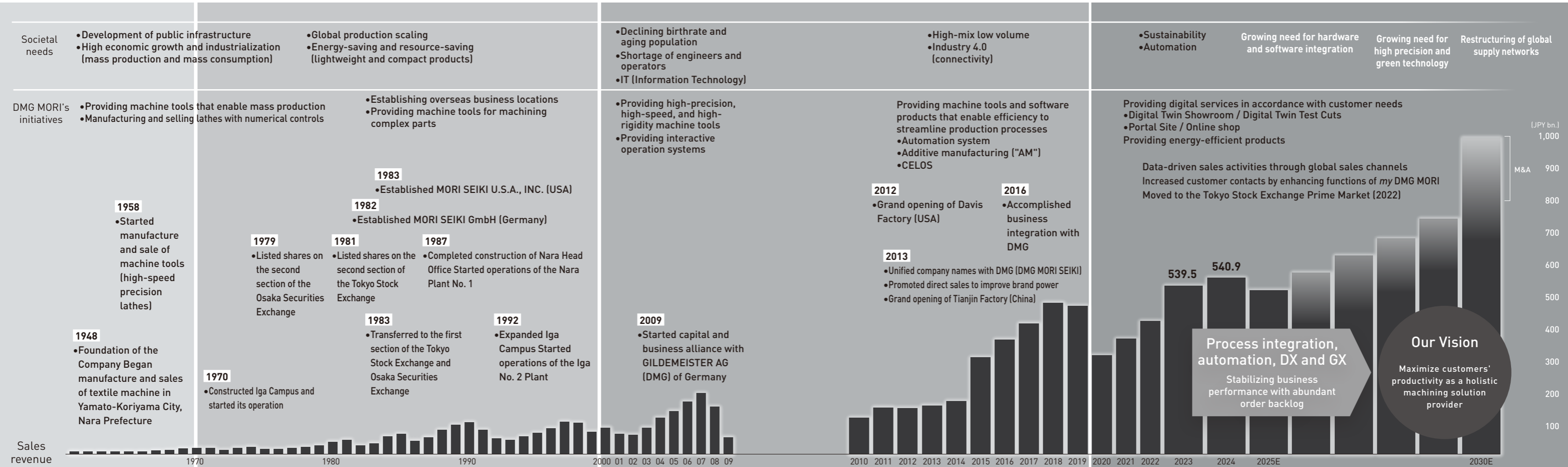


SBTi-approved Net-zero Commitment



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.

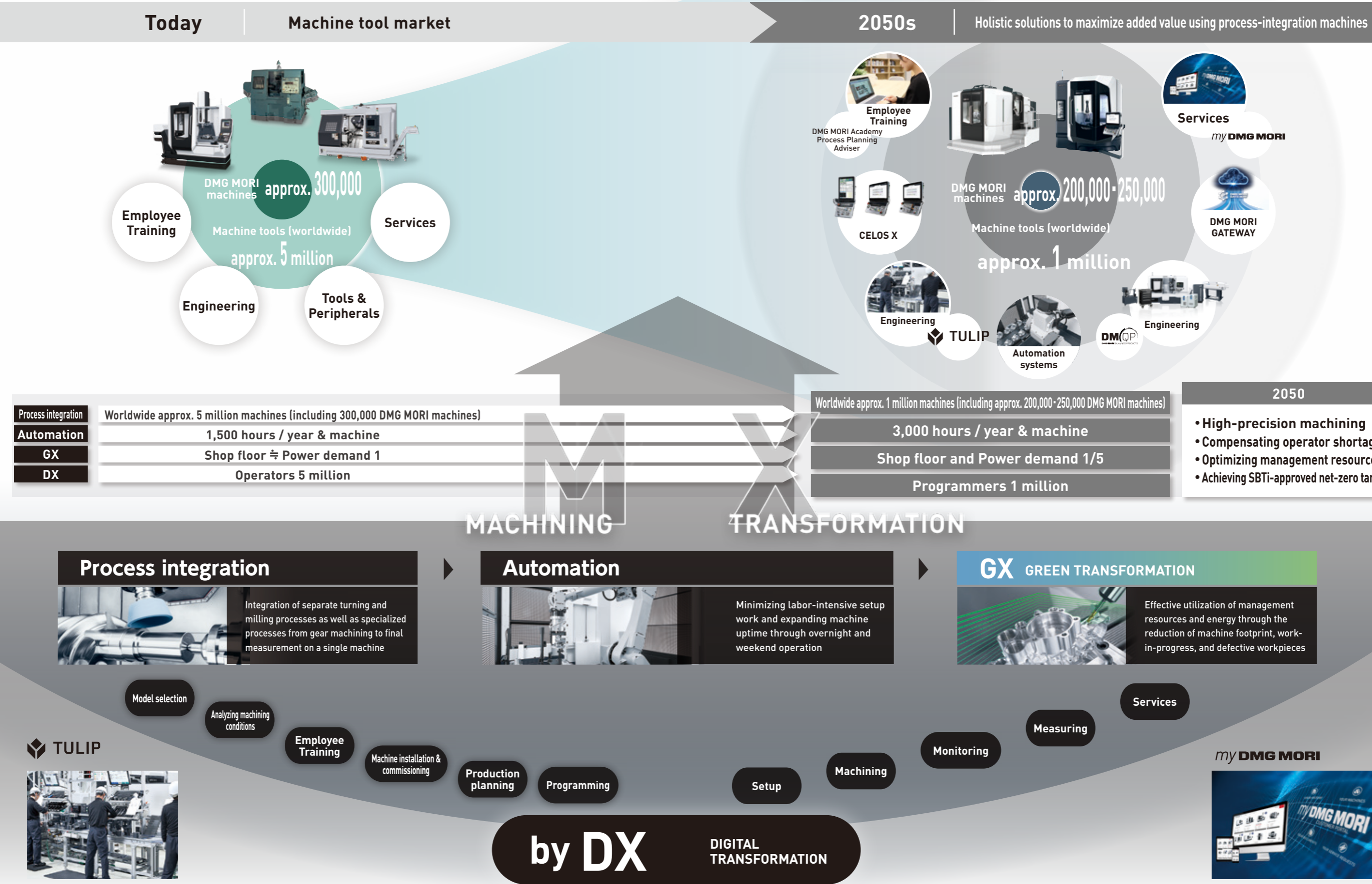


DMG MORI's Mission: Advancing Machining Transformation (MX)

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

MX-driven management strategy

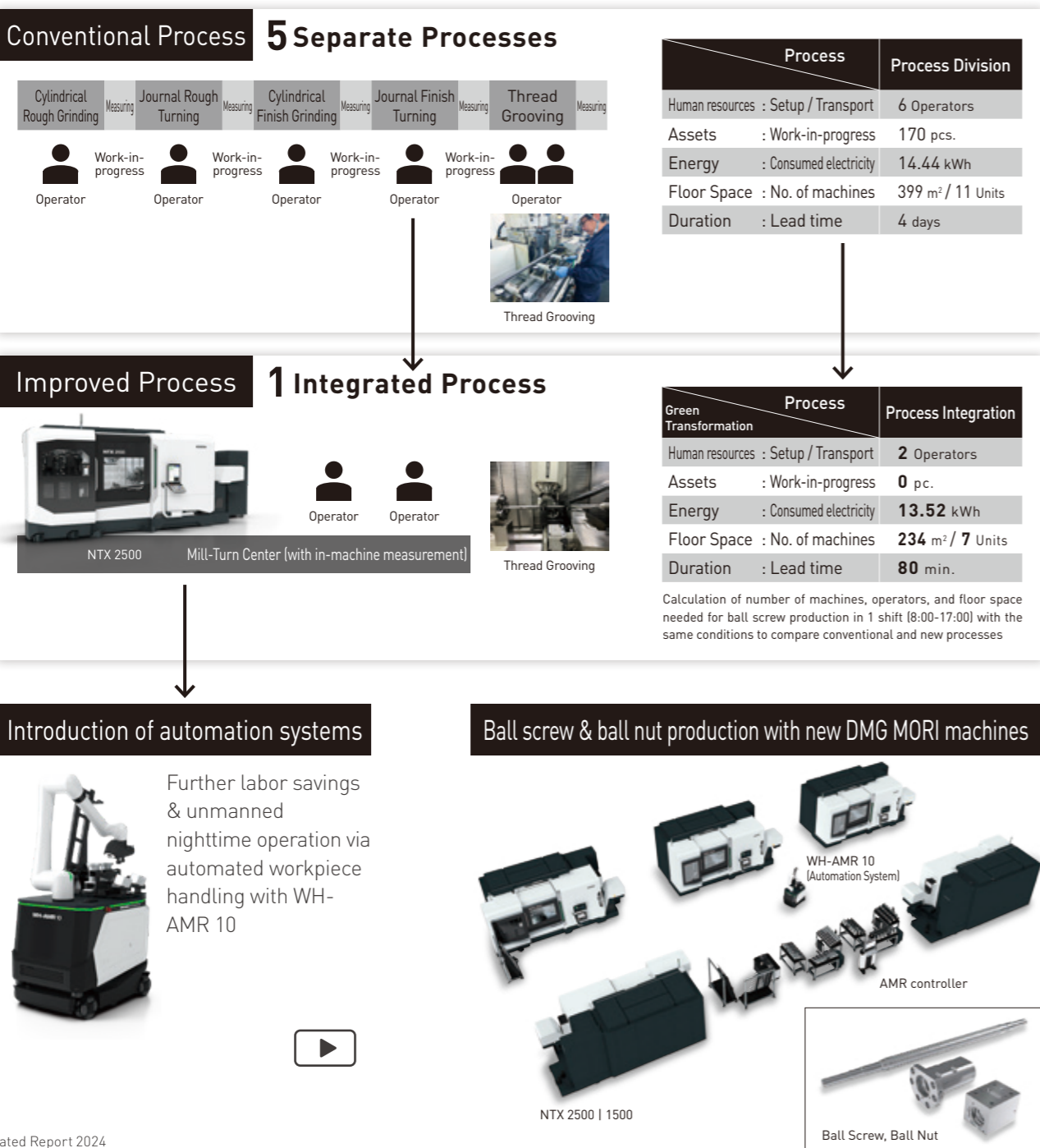


Benefits from MX

Process Integration and Automation of Ball Screw Production at Iga Campus

The Company utilizes its own machine tools and automation systems in its production, fully embracing the MX strategy. For example, the Company introduced the NTX 2500 at Iga Campus for process integration of its in-house ball screw production, integrating five separate processes into one, while adding the self-driving robot system WH-AMR 10 for automated workpiece handling. Customers aiming to realize their own Green Transformation (GX) can experience firsthand how the Company has effectively reduced setup time, energy consumption, floor space, work-in-progress, and lead time. In a sense, the Company's production sites themselves serve as live showrooms, demonstrating the impactful benefits of MX.

Ball screw production of 100 types at 1,100 pcs. / month



MX for Customer Needs

The following excerpts from DMG MORI's "TECHNOLOGY EXCELLENCE" magazine showcase the benefits of MX for customers.



Process Integration for increased flexibility

Founded in 1968 in Monticello, Minnesota, Ultra Machining Company (UMC) and its team of 215 highly skilled professionals are recognized as experienced and reliable manufacturing service providers in the medical sector and aerospace industry. The investment in three additional NTX 1000 2nd



Generation machines in 2023 was a logical step for integrating various technologies and processes in DMG MORI machines to boost flexibility and productivity. For UMC, the NTX 1000 2nd Generation is one of the cornerstones of their production. Mr. Gregg Anderson, application engineer at UMC, puts it into words: "We can only be competitive, when we can perform turning and milling of our high-quality parts from six sides in one clamping." He also adds the importance of on-machine measurement and constant monitoring for process reliability, saying that "tools are changed when worn down, right as we need them!"

Ultra Machining Company

- + Family owned since 1968, experts in their field
- + Drives investment in people, equipment and know-how
- + Committed to enriching peoples' lives through manufacturing
- + ISO 13485 & AS9100 Certified

umc
Ultra Machining Company
500 Chelsea Road
Monticello, MN 55362, USA
www.ultramc.com



Precise 5-axis machining with max. machine utilization

Since 1983, Peter Josef Klein Feinmechanik GmbH in St. Augustin has been producing precision components for customers in the medical and food sector, and in the aerospace sector as a long-standing partner of the German Aerospace Center. For metal cutting, they mainly use automated machine tools from DMG MORI, including seven DMU 60 eVo machines. Two of them are connected to a pallet handling system for up to 40 pallets and 300 fixtures that uses an MTS zero-point clamping



system for high flexibility. Julian Klein and Peter Klein, managing directors at PJK, explains: "The new table is flatter and has a smaller circumference. This allows us to use both conventional pallets with towers for series production and traditional vices to realize fully automated production of a wide range of parts." With large pallets, the seven DMU 60 eVo machines operate for up to 22 continuous spindle hours per day. "Long downtimes would have a detrimental impact on our operations, so we appreciate the great support of DMG MORI service engineers", says Peter Klein.

Peter Josef Klein Feinmechanik GmbH

- + Established in 1983 in St. Augustin
- + 50 employees
- + Manufactures complex precision parts from aluminum, stainless steel, and engineering plastics
- + With customers in the medical sector, food industry, and mechanical engineering

PJK
Peter Josef Klein Feinmechanik GmbH
Westerwaldstraße 18
53757 Sankt Augustin, Germany
www.feinmechanik-pjk.de



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.



AVIATION



5-AXIS MACHINE
DMU 65 FDS monoBLOCK



INCONEL^{*1}

AUTOMATION : PH CELL 500
up to 32 pallet places for fully automated production

TURBINE DISC

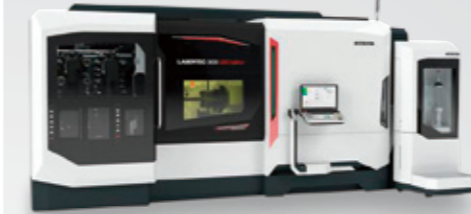


PROCESS INTEGRATION
1 vs 3 machines incl. special grinding | 2 vs 6 set-ups
Milling, turning and grinding in a single set-up for Ra < 0.8 μm




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

SPACE

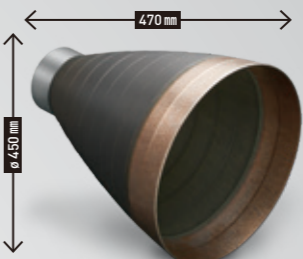


ADDITIVE MANUFACTURING
LASERTEC 3000 *DED hybrid*
Additive manufacturing of solid multi-material parts for increased thermal performance


MULTI-MATERIAL: INCONEL^{*1} & STAIN-LESS STEEL



ROCKET NOZZLE




PROCESS INTEGRATION
1 vs 3 machines incl. special grinding | 2 vs 6 set-ups
Milling, turning and grinding in a single set-up for Ra < 0.8 μm




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

MEDICAL




TURN MILL CENTER
NTX 500




TITANIUM

AUTOMATION : IMTR
Integrated workpiece handling with 7 kg transfer weight to extend production in unmanned shifts


GLENOID PLATE



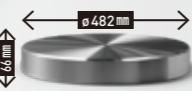
PROCESS INTEGRATION
1 vs 2 machines | 1 vs 4 set-ups
Turning, milling and in-process measuring in a single set-up



ENERGY




5-AXIS MACHINE
INH 63




STEEL

AUTOMATION : LPP
up to 99 pallet places and linking up to 8 machining centers for high productive series production

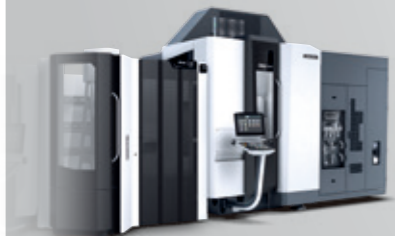
WIND POWER COMPONENTS (SPIRAL BEVEL GEAR)




PROCESS INTEGRATION
1 vs 2 machines incl. special gear machine
5-axis milling, gear cutting and in-process measuring in a single set-up, achieving gear quality 5 (DIN)



SEMICONDUCTOR MANUFACTURING EQUIPMENT



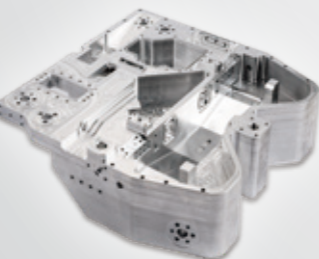
5-AXIS MACHINE
DMU 65 H monoBLOCK




ALUMINUM

AUTOMATION : PH CELL TWIN
easy linking of 2 machining centers and up to 30 pallets for increased machine utilization


EUV LITHOGRAPHY EQUIPMENT COMPONENTS




PROCESS INTEGRATION
1 vs 2 machines | 2 vs > 6 set-ups
5-axis machining and in-process measuring for highest part accuracy, e.g. 0.003 mm flatness



PRECISION MACHINES




ULTRASONIC
ULTRASONIC 20 *linear*




CERAMICS

AUTOMATION : PH 10
Fully integrated handling system for up to 132 pallets on 6 m²

WATCH CASE



PROCESS INTEGRATION
1 machine for machining hard & brittle material (ceramics) | 2 set-ups
5-axis ultrasonic machining for surface quality Ra 0.15 μm and reduced microcracks for less polishing



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 CO₂ 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.

Investor Engagement



Makoto Naito
Rheos Capital Works Inc.
Senior Analyst
Fund Manager
Equity Strategy Department

Masahiko Mori
Dr. Eng.
DMG MORI CO., LTD.
Representative Director
President & Group CEO

Hideto Fujino
Rheos Capital Works Inc.
Representative Director
President & Chief Investment Officer

A New Customer-Centric Business Model with Extended Reach

"Hifumi Mokuromi Club" is a dialogue series by Rheos Capital Works aimed at exploring and shaping future possibilities. This time, we invited Dr. Mori, President of DMG MORI CO., LTD., a company known for its increasing global influence in areas such as 5-axis machines, mill-turn centers, and other advanced machines, to talk about their unique business model that overturns conventional manufacturing industry norms. (This article is written by Rheos Capital Works Inc.)

Driving Precision and Speed in Manufacturing with MX (Machining Transformation)

Mr. Naito: DMG MORI's core products, machine tools, are used to produce parts for automobiles, aircraft, semiconductor manufacturing equipment, and other things we rely on daily. Often called the "mother machine", a machine tool was traditionally used to perform a single machining operation. However, with your 5-axis machines, mill-turn centers, and other advanced machines, multiple machining processes can now be completed on a single machine. This innovation is expected to further enhance automation and reduce labor in manufacturing. What business model do you have for continuous growth in the future?

Dr. Mori: We are dedicated to driving "MX". Over the past decade, computer performance and the speed of internet have improved significantly. Twenty years ago, many systems did not function this smoothly. These advancements now make it easier to transfer large amounts of data and provide real-time feedback for machining processes. Looking ahead, by connecting multiple machines, cloud systems, and servers, we aim to further improve the precision and speed of

manufacturing — this is what we mean by "MX".

Mr. Fujino: Here, I would like to ask about the difference between machine tools and robots. It seems that robot manufacturers have traditionally been more highly valued. However, I feel that your initiatives are beginning to shift that perception. By integrating multiple machine tools, incorporating measurement, and controlling the entire production process through computers, your approach stands out. I believe your company, as a leader in machine tools, has significant potential for growth in the future.

Dr. Mori: Robots originally evolved from machine tools. Looking ahead, the future is not about machine tools and robots being opposing concepts but rather about them working together in harmony.

Mr. Naito: Your company has established a unique business model, such as ensuring direct sales without relying on distributors and providing exceptional customer service that sets you apart from competitors. How do aspects like engineering, service, and human resources play a crucial role in driving your MX strategy?

Dr. Mori: DMG MORI currently has about 13,000 employees globally, with approximately 5,000 in manufacturing and 8,000 in marketing, sales, engineering, and service. Unlike most

machine tool manufacturers, which still rely on distributors, we operate through worldwide direct sales and service. This is a key difference between us and our competitors. The core of our business lies in machining precision and speed. In the world of machine tools, improving accuracy and reducing machining time are critical. To achieve this, we need a workforce of this scale consistently working closely with our customers — this level of commitment is essential for realizing MX.

Mr. Fujino: DMG MORI has both manufacturing sites and employees deployed on a global scale.

Dr. Mori: It is more practical for Italians to handle sales in Italy and Chinese to handle sales in China, as they understand the language and local standards better. Although this approach incurs some additional costs, that is why we hire employees locally at each site. At the same time, we consolidate expertise from all locations into a centralized database to ensure that technical proposals are made at a consistent level worldwide.

Mr. Fujino: This highlights DMG MORI's "extended reach" in manufacturing. Addressing customer challenges and needs through consulting, servicing, maintenance, collection, and financing represents the complete process that I believe manufacturing companies should strive to achieve.

Comprehensive Support from Solving Client Challenges to Operator Training

Dr. Mori: Currently, there are approximately 5 million of our machine tools in operation worldwide. These machines are approaching their average life span of 20 years. Our goal is to replace all of them with 1 million of our latest machines. This means integrating 5 machines into 1. This will allow customers to reduce working capital related to machining and may also allow them to reduce their CO₂ emissions, benefiting the environment. This "win-win-win" approach is the sustainable future we strive for.

Mr. Fujino: This is another noteworthy aspect. I have often felt that while many Japanese manufacturers possess advanced technical capabilities, their "reach" tends to be limited. Rather than stopping at simply producing and selling products, your company's approach of thoroughly supporting customers even after product delivery is something other manufacturers could learn from.

Dr. Mori: About 20 years ago, we were focused on a low-margin, high-volume business model. However, we eventually realized that this would only make us "one of many". We needed to become a company that truly stands out by staying close to our customers. That is when we shifted our focus — not just selling high-end products at a premium price but providing comprehensive support, from solving customer challenges to operator training. This transformation has contributed to our stable performance in recent years, with tangible results emerging over the past five to six years.



Mr. Fujino: By the way, you hold a doctor's degree in engineering. A company led by someone with a doctorate is certainly unique.

Dr. Mori: Our company stands out for actively hiring doctor's degree holders worldwide. We recruit not only those with doctorates in engineering but also many with backgrounds in fields like marketing and psychology, including the humanities. Around 20 years ago, when we established a joint research institute with the University of California, Davis, I was surprised to hear that the average annual salary for new graduates in the U.S. at that time was \$40,000 for an undergraduate degree and \$60,000 for a doctoral degree, which was a very favorable treatment compared to Japanese standards. I felt a sense of urgency, thinking, "If we don't properly support our Ph.D. holders in Japan, we will gradually fall behind".

Mr. Naito: I believe the salaries of your employees in Japan have been steadily increasing over the years. This is another remarkable aspect of DMG MORI.

Dr. Mori: Rather than comparing with domestic companies, we always monitor the compensation levels of similar talent globally. With approximately 13,000 employees of 59 nationalities working across various languages, nationalities, genders, and areas of expertise, our group fosters a culture where individuals from diverse backgrounds respect and collaborate with one another. Last year, our average salary for a 40-year-old in Japan was 8.9 million yen, and this year it is expected to be around 9 million yen. We believe it is necessary to increase salaries by 3-5% per year. This means that in 10 years, the average will likely reach 14-15 million yen. With this in mind, we plan to further strengthen the financial health of our operations.

Mr. Naito: To achieve that, it will be essential to sell products and services with even higher added value. Considering productivity as well, what kind of business model does DMG MORI envision to ensure continued salary increases for employees in the future?

Dr. Mori: Simply put, we plan to add 1,000 more service engineers and double the number of application engineers, which currently stands at around 1,000. Additionally, we believe it is crucial to efficiently handle routine tasks using AI to enhance productivity.

Mr. Fujino: The notion that "lower employee salaries mean higher shareholder returns" is an outdated perspective. The ideal scenario for both sides is one where the overall market share grows, stock value increases, and employees also become more prosperous. We sincerely hope your company can bring this vision to life. (Based on a dialogue held on September 26, 2024)

* The purpose of this article is to provide information, not to recommend the purchase of any financial products.
* Photo: Shunsei Takei

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:



Materiality Topics		Correlation to this Integrated Report
Innovating for social & environmental impact	1 Enhance customer productivity <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Deliver safe and easy-to-use products with high precision, efficiency, and rigidity• Provide high-quality support by engineers close to customers• Contribute to long-term stable operation by providing reliable peripheral equipment and digital technology	New Products (→ P.57) Deming Prize (→ P.69)
	4 Open Innovation <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Offer educational opportunities to employees, customers, students, partners, and other individuals involved in the machine tool industry• Continuously engage in the WorldSkills Competition and academic conferences to promote technological innovation in the manufacturing industry• Foster next-generation talents	Industry-wide Operator Development (→ P.81)

Materiality Topics		Correlation to this Integrated Report
Building a stronger management foundation	6 Corporate Governance <ul style="list-style-type: none">• Increase transparency and fairness as a global company• Strengthen corporate competitiveness through fast decision-making• Secure future leaders for succession	Dialogue with External Directors (→ P.109)
	7 Export control and information risk management <ul style="list-style-type: none">• Prevent military diversion and unauthorized use of products through strict compliance with export control regulations of each country• Protect customer information and implement measures against cyber-attacks on internal network• Strengthen measures against cyber-attacks on customer machines	Risk Management (→ P.113)
	8 Corporate communication <ul style="list-style-type: none">• Foster accurate information sharing and ongoing communication• Promote understanding of the increasingly sophisticated and dynamic business landscape	Shareholder Engagement (→ P.17)
	9 Build a resilient organization to withstand demand fluctuations <ul style="list-style-type: none">• Diversify and stabilize earnings by offering high value-added products across various customer industries and regions• Strengthen supply chain management through in-house production of key components	Machining Transformation (→ P.7) Diversity (→ P.25)
	10 Compliance and intellectual property strategy <ul style="list-style-type: none">• Recognize the potential consequences of advanced technology leakage or misuse, and ensure compliance with diverse laws, regulations, and corporate ethics• Proactively secure intellectual property rights for products and technology protection, while also respecting the intellectual property of other companies	Governance Structure (→ P.101)

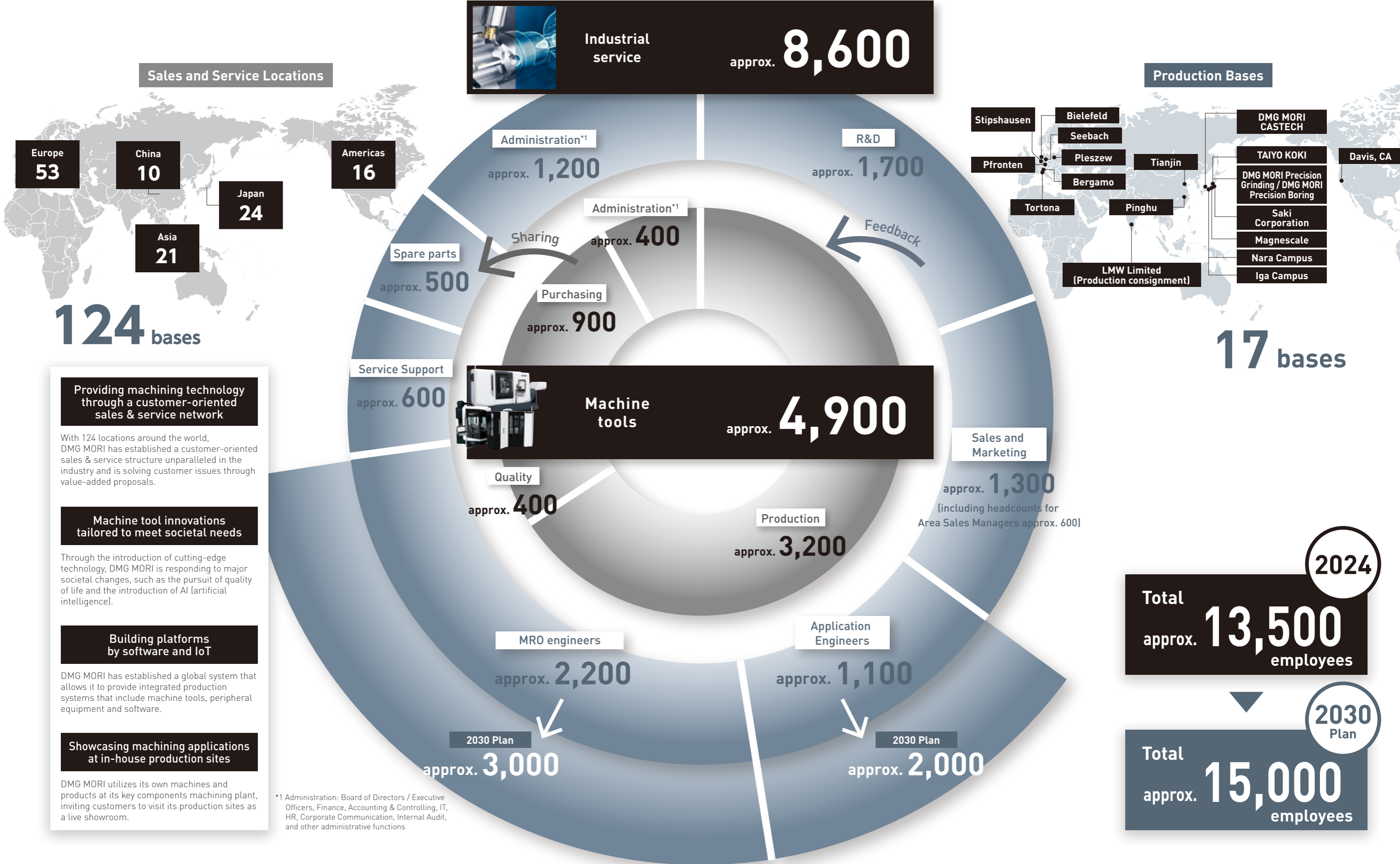
Materiality Topics		Correlation to this Integrated Report
Engaging for a prosperous society	11 Health and safety management <ul style="list-style-type: none">• Create a work environment that embodies our corporate philosophy "Play Hard, Study Continuously, Work Together"	Health and Productivity Management / KENKO Investment for Health Stock Selection (→ P.77) Safety Management (→ P.78)
	12 Diversity and inclusion <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• 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

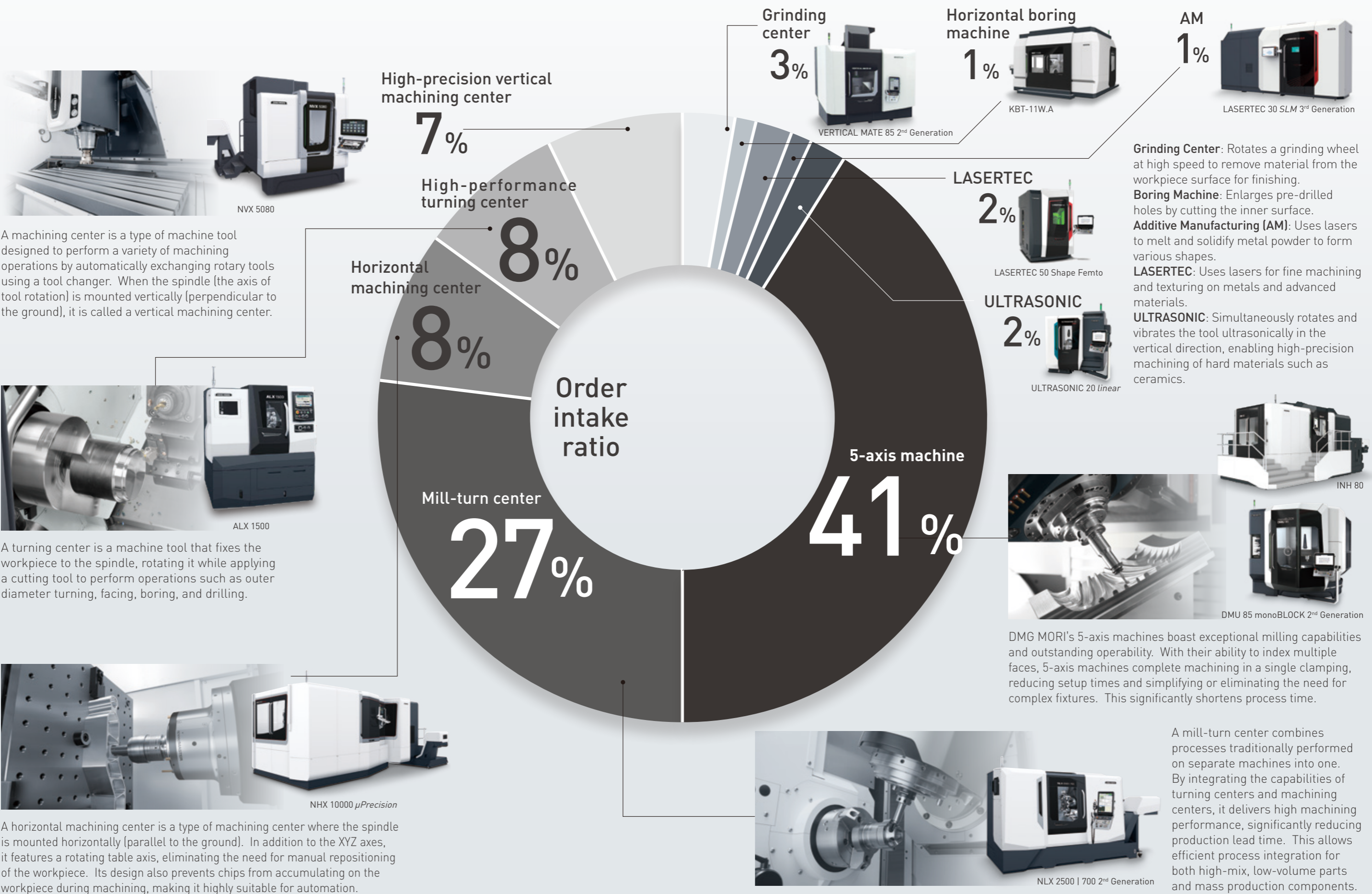
DMG MORI has established a business model unique in the industry, combining trading, engineering, and manufacturing through a direct sales and service structure.

We deliver high-precision, high-quality products directly to customers, while reflecting their feedback during production and development for enhanced value.



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

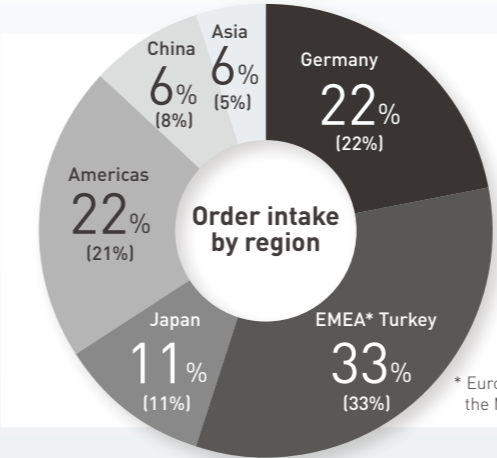
With major production bases in Japan and Germany, DMG MORI leverages the unique knowledge and expertise gained from diverse industrial landscapes and customer needs to drive the development of groundbreaking products.



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.

Figures in [] pertain to 2023



Global customer base

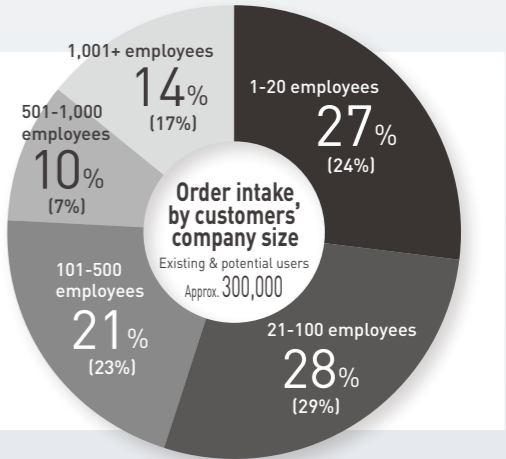
The machine tool industry is susceptible to market fluctuations due to macroeconomic changes and investment trends. However, DMG MORI stabilizes its operations by tailoring to region specific needs worldwide.

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

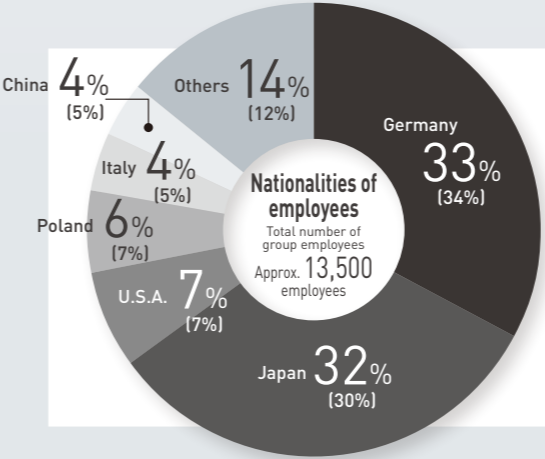
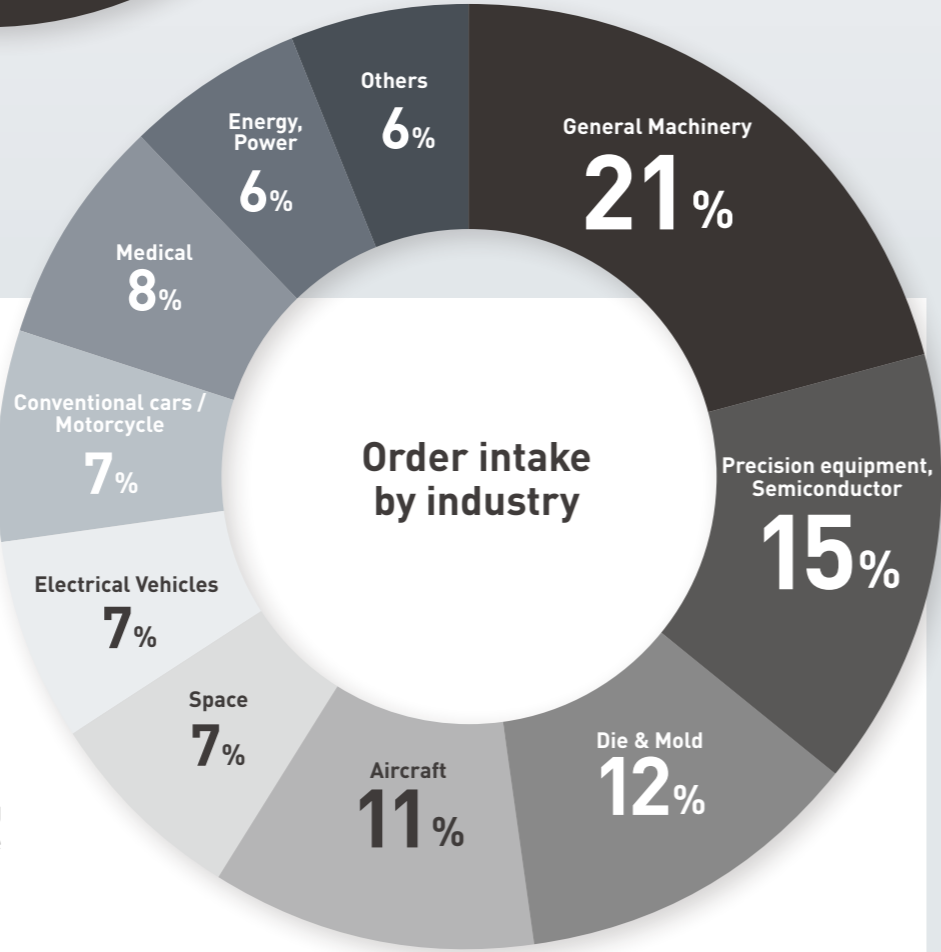
More than 50% of DMG MORI users are small companies with less than 100 employees. DMG MORI intends to stabilize its sales revenue and profits by addressing diverse needs with a customer base that covers both small companies and big enterprises.

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.



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.



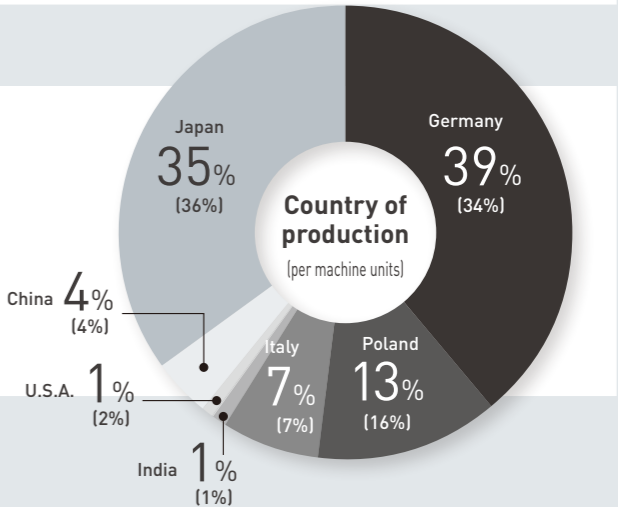
Multinational workforce

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.



2024 Highlights (Jan-Dec)

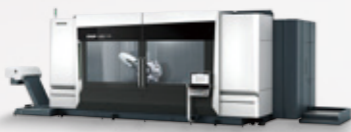
1Q

JANUARY

- Hosted Open House Pfronten (Germany)



- World Premiere of "DMF 400 | 11" travelling column machining center
- KURAKI CO., LTD. joined DMG MORI (renamed to "DMG MORI Precision Boring CO., LTD." in April 2024)

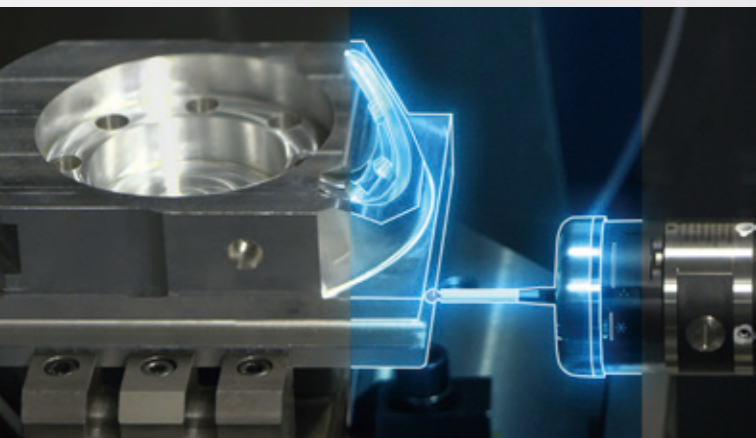


FEBRUARY

- Scored A- in CDP 2023 "Climate Change" and "Water Security"

MARCH

- Selected for "2024 Health & Productivity Stock Selection" for the first time
- Certified as "White 500 - 2024 Certified Health & Productivity Management Outstanding Organizations -" for two years in a row (Japan)
- Developed new Technology Cycle "Measuring Pro", a comprehensive measuring solution with reduced setup time



2Q

APRIL

- Installed DMU 1000 SE ultra-large 5-axis machining center at Precise Processing Plant No.3 on Iga Campus
- Announced development of new human-machine interface "ERGoline X with CELOS X"



DMU 1000 SE



ERGoline X with CELOS X

MAY

- Released "WALC CARE", a health monitoring service to detect early signs of machine failure and minimize downtime



- Hosted Chicago Innovation Days 2024
- Opened DMG MORI ACADEMY Okayama



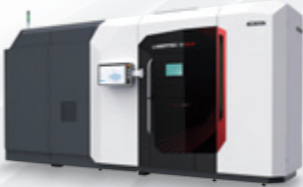
3Q

JULY

- DMG MORI CO., LTD. and DMG MORI AKTIENGESELLSCHAFT certified as "net-zero committed" by SBT

SEPTEMBER

- Participated in AMB2024
- Released "LASERTEC 30 SLM 3rd Generation", a high-speed, high-precision additive manufacturing machine
- Held the Groundbreaking ceremony for DMG MORI European Headquarters in Munich, Germany



- Released the 5th generation turning center "NLX 2500 | 700 2nd Generation"



- Supported the 47th WorldSkills* Competition in Lyon, France
- * WorldSkills is a registered trademark of WorldSkills International

4Q

OCTOBER

- Iga Campus awarded for 2024 Deming Prize
- Released modular pallet handling system "PH Cell 500"



- Announced winners of the 19th Cutting Dream Contest

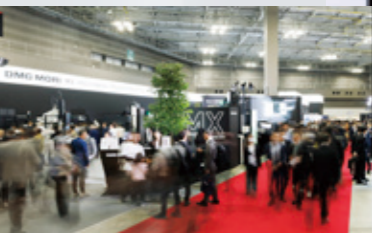


- Released "Gear Production+", a solution to integrate gear machining into conventional models



NOVEMBER

- Participated in JIMTOF2024 / Hosted Tokyo Technology Week



- Announced the launch of a tender offer to make TAIYO KOKI a wholly owned subsidiary (completed in February 2025)
- Acquired International Standard Certificate IEC 62443 4-1 Enhanced the security of product development process
- DMG MORI SAILING TEAM set sail in the "Vendée Globe 2024"



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.

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]

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.



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.

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.

Establishment of former Mori Seiki

1994

1999

2001

2002

2007

2008



Former DIXI machines (Switzerland)

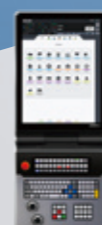
Through acquisition of the former DIXI Machines, the Group acquired technology to improve accuracy and rigidity, including scraping techniques. It was Mori Seiki's first factory outside of Japan, through which the company gained accumulated overseas production know-how.

DMG MORI

DIGITAL

Current DMG MORI Digital

Software developed by the former B.U.G. includes CELOS X, MAPPS, and CELOS DYNAMICpost.



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".

Start of Business Alliance with DMG

2009

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.



DMG MORI

CASTECH

Current DMG MORI CASTECH

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

2020

2016

2015

2010

Full Management Integration with DMG

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.

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.

100% Acquisition of DMG MORI Precision Grinding / TAIYO KOKI

2025

2024

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.

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.

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

Mori Seiki Co., Ltd. (JPY billion)			
Income Statement	Mar / 2006	Mar / 2007	Mar / 2008
Sales revenue	145.3	172.3	202.3
Operating profit (Operating profit margin)	16.3 (11.2%)	25.0 (14.5%)	31.3 (15.5%)
Net profit (Net profit margin)	13.8 (9.5%)	16.2 (9.4%)	16.0 (7.9%)
Balance Sheet			
Cash and cash equivalents	31.6	30.0	18.0
Interest bearing debt	15.7	5.4	3.3
Net Cash (Net debt)	15.8	24.5	14.7
Shareholders' equity	116.3	131.0	131.8
Total assets	162.8	169.0	174.3
Shareholders' equity ratio	71.5%	77.5%	75.6%

GILDEMEISTER AG (EUR million)		
Dec / 2006	Dec / 2007	Dec / 2008
1,329	1,562	1,904
82 (6.2%)	126 (8.1%)	158 (8.3%)
27 (2.0%)	50 (3.2%)	81 (4.3%)
42	96	258
253	252	373
-211	-157	-115
289	330	380
955	1,150	1,390
30.2%	28.7%	27.3%

	 	 
Sales structure	Indirect sales (Distributors)	Integration Direct sales
Main sales areas	Japan, USA, Southeast Asia	Europe, Asia, China
Key products	Horizontal machining centers, Mill-turn centers	Synergy 5-axis machines, New technology (Laser / ultrasonic machines)
Production bases	Japan, USA	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	Marketing, IT system

Integration Results (by 2024)

Sales	Expansion and stabilization of revenue scale <ul style="list-style-type: none">Stabilized top-line through global customer and industry diversificationEstablished strong brand through unified marketing activities, including in-house exhibitions leveraging global office locationsProviding MX solutions (process integration, automation, DX, GX) to customers through trading, engineering, and manufacturing functions via a direct sales structure
R&D	Development integration <ul style="list-style-type: none">World's largest and best product lineup combining Japanese and German technologiesExpansion of cutting-edge technologies such as automation solutions and additive manufacturingInformation sharing at Global Development Summits, bringing together developers from diverse countriesJapan-Europe and Japan-US joint development models, unique developments such as operation panel CELOS X
Production / Logistics	Optimized production network <ul style="list-style-type: none">Expanded mutual use of production sites, reduced geopolitical risksEnhanced transport efficiency, quicker delivery from localized productionOne-stop production of automation systems (machine tools + robots, automation solutions + peripherals)
Procurement	Joint procurement <ul style="list-style-type: none">Established long-term partnerships with global suppliersExpanded in-house production of ball screws, spindle units, and other componentsEstablished sustainable supply system with industry partners via Germany's INTEGRITY NEXT platform
Quality	<ul style="list-style-type: none">Knowledge accumulation via global deployment of Product Problem Report system (PPR)Quick response to customer issues through improved maintenance and service network and global parts centers
Others	<ul style="list-style-type: none">Improved operational efficiency by integrating IT systems of both companiesSharing expertise in sustainability, including greenhouse gas emissions reduction and supply chain due diligenceStrengthening of group-wide export control system, installation of machine relocation detection systems (RMS) on all modelsEvolved 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.

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

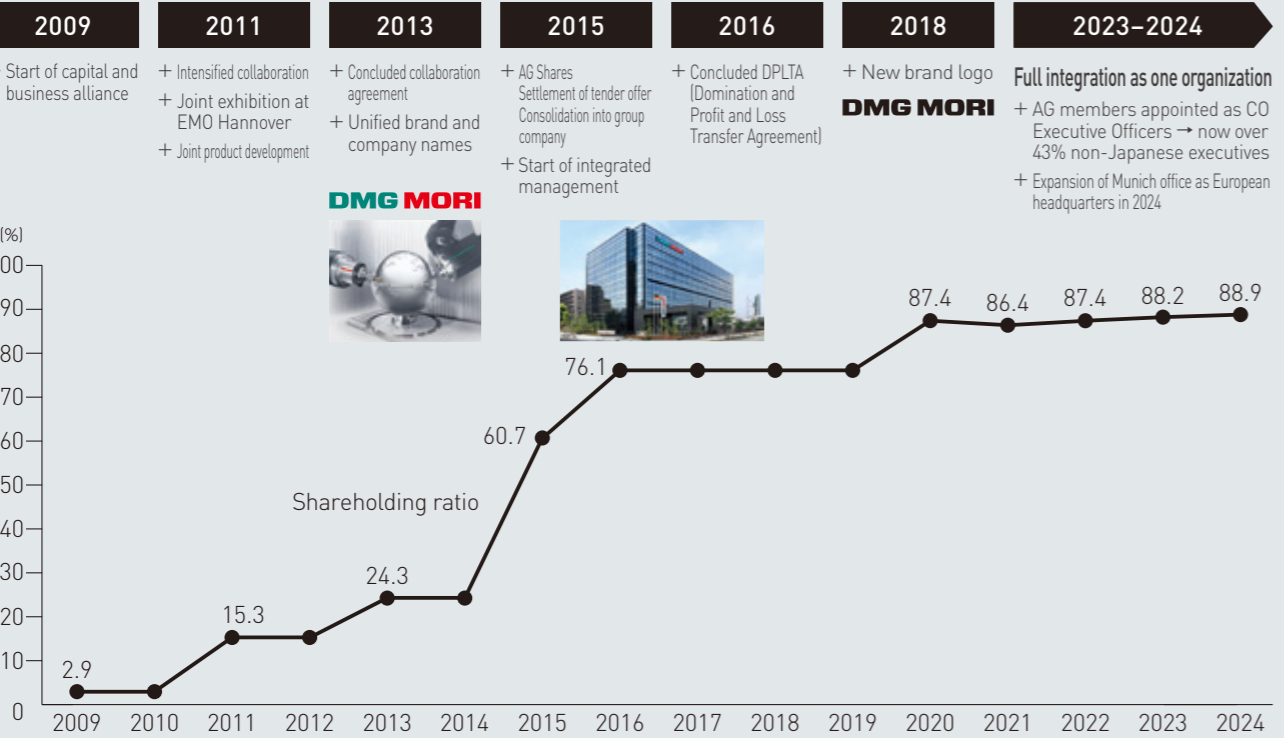
As a listed company on the Prime market of the Tokyo Stock Exchange, CO is mandated to enhance governance across its group companies. Accordingly, CO has strengthened its governance over AG, in line with the deepened capital relationship. At the start of the cross-shareholding in 2009, Dr. Mori, the 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.

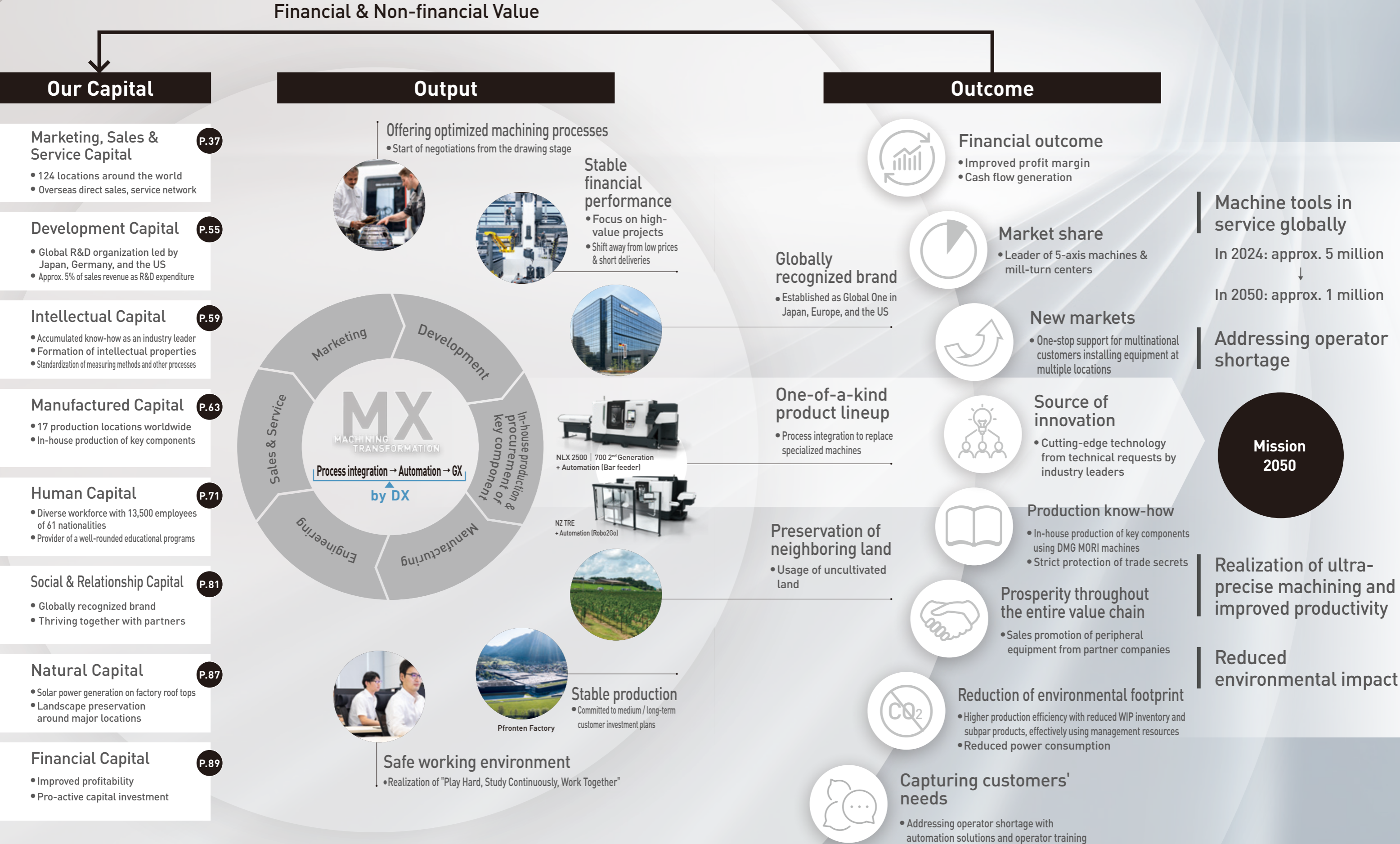
With its rich history and strong reputation, especially in the European market, AG enjoys significant trust from both customers and business partners. In the machine tool industry where products have a lifespan of over 20 years, recruiting and retaining skilled employees, especially service and maintenance 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.

History with GILDEMEISTER AG and Evolution of Shareholding Ratio



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.



Marketing, Sales & Service Capital

Marketing

Focus on Targeted Marketing and Customer Relationships



Irene Bader
Director in charge of
Global Corporate
Communication

In a world saturated with information, targeted and meaningful engagement is essential. Building trust through personal relationships, supported by strategic marketing efforts that transmit clear, relevant information and prioritize human connection, will be key to fostering long-term partnerships, driving customer loyalty.

Trust-based relationships are vital in the machine tool industry. Sales, MRO engineers are not just representatives; they are trusted advisors who bridge the gap between customer needs and advanced technology. Comprehensive training equips these teams with technical expertise and the soft skills necessary for clear, empathetic communication. This ensures every interaction resonates with relevant customer support and reinforces trust. Personal events, such as factory tours and technical days, remain indispensable for engaging customers. These opportunities provide hands-on experiences and direct access to experts, making complex technology relatable. Complementing these are technical content strategies like detailed explanation videos, application stories, and real-world case studies that cater to decision-makers' needs.

Marketing supports these relationships by tailoring content to the specific needs of each customer segment. For example, an automation-focused customer might benefit from performance comparisons and efficiency

case studies, while another exploring entry-level solutions might value step-by-step application guides. CRM (Customer Relationship Management) systems play a central role, enabling the personalization of content and tracking customer interactions to ensure consistency. Effective use of CRM ensures that customers receive information aligned with their decision-making stage and avoiding overload.

Targeted marketing is essential to cutting through the noise. Examples include using CRM data to invite a select audience to a specialized technical day or providing tailored videos on machining applications to specific industry sectors. This precision delivers relevant information while respecting customers' time. Equally important is internal communication. Marketing, sales, MRO teams must align goals and messaging. Structured internal training ensures consistency across all customer touchpoints, from digital communications to in-person engagements, reinforcing the company's credibility and professionalism.

Events will remain central to the customer engagement strategy, evolving to become even more focused and industry-specific. While factory tours and technical days will continue to offer hands-on experiences, exhibitions will undergo a strategic shift. Rather than participating in numerous general trade fairs, DMG MORI will concentrate on a select number of global flagship shows, complemented by targeted exhibitions tailored to specific industries. This approach ensures that customers receive precise, relevant information and solutions that address the unique challenges of their sector.

The marketing strategy 2030 is a blend of technical depth and personal connection. By prioritizing personal events, creating precise technical content, leveraging CRM for targeted outreach, and fostering internal alignment, customers can navigate the complexities of today's communication landscape. This approach builds trust, empowers teams, and ensures the best support and long-term growth.

Customer Story



With 105 specialists and modern machine tools, Sandvik Coromant Trondheim delivers first-class tooling solutions to customers worldwide across all industries, from standard products to special developments.

Since 2001, they continuously relied on DMG MORI products, and since 2020, they have introduced automation systems featuring NZX 1500 and NTX 3000 with robot handling systems.

In high-cost countries like Norway, where Sandvik Coromant Trondheim operates, automation is vital to gain a competitive edge. Automation solutions increase component quality as manual work is minimized. However, given the company's focus on high-mix, low-volume production, achieving flexibility in production posed another challenge for them.

"Our aim was to double our production capacity while machining a wide range of CAPTO tool bodies", recalls Technical Operations Manager Steinar Løkken, reflecting on the start of their new concept.

DMG MORI was able to implement all those requirements with an automation solution based around the NTX 3000. The system features three loading stations equipped with pallets for different-sized materials. The robot for workpiece handling automatically switches between grippers suited to the material size and performs tasks such as removing the protective caps from the materials, transporting them to the washing machine, loading them into the NTX 3000, and unloading finished parts after machining. "We can now process up to 150 parts of different sizes without manual intervention and run up to four unmanned shifts, which effectively doubled our production capacity", explains Mr. Løkken.

The post-machining measurement is also automatically completed within the machine itself. Ensuring machining accuracy within a few tens of microns is essential for the damping system that is a key feature of the company's tooling products. "We use in-machine measurement to check every workpiece", says Process Development Engineer Kristoffer Bjørnstad. This eliminates the need for manual measurements of all parts, allowing for random sampling inspections instead. Additionally, in-machine measurement can automatically feed back offsets for enhanced machine control.

"The long-standing cooperation between Sandvik Coromant Trondheim and DMG MORI has been mutually beneficial, as complex manufacturing solutions always provide new learning opportunities", summarizes Mr. Løkken. "We hope to leverage these benefits when investing in new automation solutions in the future".



Kristoffer Bjørnstad
Process Development
Engineer

Steinar Løkken
Manager Technical
Operations

Sandvik Coromant Trondheim
<https://www.sandvik.coromant.com>
Ranheimsvegen 127
7053 Trondheim, Norway

- After decades of close partnership, Sandvik Coromant took over the former Teenees, based in Trondheim
- Group of 105 experienced specialists
- Development and production of tools with damping system



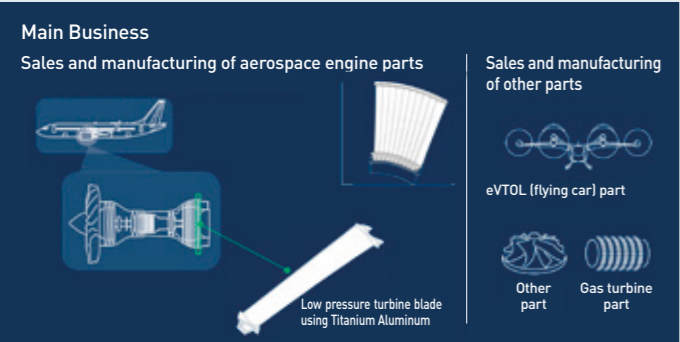
Customer Story



Creating future machining standards together with DMG MORI

AeroEdge Co., Ltd.

AeroEdge is a leading manufacturer and market share holder of titanium aluminum blades for LEAP engines used by major aircraft parts manufacturers in the US and Europe and is known for its innovative and enterprising manufacturing styles. Its main plant is located in Ashikaga City, Tochigi Prefecture, Japan.



Jun Morinishi
President & CEO

What does DMG MORI mean for you?

Mr. Morinishi: I started my career as a machine tool operator, and the first machine I used from Mori Seiki Co., Ltd.= (formerly) was a turning machine of the SL series back in 1990. Even then, Mori Seiki machines were known for their precision and reliability, consistently delivering accurate results. The high rigidity also gave me confidence, as any operational mistakes could be easily resolved through repairs. If you ask me, DMG MORI machines are ideal for operators eager to take on new challenges. In addition, with DMG MORI today, you have the option to choose NC systems from the world's four leading NC manufacturers. Each system comes with its own strengths and weaknesses, and having the ability to choose a system of your liking significantly expands the range of machining possibilities.

Mr. Honda: When it comes to after-sales service, DMG MORI also shines with its prompt support. No matter the issue, a service engineer quickly arrives to analyze the actual machine data. In some cases, even developers come to assist. We really feel in good hands.

Creating future machining standards with DMG MORI

Mr. Morinishi: At our new plant, completed in June 2024, we are taking on the challenge of mass-producing new types of parts – not by electrical discharge machining (EDM) usually required for such components, but through cutting. This method allows us to maintain stable quality with high repeatability while preserving the material's inherent strength, viscosity, and other properties. Additionally, cutting significantly reduces machining time compared to EDM, leading to lower power consumption and CO₂ emissions. DMG MORI's solutions for process integration and automation are proving invaluable in meeting the aerospace industry's growing demand for high quality and environmentally friendly production.



Mr. Honda: We collaborated closely with DMG MORI during the development phase. In pursuit of new processes that are difficult to achieve with conventional machines, DMG MORI engineers not only mobilized all of their internal expertise but also involved CAM manufacturers to jointly develop optimized machining methods and specifications. As a result, we completed process development and verification on schedule, and our customers were highly satisfied. We were able to meet such challenging goal thanks to DMG MORI's rich machining know-how and their strong partnerships with CAM manufacturers.

Mr. Morinishi: With our major customers located in the aircraft industry, many of our parts require individual certification. Therefore, we see great potential in setting new standards through the combination of DMG MORI machines and AeroEdge machining technology, creating a win-win for both parties. For example, Tier-1 manufacturers of aircraft parts may specifically request the use of DMG MORI machines when placing orders for similar processes with other companies in the future. We are looking forward to DMG MORI's continued support in fields such as additive manufacturing and future proposals for implementing the right machines and processes to secure all necessary certifications.

Mr. Honda: While DMG MORI machines may come at a higher price point, their value is clear. DMG MORI's superior spindle performance, driven by continuous in-house development and production of spindles and ball screws, ensures exceptional machine accuracy and rigidity. As we develop new aerospace parts with advanced shapes and materials, and further establish ourselves in the aerospace industry, the high functionality and reliability of DMG MORI machines are essential to stay competitive. For these reasons, the investment is more than justified.



Takuya Honda
Executive Officer
VP, Production HQ

New materials driving growth in emerging industries

Mr. Morinishi: Our corporate mission is to "create something from zero", and we are dedicated to staying at the forefront of innovation in line with this vision. In particular, we plan to increase our processing capabilities



for industries where demand is expected to grow in the future. We anticipate growing demand for aircraft parts maintenance, driven in part by the need to conserve resources. This is where DMG MORI's LASERTEC 65 3D hybrid excels, enabling component repair through additive manufacturing. Additionally, in the aviation sector, new materials such as ceramics are gaining traction for their role in reducing aircraft weight. DMG MORI is uniquely addressing this need with their Ultrasonic series. With the support from DMG MORI, we are committed to mastering these cutting-edge technologies and expanding our business opportunities.

Mr. Honda: The medical devices, renewable energy, and social infrastructure sectors are also expected to see significant growth in the future. Taking on new challenges often brings new difficulties, especially when working with new materials. We are excited to collaborate and grow alongside DMG MORI as we jointly explore the best processing solutions.

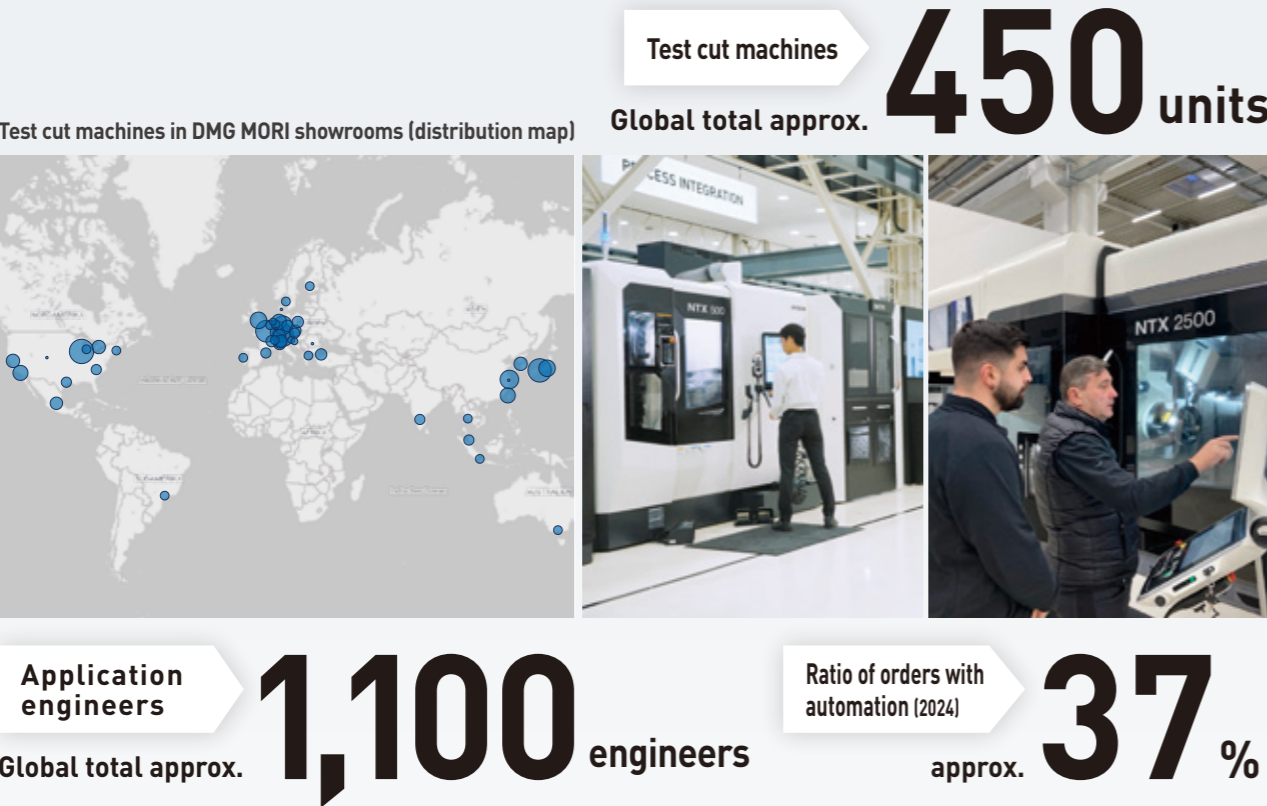
AeroEdge Co., Ltd. <https://aeroedge.co.jp/>
482-6, Teraoka-cho, Ashikaga City, Tochigi Prefecture, 329-4213 Japan

- 2016: Aerospace Business Carve-out from Kikuchi Gear, started operation
- 2019: Total of 100,000 turbine blades delivered to Safran Aircraft Engines
- 2023: Listing on Tokyo Stock Exchange, Growth Market
- 2024: Completion of New Factory (Building B) Construction

Front Runner Vol.11
AeroEdge

Engineering

Delivering the most suitable solution to customers worldwide based on shared application information



Three standardization initiatives for better proposals

The most significant point of DMG MORI is that we offer tailor-made solutions to customers worldwide to enhance the four pillars of MX: Process integration, automation, Digital Transformation (DX) and Green Transformation (GX).

If we look into the future on application, we will be able to expand the functions of "Digital Twin Test Cuts". At the moment, this technology provides estimated machining time without actually cutting the material. In the future, we aim to forecast the behavior of material, lifetime of tools, and expected quality of finished parts etc., and provide our customers with even more realistic pictures. Standardized and digitized datasets of machine and peripheral equipment as well as globally accumulated results of real test cuts are essential to develop such sophisticated new functions. In addition, as a global one company, it is mandatory that we provide the same quality of proposals to the customers

based on the same technical data, no matter where they are. This leads to the three standardization projects which the engineering department is currently working on.

The first standardization project involves test cut machines in our showrooms worldwide. All machines in showrooms globally have been connected with our Messenger SC, a DMG MORI online tool to check, monitor, and improve operations of machines in a secured manner. The data is stored on our local Microsoft SharePoint and will be transferred to our CELOS Xchange Cloud in the coming years.

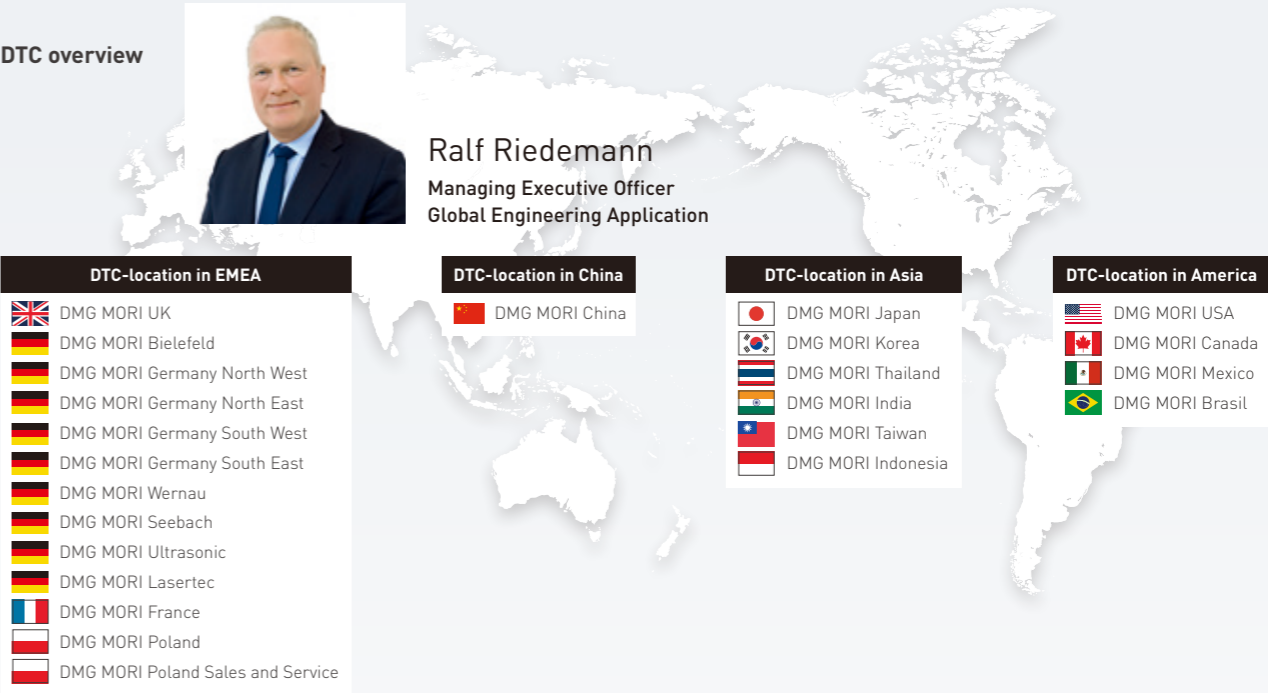
At the same time, we have built a Microsoft Power App "Test Cut Machine Finder", with a search function by machine location, machine types, specifications, and automations. This provides a quick and easy tool for the sales team to find the right machine and the right contact

person. Detailed specification information can also be easily checked as this app is based on our production and stock management system.

As a 2nd big step into standardization, we globally rolled out our DTC (Digital Technology Checklist) in 2024. The DTC is an online request format for any pre-sale technology support, from a feasibility study to a full turnkey quotation. Besides standardization, the system brings transparency to

all technology projects and their status, such as due dates, communication history, project data. The DTC is connected with our global CRM (Customer Relationship Management) system, making it easy to share the necessary information between the sales and service team and the factories. Because the above-mentioned Test Cut Machine Finder is linked to the DTC and CRM, sales managers can quickly share a new customer request with the engineers.

DTC overview



Global Key Account Management

Managing Global Key Account Investments Through Direct Sales Network

For customers with global operations, navigating the complex process of purchasing production equipment across multiple locations worldwide is a major challenge. Traditionally, local production leaders negotiate specifications and prices individually with different manufacturers and distributors, often resulting in regional inconsistencies in the quality of technical proposals and slowing global expansion efforts. To address this, DMG MORI's global key account sales teams leverage the Group's direct sales and service organization to provide customers with uniform terms, cutting-edge solutions, and comprehensive after-sales support one-stop on a global scale.

DMG MORI has a total of 20 global key account managers, whose mission is to build relationships with customers' key decision-makers. This allows them to gain an early understanding of customers' medium- to long-term

business expansion and investment plans and propose the latest technologies and products to fit their needs. Each manager is supported by a team consisting of top-level application engineers as well as experts in the fields of service, legal, and more. Worldwide, they provide MX solutions to approximately 140 customers across more than 7,000 production sites.

The majority of DMG MORI's global key account customers operate in high-tech industries with extensive machine installations and great investment potential such as aerospace, medical, semiconductors. We close comprehensive global contracts with these customers after negotiations on board level. With an annual growth rate of 20%, these global key account partnerships not only drive process integration and automation for highly efficient production across the manufacturing industry but also contribute to the sustainable development of DMG MORI.

Global key account order intake ratio:

approx. 20%

Large-scale projects with multiple machines for customers running a global operation make up a significant portion of DMG MORI's order intake.

Number of global key account customers:

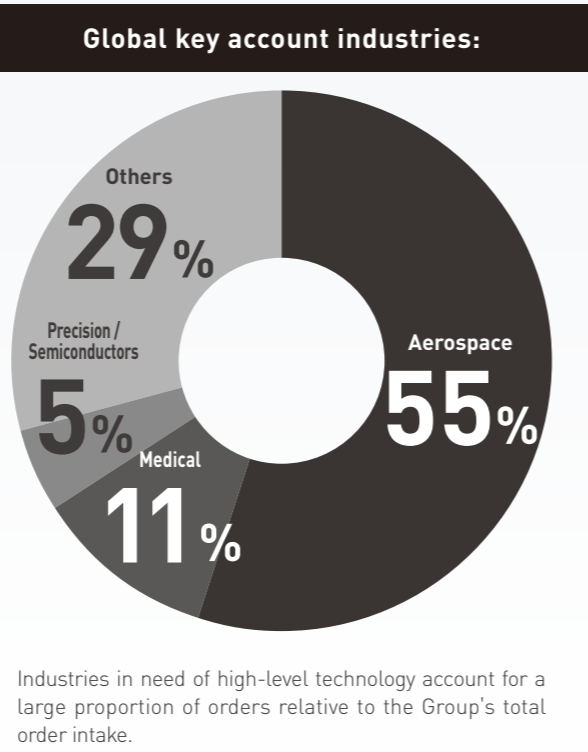
approx. 140

Global contracts are closed after negotiation between the customers' board and the global key account team.

Number of global key account production sites:

more than 7,000

With global contracts in place, customers can purchase machines and access after-sales services under the same terms across all their applicable production sites.



Supporting US government projects



Direct sales channel to meet the highest security requirements for national defense and repair business



Mark Mohr
Executive Officer
DMG MORI Federal Services, President



Photo by Cibi Chakravarthi on Unsplash

DMG MORI Federal Services, Inc. (DMFS) is our organization focused on growing United States Government (USG) opportunities in advanced manufacturing. The USG is the largest buyer in the world with \$759 billion in fiscal year 2023 on contracts across all industries. This procurement cycle is highly complex and can last years with hundreds of regulatory requirements. The DMFS was created specifically for business with this large-scale customer in a relationship of complex rules that presents a tremendous opportunity for the Group if properly mastered. The DMFS was formed in May 2021 and formally started operations in January 2022. Since then, DMFS has achieved over \$45 million in order intake and machine installations in over 15 government facilities across the US Department of Defense and the US Department of Energy. DMFS' vision is to position the Group as a credible partner to the USG as it embarks in a government-wide effort to employ advanced manufacturing technology to modernize USG equipment and processes not just within the United States, but anywhere in the world with a USG installation.

DMG MORI solutions address a specific need by US defense agencies to produce critical components efficiently and rapidly

repair and return equipment to the point of need. This is demonstrated by a DMG MORI flexible manufacturing cell (FMC) in the US Navy's Fleet Readiness Center Southwest. The FMC has 6 DMC 125 FD duoBLOCK and a pallet system that replaced at least 12 machines for the repair of F/A-18 and E-2/C-2 landing gears. The FMC was projected to save the US Navy approximately \$2.5 million annually in set-up time.

Beyond 2025, DMFS expects demand for advanced manufacturing solutions to markedly increase as the US Army goes well into its \$18 billion modernization plan, the US Navy into its \$21 billion shipyard infrastructure optimization plan and the US Air Force into its \$10 billion modernization plan for military installations in Japan. This once-in-a-generation investment in modernization within USG defense agencies is happening in parallel to similar investments in domestic manufacturing and clean energy by US civilian agencies such as Department of Energy, Department of Commerce and NASA, started by the CHIPS and Science Act, the Infrastructure Investment and Jobs Act and the Inflation Reduction Act of 2022.

Accumulated order intake (since founding)

USD 45 million (JPY 6.8 billion)

Number of installed bases (since founding)

15+ USG facilities

Service (Maintenance, repair and overhaul) Strategies

Expanding Maintenance and repair Capability with Mid-Career Recruiting and Training



Markus Piber
Senior Executive Officer
EU Global Service, EU Academy and
EU CIRCULAR

Sascha Mertins
DMG MORI Global Service GmbH
Managing Director



Hiroki Nishikawa
DMG MORI SALES AND SERVICE CO., LTD.
Service Control Department / DMG MORI
CO., LTD. Global Service Department
Senior General Manager



Ronny Wolf
DMG MORI Deutschland Vertrieb und
Service GmbH
Managing Director



Jayaram Gopal
DMG MORI USA, Inc.
General Manager, National Service



Kevin Wang
DMG MORI China Co., Ltd.
Vice President-Service

DMG MORI's Field MRO Strategy
DMG MORI's value-adding solutions are delivered and supported worldwide by its direct sales, maintenance, repair and overhaul (hereafter, MRO) network. Our MRO engineers, and their capability to keep our machines running, are particularly and increasingly pivotal to our Machining Transformation (MX) strategy. Therefore, DMG MORI plans to increase the headcount by approximately 800 over the next five years. In September 2024, MRO managers from all around the world met online and discussed ongoing challenges and future strategies.

Mr. Piber: DMG MORI's MRO division has a two-tier structure. The first tier consists of field MRO engineers who visit customers' factories to perform repairs. They belong to the local subsidiaries in each country. Many MRO requests, no matter which model, are handled by them in the local language. For more complex technical matters which require close cooperation with production and development departments, the second tier comes into play: dedicated global MRO engineer teams operating out of factories in Japan, Germany, Italy, Poland, and other locations. Through an effective combination of local and global employees, we aim to provide the same quality of MRO services to customers around the world. Based

on your experiences, what are the actual expectations of our customers regarding MRO requests?

Mr. Mertins: Generally speaking, the customers' expectation is to hear back from us within an hour of the initial MRO request and to have an engineer dispatched the next day. *my* DMG MORI allows us to receive reports with photos and programs attached. Thanks to this digital function, DMG MORI is able to process MRO requests efficiently, and the former expectation is generally met. The latter, on the other hand, depends on the engineer's schedule and spare parts availability, so we sometimes have to keep customers waiting for 2 to 3 days.

Mr. Wang: I would say what customers around the world ask for is "getting it right the first time". With highly complex systems that involve 5-axis machines, mill-turn centers, and automation, even one day of downtime can lead to significant opportunity losses for the customer. These complex installations often blur the lines between mechatronics, electrical systems, and software, as well as machining technologies such as turning and milling. This complexity requires extensive knowledge and expertise from the on-site engineers. Customers expect DMG MORI engineers not only to be highly skilled but also

thoroughly familiar with their special machine.

Mr. Gopal: In the U.S., if the engineer who comes in cannot fix the machine in two days, the customer often asks for another engineer to be dispatched. The amount on the bill becomes rarely a problem if the machine can be fixed quickly.

Mr. Piber: It is important to increase both the skills and the number of MRO engineers in order to meet customer expectations for quick machine recovery. From a quality perspective, how do you structure the training programs for MRO engineers to ensure they meet these demands?

Mr. Nishikawa: In Japan, newly hired MRO engineers are first assigned to an assembly plant for about six months to gain deep understanding of our products. This is followed by another six months of on-the-job training, during which they accompany senior engineers and learn the practical aspects of MRO work. After completing this training period, all engineers spend one or two weeks per year at our DMG MORI ACADEMY to stay up to date on new models and automation technologies. Based on my experience as an MRO manager, it typically takes at least two years for new engineers to be capable of handling 80% of MRO

requests by themselves. Some engineers with prior experience at other machine tool manufacturers may be able to work independently within six months. However, as products become increasingly complex, the required training period is getting longer.

Mr. Gopal: I agree with Mr. Nishikawa about the length of time required for training. In terms of the local characteristics of the training program in the U.S., it is worth noting that many machines are imported from Iga or Pfronten factory. It means that showrooms across the U.S. also serve as important training facilities in addition to our Davis factory in California. We send vocational trainees (apprentices) on a 3–6-month business trip to a factory in Japan or Germany. However, in the case of engineers who already have responsible regions, it is not practical to send dozens of them for long-term overseas training. Instead, we invite trainers from Japan and Germany to increase the training efficiency. In addition, lecturers from NC manufacturers, local peripheral equipment manufacturers, and other suppliers can also be arranged locally. Since our machines are equipped with mainly four different brands (FANUC, Mitsubishi, Siemens, and HEIDENHAIN) of numerical control (NC) systems, our MRO engineers must also

be familiar with all of them. We have already prepared a training plan for the next one to two years.

Mr. Wolf: A very important point to remember is that our MRO engineers are not only required to fix the latest models. In our customers' factories, our products that are 15 to 20 years old, sometimes even more than 30 years old, are still operational. As long as there are MRO requests, engineers must also possess knowledge of these older machines. For cases that cannot be learned during formal trainings, engineers must acquire the necessary expertise through hands-on experience in the field.

Mr. Mertins: With regards to that point, one cannot forget the fact that DMG MORI has a long history of corporate mergers. The older the machine, the more likely it is that the technical

information needed for MRO is missing or scattered in different IT systems. Given the limited skills and number of engineers, these challenges need to be addressed to carry out MRO jobs as efficiently as possible.

Mr. Piber: It is also important to have a management system for customer and machine information that is easily accessible to engineers in the field. Although there are some variations depending on the distance from the main plants, the framework for training programs seems to be almost similar in all countries. With that in mind, how do you secure a sufficient number of engineers? The situation must differ from country to country.

Mr. Gopal: In the U.S., we face many challenges in hiring new employees and keeping them in the company. The retention

rates are very low in this country. Not only our employees, but also the younger generation in general (between the ages of 25 and 35), tend to move from one job to another once they find a job with slightly better conditions.

Mr. Wolf: In the German speaking countries (Germany, Austria, and Switzerland), we have MRO engineers, supported by hotline support engineers ready to assist when needed. (See graph on page 47)

In both groups, the largest portion of the workforce is in their late 50s. As we plan for their retirement, we are reorganizing regional allocations to minimize travel distances for engineers while prioritizing recruitment in areas where resources are stretched. We are also offering an apprentice training program with a curriculum of approximately 2 years. Many trainees begin working with DMG MORI immediately after completing the program.

Mr. Mertins: I feel that among the younger generation, there is a declining willingness to accept long-term business trips and overseas assignments. Many young people pay close attention to the balance between local work and business travel when they take the job. In order to improve the retention rate of young engineers hired through a big recruitment effort, we need to offer more flexible work styles on top of a better salary and other benefits. For example, the flexibility to choose how many months of the year to spend on long-term business trips and how many months to commute from home to work, or the job-change opportunity where the employee can switch to a position requiring higher skills after a few years of overseas assignment. In particular, whether or not the engineer can envision the next career after 10 years of MRO experience tends to be a trigger for turnover. Looking at the data from the German speaking countries, the average length of experience at DMG MORI is about 10 years for field MRO engineers and about 20 years for the hotline experts. Without action, the equivalent of this difference in knowledge will be lost. Therefore, we ask experienced engineers to transfer their knowledge to younger people at the DMG MORI ACADEMY as their final task before retirement.

Mr. Nishikawa: In Japan, we currently have about 250 field MRO engineers, and we would like to increase this number to 300 by around 2027. Considering the turnover rate, including retirees, we need to hire 30 to 35 people each year. We plan to cover half by hiring new graduates and the other half with mid-career candidates. We also value communication on long-term career

paths in Japan. Compared to other regions, Japanese engineers are more motivated to work overseas. During the recruitment process, we pay close attention to their workplace preferences and interests in overseas assignments. Since their work priorities may change over the years, we also conduct regular interviews and keep up to date with their personal circumstances.



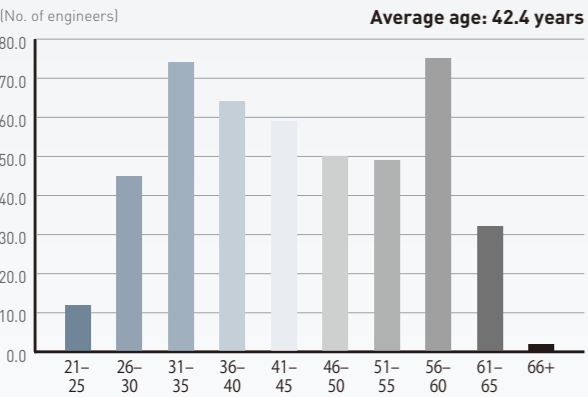
Mr. Wang: In China, we mainly target students from top-level technical schools for our recruitment activities. Fortunately, we are not facing any imminent recruitment difficulties, but in the medium- to long-term, we would like to increase the number of people with good language skills (English, Japanese, or German) in addition to their technical background.

Mr. Wolf: In order to hire a large number of highly motivated young engineers, a marketing perspective is also essential. DMG MORI utilizes social network platforms to share its business activities in local languages and is supporting important international events such as the WorldSkills* competition.

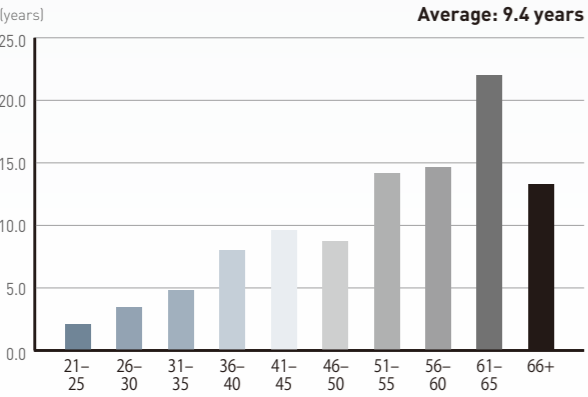
* WorldSkills is a registered trademark of WorldSkills International.

Mr. Piber: It has become clear that different HR strategies are adopted based on each region's characteristics. In the past, the after-sales MRO businesses were like "spare tires for a car", meaning they made only a little extra revenue on top of the main business. However, as MX has progressed, after-sales MRO business has become more important, and better MRO work has created a virtuous cycle that leads to the purchase of the next machine. My long-term goal is to generate enough profits from the MRO and spare parts business to cover the costs of the entire sales, maintenance and repair companies. There are only a few manufacturing companies in the world that have achieved this, but I would like to ask for every employee's dedication to take on this challenge on a global scale for the sustainable development of both our customers and our company.

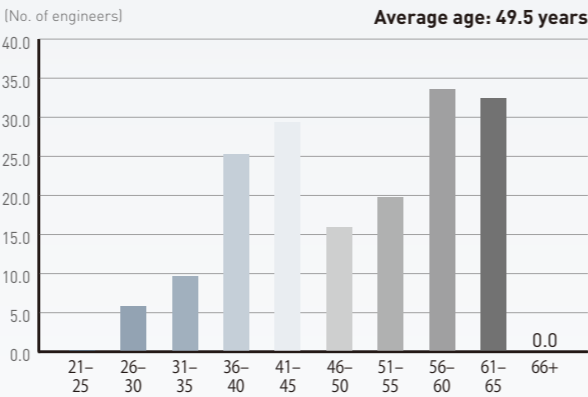
Field MRO Engineers: Age distribution
(Germany, Austria, and Switzerland)



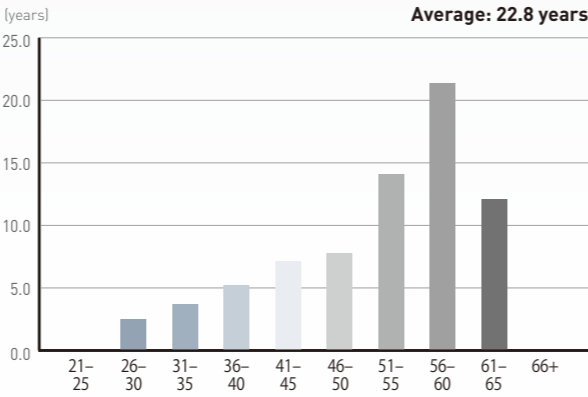
Field MRO Engineers: Years of experience
(Germany, Austria, and Switzerland)



Hotline Engineers: Age distribution
(Germany, Austria, and Switzerland)



Hotline Engineers: Years of experience
(Germany, Austria, and Switzerland)



Sales Strategies by Region

Japan



Masaru Tamba
Managing Executive Officer
DMG MORI Sales and Service CO., LTD., President

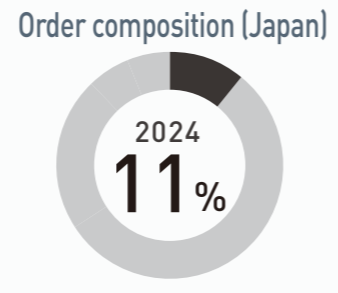
SAKI Corporation President / DMG MORI Sales and Service CO., LTD., Chief Advisor, since April 1, 2025

Kenji Yoshikawa
Senior Executive Officer
DMG MORI Sales and Service CO., LTD., Vice President

DMG MORI Sales and Service CO., LTD., Vice President / Miyawaki Machinery Co., Ltd., Board Member, since April 1, 2025

Satoshi Hashimoto
Executive Officer
DMG MORI Sales and Service CO., LTD., Vice President

DMG MORI Sales and Service CO., LTD., President, since April 1, 2025



Market Landscape in Japan

With the pressing labor shortages throughout the Japanese manufacturing industry, process integration is gaining attention all over the country. Process integration models now account for over 60% of the sales revenue in Japan. Since Japan has long relied on skilled and experienced technicians, it and has generally lagged behind Europe and the U.S. in this trend. However, with the working environment changing drastically, Japanese customers have begun to take actions with a sense of urgency.

To address each customer's concerns and challenges, DMG MORI has 60 Area Sales Managers throughout Japan, who are all ready to offer tailored solutions, and 250 Field Service Engineers to help customers maintain machines and peripheral equipment throughout their lifecycles. DMG MORI has also begun to offer insurance alongside its machines to cover accidents and damage caused by operator errors due to lack of experience. With "Technology Fridays", which are private exhibitions at the Iga Campus and Tokyo GHQ initiated during the pandemic, DMG MORI has welcomed thirty guests each week (6,000 in total) and carefully catered to the interests and needs of the participants. In addition to this, DMG MORI opened the last of four new DMG MORI Academies in Okayama City in 2024. Together with the Sendai, Hamamatsu, and Kanazawa Academies, which were opened in 2023, we support local customers in solving their day-to-day problems by showcasing MX solutions, providing hands-on experience with process integration models, and hosting

events for DMQP partners and their peripheral equipment.

Acceleration of Automation and MX

As we approach 2030, process integration is becoming the industrial norm, DMG MORI understands the need to train professionals who can propose a total solution for the entire shop floor. DMG MORI is building a foundation for systematically proposing high-quality, long-term (5-10 year) investment plans.

In Japan, as mentioned earlier, younger generations have started to take over business, but they often find the current situation outdated and unsatisfactory. DMG MORI has established "5 Axis Machining Association" with such young, ambitious leaders, and is arranging visits to advanced factories outside of Japan and hosting study sessions. During the overseas factory visits, the participants witness how all the processes that traditionally require manual operations in Japan are fully automated. This often gives the young executives a concrete picture of what they should do next and accelerates their efforts toward automation and MX.

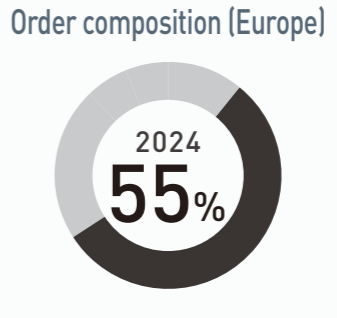
To support the young generation, DMG MORI intends to not only stay involved in future investment decisions but provide training opportunities at local DMG MORI Academies and continuously offer DMQP products to improve productivity of the 170,000 machines in the field throughout their lifecycles. In this way, DMG MORI is enhancing the value of the Company for its customers.

Europe



Harald Neun
Dr. (Business Economics)
Executive Officer
DMG MORI EMEA North
Managing Director and
Chief Sales and Service Officer

Michael Budt
Dr. (Business Economics)
Executive Officer
DMG MORI EMEA South
Managing Director and
Chief Sales and Service Officer



2024 summary and 2030 strategic vision

In 2024, the market trends and conditions in Europe considerably varied by industry. High-technology industries such as the semiconductor, medical, and aerospace industries were performing well and provided continuous growth opportunities. In contrast, the automotive industry and some others were struggling. This created a challenging situation for the Sales and Service companies in countries such as Germany, Czech Republic, Hungary, Poland, and Romania. Small job-shop companies, which represent a significant portion of our market potential, were holding back investments due to macroeconomic uncertainties.

DMG MORI's MX (Machining Transformation) strategy with the focus on innovation and customer-centric solutions positions us well to navigate through this complex landscape. DMG MORI has the necessary resources to thrive despite current and future challenges and to ensure continued market success. The 4 pillars of MX strategy, Process Integration, Automation, Green Transformation (GX) and Digital Transformation (DX), allow the Group to address variation of customers' needs to remain competitive. With its latest product innovations in 2024, DMG MORI has once more proven its innovative approach. A prime example is the high-runner NLX 2500 2nd Generation, on which DMG MORI has reworked the machining concept based on the market feedback and equipped it with the brand new "SINUMERIK

ONE"^{*1} control by Siemens, Germany^{*1}. Now, the machine is even more rigid, precise, and energy-efficient. To spread the MX strategy in the markets, DMG MORI is also strengthening its sales and service organizations. This step is pivotal to DMG MORI's success. First of all, it requires a high level of sales expertise to advise customers on complex processes. To achieve this, DMG MORI is continuously organizing sales training and encouraging everybody to expand their skill set.

DMG MORI strives to deliver state-of-the-art reliability to our customers. To uphold this goal, DMG MORI is expanding its service and application teams and enhancing its service capabilities significantly. Additionally, DMG MORI offers "Full-Service 5.0", which extends the product warranty period to five years. This new service is unique in the market. For the customer, this means 5 years of all-round MRO, worry-free operation, and full cost control. All these measures are taken with one goal in mind – to be the most competent and reliable partner for our customers, from the first contact to the after-sales service. In conclusion, the MX strategy with its 4 pillars underlined by a strong sales, MRO structure enables DMG MORI to thrive in a competitive market. DMG MORI is confident that its efforts will not only meet but exceed the expectations of its customers and stakeholders for now and in the years to come.

^{*1} SINUMERIK ONE is a registered trademark of Siemens Aktiengesellschaft.

Americas



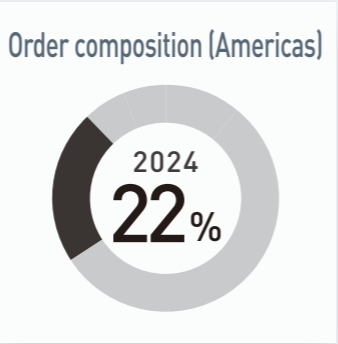
Keiichi Ota
Dr. Eng.
Managing Executive Officer,
Americas and ICT



Marlow Knabach
Managing Executive Officer
DMG MORI USA,
Executive Vice President
DMG MORI MANUFACTURING
USA, Chairman



John McDonald
DMG MORI USA, Inc.
Vice President of
Sales & Technology



Strengthening Our Organization Across the U.S. and the Entire Americas

In North America, the trend of reshoring in the manufacturing industry is driving steady and active investment, particularly among major corporations. Additionally, cutting-edge sectors such as aerospace and medical technology continue to experience remarkable growth. However, despite this strong demand, a significant shortage of engineers and other skilled workers is becoming increasingly evident, leaving many customers struggling to maintain and advance their manufacturing operations.

Machining Transformation (MX) proposed by DMG MORI is the optimal solution to these challenges. Twice a year, Open House events are hosted in Chicago, attracting around 1,500 customers each time. These in-house events provide an opportunity for in-depth technical consultations with customers, conducted in front of our products that exemplify MX. Our area sales managers from across the Americas, along with technical sales representatives based in various regions, collaborate as a unified team to deliver the best possible solutions.

In 2024, the market did not necessarily show strong momentum, partly due to a wait-and-see approach ahead of the U.S. presidential election and high interest rates. However, relatively large-scale investment projects continued, driven by advanced industries, major corporations, and government procurement initiatives. As a result, we were able to win orders that far exceeded those of the previous year, even on a local currency basis. At the same time, we are committed to strengthening our organization with a focus on medium- to long-term development. Key initiatives include expanding apprentice programs, hiring more engineers, improving security measures to meet government requirements, and renovating the Chicago headquarters to enhance technical exhibits and create a better work environment. Additionally, we have established a

subsidiary in Costa Rica to provide better support for the rapidly expanding medical industry. The Davis plant in California is also developing an SLM-based AM machine, which is expected to be ready for market launch in 2025.

Looking ahead to 2030, we aim to steadily strengthen and expand our business in the region. Key priorities include enhancing our proposal capabilities, such as automation and DMQP, and building the capacity to handle multiple large-scale and complex turnkey projects at the same time. We also plan to expand our service network, improve quality, and strengthen support for global customers entering the Americas. To achieve these goals, we are strengthening recruitment and talent development. Additionally, I intend to deploy digital technologies to improve operational efficiency and enhance employee benefits. Such efforts are essential for fostering loyalty in a highly fluid labor market. For our Querétaro office in Mexico, we plan to establish a new facility near its current location by 2026, aiming to further strengthen our market presence. The Americas remain a key region due to their potential and alignment with our MX strategy, and we are committed to driving strong growth in this market.



China



Frank Beermann
Dr. (Economics and Business Administration)
Executive Officer
DMG MORI China, Managing Director and Chief
Sales and Service Officer



Jian Gao
DMG MORI China Co., Ltd.
Managing Director & President



transparency in project management. We will continue to empower our engineers with the right training, technology, and software to stay ahead of the curve. By offering customized MX solutions that meet the specific needs of each customer and ramping up our MRO capabilities, we are confident we can improve response times and customer satisfaction. Through consistent and disciplined execution of these initiatives, we are aiming to grow our market share in China from approx. 3.5% in 2024 (13% in high-tech segment) to over 5% by 2030 (more than 20% in high-tech segment).

Empowering high-value sectors with unparalleled technology

China's manufacturing industry is gearing up for impressive growth over the next 5 to 10 years, thanks to the country's latest Five-Year Plan. This plan focuses heavily on tech innovation, green energy, and high-value sectors like medical. The move marks a clear shift from the old-school, labor-heavy manufacturing approach to more advanced, automated, and eco-friendly methods. For DMG MORI, this is a huge opportunity. DMG MORI is ready to meet the associated demands for high-tech machines such as horizontal machining centers, turn-mill centers, 5-axis machines, and automation solutions. With two factories already set up in China, DMG MORI has more than 120 MRO engineers, 40 application engineers and 60 Area Sales Managers. Looking ahead to 2030, our game plan is clear: build a stronger team, boost communication across departments, and maintain

Asia



Katsuaki Tamaki
DMG MORI CO., LTD.
DMG MORI Asia
Chief Sales & Service Officer



Sunil Rao
DMG MORI India Pvt. Ltd.
Managing Director



ago and has since contributed to developing customer relations in the region. On the other hand, cross-border communication between the customer and factories in Japan and Germany are required for large-scale global projects. It is crucial that key stakeholders maintain open communication, which is fostered through face-to-face, annual training sessions. DMG MORI will continue to hire top-level engineers and strengthen cross-border collaboration to meet the dynamic demands of the Asia-Pacific market.

Supporting cross-border projects

In Asia, the business landscape is changing quickly. Along with in-bound investments from Japan, Korea, and Western players, investments within the Asia-Pacific region are on the rise; such as Thai companies setting up factories in Malaysia and Vietnam. The Indian market, in particular, is seeing rapid growth. In addition to the automotive industry, DMG MORI targets markets such as aerospace and semiconductors in Asia. In 2024, more than 70% of our orders in India came from inquiries focused on process integration and automation. When promoting MX solutions to high-end users, the in-house exhibitions at local showrooms and technical proposals given by local employees in the same language as the customer play a crucial role. Out of 10 DMG MORI sales companies in the Asia-Pacific, most are operated fully by a local manager without intervention from global headquarters. One of such managers is Mr. Rao. He joined the former DMG India 25 years

DMG MORI's Digital Solutions

We offer various digital solutions to boost customers' productivity.

my DMG MORI

my DMG MORI is a digital platform provided by TECHNIUM CO., LTD. that supports efficiency and productivity improvements in manufacturing by offering features such as visualizing machine operation status, managing maintenance schedules, placing online orders for parts and consumables, and accepting service requests for remote support. This platform enables users to easily and quickly request necessary services, supporting the optimization of the entire manufacturing process.

DIGITAL SERVICE

SERVICE REQUEST

PARTS SELECTOR

MACHINE PERIPHERALS & CUTTING TOOLS

TOOL DISCOVERY [TOOL DATABASE]

my DMG MORI eMarket

EDUCATION

DIGITAL ACADEMY

CELOS Club

Included as a standard service after machine delivery
Supports efficient machine operation through network connection with DMG MORI

MESSANGER

NETService

Preventive Maintenance call

WALC CARE

DETECTING EARLY WARNING SIGNS TO MINIMIZE DOWNTIME

DMG MORI TOTAL CARE

COST-EFFECTIVE 3-YEAR AFTERCARE FOR RELIABLE MACHINE OPERATION

TULIP



TULIP allows operators to easily create apps tailored to on-site needs, enabling the digitization of various manufacturing operations without requiring specialized programming knowledge. DMG MORI's production sites have also adopted TULIP, utilizing it for tasks such as managing inspection data, automatically collecting and analyzing in-machine measurement data, and digitizing assembly quality records. These efforts, led by on-site teams, contribute to improving operational efficiency and quality.



DMQP: DMG MORI Qualified Products

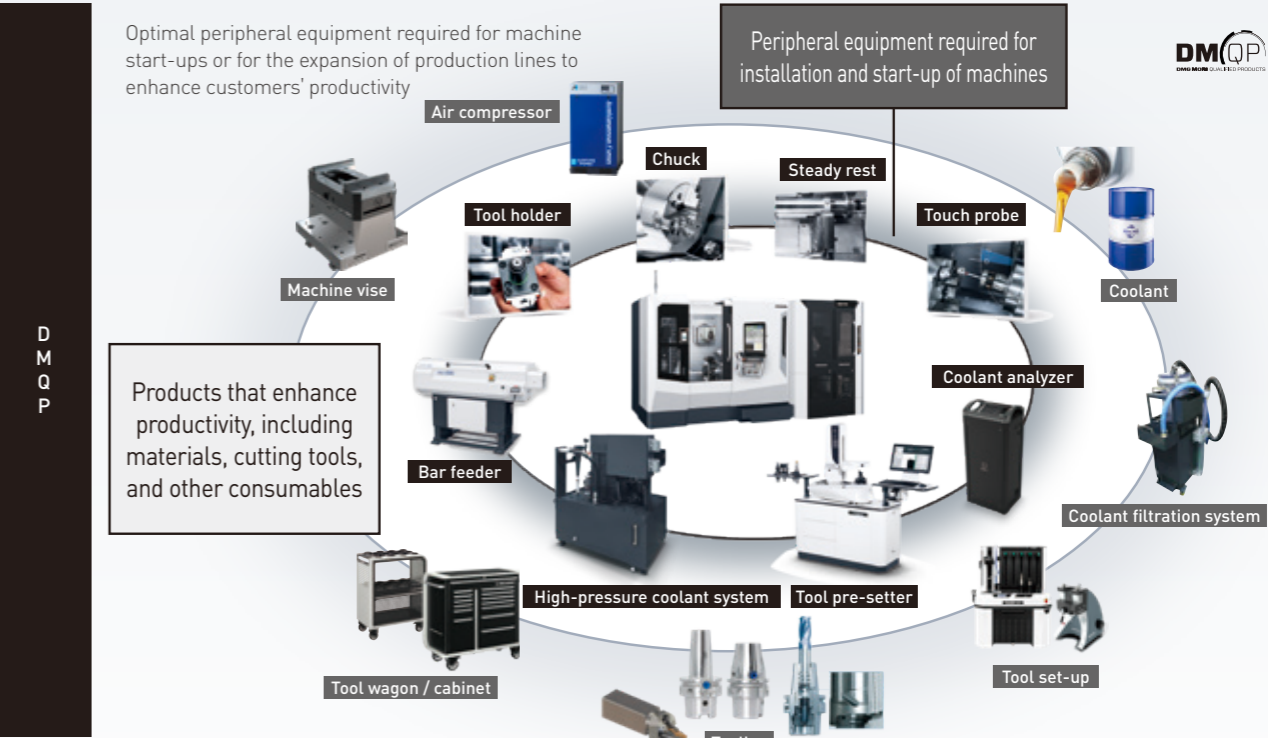
DMQP: DMG MORI Qualified Products

DMQP is a collection of carefully selected and certified peripheral equipment for DMG MORI machines that excels in quality, performance, and maintainability. By combining machine tools from DMG MORI with the most suitable, high-performance, and high-quality peripherals, we enable customers to achieve rapid production start-ups and further improve productivity. Since December 2024, the DMQP collection can also be easily ordered online from eMarket on my DMG MORI, further supporting customers in selecting the optimal equipment.

Benefits of DMQP

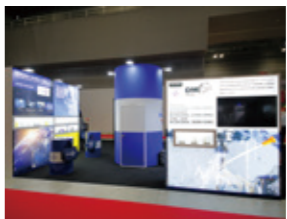
- 1 DMG MORI arranges high-quality, high-performance, and maintainable equipment on behalf of customers
- 2 Customers enjoy a "2-year warranty", the same warranty applicable for base machines (This benefit is offered only in certain regions and does not cover consumables such as cutting tools)
- 3 365-day toll-free maintenance service (offered in Japan only)

Extensive product lineup of peripheral equipment



DMQP Partner Area at JIMTOF 2024

DMG MORI's JIMTOF 2024 booth featured a dedicated DMQP Partner Area showcasing high-performance, high-quality peripheral equipment from 9 partners, including coolants, tooling systems, tools, holders, and CAM solutions optimized for machine tools. This attracted significant interest from many customers. By introducing top-tier peripheral equipment together with its global partners, DMG MORI aims to deliver added value to its customers through increased productivity.



Development Capital

Joint Global Development

Enhancing MX: Strengthening Software Development, Improving Process Integration Machine Performance, and Ensuring Long-Term Precision in Automation Systems



The Company has recently released ERGOline X with CELOS X, our newly redesigned HMI (Human-Machine Interface), marking the first full model update in about 10 years. Developed jointly in Japan and Germany, ERGOline serves as the hardware component of our machine tool HMI, and together with the CELOS software, it provides a unified interface experience for our customers. HMIs are critical components of machine tools.



At DMG MORI, we offer five different types of NC systems to meet different machine characteristics and customer requirements. While maximizing the unique features of each NC system, we strive to standardize usability as much as possible. Additionally, we provide our common functionalities across all control

systems, such as DMG MORI Technology Cycles, simulations, DMG MORI MESSENGER, energy-saving features, and remote maintenance, to maximize the added value of our machine tools. MX (Machining Transformation) aims to free operators from heavy labor through process integration and automation, to overcome labor shortages in factories, and to realize GX through efficient production. Digital Transformation (DX) with CELOS greatly contributes to MX.

One of the key features of CELOS X is its online update capability. Machine tools are typically used in customers' factories for around 20 years. Traditionally, even if the machine was state-of-the-art at the time of purchase, the software would become outdated over time, creating a performance gap compared to newer models. With online updates, customers will have the possibility to continuously benefit from the latest software.

It is no exaggeration to say that software provides the highest added value in modern machine tools. At DMG MORI, we employ

several hundred software engineers in Japan and Germany, and several dozen in the US. They are dedicated to advancing HMIs, automation system software, simulation, programming support through DMG MORI Technology Cycles and other measures, monitoring of machining conditions and tools, on-machine measurement, and machine learning. These technologies are actively embedded into machine tools and peripheral equipment, driving the advancement of MX. Our software packages have been updated approximately twice a year. For example, new DMG MORI Technology Cycles enable DMG MORI 5-axis and mill-turn machines to perform operations previously possible only on dedicated machines. Moreover, these updates will be offered online, allowing customers to swiftly use new machining capabilities on existing machines. At DMG MORI, software development remains our top priority.

DMG MORI has development sites in Japan, Europe, and the U.S., as well as a production site in China, but our hub development centers are located in Japan and Germany. We have established a corporate culture in which unique development concepts in Germany and meticulous improvements in Japan are put into use.

Since 2013, we have held the annual GDS (Global Development Summit), a face-to-face event bringing together around 200 members from R&D. Germany's development and planning expertise has resulted in the new INH, NTX, and NLX 2nd Generation, as well as digital products for MX promotion.

Similarly, Japanese software and peripheral devices are incorporated into German-made machines and automation systems. Together, we hold the JQM (Joint Quality Meeting) once a quarter, and by applying Japanese principles for pre-shipment

inspections and shipping packaging in Germany, we were able to greatly reduce problems within one month after delivery of European-made products. As a global company, DMG MORI strives to improve customer satisfaction by openly learning from the strengths of each region and culture.

In recent years, numerous quality violations have been uncovered in the Japanese manufacturing industry. While the Company has not experienced such issues, we adopt digital tools to proactively prevent such matters from occurring.

At our production plants, we utilize the supportive app creation platform TULIP to digitize work manuals for in-process and final inspections. For highly critical accuracy inspections, we use digital measuring equipment directly linked to digital check sheets to free operators from the need to manually input numerical values. This prevents input errors and ensures accurate values are recorded on the check sheets. Furthermore, we intend to completely eliminate human intervention in the future by gradually expanding automatic inspection processes.

The Company collects and statistically processes digital data and holds bi-weekly meetings to review adequate levels for quality threshold values prior to shipment. This is part of the Company's ongoing commitment to precision improvement. Key challenges are identified and used as input during the development of new models, setting targets to enhance accuracy from the design stage. In light of the importance of measurement, the Company has also established a Measurement Analysis Center in 2024 to further improve our measurement analysis technology.



GDS in 2024

WORLD PREMIERE

NLX 2500 | 700 2nd Generation

The Company premiered 19 machine models in 2024, and one of them is the NLX 2500 | 700 2nd Generation – the latest mill-turn center at the core of its Machining Transformation (MX) initiatives.

As the Company’s best-selling model, the NLX 2500 has set sales records and continued to do so since its first release in 2010. This is the first complete model change in fourteen years, and the basic performance as a mill-turn center has been significantly improved; the built-in motor turret is now driven by an internally developed, small-sized, high-speed, high-torque, high-output DDM (Direct Drive Motor) for rotary tools, and the rotary axis is precisely controlled by the embedded Magnescale encoder. The renewed model offers powerful milling performance and accuracy comparable to a machining center and has contributed to customers who aspire to realize advanced process integration. Together with its partners, DMG MORI has also released high-speed, high-torque rotary tool holders for this occasion.

As for automation, which is an essential part of MX, long-term, stable accuracy is key. To this end, the Company optimized the basic structure using Digital Twin analysis and applied control compensation technology to enhance rigidity, accuracy, and thermal stability – which has led to significantly improved long-term machining accuracy.

Equipped with ERGOline X and CELOS X, the machine allows access to the latest software at all times. The Company plans to release more NLX 2nd Generation models in the future, starting with NLX 3000, NLX 4000.



NLX 2500 | 700 2nd Generation +
MATRIS Light (Automation solution)



LASERTEC 30 SLM 3rd Generation

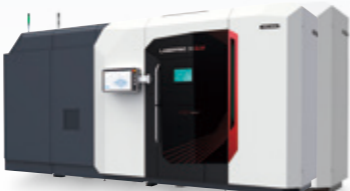
In the area of additive manufacturing, the LASERTEC 30 SLM 3rd Generation from Germany was released in 2024. The LASERTEC 30 SLM is a PBF (Power Bed Fusion) model jointly developed with the former REALIZER GmbH (current DMG MORI Additive GmbH), which became a group company in 2017. While the first and second generations were developed around the know-how of additive manufacturing specialist REALIZER, the third generation has undergone a complete model change with a new project team and reflects DMG MORI’s machine tool expertise.

First, we have drastically changed the structure in pursuit of accuracy. The twin ball screws and symmetrical frame have improved Z-axis guiding accuracy, and full closed-loop control by Magnescale’s linear scale has greatly enhanced the Z-axis positioning accuracy. Second, the design of elements critical to deposition accuracy, such as powder handling, optics, and chamber gas airflow control, was optimized through repeated simulations. Each unit was developed independently and evaluated thoroughly over time before being integrated into the main unit.

These efforts have resulted in significant improvements in machine reliability and positioning quality. Two types of lasers, 600 W / 1000 W, are available, with single, dual, and quad laser specifications to choose from. The new model also inherits the features of its predecessors, such as the rePLUG cartridge system for easy powder replacement and a powder recycling function.

In developing this machine, we prioritized and pursued operator safety and operability. CELOS X provides easy-to-understand guidance for machine operation and maintenance.

With this newly released model, we are able to offer the highest quality AM machines for both DED (Directed Energy Deposition) and PBF types.



LASERTEC 30 SLM 3rd Generation

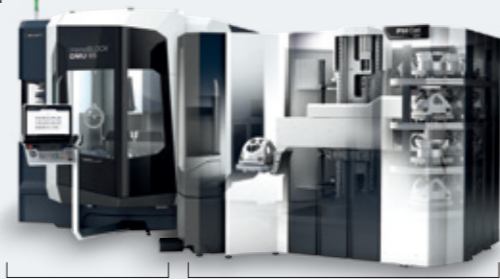


Automation Solutions

14 Product Lines, 59 Products

DMG MORI is a one-stop provider of total solutions. Supported by our expertise in machines, fixtures, tools, and programs, we cater to our customers’ needs and make productivity-boosting automation systems and digital data-driven smart factories possible.

WORLD PREMIERE
2024
PH Cell 500



DMU 65 monoBLOCK
2nd Generation

PH Cell 500

WORLD PREMIERE
2024
PH-AMR 750



WORKPIECE HANDLING		PALLET HANDLING		CENTRAL TOOL STORAGE
Gantry loader system	Robot	Rotary storage system	Linear storage system	CTS wheel type
				CTS rack type
TURNING		MILLING		

TURNING & MILLING			MILLING	
WH-AMR (workpiece transfer)	AMR (material transfer)	AMR (cutting chip transfer)	PH-AMR (pallet transfer)	AMR (tool transfer)
AMR(Autonomous Mobile Robots) (workpiece, material, cutting chip, pallet, tool transfer)				



LPS 4th Generation
Dedicated software to control DMG MORI pallet pool system

Intellectual Capital

Joint Research with Academic Institutions

In line with its MX strategy, DMG MORI is working together with various academic institutions to deliver new solutions to the manufacturing industry.

Leibniz University Hannover

Leibniz University Hannover and DMG MORI participate in "Factory-X," a project funded by the German Ministry for Economic Affairs and Climate Action and run by a consortium of over 50 research and commercial partners. The project aims at building an open and collaborative digital ecosystem. "Factory-X" has various working groups, and DMG MORI is currently working on a project to improve energy efficiency. As machine tools use more than 60% of their total electricity for cutting fluid supply and cooling systems, we see great potential to reduce power consumption through the efficient use of these systems. Togetherwith Prof. Denkena of Leibniz University Hannover, DMG MORI is developing a system for optimal coolant flow rate and control to save power while maintaining tool life and machining accuracy.

2

Technical University of Aachen
Fraunhofer Institute for Production Technology IPT

Together with the Fraunhofer Institute for Production Technology and the Technical University of Aachen, DMG MORI is participating in the International Center for Turbomachinery Manufacturing (ICTM). The ICTM targets to identify future challenges and accelerate innovation with a focus on aviation and power generation in various research fields, ranging from horizontal process chains with advanced machining and additive manufacturing to digitalization and future approaches. As a member of ICTM, DMG MORI actively supports about 20 research projects each year. Additionally, we have begun collaborations with startups from the Technical University of Aachen and the Fraunhofer Institute for Production Technology.

3

Technical University Braunschweig

The rapidly growing electromobility sector is driving demand for battery systems and electric motors. To overcome challenges in recycling, the research project "ZIRKEL" aims to develop innovative technologies for dismantling, disassembly and separating of components for electromobility. Together with the Technical University Braunschweig and other partners, various process strategies are analyzed and optimized by means of automation and artificial intelligence (AI). The investigations include also a prototype of a robot-based machine tool kinematic from DMG MORI.

1

Europe



Kempton University of Applied Sciences

Process data can offer valuable insights for process optimization and increased product quality in machining. In collaboration with the Institute for Data-optimized Manufacturing (IDF) of the Kempton University of Applied Sciences and industrial partners, the research team utilizes the state-of-the-art sensor technology of DMG MORI machines to develop AI-based solutions to predict tool life and workpiece quality. For this purpose, comprehensive data collected by the sensors is stored and made available in a cloud environment for subsequent analysis. This data enables various applications, such as monitoring of state-of-the-art machining processes or tool wear detection.

4

Japan



The University of Tokyo

Servo motor control technology, which drives each axis of a machine tool, has a direct impact on improving machining accuracy and machining capacity. In collaboration with the University of Tokyo, the Company is researching optimal control methods for the generation of optimum acceleration / deceleration trajectory considering vibration control and quadrant projection suppression control of twin drive shafts and mechanical dynamic characteristics.

5

Kyoto University

DMG MORI has combined the cutting technologies of 5-axis and mill-turn machines with laser-based 3D additive manufacturing and coating to realize process integration of parts machining. The next step to further advance process integration and automation is the development of even more compact and high-performance laser sources. DMG MORI is engaged in joint research to adopt the Photonic-crystal Surface-emitting Laser (PCSEL), a compact laser with high beam quality for metal processing.

7

Keio University

The Directed Energy Deposition method of metal additive manufacturing has attracted significant attention for its ability to reduce environmental impact compared to conventional manufacturing methods. In particular, its use for coating to add different kinds of materials to a base material for added functionalities is becoming increasingly popular. However, it is crucial for the deposition of hard materials that defects such as cracks and voids are not generated. Together with Professor Kakinuma of Keio University, the Company is tackling this challenge to develop technologies for selecting deposition conditions and controlling properties.

6

Northwestern University

Northwestern University and DMG MORI are developing the next generation process controls in metal additive manufacturing through the Army's Versatile Tactical Power and Propulsion Essential Research Program. The partnership's goal is to develop hybrid electric aircraft propulsion systems utilizing additive manufacturing with improved performance and reliability. The specific research outcomes are active process monitoring, digital data fusion, and physics based data informed process controls for selective laser melting (SLM). Importantly, new technological developments from this joint research will be available on the next generation of LASERTEC 30 SLM in 2025.

8

The United States of America



Leibniz University Hanover Prof. Dr. Eng. Berend Denkena

The Institute of Production Engineering and Machine Tools (IFW) at Leibniz University of Hannover in Germany has been working closely with DMG MORI for several years to our mutual benefit. The focus of the cooperation is on two main topics: (1) The development of innovative machine components or processes, including associated investigations in the early phase of machine tool or process developments and (2) Train students for their future work in the development areas of DMG MORI. The 'knowledge transfer through human interactions' is essential for DMG MORI and IFW. This enables students to function as a bridge between cutting-edge academic research in the field of engineering and business, creating new value. Here, master or Ph.D. students at IFW conduct research according to the agreed research topics in the first phase. In the second phase, they share the gained knowledge and apply it in product or process developments for DMG MORI. Such cooperation between DMG MORI and IFW resulted in innovative technology such as: significantly increasing the energy efficiency of machine tools mentioned later, automation of optimizing advanced cutting condition optimization using sensors, and process monitoring without the need for operational training.

This relationship greatly increases the chances that the university's cutting-edge research will be put to practical use in actual machine tools, which is a great motivation for the university's research team. As for DMG MORI, it leads to the practical application of cutting-edge technology and to the recruitment of talented students, making this a valuable collaboration for both the university and the company.

For instance, a researcher presented a study at the International Academy for Production Engineering (CIRP) in 2018 regarding development of a system to measure cutting force using strain sensors. By integrating this system into the spindle head of machine tools, precise monitoring of machining conditions became possible. Based on the

measurement results, automatic estimation and correction of tool deformation were achieved, leading to a 90% reduction in machining deviations and enabling high-precision finishing processes. The student who conducted this research was subsequently hired by DMG MORI for a position in the R&D department and successfully continued the development until the commercialization of the product "Process Force Monitor".

In another study presented at CIRP in 2023, a researcher presented a system which was developed to control the coolant supply during machining according to the machining type and tool. This system reduced energy consumption by more than 30% during machining, thus showing the potential to significantly reduce CO₂ emissions. DMG MORI has also begun implementing this technology in some of its machine models, with plans to expand compatible models starting in 2025.

A further research domains under this partnership demonstrated that DMG MORI mill-turn centers can not only be used to manufacture and re-grind milling or drilling tools but also achieve the same levels of accuracy as those currently achieved by conventional tool grinding machines. In a further collaboration, with focus on the time-consuming setup of machine tools, a method for monitoring manufacturing processes without the need for training was developed. In a recently completed project, a system based on artificial intelligence was able to support operators in setting up skiving.

The close cooperation between DMG MORI and IFW has resulted in exciting innovations, which will improve future machine tools, improve manufacturing accuracy as well as user friendliness, and reduce energy consumption. It has also been shown that this close collaboration is valuable for the training and further education of both DMG MORI employees and students.



Prof. Dr. Eng. Berend Denkena

Executive Director, Institute for Manufacturing Technology and Machine Tools (IFW), Leibniz University Hanover

- 1987 Graduated from Mechanical Engineering, Leibniz University Hanover
- 1992 Doctorate, Leibniz University Hanover
- 2001 Managing Director, Institute for Manufacturing Technology and Machine Tools (IFW), Leibniz University Hanover
- 2013 Member of the Supervisory Board, GILDEMEISTER AKTIENGESELLSCHAFT (currently DMG MORI AKTIENGESELLSCHAFT)
- 2024 President 2024 / 25 of the International Academy of Production Engineering (CIRP)

Keio University Prof. Yasuhiro Kakinuma, Ph.D

Shaping future innovation: the power of industry-academia collaboration

As a researcher in industrial engineering, I have been deeply involved in technological developments in the machine tool industry. The accelerating pace of innovations makes collaboration between companies and universities more important than ever. Conducting joint research with DMG MORI, one of the world's leading manufacturers, has been a key element in realizing advanced technologies. In this essay, I will discuss the latest technological trends in the machine tool industry, the value of industry-academia collaboration, and what I expect from DMG MORI in the future.

Technological trends & the future of the machine tool industry

One of the current trends in the machine tool industry is the growing adoption of Digital Twin and IoT technologies. These innovations connect real-world machining processes with digital models, leading to significant improvements in machining accuracy and efficiency. Additionally, AI-driven machine learning is now enabling the autonomous optimization of production lines. Sustainability efforts have also made significant progress. Machine tools have traditionally consumed substantial amounts of energy, but today, energy-saving technologies and developments aimed at reducing environmental impact are advancing rapidly. DMG MORI has been at the forefront of adapting these trends and actively incorporating smart manufacturing technologies into both machine tools and peripheral equipment. In recent years, Additive Manufacturing (AM) for 3D metal printing has gained attention in the machine tool industry. Unlike conventional cutting methods, additive manufacturing enables the production of lightweight parts with complex shapes, making it especially useful for advanced applications in aerospace, medical, and

automotive sectors. DMG MORI plays a pioneering role in the research, development, and practical application of AM technology with their state-of-the-art product portfolio. They have achieved significant breakthroughs in processing systems and simulation technology for producing high-precision, high-strength parts, which are expected to revolutionize the entire manufacturing process.

Advanced technology emerging from industry-academia collaboration

Joint research between my laboratory and DMG MORI has yielded positive results in multiple areas. Our foundational research on process monitoring has contributed to the development of Digital Twin technology for machine tools. Our collaboration is also unlocking new possibilities in AM technology, with the potential to become a game changer for manufacturing. Industry-academia collaborations are essential for accelerating technological innovation by combining the cutting-edge research of universities with the practical expertise and technological capabilities of companies.

What I expect from DMG MORI

DMG MORI has always pursued a future-oriented strategy, taking on the role of a market leader with its advanced technological expertise. As the need for sustainability and smart technology grows, DMG MORI is expected to continue leading innovation on the global stage. I am confident they will keep driving value creation through enhanced collaborations with research institutions around the world. From the side of academia, I also intend to further strengthen our cooperation with DMG MORI and contribute to the development of cutting-edge technologies.



Prof. Yasuhiro Kakinuma, Ph.D

Department of System Design Engineering, Faculty of Science and Technology, Keio University

- 2002 Bachelor, Faculty of Science and Technology, Keio University
- 2006 Ph.D., Faculty of Science and Technology, Keio University
- 2011 Associate Professor, Department of System Design Engineering, Faculty of Science and Technology, Keio University
- 2019 Professor, Department of System Design Engineering, Faculty of Science and Technology, Keio University (incumbent)

Manufactured Capital

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

Global Manufacturing Strategy

Operational Excellence for Competitive and Sustainable Value Chains

At DMG MORI, we strive for excellence based on our MX Strategy. This sets high expectations for our entire value chain.

We follow a clear framework that targets customer orientation as well as First Quality production, and assigns our strategic and operational activities to the following four main fields of action:

1. Resilient Footprint

To establish a resilient global production network, we are constantly improving the strengths and capabilities of our production sites worldwide. This involves not only optimizing our machining and assembly processes but also improving collaboration between our factories. By insourcing crucial key components, we additionally ensure high quality and a secure core supply chain, which is further supported by our strong network of suppliers and partners.

2. Efficient Processes

As efficiency is at the heart of our operations, we optimize our entire value chain, from supply over production to delivery. Therefore, our production system contains proven standards and methods with a strong focus on continuous improvement. To ensure lean and synchronized processes, we particularly emphasize low inventory levels and customer order-specific material purchasing by targeting a 1-month raw material stock range. To balance cycle time and individual variations in our one-piece flow assembly, our production system is designed to be flexible, utilizing respective hardware and skilled employees. Moreover, our production and product development are closely integrated, as managing high complexity in production and logistics begins with consistent standardization in product engineering. Similarly, we use our own value chain to test and improve our newly developed system solutions. Overall, our optimization approach allows us to reduce the delivery times of standard machines to below 6 months.

3. Digital Technologies

The ongoing global implementation of SAP serves as the digital backbone for our future analytics and optimization efforts. We expect our factories to significantly benefit from this state-of-the-art ERP system, offering cloud-based availability and compatibility with various other applications, such as intersections for supplier integrations. Overall, it provides transparency between correlating business areas, e.g., production planning and sales. The integration of the MES system connected to SAP, in combination with TULIP will additionally support optimized operation planning and execution as well as intelligent operating and machine data logging. On the shop floor level, we already use the low-code software platform TULIP to increasingly implement paperless production processes and automated quality checks. For this purpose, our employees have so far developed more than 800 individual applications to support daily operations with digital worker manuals and check-sheets. These applications significantly improve quality, aiming to eliminate human errors in our internal process chain. Furthermore, we leverage our data for closing the circle towards optimized fundamental process design, mainly enabled by factory simulation. At an early stage, we challenge selected concepts through simulation of processes and process times, as well as resource deployment and utilization.

4. Learning Organization

Empowering our employees is fundamental to our success. New education centers in Seebach (completed 2023) and Pfronten (completion 2026) provide supporting conditions for our apprentices and trainees, as well as qualification programs for our experienced employees for lifelong learning. In the field of operations, DMG MORI TAKT Academy particularly offers Lean Six Sigma methodology training in Europe, where the major certification projects completed in 2023 resulted in calculated first-year benefits of approximately EUR 2.5 million.



Pfronten factory

Iga Campus

The Company's Machining Transformation (MX) strategy is driving cleaner, more efficient production through seamless process integration, automation, and Digital Transformation (DX) – benefiting both its customers and its own operations. In 2024, the Company focused on three key areas to further enhance its production processes.

1. Factory Digitization:

In its commitment to quality, the Company has accelerated the digitization of its factories. By adopting a fully digital management system for the development and production of new machine models, it has significantly improved the efficiency and reliability of its assembly processes. The Company has also integrated digital measurement tools that automatically log results into digital quality control sheets. These DX initiatives ensure precision and consistency with little room for human error, while enabling the automatic collection and storage of accurate, unaltered data.

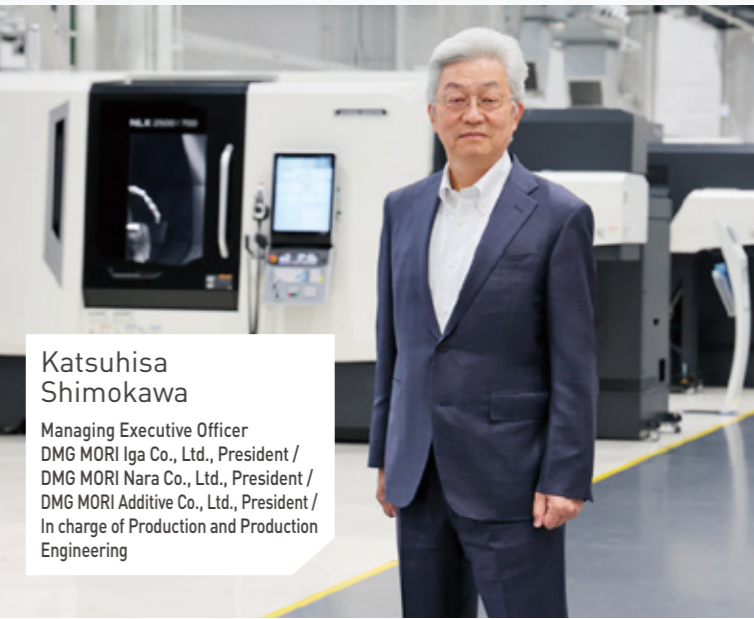
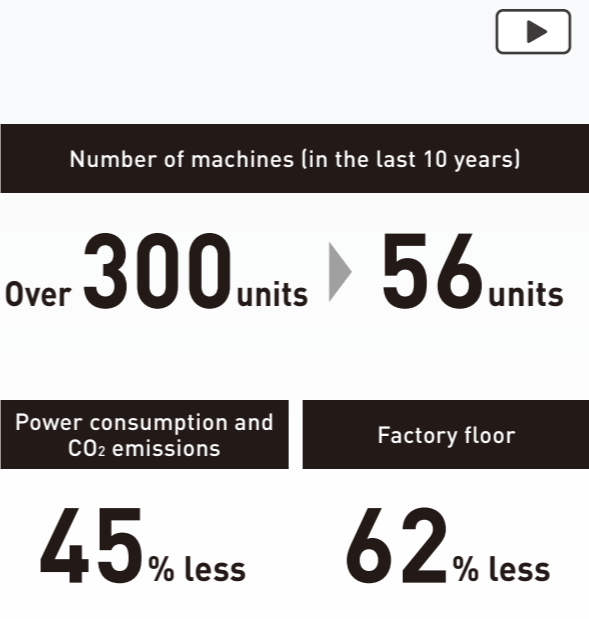
2. Data-Driven Optimization:

Through the collection and analysis of micro-level data, the Company has identified and resolved bottlenecks in its factory operations. For example, a detailed review of process interruptions revealed areas where operator skills needed improvement. Additionally, categorizing warehouse inventory and examining long-term stock items allowed the Company to cut down on excess inventory and save storage space. This data-driven approach has uncovered hidden inefficiencies and enabled the Company to eliminate wasteful practices within its production.

3. Eco-friendly Manufacturing:

The Company is continuously modernizing its production methods by introducing process integration machines for the in-house manufacturing of key machine tool components. This has led to a reduction of work-in-progress, CO₂ emissions, and factory floor space. Over the past 10 years, Iga Campus has replaced more than 300 machine tools with just 56 units, cutting CO₂ emissions by 45% and saving factory space by 62%. A remarkable achievement in 2024 was the replacement of 5-face machine on Iga Campus with the DMU 1000 SE, a large 5-axis machining center from Pfronten plant in Germany, which tripled productivity. Moreover, the Company's subsidiary DMG MORI CASTECH began recycling used machines as casting material, a step that is expected to lower pig iron consumption and reduce Scope 3 CO₂ emissions.

The Company believes these initiatives, alongside future efforts to optimize its use of production capital, will greatly enhance its corporate value. Efficient data utilization plays a key role, as factories are often filled with hidden, underutilized information. By leveraging digital tools to transform this into big, actionable data and consistently improving the quality and quantity of its databases, the Company aims to maximize resource efficiency – whether it be personnel, equipment, plants, or raw materials. Additionally, the Company plans to establish a centralized database linking factories in Japan, Germany, and other countries, to create a globally optimized production system.



In-house production of key components

Cutting Lead Times with In-House Production and Global Supply Chain Integration



Kazutoyo Moriguchi
Senior Executive Officer
DMG MORI Iga CO., Ltd.,
Vice President /
In charge of Production
Engineering (Machining)

The Company is using its own high-precision 5-axis and mill-turn machines, from ultra-large to compact sizes, to process key components. This self-sustaining approach – where DMG MORI machines produce components for future DMG MORI products – is unique even by global standards.

The foundation of our in-house production is the Iga Campus, the Company's largest production site, which brings our MX strategy to life through seamless process integration and automation with DMG MORI machines. Here, customers can witness firsthand how process integrations and MX solutions lead to dramatically shorter lead times, optimized space efficiency, skilled operator retention, and reduced CO₂ emissions through lower power consumption. Serving as a dynamic showroom, Iga Campus demonstrates the full benefits of DMG MORI's advanced production methods.

In 2024, Iga Campus boosted its productivity with 16 new state-of-the-art DMG MORI machines, including the DMU 1000 SE, an ultra-large 5-axis machining center introduced in April that reduces the machining time for large castings by two-thirds; the NTX 2500 for mass and integrated production of ball screw grinding; the NLX 2500 and NTX 1000 for fully automated machining of small, high-precision parts; and the NTX 3000 for small-sized gear machining.

Centered around Iga Campus, DMG MORI has established a global supply chain for key components like ball screws and spindles, combining both domestic and international resources. Within Japan, the Company supplies spindles to group companies such as DMG MORI Precision Boring and DMG MORI Precision Grinding (TAIYO KOKI), while internationally, Iga Campus and European plants collaborate on the joint development of specialized, high-quality components that rival those of dedicated manufacturers.

Heading for 2030

Towards 2030, the Company is aiming to increase the use of in-house key components in its European products. Currently, the European plants still source ball screws, turrets, ATCs, and other key components from specialized manufacturers. By leveraging DMG MORI's innovative development capabilities and production techniques honed at Iga Campus, along with its MX solutions, the Company plans to expand these practices across the entire DMG MORI Group and achieve 80% in-house production of key components.

Turnkey Automation System Factory

One of the World's Largest Turnkey Factories for Automation Systems Set to Begin Full Operations at Nara Campus in 2025

In recent years, as the global workforce continues to shrink, our customers increasingly expect not only standalone machine tools but also total solutions. These include automation integrated with complex, high-precision workpiece processing, software, robots, measuring instruments, and other peripheral equipment. This demand has been growing year by year.

Since January 2016, the Company has been operating a 5,000 m² dedicated area for building automation systems at its Nara Campus. By the end of 2024, the Company completed the expansion and renovation work that began in April 2023. In spring 2025, it will launch one of the world's largest turnkey factories for automation systems, expanding the facility to 20,000 m² — approximately four times its previous size.

The expanded facilities at Nara Campus will be able to simultaneously accommodate up to 50 automation cells, each averaging approximately 11 m × 15 m, and supports automation lines up to 140 m in length.

Automation systems vary widely in form, not only depending on the workpieces being processed but also on factors such as factory environment, work schedules, and production volumes. This necessitates customized solutions tailored to each customer's specific needs. To support this, specialized engineers — handling every stage of the process, from business negotiations and design to assembly, delivery, engineering, and full-scale production at the customer's site — will be brought together in a modern development office. This state-of-the-art workspace, designed to inspire innovative thinking,

will be located next to the turnkey automation systems factory and is set to open in April 2025 following renovation work.

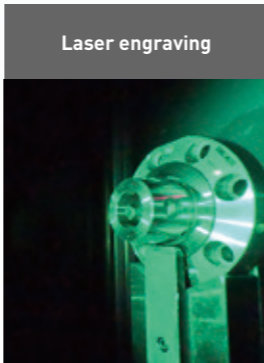
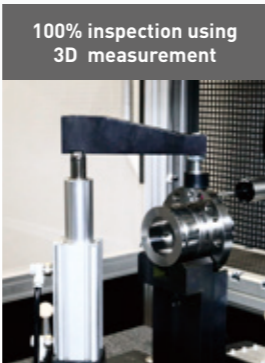
Moving forward, the Company will focus on in-house production of peripheral equipment integrated into its automation systems. This approach enables the Company to retain all core technologies and expertise required for total solutions within the group, allowing it to deliver automation systems as a one-stop provider. Compared to automation systems built by independent third-party integrators separate from machine tool manufacturers, this strategy will further enhance the Company's strengths in performance, quality, and service, setting it apart from competitors.

To meet the rising demand for total solutions, the Company must not only expand its team of specialized engineers but also focus on developing well-rounded professionals, who can work closely with customers, ensuring smooth system implementation and delivering results that exceed expectations. The Company has gained valuable experience from delivering and operating over 100 MATRIS systems and other automation solutions developed at Nara Campus. This knowledge is now being used to train its engineers and boost overall capabilities. By doing so, the Company is building the expertise needed to fully operate one of the world's largest turnkey automation system factories. This will allow the Company to serve more customers worldwide and help improve productivity on a global scale.

Ultra-large 5-axis Machining Center DMU 1000 SE



Automated production of small, high-precision parts



Automation System Construction Area

Starting from Spring 2025
Approximately

20,000 m²
(4 times the conventional size)



Quality Management

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.

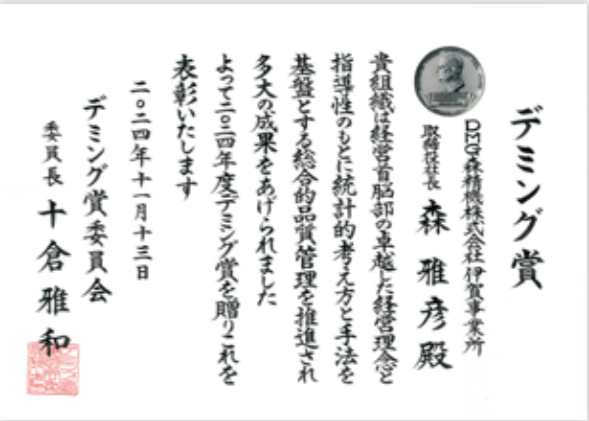
By utilizing the digital platform "TULIP", the Company established a process under which assembly workers can only advance to later processes when each previous process has been cleared. Sensors and digital tools automatically collect data for traceability and quick error analysis in case of mistakes.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



Human Capital

DMG MORI Group's Human Capital



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

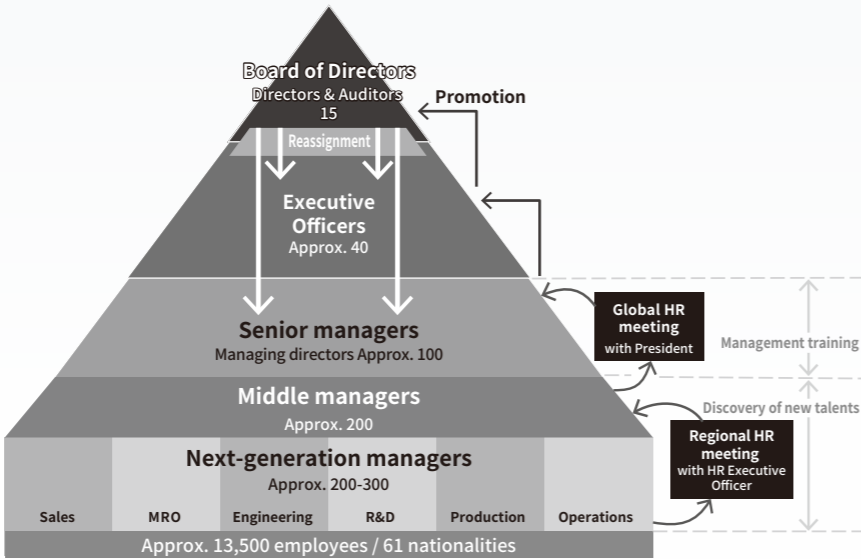
In addition, our team of around 100 general managers, including 37 Japanese nationals, is responsible for sales, engineering, and manufacturing companies, as their managing directors. At DMG MORI, executive officers are elected by the Board of Directors and represent a diverse range of nationalities 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.

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.



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.

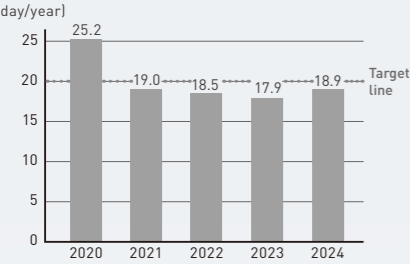


Human capital data

Employee-related Figures at Major Locations

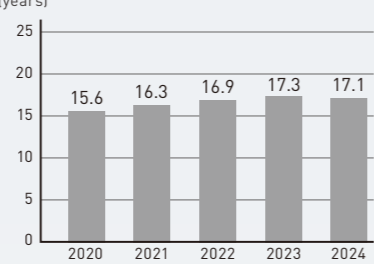
Japan

Average paid leave days per person



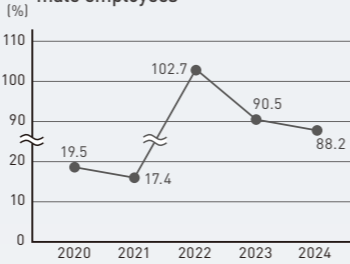
* Japan-based permanent or fixed-term employees who worked full-time throughout each year.

Average seniority



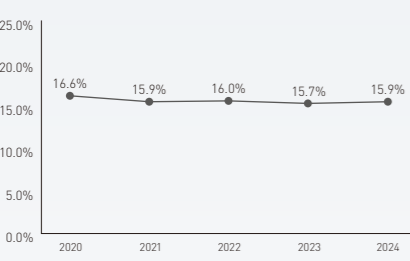
* Japan-based employees only

Percentage of childcare leave taken by male employees



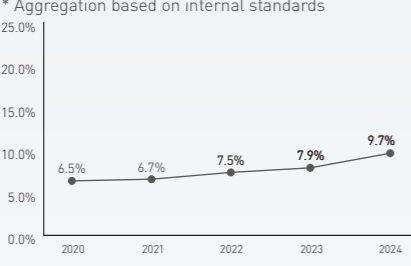
* Calculation based on the Childcare and Caregiver Leave Act

Percentage of female employees



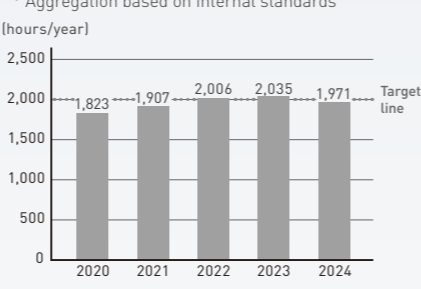
* Japan-based employees only

Percentage of female employees in management positions



* Japan-based employees only

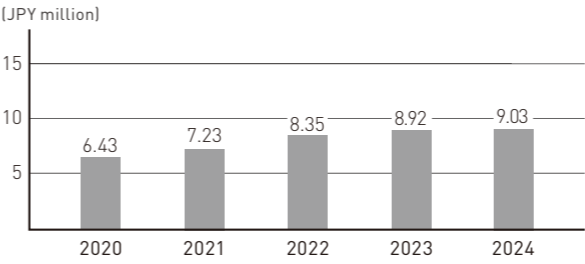
Average total working hours per person



* Aggregation based on internal standards

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

Average annual salaries (Japan-based employees only)

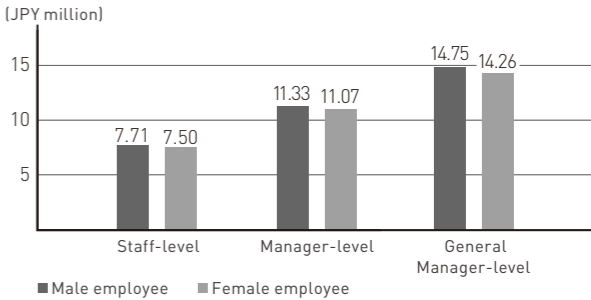


* Only includes full-time employees based in Japan
* Includes base salary, qualification salary, position salary, bonus, child allowance, housing allowance, and overtime allowance.
* Excludes fringe benefits such as dormitory / company housing, meal allowance, commuting allowance, employee stock ownership 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)

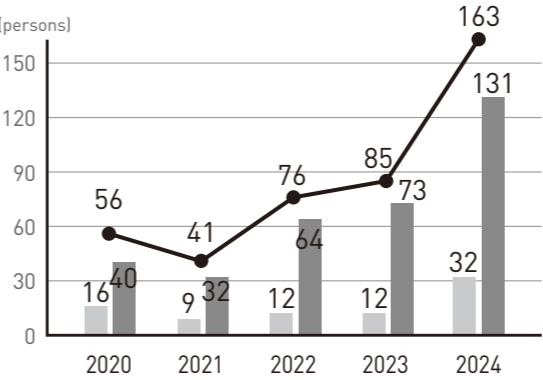
* Aggregation by title based on internal standards

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



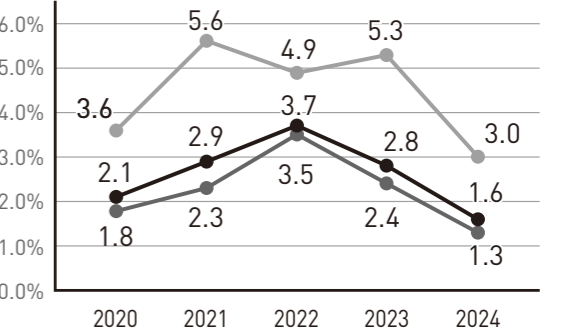
* Only includes full-time employees based in Japan

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



* Only includes full-time employees based in Japan

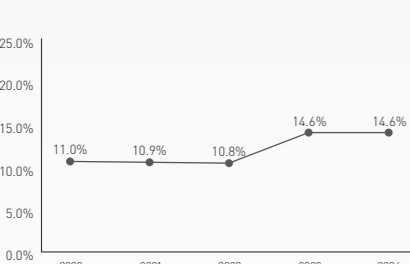
Turnover by gender (Japan-based employees only)



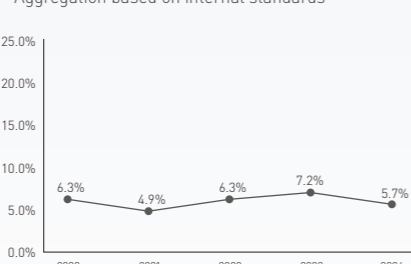
* Voluntary termination of Japan-based full time employees only

Germany

Percentage of female employees

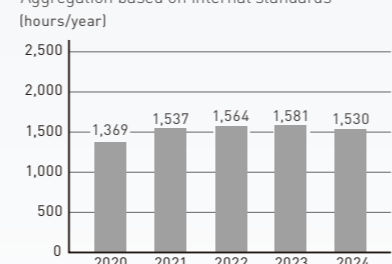


Percentage of female employees in management positions



* Aggregation based on internal standards

Average total working hours per person

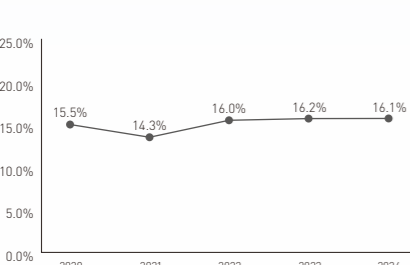


* Aggregation based on internal standards

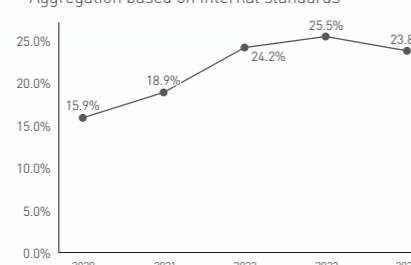
* Aggregation based on the contractual obligation (overtime not included)
* Working hours decreased in production departments in 2020 due to the lockdowns during the pandemic

U.S.A

Percentage of female employees

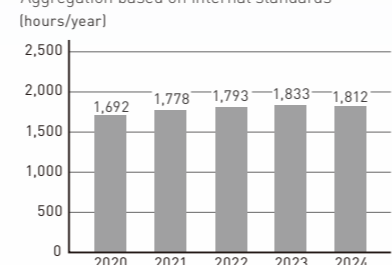


Percentage of female employees in management positions



* Aggregation based on internal standards

Average total working hours per person



* Aggregation based on internal standards

Advanced Learning for Career Growth

DMG MORI's Mission Statement emphasizes the importance of proactive learning. Out of the many employees worldwide who embody this commitment to continuous education, we are proud to highlight four exceptional cases. They spent a number of years at university pursuing doctorates, MBAs, and other advanced degrees, sometimes while working full-time, to accelerate their professional careers.



Dominik Dahlmann

Dr. Eng.
DMG MORI Bielefeld GmbH
Head of R&D Automation

After having worked as a leader of mechatronic components and head of the machine tools and controls division at a research institution, Dr. Dahlmann joined Gildemeister Drehmaschinen GmbH (now DMG MORI Bielefeld GmbH) in 2017. He is currently the Head of R&D Automation at DMG MORI Bielefeld. He completed his Dr. (Engineering) in 2022.

After finishing a mechanical engineering degree in 2010, I spent the following 12 years for my doctoral degree in engineering. I studied microstructures of cylinder liners to enhance the fuel efficiency of combustion engines. At the time, the microstructures required long machining times, so I have developed a tool for high performance structuring and honing of cylinder liners. While performing tests in the laboratory and collecting data for my study, I also worked for a research institute for seven years, during which I had an opportunity to lead a team of approximately 20 scientists. After joining DMG MORI in 2017, I continued to analyze data and write my thesis until I successfully completed my doctor's degree in 2022. I am currently the Head of R&D Automation here at the Bielefeld factory.

For 5 years after joining DMG MORI, I spent my working weeks for my work and family and wrote my thesis during holidays. Through my academic experience, I was able to get a taste of many areas in the development and applications of machine tools. This gave me a good overview from the start of my career. As I advanced to higher positions as manager, I got to experience control units and other fields of technology, which also taught me a lot. The combination of work, managerial responsibility, and study proved to be challenging, but looking back, I would choose this path again at any time, even if my own research had to take a back seat.



Yoko Hirono

Dr. Eng.
Executive Officer
DMG MORI Additive CO., Ltd.,
Vice President / AM General Manager

Dr. Yoko Hirono worked in the machine tool design and development department at her previous company. Since joining DMG MORI in 2019, she has led the development of several new AM machines, including the LASERTEC 3000 DED hybrid. In 2024, she acquired her Dr. in engineering.

What motivated you to return to university for further research after joining DMG MORI?

In the field of Additive Manufacturing, the combination of subtractive processing and DED (Directed Energy Deposition) methods has gained attention as an alternative to hardening and hard chrome plating. To develop practical applications for crack-free, high-hardness cladding – something traditionally difficult to achieve – I felt that further academic research was required. At DMG MORI, when you enter a doctoral program, your research plan is reviewed at an internal planning meeting. You must present your proposal to the company's doctor's degree holders, including Dr. Mori, explaining the technological developments your research aims to achieve, how it will contribute to customer success, and its potential impact on order value. By making such commitments, research activities are recognized as part of your work. This approach aligns with one of the Company's mission statements, "continuously strive to enhance the productivity and efficiency of our customers worldwide". Knowing that my research is not driven by personal curiosity but focused on contributing to customer success has provided both a motivating challenge and a deep sense of satisfaction throughout the extended research process.

What advice would you give to young students who are unsure whether to pursue higher education or find a job?

Lately, I have come to realize that nothing in life is wasted. No matter what choices you make, they all hold value. Whether you choose to complete a doctoral program and pursue academia, join a company after that, or start working right after high school, technical college, or university, or even return to your studies later in life, there is no right or wrong answers. Just follow your goals and the path you want to follow.



Toshimasa Kawashima

LL. M.
DMG MORI USA, Inc.
Senior Counsel & General Manager

Mr. Toshimasa Kawashima joined the Company as a new graduate in 2005. He worked 4 years in sales and 7 years in corporate functions before moving to Chicago in 2017 to study at the University of Chicago, Law School. He received his attorney license from Wisconsin in 2018, and became a local hire of DMG MORI USA, Inc. in 2022 after working for 1.5 years as a secondee. He is currently based in the Los Angeles office.

It was about 10 years after I joined the company that I decided to make a career change to the legal department. While working in the department overseeing the collaboration with GILDEMEISTER, I witnessed how the Company's executives made decisions in consultation with outside counsels, and I decided that I would like to study law professionally and to make it a pillar of my career. In 2017, I took a leave of absence to study at the University of Chicago Law School, and the scales fell from my eyes. I was able to put business practices and contracts that I had heard or read about in legal context, and the one-year course seemed almost too short.

I passed the bar exam in the U.S. and now work as in-house counsel for a U.S. subsidiary, advising on a wide range of areas including intellectual property, product liability law, contract law, data privacy, and sustainability regulations. In addition to modifying contracts and pointing out legal risks, I try to propose solutions that speak to the intent of the business units if time allows.

Another important task of mine is to monitor newly enacted laws and proactively alert group companies about those that affect the business. Laws are constantly changing in response to the political and economic situation of the countries and regions where they are enacted, as well as the rise of new technologies. I believe that my own continuous learning and sharing my findings with the business units is the key to increasing the sensitivity of the entire organization to legal risks.

I will continue to improve my skills as a member of the Legal Department which supports long-term growth and risk management.



Christina Ivaska

DMG MORI USA, Inc.
Marketing Manager

Ms. Ivaska joined DMG MORI in 2013 and has been an integral member of the global marketing team, focusing on digital marketing and event management across various countries. Now serving as a manager, she oversees marketing operations throughout the Americas. She is currently pursuing an MBA at Lewis University near Chicago, specializing in strategic leadership and digital marketing.

What degree are you pursuing now?
I started an MBA program in early 2024 and aim to finish it by 2026. After 11 years in the field, I decided to pursue an MBA to enhance my skills and broaden my perspective. The flexible format allows me to balance studies with professional commitments and engage with a diverse group of professionals worldwide, while applying these skills in real-time.

What impact does your academic experience have on your current job?
The courses within the program provide a solid foundation in finance, operations, and management, enhancing my understanding of organizational success. In the leadership module, I can build on my experience and internal training program to become a better leader. The digital marketing focus updates my skills to support our sales team effectively in the dynamic American markets.

Do you have any message for the younger generation?
I feel that gaining practical experience first can make further education more engaging and meaningful from my perspective. Other suggestions are 1) explore different industries and roles, 2) consider flexible learning options including part-time and online programs, 3) stay curious and open-minded, 4) reflect on your long-term goals and 5) network with colleagues and friends and seek advice. There is no one-size-fits-all path, so consider a balanced approach that values practical experience and academic learning.

Promoting Health Management

Selected for the Second Time as "Health & Productivity Stock Selection" by METI and the Tokyo Stock Exchange

*The term "Kenko Keiei" is a registered trademark of the Nonprofit Organization KenkoKeiei.

Dr. Mori's 2021 New Year's announcement of the "Health & Productivity Management Declaration" marked a pivotal moment, which led to a significant enhancement and formalization of the Company's employee health initiatives. To gain external recognition for its efforts, the Company has applied for certification in the "Certified Health & Productivity Management Outstanding Organizations program", led by the Ministry of Economy, Trade and Industry (METI), every year since 2022.

Selected Two Years in a Row as "Health & Productivity Stock Selection"

The Company received high recognition for its consistent health initiatives and was selected for the prestigious "Health & Productivity Stock Selection 2025" in March 2025. This is an outstanding achievement two years in a row. Out of 3,869 large corporations, the Company was ranked in the top 50 (and thus certified as a "White 500") and rated the top company in the machinery sector among 118 firms, based on both initiatives and financial performance. Our efforts were featured in the "Health & Productivity Stock Selection 2025 Report on Selected Companies" by METI and the Tokyo Stock Exchange. The Company also received a commemorative plaque with the logo.



Regular Health Checkups: The Foundation of Health Management

Enhancing regular health checkups is a key priority for health management. Since 2019, the Company has offered advanced health screenings at carefully selected clinics that exceed statutory requirements in both quality and scope. Uniquely, the Company treats these screenings as work attendance and all necessary expenses are fully reimbursed by the Company as business travel expenses. This robust health initiative has led to notable outcomes, including early detection and successful treatment of conditions such as early-stage cancer.

Collaboration with Tokyo D Tower Hospital (TDH)

To strengthen daily health management, the Company has established a full-scale partnership with the advanced medical team at TDH. This collaboration includes services such as expert medical video content, 24/7 medical consultations, online medical appointments, and access to specialized treatment for critical brain and heart conditions, serving as a "last line of defense". Additionally, the Company receives comprehensive support and advice on its overall health management initiatives.

Implementing a Population-Based Approach

A prime example of the Company's population-based approach is the already implemented company-wide smoking ban. Additionally, it has been a year since the Company launched the "Low-Salt Menu Day" on the 17th of every month at its in-house restaurant at Iga Campus, where all campus employees have lunch. This initiative aims to raise awareness about managing blood pressure. The program has since expanded to other locations, and approximately 2,200 employees now consume low-sodium meals once a month. Among male employees, two-thirds, and among female employees, three-fourths, find it helpful in reminding them to monitor their salt intake. Furthermore, the frequency of checking sodium content on nutritional labels has nearly doubled compared to before the initiative began.

Addressing Women's Unique Health Challenges

In September 2023, the Company conducted its first survey on "Women's Health and Work-Life Balance (WLB)". One key issue highlighted by the responses was the treatment of menstrual leave, which has now been revised in the Company's employee handbook from unpaid to paid leave. Addressing women's unique health challenges, alongside WLB, is essential from a perspective of both diversity and inclusivity.

Promoting Work-Life Balance

With a declining workforce and an aging population, supporting the balance between work and life events such as illness, childbirth, childcare, and caregiving has become a critical issue for all companies.

Through its commitment to health management, the Company aims to extend working lifespans and create a workplace where employees feel a sense of purpose and pride.



Safety & Health Management

Top-Class Workplace Comfort and Safety-First Culture

To prevent workplace accidents and create an even more comfortable work environment, the Company established a Safety and Health Center in January 2023. The company-wide health and safety initiatives rank among the best in the industry. The Company conducts risk assessments for both near-miss incidents and potential scenarios. Safety measures include scientifically backed, high-quality engineered tools and clearly defined production zones, enabling continuous evolution toward a safer and more refined factory environment. We have also adopted durable protective eyewear from the brand "RUDY PROJECT"*1, as well as jackets and pants that combine safety, comfort, functionality, and design – earning high praise both within and outside the Company. To strengthen the Company's safety and health initiatives, the Central Safety and Health Committee holds a meeting twice a



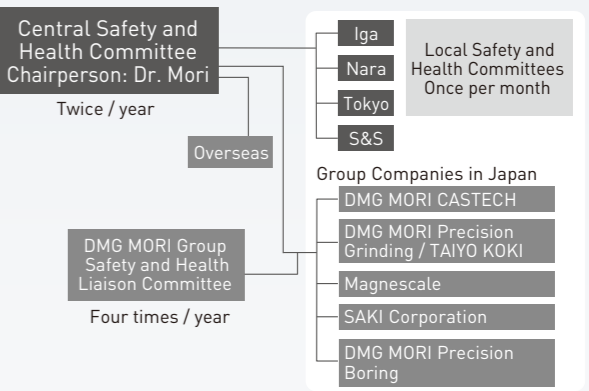
Organized and clean facilities suitable for factory tours



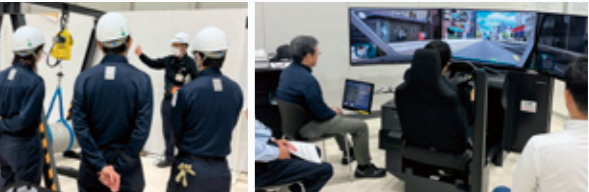
Adoption of high-quality, durable protective eyewear
Uniforms combining safety, comfort, functionality, and design

*1 RUDY PROJECT is a registered trademark of Rudy Project s.p.a.

year, chaired by the president and attended by executive officers. These meetings report and discuss safety and health policies, as well as the progress of key initiatives, ensuring top-level decisions are communicated to group companies in Japan. In addition, monthly Safety and Health Committee meetings are held at each site with employee representatives to address location-specific challenges and share relevant information. In the event of an accident, an investigation committee analyzes the scientific root cause and determines permanent preventive measures, which are then implemented Company-wide. In 2024, the Company also established the DMG MORI Group Safety and Health Liaison Committee to further enhance collaboration within the Group.



The Safety Dojo has 12 interactive experience booths, where regular education and training sessions are conducted based on real-life scenarios. This contributes to fostering individuals who consistently practice safe behavior and are conducted in workplace teams to nurture a sense of mutual care and attentiveness among colleagues. Additionally, the equipped driving simulator supports employees of all experience levels in improving their driving skills and preventing traffic accidents.



Educational and training programs using Safety Dojo and driving simulator

The Company has MRO engineers stationed across Japan to respond promptly to customer needs. Before starting any task, they refer to a manual, which prominently highlights key safety precautions to prevent workplace accidents. This ensures even greater safety and reliability during their work, especially at customer sites.

Balancing Work and Life Events

Diverse Workstyles for Every Life Stage

Q: Please tell us about your career journey since you joined DMG MORI.

Ms. Sasaki: I joined DMG MORI in 2006 and have spent most of my career in processing technology-related departments. Over the years, I have worked at nearly all our major domestic locations, including some that have since closed, and also completed a two-year overseas assignment. In my third year as Group Manager, I welcomed my first child and returned to my previous role after taking a six-month maternity leave, utilizing a shortened workday schedule. Later, after being promoted to General Manager, I had my second child. In 2024, I returned to work as General Manager in a different department before my leave. While I knew that the Company would consider my previous experience when placing me after my leave, I felt nervous because I was only informed about the decision shortly before my return.



Mr. Hagihara: I joined DMG MORI in 2017. After working at the Iga Solution Center, I transitioned to roles in the Development HR Department and the DMG MORI Academy, where I focused on training engineers and developing educational materials and curricula. I took three months of parental leave for the birth of my first child in 2022 and again for my second child in 2024. While the Company offers significant financial support and encourages male employees to take at least one month of parental leave, only a small minority currently take the full three months.

Ms. Saiki: I joined DMG MORI in 2008 and started at the reception desk in Iga before gaining experience in corporate planning, investor relations, and internal auditing at the Nagoya and Tokyo offices. In 2018, I temporarily left DMG MORI to accompany my husband on his job transfer. However, I rejoined two years later through the company's "comeback program". After taking maternity leave for my child's birth, I returned to work and am now working in the Internal Audit Department.

Q: When you experienced significant life events, such as marriage, childbirth, or career changes in your family, were there any company policies or programs that were particularly helpful to you?

Mr. Hagihara: When my wife, pregnant with our second child, was unexpectedly hospitalized, we urgently needed to find daycare for our older child before the end of the year. The first thing I did was look into the Company's in-house nursery school. After consulting with the Company, my child was offered a spot immediately at the beginning of the calendar year. I had heard it was difficult to secure a spot in

an external daycare for a one-year-old, so I was incredibly grateful for the Company's support and quick response. The caregivers are attentive and reassuring, and I appreciate the convenience of not needing to bring diapers or bedding. What started as a temporary solution became a permanent choice, and soon our younger child will be joining the nursery as well.



Ms. Sasaki: The nursery schools at Iga and Nara Campus are highly enviable from the perspective of employees at other locations, offering both a great environment and exceptional convenience. In the Tokyo metropolitan area, where most people commute by train, it is not realistic for the Company to provide such facilities, as many employees prefer daycare facilities closer to home. That said, even if you choose an external daycare, the Company covers daycare expenses up to 70,000 yen/month (for the Tokyo metropolitan area), which is a significant benefit. In my case, my children are now in elementary school, and I rely on after-school care. However, I am already concerned that after-school care is less available to older children.

Ms. Saiki: The "comeback system" I used is designed for individuals who have left the company due to circumstances such as marriage, childbirth, childcare, nursing care, or a spouse's transfer, but wish to return to the Company when they are able. This corporate alumni system appears to be a win-win situation: it provides employees with the possibility to resume their careers at DMG MORI the same company despite having to leave for major life events, while also enabling the Company to benefit from rehiring experienced alumni. Since having my child, I have been particularly grateful for the family



leave system, which can be used flexibly on an hourly basis. Not only is the number of days and the eligible age range more generous than what is legally required, but the leave can also be used for purposes beyond illness, such as attending school events.

Q: How do you balance work and childcare? Is your workplace supportive?

Ms. Saiki: I work shortened hours to accommodate picking up and dropping off my child. My workplace operates as a team, with tasks assigned based on each member's circumstances. Since I am currently not willing to take on work that requires business trips, my team members kindly step in to handle those responsibilities for me.

Ms. Sasaki: In my family, my husband and I share drop-off and pick-up responsibilities in the mornings and evenings. My work occasionally requires me to travel to Sapporo, so for such irregular days, we plan ahead. If we are unable to coordinate, we sometimes rely on our parents, who live nearby. I have also heard of colleagues using private sitter services or seeking help from local volunteers. I believe it is important to build your own support system and regularly involve others, rather than relying solely on the mother or the two parents.

Mr. Hagihara: My wife will soon be returning to work after her second childcare leave, and we plan to make full use of the Company's "core working hours" program to share responsibilities. While it is now encouraged for male

employees to take more than one month of childcare leave, and there is a growing awareness among employees and their supervisors about the importance of participating in childcare, the feasibility of sharing responsibilities between the spouses may vary depending on the department.



Ms. Sasaki: From a managerial perspective, the ideal scenario in any department is one where each team member takes their own responsibility and exercises discretion, while also supporting one another and functioning cohesively as a team. While it is necessary to consider individual circumstances when assigning work, I take extra care not to make decisions based on an unconscious bias based on gender or the presence or

absence of children. For example, excluding an employee from travel duties or meetings without consulting them because they are raising a child will diminish their motivation and hinder their career development, leading to losses for the organization in the long run. I myself am raising a child, and it is often possible for me to participate in business trips and meetings as long as I have time to make prior arrangements. Of course, everyone's situation is different, so as a supervisor, I feel it is important to strive to create an atmosphere where people feel comfortable talking to me at any time, and to make the department a place where subordinates feel comfortable expressing their wishes.

Q: As a senior employee with years of experience both professionally and personally, what advice would you offer to younger colleagues?

Mr. Hagihara: Since having children, I feel like I hardly have any time outside of work and childcare. I strongly recommend taking the opportunity to study while you still have the time.

Ms. Sasaki: No matter what happens, I think it is important to maintain an open mindset and tell yourself, "It is okay to have phases like this". Life includes not only marriage and childcare but also caregiving for other family members, and there will naturally be times when you can fully focus on work and times when you can't. It's okay to change jobs, take a break, or even come back to the Company — you don't need to be tied down to one workplace or way of working.

Ms. Saiki: There is plenty of information out there about work-life balance, but it is impossible to prepare for every potential situation in advance. Looking back, including the two years I spent overseas accompanying my husband, I realize that all of my experiences have contributed to who I am today. In each moment, I believe the best approach is to focus on what is right in front of you.



Hiroki Hagihara
DMG MORI CO., LTD.
DMG MORI Academy
Education Planning
Group, Staff

Mariko Sasaki
DMG MORI Digital CO., LTD.
Machine Tool Control
Development Division
Program Simulation Software
Development Department,
Full time Manager

Aya Saiki
DMG MORI CO., LTD.
Internal Auditing Department
Internal Auditing Group,
Counselor

Social & Relationship Capital

Operator Support for All Across the Manufacturing Industry

Expanding DMG MORI ACADEMY across Japan

To foster the development of young engineers across the manufacturing industry and ensure a smooth startup process for customers with new NC machines, DMG MORI hosts machining and operation training programs at its facility in Iga, Mie Prefecture. In addition, DMG MORI has been establishing DMG MORI Academies across Japan since 2023 to support nationwide operator trainings. The regional ACADEMY facilities allow more customers and students to participate in hands-on training on our machines at locations close to them. Four Academies in Kanazawa, Sendai, Hamamatsu and Okayama have already opened. Another one is planned to open in Fukuoka.

Each Academy is equipped with the latest 5-axis and mill-turn machines, allowing customers to acquire machining skills through actual operation. Experienced DMG MORI engineers offer tailored guidance based on each customer's skill level. Additionally, DMG MORI provides "DIGITAL ACADEMY", a hybrid learning course of e-learning and on-site training, enabling customers to study effectively and efficiently at their own pace.

Furthermore, DMG MORI ACADEMY offers specialized training, including private 5-axis machining lessons and small-group seminars to promote MX. Seminars are held frequently and include DX seminars for DMG MORI GATEWAY, TULIP, WALC CARE, and more, automation seminars for introducing automation solutions such as gantry loaders, MATRIS, and MATRIS Light, DMQP seminars where DMQP partners explain and propose products, and preventive maintenance seminars to provide hands-on experience with daily inspections and introduce repair cases.

Moreover, ACADEMY offers training to students. In 2024, DMG MORI held a practical digital manufacturing course for technical college students during summer vacation, and a total of approx. 100 participants from 19 schools attended the course at Iga Campus or other ACADEMY locations. The course focused on acquiring knowledge and skills in operating the latest 5-axis machines and robots to foster highly skilled engineers of the future. The ACADEMY location in Kanazawa also hosted a workshop for elementary and junior high school students to experience machining spinning tops and welcomed 32 participants (out of which 14 were female students).



DMQP seminar



Practical digital manufacturing course for technical college students



Preventive maintenance seminar



5-Axis Machining Association



"5-Axis Machining Association" was founded in 2021 to cultivate business opportunities and raise the technological skill of customers who purchased DMG MORI 5-axis machines and mill-turn centers. The Association's top priority is networking; each member's equipment and technical capabilities are shared among participating entities as a database to foster collaborations. At the general assembly held twice a year, industry leaders in the automotive, aircraft, semiconductor, and other sectors are invited, so that members can gain insights and make professional connections. The Association boasts a network comprising of 142 member companies and organizations and is functioning as a solid business foundation through which members order works to one another.

In 2024, the Association organized study tours to Germany and the United States. These tours, during which participating members visit overseas manufacturing sites, are well-received as opportunities to seek potential customers and gain local information necessary for those which are considering establishing an international entity. To unleash the full potential of 5-axis machines and mill-turn centers and enhance shop floor productivity, customers must have machine operators with updated skills. That is why the Association organizes various activities - CAM study sessions to learn how to program

with 3D models, "5X Contests" to exchange 5-axis machining knowhow, and networking events for operators who use same types of machines.



Music Box at JIMTOF2024

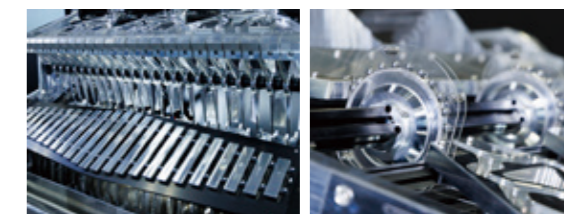
As the first co-production project of the Association, the member companies designed and manufactured the "Music Box" collaboratively since March 2023, which was displayed at the DMG MORI booth at the JIMTOF2024, Japan International Machine Tool Fair. The Music Box was made from 1,500 components, which were all processed on DMG MORI machines. After requiring a full year of assembly, the Music Box surprised and impressed many visitors with its playful structure and the melody of an iron harp. The Association received many inquiries from companies and educational institutions, which were not aware of the Association; hopefully, this project will leave positively impacts on the participating companies and attract new business opportunities as well as talents for them.

The 5-Axis Machining Association will continue its activities to unleash the creativity and technical skills of those who work in the manufacturing industry and strive to contribute to the Japanese economy and the society at large.


5-Axis Machining Association's first co-production project
Project theme: Fusion

Number of parts: 1501 parts, 202 types

Number of participating companies: 70



Mori Manufacturing Research and Technology Foundation

 **Mori Manufacturing Research and Technology Foundation**
(General Incorporated Foundation)
<https://morifound.dmgmori.co.jp/>

Driving Innovation and Empowering Talent

The Foundation currently provides three-year scholarships to engineering graduate students at Kyoto University, the University of Tokyo, and Keio University, as well as to humanities and social sciences graduate students at Kyoto University. Starting in April 2024, this program was expanded to include students in the master's program at Kyoto University's Graduate School of Advanced Integrated Studies in Human Survivability. Since the program's introduction in 2019, a total of 48 students have received scholarships as of December 2024. After earning their doctoral degrees, recipients have gone on to excel in various fields, including careers in private companies and continued research at universities. Additionally, new scholarships have been approved for the April 2025 cohort, including three engineering students and eight humanities students in doctoral programs. Many recipients actively participate in overseas study programs and internships, further enhancing their research endeavors. At Nara Product Development Center (Nara PDC), the Foundation has established an annual tradition of hosting interdisciplinary study sessions, encouraging lively discussions among students that go beyond the boundaries of academic institutions and fields of studies. The Foundation also emphasizes English language development, providing support for academic papers and conference presentations. Moving forward, the Foundation will continue to support doctoral candidates with advanced expertise to thrive globally, regardless of their fields of studies.



Number of Scholarship Recipients (incl. those who withdrew mid-program)

		2019	2020	2021	2022	2023	2024	2025 Plan
Doctoral Program	Engineering	6	5	3	8*1	2	8	3
	Humanities and Social Sciences					4	5	8
Master's Program*2						1	6	8

*1 Includes one student who enrolled in the fall of 2021.
*2 Includes first- and second-year students in the five-year integrated doctoral program.

Restaurant on Kyoto University Katsura Campus

In April 2024, the campus restaurant *Cenatio Silva**3 opened on Kyoto University's Katsura Campus, made possible by a donation from the Foundation. The previous restaurant was transformed into a comfortable, open space layout with newly renovated interiors and furniture to offer a dining experience that sets it apart from standard university cafeterias and provide a space for campus members to have meaningful exchange. The restaurant quickly became popular among faculty members and students, with long lines forming every day. In late June, a bar counter was added, allowing for alcoholic beverages and private parties. Kyoto University President Dr. Minato presented the Foundation with a letter of appreciation for the Foundation's support. We hope the restaurant will continue to provide the Kyoto University community with nutritious, delicious meals and a place for intellectual and cultural exchange with people from around the world.

*3 Latin for "Forest Restaurant"




Regional and Cultural Support

The Foundation actively engages in regional and cultural support activities, focusing on areas such as Yamato Koriyama City, where DMG MORI CO., LTD. was founded, Iga City (Mie Prefecture), home to DMG MORI's Iga Campus, and Nara City. This year, the Foundation has undertaken various initiatives, including maintaining the environment at Yamato Koriyamajo Hall, removing weeds and caring for the cherry tree-lined

banks along the Bodaisen River, supporting operations of local museums and art galleries, and sponsoring community events such as festivals, fireworks displays, and *ekiden* races (long-distance relay races) organized by municipal governments. Through these efforts, the Foundation supports and enriches the community activities of local residents.

The 19th Cutting Dream Contest

Cutting Dream Contest special site ▶ 

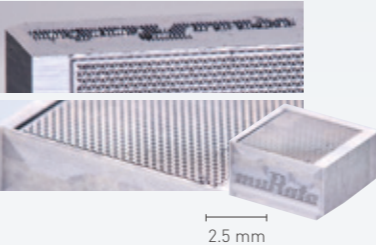
Since 2004, the Company has been hosting the Cutting Dream Contest for companies, schools, and research institutes in Japan's machining industry. Through the open competition among users of advanced subtractive or additive machine tools, the Company aims to raise industrial skills and knowledge and spark collaboration among participants.

In the 19th Contest held in 2024, Professor Yasuhiro Kakinuma of Keio University chaired the panel of six judges. Following a rigorous evaluation process, the jury selected 24 winners out of 93 admissions across five

different categories; production parts machining (4), prototype and test cut machining (6), artistic form machining (6), advanced machining (3) and academic research (5). All the winning entries were showcased at DMG MORI's booth during JIMTOF2024 in November. The Company also sponsored an article featuring the event, the winners, and their workpieces in a Japanese, nation-wide newspaper, hoping that the publicity will draw major attention to the outstanding technology of the participants.

〈Production Parts Machining Category Gold Prize〉

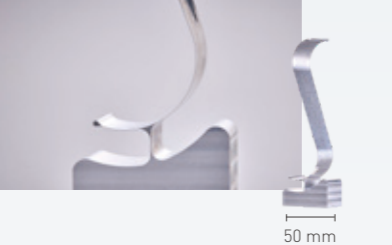
Thin-film molding die (For circuit board)
Murata Manufacturing Co., Ltd.



Silver Prize: Resonance pin
ISHIYAMA NEZI CO., LTD.
Bronze Prize:
Fixture for long rotating part wafer
Koga Denki Corporation
Technique prize:
One-touch chucking of multiple analysis (medical centrifuge)
Yoshioka Seiko Co., Ltd.

〈Prototype & Test Cut Machining Category Gold Prize〉

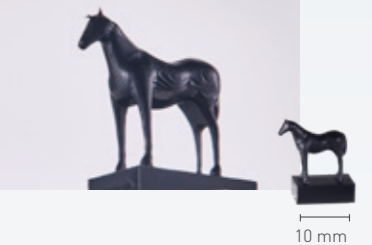
Swan
Sekishin Inc.



Silver Prize: Honeycomb
KYOCERA Corporation
Bronze Prize:
World's lightest dumbbell
SAKATA PRECISION CO., LTD.
Multi-Layer Ceramic Capacitor sand clock
Murata Manufacturing Co., Ltd.
Technique prize:
Two-bon - Vases with lip diameter φ38, body diameter φ116, depth 39 mm -
Ohwada Carbon Industry Co., Ltd.
Self-standing float
Koga Denki Corporation

〈Artistic Form Machining Category Gold Prize〉

Too small horse
Asuka Industry Ltd.



Silver Prize: Net
Seibu Co., Ltd.
Bronze Prize:
Water droplets and ripples on a water mirror
Circle and Square Co., Ltd.
Stripe island
Sanei-Kikai Co., Ltd.
Technique prize:
To the one who cuts
ASAHI YUKIZAI CORPORATION
Montagna Sacra (Sacred Mountain)
FRASCO CO., LTD.

〈Advanced Machining Category Gold Prize〉

Beacon of technology
J・3D Co., Ltd.



Silver Prize: Ceramic wristwatch
Fukushima Ceramic Co., Ltd.
Bronze Prize: Regular icosahedron
Murata Manufacturing Co., Ltd.

〈Academic Research Category Gold Prize〉

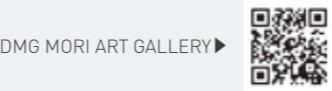
Machined anti-gravity device
Kobe Advanced Institute of Technology



Silver Prize: Metal pencil & Pencil stand
Keio University Faculty of Science and Technology
Bronze Prize:
Logo projection freeform micro-lens array
Keio University
Technique prize:
Biomimetic low-noise drone propeller
Iwate University Advanced Manufacturing and Prototyping Center
0.2 mm-fine tensegrity
Kindai University Technical College

Support for Emerging Artists

Since 2020, the Company has been supporting leading artists both in Japan and abroad, including sponsoring the ARTISTS' FAIR KYOTO, an exhibition showcasing emerging artists in their 20s and 30s. In collaboration with Professor Noboru Tsubaki of Kyoto University of the Arts, the director of ARTISTS' FAIR KYOTO, the Company also exhibits artworks at its offices and facilities. With over 200 pieces, including paintings, photographs, and sculptures, these displays aim not only to delight visiting customers but also to inspire the Company's employees, fostering creativity and contributing to the development of better products.



Hayaki Nishigaki
"Retto-funen"



Kenryou Gu
"A fleeting moment"

DMG MORI SAILING TEAM

In October 2018, the Company established the "DMG MORI SAILING TEAM" with the maritime adventurer, Mr. Kojiro Shiraishi, as the skipper. In the solo, non-stop, no-supply round-the-world yacht race "Vendée Globe 2020" which commenced on November 8, 2020, Kojiro made waves and history as the first Asian sailor to complete the race. Then, after competing in 10 qualifier races in 3 years since 2022, the team qualified for the next challenge – the Vendée Globe 2024. The race started on November 10, 2024, and the team successfully crossed the finish line at 10:36 a.m. local time (6:36 p.m. Japan time) on February 9, 2025. Out of 40 participants, they came in 24th with a record time of 90 days, 21 hours, 34 minutes and 41 seconds. The team's foil "DMG MORI Global One" features components machined on DMG MORI's simultaneous 5-axis machines and mill-turn centers. To nurture young



talents who can compete in offshore sailing, the Company has established the "DMG MORI SAILING ACADEMY" in June 2021. Currently, six trainees are preparing for the Mini 6.50 class races (entry-level offshore sailing competitions) at the Company's training facilities in Lorient, France, and Hayama, Japan.



Fostering Next-Generation Engineers

Factory tours for local students

To foster the next generation of industry-leading engineers, the Company offers practical manufacturing courses for technical college students in Japan. In 2024, approx.100 students from 19 schools visited the Iga Campus and other DMG MORI ACADEMY locations to learn the principles and operations of the latest 5-axis machines and industrial robots. Furthermore, the Company occasionally invites local elementary and junior high school students to Iga and Nara Campus for factory tours. A total of 2,600 students from 51 schools joined the tours in 2024, each witnessing the Company's factory operations first-hand, interacting with employees on site, and exploring diverse working styles and careers. This is a great opportunity to have

local children know more about machine tools and the Company's business.



Empowering High School Students Through Career Education

DMG MORI actively supports the development of young talent globally. One example is the "Advanced Machining iSTEM Academy" career education program, which was launched by the Desert View High School in Arizona, USA, in 2016. Currently, eight students in the program are using a CMX 1100 V vertical machining center to work on a project dedicated to the production of prosthetic legs for Latin American countries. As a partner, DMG MORI Academy first trained the program's instructor, Mr. Cesar Gutierrez, in the operation of the machine and control system, enabling him to pass on this knowledge to his students. Through the strong partnership with the school, DMG MORI helps students develop advanced machining skills that pave the way for better career opportunities and higher education.

Moreover, the prosthetics manufactured by the students contribute to providing affordable options and improving medical accessibility in countries with high amputation rates. The experience of creating something that directly impacts the lives of those in need serves as a powerful source of motivation for the students and brings significant benefits to the entire community.



Family Day

Exclusive factory tours for family members

To provide employees' families with opportunities to learn about DMG MORI's business initiatives and products, the Company organizes exclusive factory tours. At Iga Campus, for example, we held 10 campus tours from the end of July to August 2024, and each time invited around 20 family members. They enjoyed the rare opportunity to see machine tools performing powerful cutting operations and robots efficiently automating the processes, watching the demonstrations with excitement and awe. Similar family events are also held at overseas factories

and sales bases, often on the final day of in-house exhibitions. These events provide an opportunity to showcase the innovative fields the employees work in, fostering communication among families and employees while contributing to increased employee engagement.



Japan National Orchestra

Promoting and Sharing Music Culture

Since its establishment in May 2021, Japan National Orchestra Co., Ltd. ("JNO") has been based in Nara, Japan, where DMG MORI CO., LTD. was founded, and performing globally, contributing to the creation and development of new culture and art through classical music. In April 2024, JNO held its first audition, welcoming two exceptional new members. In September, JNO hosted its first "Shareholders' Benefit Concert", featuring five performances that were warmly received by a large audience of shareholders of DMG MORI CO., LTD. Also in September, in partnership with Nara Prefecture, JNO launched the "Musik Camp" program, designed to discover and nurture future musicians. Led by four JNO members,

the program brought together a string ensemble of 11 participants for three inspiring days of musical collaboration and learning.



Natural Capital

Contributing to a Circular Economy

Recycling scrap materials from decommissioned machines and cutting chips as casting materials for key machine tool components

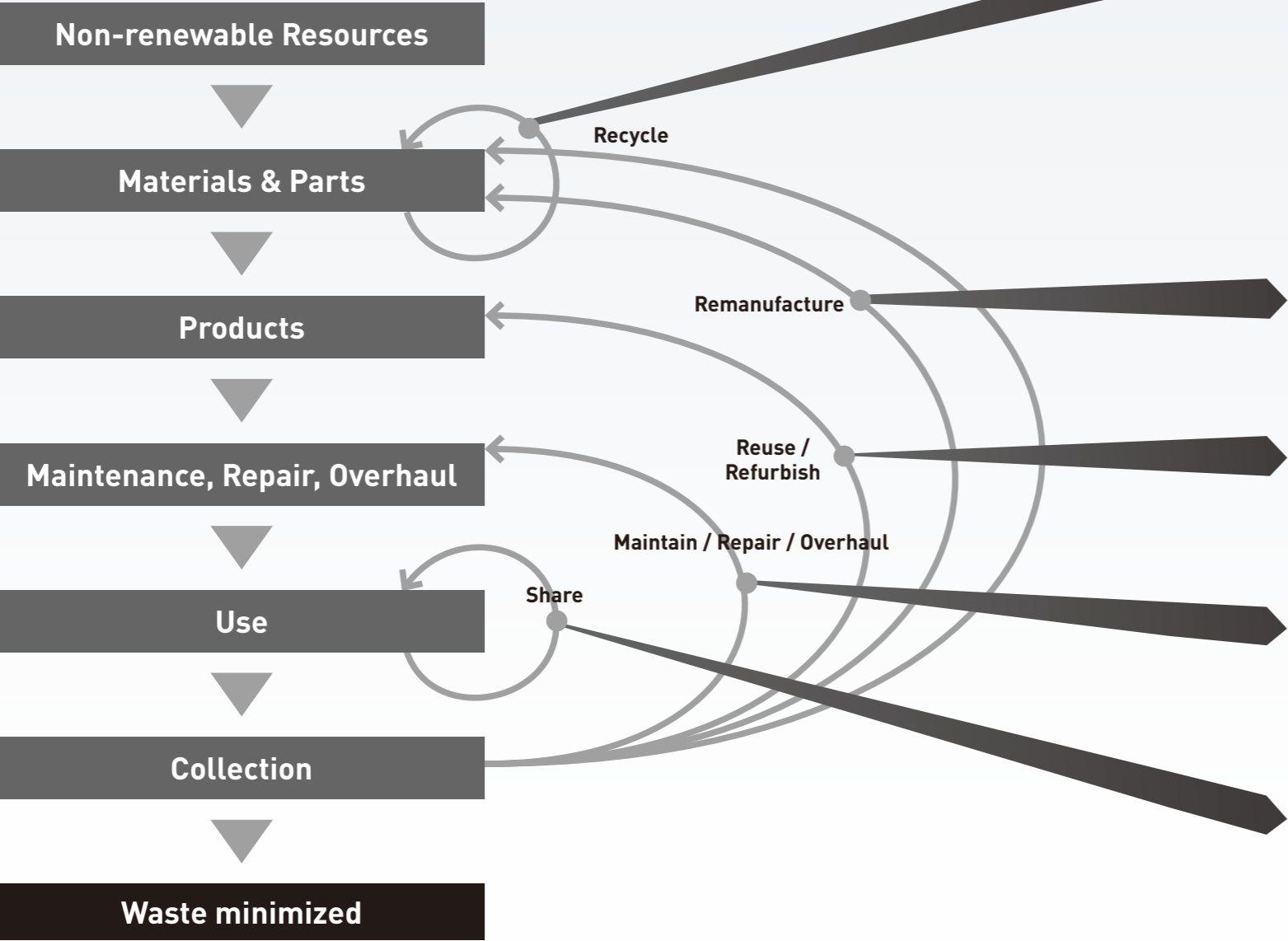
DMG MORI CIRCULAR CO., LTD. was established in November 2023 to enhance sustainability and productivity in the machine tool industry. In addition to overhauling and retrofitting long-used machinery, CIRCULAR collects and repurposes old machines that have reached the end of their lifespan, recycling the leftover scrap materials as casting materials for new components. Cutting chips

generated during in-house and outsourced machining processes are also reused as casting material after separating coolant and compressing the chips. The melting and casting of the collected materials is carried out by DMG MORI CASTECH (Izumo City, Shimane Prefecture).

This means that cutting chips are recycled on shorter cycles, while scrap materials from decommissioned machines are reused on longer cycles, aligned with their lifespan. Throughout its supply chain, the Company implements rigorous quality management which also covers recycled castings. This ensures not only environmentally friendly practices but also high-quality castings necessary for stable machine performance. To make this recycling initiative truly sustainable as a pillar of its environmental contribution business, the Company has begun to improve the efficiency of transportation methods for equipment collection and scrap materials, and to recover scrap materials generated during sheet metal fabrication in addition to chips from

machining process, and the Company expects to make the business profitable from 2025 onwards. Furthermore, DMG MORI CASTECH handles both casting production and assembly. By partnering with local machining specialists in Shimane Prefecture, the entire production cycle – from casting and machining to assembly and shipment – is completed within the region. This eliminates the need for transport to Iga's Precise Processing Plant in Mie Prefecture, significantly reducing CO₂ emissions from truck transportation. The Company is striving to contribute to a circular economy throughout its entire product lifecycle beyond production and sales by promoting DMG MORI ACADEMY, AM Lab & Fab, and its spindle rebuild business.

Maximized resource utilization



Recycle

Recycling decommissioned machines

- DMG MORI CASTECH reuses sheet metal and castings from old machines as casting materials
- The Company plans to cover 20% of annual casting demand

Recycling cutting chips

Briquette machine

Cutting chips

Briquette cutting chips

Remanufacture

Spindle rebuild and repair

- Approx. 1000 spindles in 2024

Reuse / Refurbish

Used machine sales

Before

After

Maintenance, Repair, Overhaul

Maintenance, Repair, Overhaul (over 25% of revenue)

- Contributing to stable and long-term use of machine tools

Share

DMG MORI ACADEMY

- Sharing DMG MORI's training programs

Examples of reuse of machines designated for disposal

Spindle 550 kg (8%)

Others

Sheet metal 1,000 kg (15%)

Casting 4,363 kg (65%)

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

NV5000a1B/40

Product weight 6,710 kg

Reused raw materials converted from old machines in 2024

480 tons

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.

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

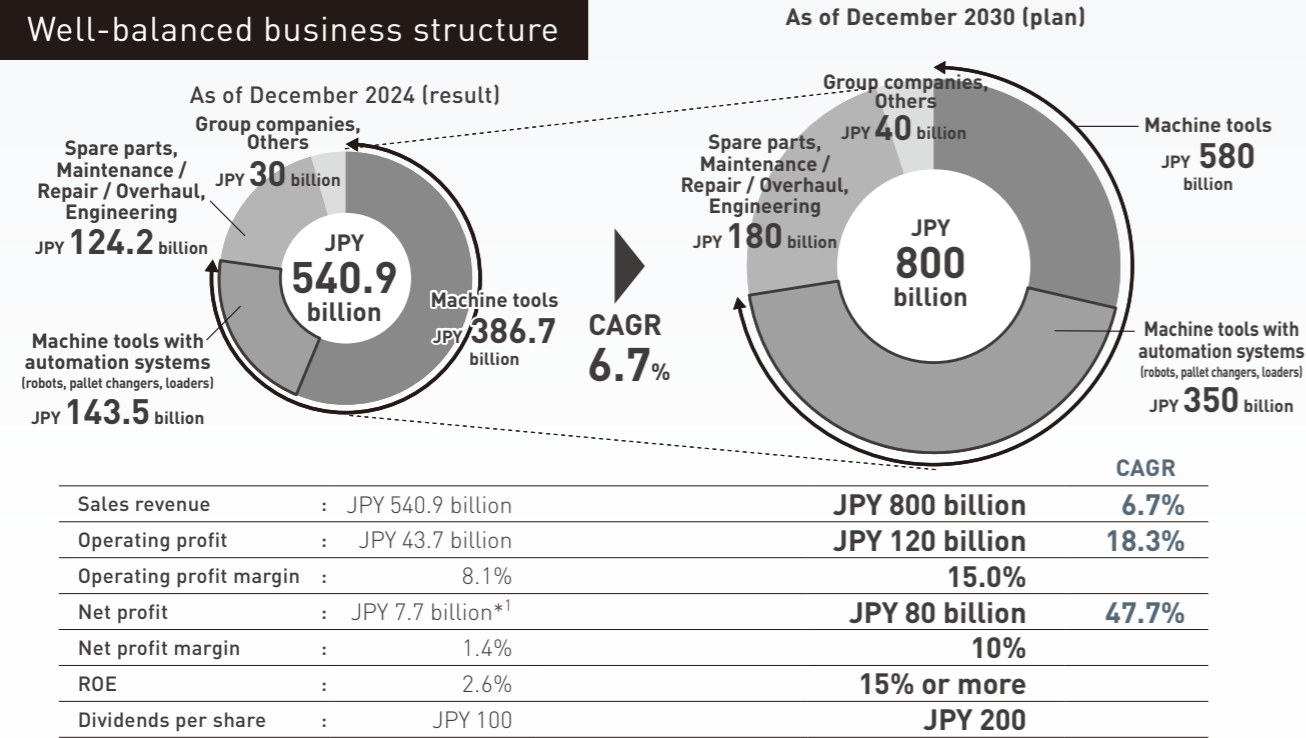
The Company focuses on return on equity (ROE) as its

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.

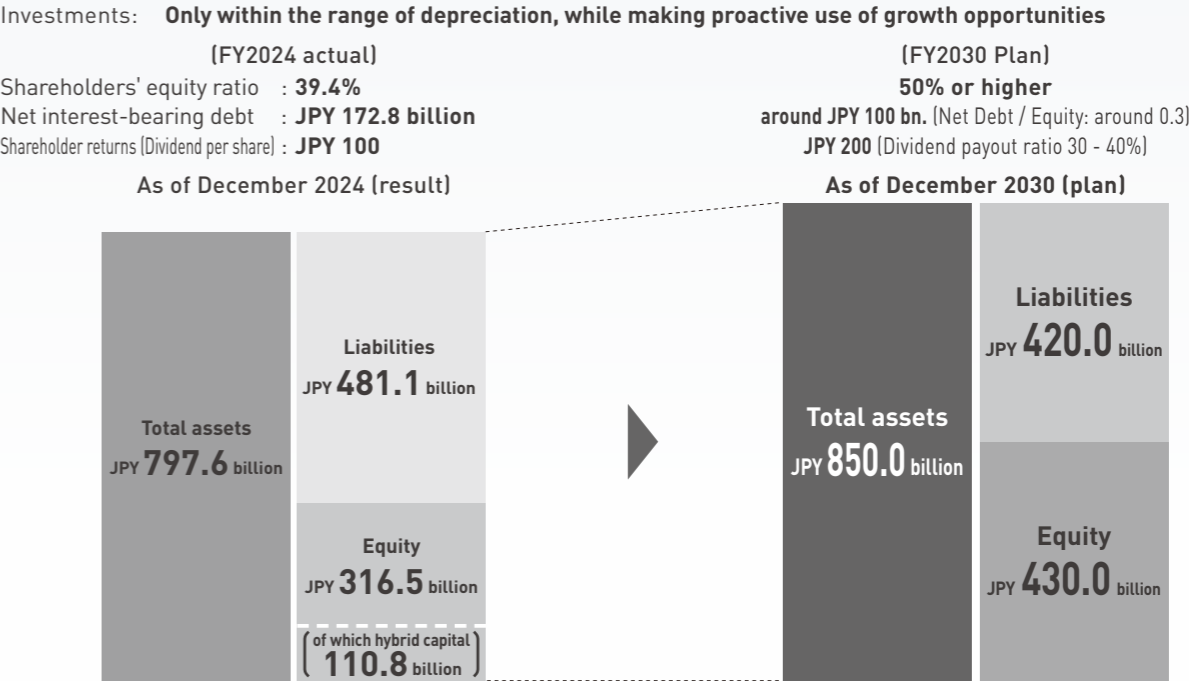
In summary, the Company considers the maximization of free cash flow as its top priority, focusing on reducing net interest-bearing debt and strengthening its balance sheet with enhanced shareholders' equity. At the same time, we target ROE of 15% or more moving forward.

Well-balanced business structure



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

Building a solid balance sheet to support sustainable business growth



DMG MORI Global Treasury Policy

Optimizing Cash Management to Enhance Corporate Value

The current DMG MORI is the result of a Japanese-German business merger, combining distinct company histories. Therefore, employees working in the finance and accounting divisions across the DMG MORI group represent a variety of individuals with unique knowledge and experiences. While leveraging this diversity, it is crucial to establish a clear, shared direction to ensure all employees work together towards cohesive goals and objectives. Therefore, the Board of Directors of the Company has established a "DMG MORI Global Treasury Policy".

In this policy, the members from the accounting and finance divisions pledge to contribute to the enhancement of DMG MORI's corporate value, while the policy itself serves as a practical guideline for strong governance and compliance throughout the Group. Specifically, we have implemented the following initiatives.

Capital Efficiency

We have taken measures to visualize cash balances across countries by implementing modern tools such as the Treasury Management System and Swift's MT940 for real-time information on international deposits and withdrawals. This allows the Company to track cash movements at all consolidated subsidiaries on a daily basis. The improved visibility of daily cash flows has enabled the Company to increase the utilization of pooling. In particular, improving the low utilization level of pooling in China resulted in the reduction of net interest-bearing debt and improvement of the accuracy of cash flow management.



Cash Flow Allocation

When preparing budgets, we now place greater emphasis on cash flows and aim to properly allocate them. Our goal is to increase operating cashflow and improve investment efficiency through disciplined investment to gain the financial flexibility needed for enhanced shareholder returns and reduction of net interest-bearing debt.

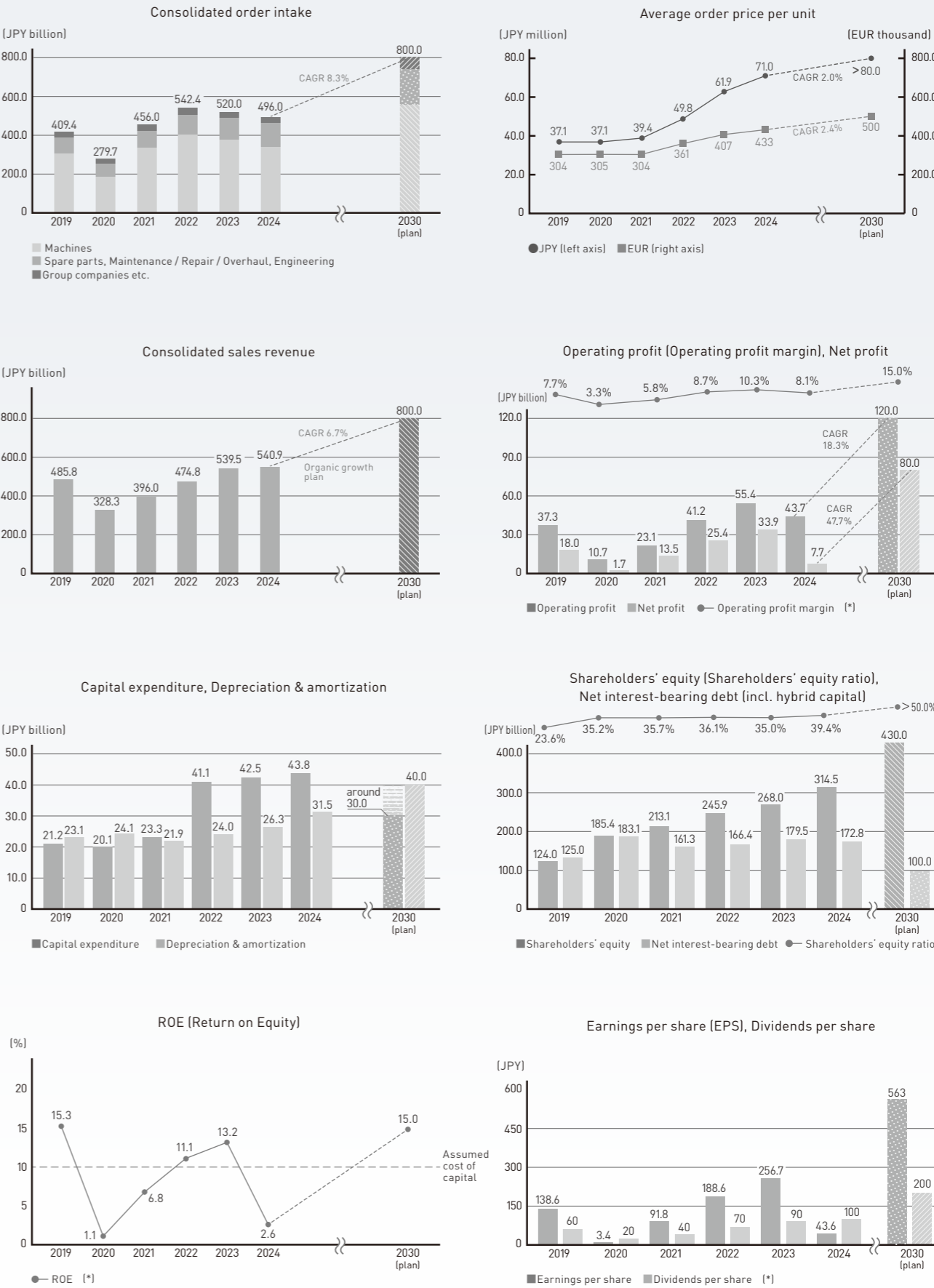
Financial Risk Management

With more than half of DMG MORI's consolidated assets denominated in euros, we cannot avoid exchange rate exposure when converting financial statements into Japanese yen. Therefore, the Company visualized this exposure and used multilateral netting to mitigate financial risk. Specifically, we increased the offsetting of intra-group receivables and payables, particularly among euro-denominated transactions. Netting has also contributed to greater efficiency in settlement processes.

DMG MORI accounting and finance divisions will continue to proactively contribute to the Group's corporate value.



Key Financial Figures



* 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.

Supplier Engagement

Collaborating with partners to address societal challenges through a sustainability lens

Building a Robust Supply Chain through a Unified Platform

In recent years, a new dimension has emerged alongside the traditional benchmarks of price, quality, and delivery time in evaluating supply chains – sustainability. Notably, the enactment of the Supply Chain Due Diligence Act in Germany highlights the growing importance of environmental and human rights risk management for companies. At DMG MORI, we utilize the supply chain monitoring platform of Germany's IntegrityNext GmbH as a valuable tool to assess legal, financial, and operational risks within our supply chain, ensuring a consistent global standard in our due diligence efforts. Clearly defining and addressing sustainability issues, whether related to climate change or the health and safety of workers, is crucial for ensuring the seamless continuation of our production. Collaborating with our partner companies on a shared platform allows us to align our values on environmental and human rights matters, thus enabling us to have a greater impact on societal challenges. Moreover, these collaborative efforts serve as a source of innovation, fostering the advancement of Machining Transformation (MX) through initiatives like DMQP (DMG MORI Qualified Products).



Criteria and priorities

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

Fostering Win-Win Relationships with All Our Partners

In line with the Company's mission statement, we are committed to prosper together with our partners and have built strong, long-term relationships throughout our supply chain, especially in Japan and Europe. To enhance our joint sustainability efforts, we have introduced IntegrityNext pioneering supply chain monitoring platform. This platform allows our partners to assess risks, exchange company profiles, and share sustainability data. It empowers them to proactively manage risks, improve long term sustainability, and expand their sales channels without added expenses. In addition, IntegrityNext offers free trainings, and we host direct briefings to keep our partners updated on the latest laws, regulations, and best practices. Among the comprehensive range of criteria used to assess sustainability within the IntegrityNext platform, we specifically focus on the five areas regulated by the Supply Chain Due Diligence Act: anti-bribery and anti-corruption, environmental protection, human rights and rights of workers, health and safety, and supply chain responsibility. Based on the assessment results, we are closely working together with each partner company to facilitate improvements in these key areas. We remain dedicated to establishing a sustainable supply system as an industry leader, with the goal of fostering mutual growth and success throughout our entire supply chain.

Survey results as of December 31, 2024*1

	CO (Japan) * Introduced in January 2022	AG (mainly German companies) * Introduced in July 2019
Number of companies		
<div><div></div>Sustainable</div>	114	399
<div><div></div>Compliant</div>	66	276
<div><div></div>Critical</div>	30	0
Number of suppliers in the scope	210	675

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

Supplier Engagement Initiatives

The Company is committed to strengthening IT security across the entire supply chain to create a more sustainable infrastructure. Cybersecurity threats can impact not only the supplier itself but also the broader supply chain. To mitigate these risks, the Company shares information on useful security measures to its partner companies through newsletters and seminars. In March 2024, the Company hosted a security seminar with 63 participating companies, while 30 companies took part in a training focused on practical security measures.



IT security training

Reducing CO2 Emissions Across the Supply Chain

Achieving the Company's 2030 reduction targets requires a significant decrease in Scope 3 emissions, which account for approximately 40% of total emissions. Meeting this goal depends on strong collaboration with the Company's partners. In 2024, the Company hosted a supplier briefing at Iga Campus and introduced Cozero, a free carbon emission management platform for its partners. The digital platform enables its partner companies to measure emissions from machine tool component manufacturing, set clear reduction targets, and develop effective decarbonization strategies. By



Carbon management platform: Cozero

Aligned with the Company's corporate philosophy of prospering together with its partners, the Company's CSR Procurement Guidelines outline clear expectations for partner companies. The guidelines promote a work environment where employees can maintain both physical and mental well-being while experiencing a fulfilling professional life. To foster health management across the supply chain, the Company further supports its partners through online seminars and informative resources and encourage active participation in workplace health initiatives.

* The term "Kenko Keiei" is a registered trademark of the Nonprofit Organization KenkoKeiei.



Workplace health management portal site for partner companies

working together with its partners through structured PDCA cycles, the Company aims to drive continuous CO2 reductions across the supply chain.



Supplier briefing at Iga Campus (October, 2024)

Measures Against Climate Change

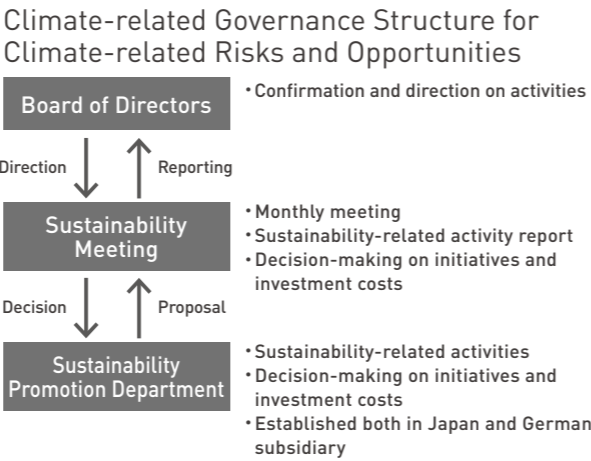


The Company is proactively disclosing climate change-related risks and opportunities in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and is implementing the following initiatives.

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.



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 CO₂ 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.

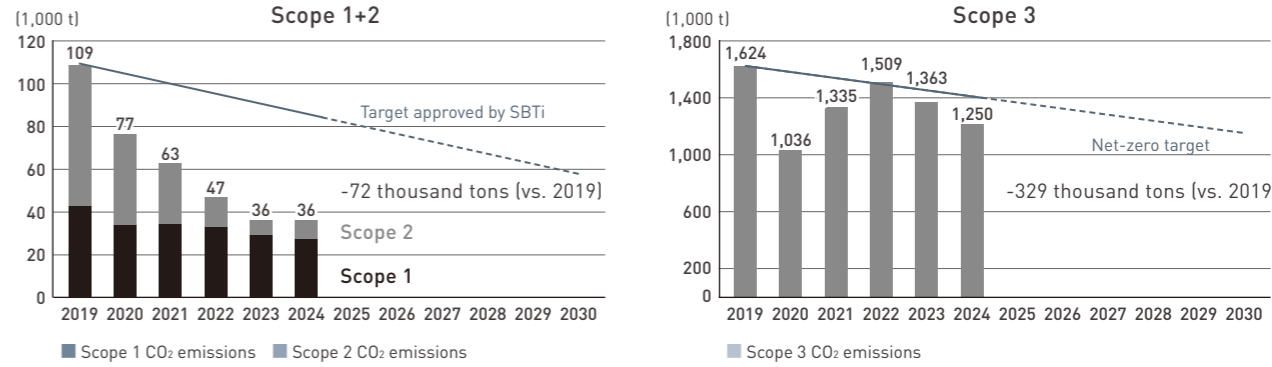
Reduction Targets for Greenhouse Gas (CO₂) Emissions

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%
Scope 3	▲ 27.5%	[Total of Scope 1, 2 and 3]



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)		2024 (consolidated)		
			(1,000 t)	Ratio	(1,000 t)	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%	

Magnescale Co., Ltd.

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



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

Magnescale Co., Ltd. has been providing high-precision magnetic and laser scales for the machine tool and industrial machinery fields for more than half a century. Among its product lineup, "Magnescale" is able to maintain reliable performance even in the challenging environments of metalworking shops. "Laserscale" supports the quality control of advanced semiconductor production equipment and ultra-precision machine tools with its outstanding 2.1 picometer resolution, and "Digital Gauge" provides digital support for measurements throughout production and assembly processes. As a JCSS-certified (Japan Calibration Service System for measurement traceability) length and angle calibration provider, Magnescale also ensures high traceability in compliance with

Japanese national standards. Recently, the demand for Laserscale as an essential device for quality control of advanced semiconductor production equipment and Magnescale's social responsibility for ensuring stable supply have been increasing. Aiming to strengthen the production capacity and business continuity, Magnescale began construction of a new Laserscale plant in Nara Prefecture in 2024, with plans to begin operations in 2026. In the future, Magnescale plans to produce both Laserscale and Magnescale at 2 locations and further enhance its corporate value through competitive products and sustainable operation.



DMG MORI Precision Grinding / TAIYO KOKI CO., LTD.

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



Tailored solutions to meet customer needs: a global leader in grinding centers

TAIYO KOKI is a specialized machine tool manufacturer known for its innovation and technical expertise in developing vertical grinding machines. As the final step in metal processing, grinding requires the highest precision among machine tools. To meet diverse customer needs, TAIYO KOKI offers a broad range of solutions – machine models of various sizes to cater to both mass production and low-volume, high-mix production, along with comprehensive automation systems. Founded in 1986, TAIYO KOKI joined the DMG MORI Group in 2001 and was listed on the JASDAQ Standard Market in 2007 (delisted in February 2025). The company currently produces around 200 various grinding machines per year. While leading the domestic market in vertical grinding machine development and sales, further expansion into overseas markets is essential

to achieve its revenue target of JPY 18.5 billion by 2030. In November 2024, DMG MORI CO., LTD. exercised a tender offer for shares of TAIYO KOKI and made it a wholly-owned subsidiary in February, 2025. By leveraging DMG MORI Group's global sales and service network, as well as its development resources, the Company aims to drive TAIYO KOKI's further growth swiftly and effectively. TAIYO KOKI also plans to strengthen production and development collaboration with DMG MORI Precision Boring, headquartered in the same Nagaoka City, Niigata Prefecture, with the new Nagaoka factory scheduled for operation in 2027. By maximizing synergies within the DMG MORI Group and expanding business in the Nagaoka area, TAIYO KOKI aims to further enhance corporate value.



DMG MORI CASTECH CO., LTD.

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



Offering a stable supply of high-quality casting products through ecological production methods

DMG MORI CASTECH CO., LTD. produces castings for beds and columns, which are major components of machine tools. Castings play a critical role in determining the accuracy, rigidity, and durability of machine tools, and therefore it is essential for machine builders to have a stable supply of high-quality castings. In addition, the production and procurement of castings are also associated with significant CO₂ emissions, necessitating measures to reduce environmental impact. To address these challenges, DMG MORI CASTECH has been

modernizing its main factory since 2022, gradually replacing outdated production equipment and expanding production capacity. In 2024, DMG MORI CASTECH introduced a new initiative to reduce CO₂ emissions by recycling materials. This involves repurposing castings from decommissioned machine tools and using cutting chips generated from machining castings as part of the material to create new castings. DMG MORI CASTECH will continue its improvement efforts, aiming to complete the reconstruction of its main factory by 2030. Alongside this, they will adopt cutting-edge production methods to further reduce CO₂ emissions during its production process and increase annual production capacity to 30,000 tons.



DMG MORI Precision Boring CO., LTD.

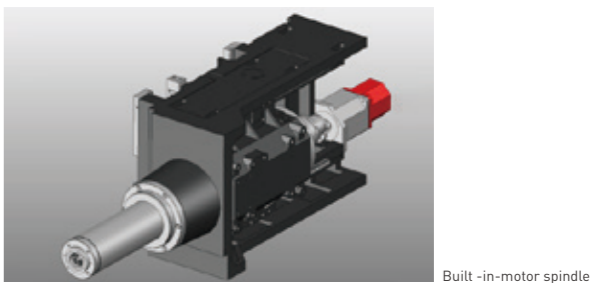
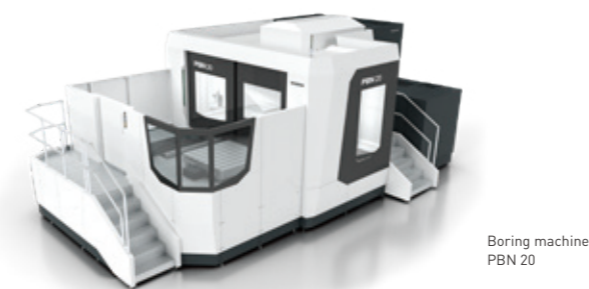
1-2-1 Jooka, Nagaoka City, Niigata, Japan <https://www.dmgmori-pb.co.jp/>



Delivering boring machines optimal for large and heavy workpieces to the global market

DMG MORI Precision Boring CO., LTD. (formerly KURAKI Co., Ltd.) is a leading manufacturer of boring machines and became a new member of the DMG MORI Group in 2024. Founded in 1938 in Nagaoka City, Niigata Prefecture, DMG MORI Precision Boring has dedicated more than 80 years specializing in high-precision boring machines. The unique products of DMG MORI Precision Boring are widely used for machining large workpieces with high precision in the automotive, semiconductor, medical, and energy industries. "PBN 20," the latest boring machine unveiled at JIMTOF 2024, is developed as a "hybrid model of horizontal boring and milling machine and machining center." The model combines

the high rigidity, cutting performance, and large machining envelope of a horizontal boring machine with the built-in motor spindle of a powerful machining center, offering up to 8,000 rpm and a best-in-class feed rate of 12,000 mm/min. With its unique rigidity and speed, PBN 20 is expected to allow customers to undertake even more various machining operations. Aiming to achieve a sales revenue of JPY 12 billion by 2030, DMG MORI Precision Boring will continue to make its products even more competitive while reinforcing its sales and service capabilities in Europe and other parts of the world, with the support from other DMG MORI companies.



DMG MORI Digital Co., LTD.

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



Accelerating MX with IT solutions

DMG MORI Digital was founded in Sapporo in 1980 as B.U.G. Co., LTD., an IT venture that originated from Hokkaido University. Since joining the Group in 2008, DMG MORI Digital has steadily expanded its business by leveraging its advanced technological expertise in both software and hardware. DMG MORI Digital has played a key role in developing machine tool operation systems, software, and connectivity solutions, including the "ERGOline X with CELOS X" human-machine interface, featured in DMG MORI's new machine models since 2024.

In 2024, DMG MORI Digital developed "Edge AI Board", an embedded CPU board capable of camera-based imaging and advanced AI processing, for the Digital E3 Core Series. Its high reliability fulfills the strict quality standards required for installation in DMG MORI machine tools. The board will be mounted on DMG MORI machines produced after 2025 as part of the "AI Chip Removal" function. Looking ahead to 2030, DMG MORI Digital will continue to foster talented IT professionals and promote MX through innovative IT solutions, while utilizing their products and services both externally and internally to drive profitability for the entire DMG MORI Group.



ERGOline X with CELOS X



TECHNIUM CO., LTD.

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



Unique DX solutions to enable MX

In 2018, TECHNIUM CO., LTD. was established by the Company and Nomura Research Institute, Ltd. to support the Digital Transformation (DX) of its customers. By providing DX solutions, TECHNIUM plays a vital role in DMG MORI's Machining Transformation initiatives. In 2024, TECHNIUM released a dedicated cloud environment called "CELOS Xchange," which is connected to the new "CELOS X" machine control. This allows DMG MORI customers to view and use machine data across different CELOS X applications in a secure and scalable way. As the latest addition to its customer portal "my DMG MORI", TECHNIUM recently launched "eMarket", an e-commerce platform for machine tool related goods. Visitors can select items based on DMG MORI engineers' recommendations, and easily place repeat orders anytime, anywhere, which is expected to improve the efficiency of customers' purchasing activities. TECHNIUM's vision for 2030 is to empower small-to-medium enterprises (SMEs) by introducing new DX tools and adding new functions to my DMG MORI and CELOS Xchange. To attract a wider range of users to their platform, TECHNIUM plans to expand my DMG MORI functions, and further refine CELOS Xchange as a machine data management hub.



SAKI Corporation

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



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

SAKI Corporation offers quality inspection solutions that replace manual visual checks in the electronic module manufacturing process. By capturing images of printed circuit boards and components, its inspection systems automatically identify whether they meet quality standards or not. On April 8, 2024, SAKI celebrated its 30th anniversary. In this milestone year, SAKI focused on rapid product development to meet the advanced needs of customers, leading to increased sales of its automatic X-ray inspection systems. Looking ahead, SAKI plans to enhance its total solution offerings – combining optical inspection, X-ray inspection, software, and after-sales service – as it prepares for full-scale entry into new markets. SAKI is also further expanding its machine learning and automated inspection solutions, which

will help grow its customer base in the automotive and industrial sectors, driven by the rise of automated driving and big data. This expansion will also benefit the entire DMG MORI Group. As a provider of automated inspection solutions that enhance manufacturing quality and production efficiency, SAKI remains committed to ensuring the highest standards of quality in the digital age and aspires to contribute to a sustainable society.



Comprehensive Machine Learning & Automated Inspection Solutions

T Project CO., LTD.

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



Sales of "TULIP" - a cloud-based low-code platform for field-driven DX

Since its establishment in September 2020, T Project has been providing sales and services for "TULIP", a platform developed by the US-based Tulip Interfaces, Inc., in the Japanese market. TULIP's low-code interface allows it to be adapted to various tasks on the shop floor without requiring IT expertise, enabling in-house teams to easily digitize their manufacturing processes. TULIP enables continuous improvement by visualizing operations and identifying key issues through direct data capture from measurement equipment and process optimization. It also allows seamless management of the entire process chain by turning all tasks into applications that integrate with existing production facilities and core systems. This gradual digitization can serve as a foundation for driving company-wide digital transformation (DX). TULIP has been successfully implemented at DMG MORI's global

production sites, driving improvements in productivity, quality, and internal DX initiatives. With the opening of a new location in Okayama, "TULIP Experience Center" is now available at seven locations in Japan. The Center has further boosted TULIP's adoption among both existing and new customers across various manufacturing sectors, including process manufacturing industries. The platform is now in use by over 50 companies in Japan. Toward 2030, T Project aims to expand the use of TULIP across company-wide and plant-wide operations in a diverse range of manufacturing industries.



WALC Inc.

3-26-20, Shibuya, Shibuya-ku, Tokyo, Japan <https://www.walc.co.jp/>



Development Center for Cutting-edge Automation & DX Services

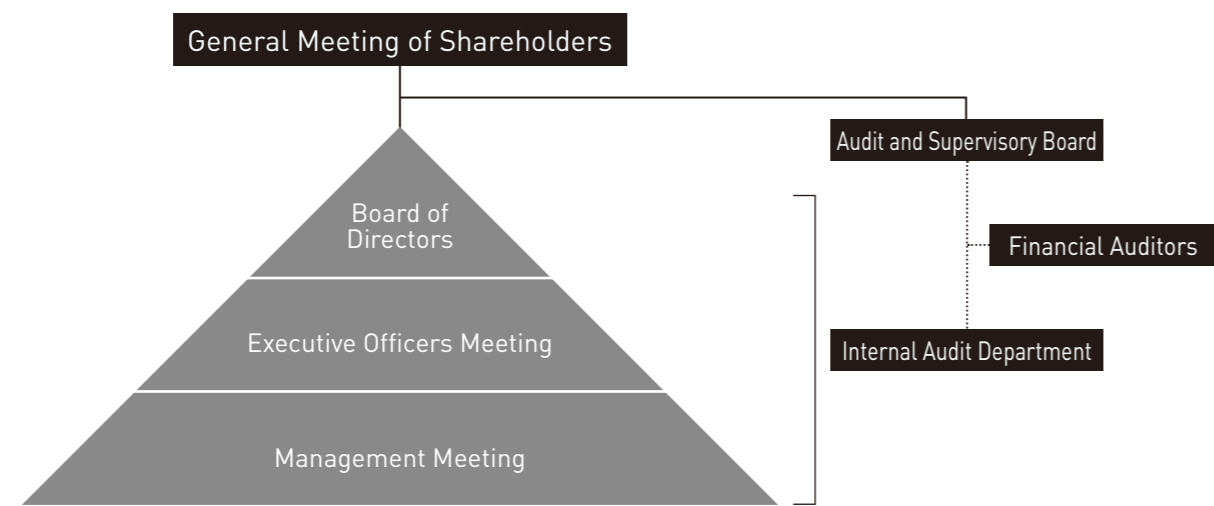
WALC Inc. was founded on April 1st, 2022, in Shibuya, Tokyo, as the successor to the Company's "Advanced Technology Research Center", which was established in 2017 to foster the leaders of the digital revolution in the manufacturing industry. Today, WALC provides services to promote MX. In 2023, WALC took over the development of the WH-AMR (Autonomous Mobile Robot) from DMG MORI CO., LTD., and has since been contributing to higher machine utilization with automated tool and workpiece transfer solutions amid labor shortages at customers' production sites. To further support customers, WALC has also developed "WALC CARE" and "WALC CARE KIT" for preventative maintenance, even on existing machines. WALC is currently developing the next generation of AMRs, driven by the vision that automation will be even more

advanced by 2030, which makes highly flexible AMRs even more important. As automation progresses, machine utilization will increase, creating a greater need for Digital Transformation (DX) in areas traditionally dependent on manual labor, such as preventative maintenance, handling machine alarms, and managing spare parts and consumables. WALC's team of data science specialists is committed to developing the cutting-edge services required to meet these evolving needs in the digital age.

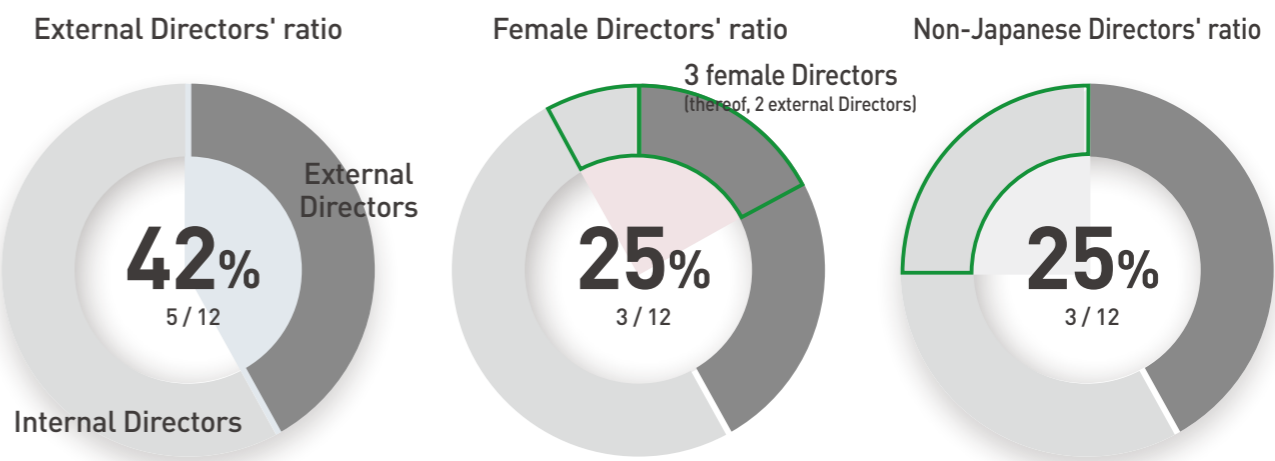


Governance Structure

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.

Remuneration of Directors and Corporate Auditors

The amount of remuneration, etc. of the Company's directors and Corporate Auditors and the method for its calculation are determined within the remuneration framework approved by the annual general shareholders meeting. For directors, remunerations are determined by taking each director's contributions to business and the status of business execution into account. For Corporate Auditors, remunerations are determined by discussions among Corporate Auditors. The table below shows the remunerations in 2024.

1) Policy on Determination of the Executive Board's Remuneration

The Company's remuneration system for the members of the Board of Directors is designed to ensure a high linkage between short- and long-term corporate performance with remuneration on a transparent and competitive level as required for listed companies in various markets, in order to attract and retain global talent as contributors to the sustainable enhancement of the Company's corporate value. Specifically, given that DMG MORI AG is subject to consolidated accounting as a listed company on the German stock exchange and considering its unique Board structure that includes non-Japanese Directors, the Company has adopted as its benchmark the executive remuneration system in Germany with its highly transparent disclosure of fixed and variable remuneration regardless of the amount. The variable remuneration consists of "bonus" as short-term performance-linked remuneration based on the performance over a single year and "stock-based remuneration" as long-term performance-linked remuneration that reflects performance over multiple years. Bonuses are calculated based on the degree of achievement of company-wide targets, such as consolidated sales revenue and consolidated operating profit, as well as the performance of each Director with respect to the targets in the divisions under his/her control, thus clarifying the responsibilities of each Director and realizing his/her performance targets per fiscal year. In addition to consolidated sales revenue, consolidated operating profit, net interest-bearing debt, and promotion of sustainability initiatives, the Company will adopt "optimization of capital investment" as a company-wide indicator from FY2025. In addition to this, the Board of Directors has adopted its own criteria for the maximum remuneration for each Director set at 50 times the average annual salary of a staff-level employee. However, External Directors and External Auditors are independent from the execution of business operations and shall only receive a fixed remuneration (base compensation). The policy and remuneration for Directors are decided by the Board of Directors, which includes 5 External Directors and 2 External Auditors, after consultation with and response from the Compensation Committee, which consists of 1 Corporate Director, 2 External Directors, and 1 External Auditor. The Compensation Committee also provides consultation after receiving reporting on the performance evaluation of each Director's division and the bonus amount to be paid to each Director. After receiving the report, the amount of remuneration for each Directors is entrusted to and determined by President & Representative Director Dr. Masahiko Mori, Chairman of the Audit & Supervisory Board of DMG MORI AG. The amount and process of the determination is then reported and approved in the Board of Directors meeting. Among the compensation for Directors, base compensation (fixed compensation) is determined in accordance with each Director's position and level of responsibility, and is set at a ratio of 4:2:1.4:1 for President & Representative Director, Executive Vice President & Representative Director, Vice President & Director, and other Directors. Among performance-linked compensation, bonuses linked to single-year performance are set to a maximum of 1.5 times the annual base compensation, and are determined based on a combination of consolidated performance indicators and individual performance evaluation. However, with respect to the President and Representative Director, only consolidated performance indicators are used. As for stock compensation, restricted stock compensation is granted on an irregular basis and is determined by the Board of Directors on a case-by-case basis. The Board of Directors' Meeting has confirmed that the method of determining the details of compensation and the details of the compensation determined for each individual Director for the current fiscal year are consistent with the decision-making policy approved by the Board of Directors and are in line with such policy.

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

Category (Director / Corporate Auditor)	Total remuneration, etc. (JPY million)	Total amount per type of remuneration, etc. (JPY million)			Applicable number of directors or Corporate Auditors
		Base remuneration	Remuneration based on business performance, etc.	Non-monetary remuneration, etc.	
Directors (excluding External Directors)	889	491	379	18	5
Corporate Auditors (excluding external Corporate Auditors)	33	33	—	—	1
External Directors	120	120	—	—	5
External Corporate Auditors	30	30	—	—	2
Total	1,072	674	379	18	13

[Footnotes]
1. Amounts are rounded down to the nearest million yen.
2. Non-monetary compensation includes the amount recorded as cost for granting restricted stock.
3. As resolved at the 71st Annual General Meeting of Shareholders held on March 22, 2019, the total amount of remuneration, etc. for Directors shall not exceed 2,000 million yen per year (including 200 million yen for External Directors). The number of Directors as of the close of this Annual General Meeting of Shareholders was 11 (including 4 External Directors).
Also, as resolved at the 70th Annual General Meeting of Shareholders held on March 22, 2018, the total amount shall not exceed 300 million yen per year (with External Directors not eligible for payment) as compensation for granting restricted stock. The number of Directors as of the close of this Annual General Meeting of Shareholders was 5 (excluding External Directors).
4. As resolved at the 59th Annual General Meeting of Shareholders held on June 28, 2007, the total amount of remuneration, etc. for Corporate Auditors shall not exceed 100 million yen per year. The number of Corporate Auditors as of the close of this Annual General Meeting of Shareholders was 3.
5. The above does not include compensation from the Company's consolidated subsidiaries.

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

Name or position	Category (Director / Corporate Auditors)	Company name	Amount per type of consolidated remuneration, etc. (JPY million)			Fiscal Year 2024 (current fiscal year) Total amount of consolidated remuneration, etc. (JPY million)	Fiscal Year 2023 Total amount of consolidated remuneration, etc. (JPY million)
			Base remuneration	Remuneration based on business performance, etc.	Non-monetary remuneration		
Masahiko Mori	Director	DMG MORI CO., LTD.	200	135	4	339	404
Hiroaki Tamai	Director	DMG MORI CO., LTD.	100	75	5	180	200
Hirotake Kobayashi	Director	DMG MORI CO., LTD.	100	75	8	183	199
Makoto Fujishima	Director	DMG MORI CO., LTD.	70	72	—	142	132
James Nudo	Director	DMG MORI CO., LTD./DMG MORI Federal Services, Inc. / DMG MORI EMEA GmbH	106	109	—	216	196
Alfred Geißler	Director	DMG MORI AG	147	211	—	358	—
Irene Bader	Director	DMG MORI Global Marketing GmbH	75	57	—	133	81
External Directors	External	DMG MORI CO., LTD.	120	—	—	120	120
Masahiro Yanagihara	Corporate Auditor	DMG MORI CO., LTD.	33	—	—	33	27
External Corporate Auditors	External	DMG MORI CO., LTD.	30	—	—	30	30

[Footnotes]
1. Amounts are rounded down to the nearest million yen.
2. President & Representative Director Dr. Masahiko Mori concurrently serves as Chairman of the Audit & Supervisory Board of DMG MORI AG and Director of TAIYO KOKI CO., LTD. but does not receive any compensation from these companies.
3. Director Alfred Geißler was newly elected and appointed as Director at the 76th Annual General Meeting of Shareholders held on March 28, 2024.
4. The number of External Directors subject to the total amount of remuneration, etc. is 5 for the current fiscal year and 6 for the previous fiscal year (including 1 who retired due to expiration of his term of office at the conclusion of the 75th Annual General Meeting of Shareholders held on March 28, 2023).
5. The number of External Auditors subject to the total amount of compensation is 2 for the current fiscal year and 2 for the previous fiscal year.

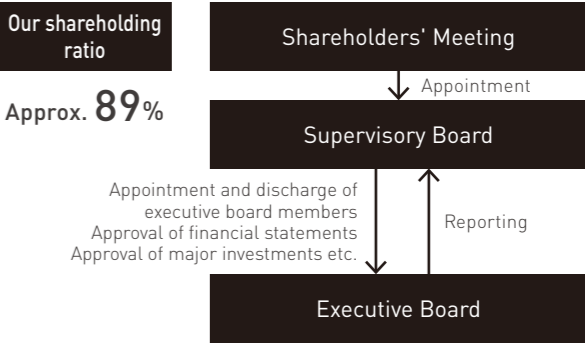
Our Governance Policy and Relationship with Listed Subsidiary

As of March 27, 2025, DMG MORI AKTIENGESELLSCHAFT ("AG") is a German listed subsidiary of the Company. AG is primarily engaged in the machine tool business, which is the core business of the DMG MORI Group. This shared commitment serves to cultivate robust business synergies across the Group. The Company is working towards maintaining and strengthening a governance system to preserve the rights of general shareholders, while leveraging the strengths of both companies to enhance the corporate value of the entire Group.

1. DMG MORI AKTIENGESELLSCHAFT

AG is listed on the Prime Standard market of the Frankfurt Stock Exchange. As of December 31, 2024, DMG MORI CO., LTD. owns 88.93% of AG's outstanding shares. Under German law, members of the Executive Board (Vorstand) are appointed by the Supervisory Board (Aufsichtsrat). Since the President of the Company, Dr. Masahiko Mori, also serve as the chairman of AG's supervisory board, he can wield significant influence, through the Supervisory Board, over the appointment of Executive Board members and the overall management of AG. Regarding the protection of general shareholders, the Company signed a "Domination and Profit and Loss Transfer Agreement" (DPLTA) in August 2016, which limits the rights of general shareholders regarding their involvement in the management of AG. However, as economic compensation, a fixed amount of recurring compensation is paid each fiscal

year regardless of AG's performance. In addition, AG has established a voluntary commitment that at least 50% of the Supervisory Board members must be independent to strengthen corporate governance.



2. Key Features of the German Supervisory Board (Aufsichtsrat) System

German stock corporations (Aktiengesellschaften) operate under a governance structure which clearly separates the structure and role of the Supervisory Board (Aufsichtsrat) and the Executive Board (Vorstand). The Executive Board executes business operations, while the Supervisory Board oversees its activities, including appointing or dismissing board members and approving key actions such as mergers, major investments, and equity transfers. Without the Supervisory Board's consent, the Executive Board cannot proceed with such actions. Also at AG, the Executive Board focuses on executing operations, while the Supervisory Board provides supervision without engaging in daily business activities.

In addition, what is unique is that companies that are subject to the Co- Determination Act (Mitbestimmungsgesetz), Supervisory Board members must include employee representatives. Shareholder

representatives are elected at the general shareholders' meeting, while employee representatives are elected by the employees. At AG, the Supervisory Board consists of 12 members, evenly split between 6 shareholder representatives and 6 employee representatives. Additionally, AG has set a female-quota of 30%, which applies to both shareholder representatives and female representatives respectively, so that diverse perspectives are reflected in its management. To keep the decision-making processes efficient, Supervisory Boards can also establish committees. AG's Supervisory Board has set up four committees to enhance its efficiency: the Finance and Audit Committee, the Personnel, Nomination, and Remuneration Committee, the Nomination Committee and the Committee for Transactions with Related Parties.

Directors and Corporate Auditors

Introduction of Directors As of March 27, 2025



Masahiko Mori

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

Mar. 1985 Graduated from the Department of Precision Engineering, Faculty of Engineering, Kyoto University

Apr. 1985 Joined ITOCHU Corporation

Apr. 1993 Joined the Company

Jun. 1994 Director, General Manager, Planning / Management Office and International Affairs Department

Jun. 1996 Senior Director


Jun. 1997 Executive Director

Jun. 1999 President (incumbent)

Oct. 2003 Dr. Eng. of the University of Tokyo

Nov. 2009 Member of Supervisory Board, DMG MORI AKTIENGESELLSCHAFT

May 2018 Chairman of Supervisory Board, DMG MORI AKTIENGESELLSCHAFT (incumbent)



Hiroaki Tamai

Executive Vice President
Director in charge of Administration and Production

Mar. 1983 Graduated from the Faculty of Commerce, Doshisha University

Mar. 1983 Joined the Company

Jun. 2003 Director, Executive General Manager, Administrative HQ

Jun. 2007 Senior Director, Executive General Manager, Administrative HQ

Jun. 2008 Executive Director, Executive General Manager, Administrative HQ

Jun. 2014 Executive Vice President, Director in charge of Sales and Engineering / Administration, Executive General Manager, Sales and Engineering HQ / Administrative HQ

Mar. 2016 Executive Vice President, Director in charge of Administration, Executive General Manager, Administrative HQ

Feb. 2020 Executive Vice President, Director in charge of Administration / Production, Executive General Manager, Administrative HQ (incumbent)



Hirotake Kobayashi

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

Mar. 1977 Graduated from the Faculty of Economics, Keio University

Apr. 1977 Joined Kirin Brewery Company, Limited (currently Kirin Holdings Company, Limited)

Mar.2012 Representative Director, Managing Director, Kirin Holdings Company, Limited

Oct. 2015 Joined the Company

Senior Executive Officer, Vice Executive General Manager, Accounting / Finance HQ

Mar. 2016 Executive Director in charge of Accounting / Finance, Executive General Manager, Accounting / Finance HQ

Mar. 2017 Executive Vice President, Director in charge of Accounting / Finance, Executive General Manager, Accounting / Finance HQ

Jan. 2021 Executive Vice President, Director in charge of Accounting / Finance and Sales, Executive General Manager, Accounting / Finance HQ (incumbent)

Jan. 2024 Executive Board Member, DMG MORI AKTIENGESELLSCHAFT (incumbent)



Makoto Fujishima

Dr. Eng.
Vice President
Director in charge of Quality

Mar. 1981 Graduated from the Department of Electronic Engineering, Faculty of Engineering, Doshisha University

Mar. 1981 Joined the Company

Mar. 2001 General Manager, Control Technology Department

Sep. 2002 Dr. Eng. of Kyoto University

Jun. 2003 Director, General Manager, Control Technology Laboratory of the Company

Jun. 2005 Senior Director, Executive General Manager, Development / Manufacturing HQ (in charge of Development), General Manager, Information System Department

Apr. 2014 Senior Executive Officer, Manufacturing / Development / Quality HQ (in charge of Electrical Circuit / Control)

Jan. 2019 Senior Executive Officer, President, R&D HQ

Mar. 2019 Executive Director in charge of Research & Development, President, R&D HQ

Apr. 2021 Executive Director, Executive General Manager, Quality HQ

Aug. 2021 Vice President, Director in charge of Quality, Executive General Manager, Quality HQ (incumbent)



James Nudo

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

Jun. 1981 Juris Doctor of Loyola University Law School

Nov. 1981 Registered as Attorney at law in the State of Illinois, U.S.A. and the United States Federal Courts

Jun. 1982 Established Law Offices of James V. Nudo

Aug. 1992 Joined Yamazen, Inc.

Apr. 2003 Joined the Company

Jul. 2014 Operating Officer, General Manager, International Legal Department


Jan. 2017 Executive Officer, General Manager, International Legal / International Human Resources Department

Jan. 2019 Senior Executive Officer, President and Director, DMG MORI USA, Inc.

Mar. 2019 Executive Director in charge of the Americas, President and Director, DMG MORI USA, Inc.

Aug. 2021 Vice President, Director in charge of the Americas, CEO, DMG MORI AMERICAS HOLDING CORPORATION

Sep. 2022 Vice President, Director in charge of the Americas, President, DMG MORI AMERICAS HOLDING CORPORATION, Managing Director, DMG MORI EMEA GmbH (incumbent)



Alfred Geißler

Director in charge of DMG MORI AKTIENGESELLSCHAFT of the company

Feb.1983 Graduated from Technische Hochschule Augsburg

Jul. 1983 Joined IROBUS Robot Systems (currently DMG MORI Pfronten GmbH)

Jan. 1997 Head of Production, DECKEL MAHO Pfronten GmbH (currently DMG MORI Pfronten GmbH)

Jul. 2000 Head of R&D, DMG MORI Pfronten GmbH

Jul. 2005 Managing Director in charge of R&D / Production / Quality and Finance, DMG MORI Pfronten GmbH

Sep. 2016 Managing Director in charge of R&D / Production / Quality and Finance, DMG MORI Pfronten GmbH, Managing Director in charge of R&D and Quality, DECKEL MAHO Seebach GmbH (currently DMG MORI Seebach GmbH)

May 2023 Chairman of the Executive Board, DMG MORI AKTIENGESELLSCHAFT (incumbent)

Jul. 2023 Senior Executive Officer, Director in charge of DMG MORI AKTIENGESELLSCHAFT

Mar. 2024 Director in charge of DMG MORI AKTIENGESELLSCHAFT of the company (incumbent)



Irene Bader

Director in charge of Global Corporate Communication

Jun. 1999 Graduated from Akademie für Sprachen und Wirtschaft

Mar. 2001 Joined DMG Büll & Strunz GmbH (currently DMG MORI Austria GmbH)

Jan. 2002 Technical Press and Marketing Manager, GILDEMEISTER AKTIENGESELLSCHAFT (currently DMG MORI AKTIENGESELLSCHAFT)

Apr. 2005 Marketing Manager, MORI SEIKI GmbH (currently DMG MORI Global Marketing GmbH)

Mar. 2012 MBA from The Open University Business School

May 2016 Member of Supervisory Board, DMG MORI AKTIENGESELLSCHAFT (incumbent)

Jan. 2017 Operating Officer in charge of Global Corporate Communication

Jan. 2019 Executive Officer in charge of Global Corporate Communication

Jan. 2023 Senior Executive Officer in charge of Global Corporate Communication

Mar. 2023 Director in charge of Global Corporate Communication (incumbent)

Directors and Corporate Auditors

Introduction of External Directors As of March 27th, 2025

	Takashi Mitachi External Director	<p>Mar. 1979 Graduated from the Faculty of Letters, Kyoto University</p> <p>Apr. 1979 Joined Japan Airlines Co., Ltd.</p> <p>Jun. 1992 Received MBA from Harvard Business School</p> <p>Oct. 1993 Joined The Boston Consulting Group</p> <p>Jan. 2005 Japan Co-chair, The Boston Consulting Group</p> <p>Mar. 2016 Outside Director, Rakuten, Inc. (currently Rakuten Group, Inc.) (incumbent)</p>	<p>Mar. 2017 External Director of the Company (incumbent) Outside Director, Unicharm Corporation</p> <p>Jun. 2017 Director (Outside Director), Tokio Marine Holdings, Inc. (incumbent)</p> <p>Oct. 2017 Senior Advisor, The Boston Consulting Group</p> <p>Jun. 2022 Outside Director, Sumitomo Corporation (incumbent)</p>
	Makoto Nakajima External Director Attorney	<p>Mar. 1974 Graduated from the Faculty of Law, The University of Tokyo</p> <p>Apr. 1974 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>Jan. 2001 Director-General, Kansai Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry</p> <p>Jun. 2004 Director-General, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry</p> <p>Sep. 2005 Commissioner, Japan Patent Office</p> <p>Jul. 2007 Retired from office</p> <p>Feb. 2008 Consultant, Sumitomo Electric Industries, Ltd.</p> <p>Apr. 2009 Registered as Attorney at law</p>	<p>Oct. 2009 Managing Executive Officer, Sumitomo Electric Industries, Ltd.</p> <p>Jun. 2010 Managing Director, Sumitomo Electric Industries, Ltd.</p> <p>Jun. 2014 Representative Senior Managing Director, Sumitomo Electric Industries, Ltd.</p> <p>Jun. 2016 Vice Chairman and Senior Executive Managing Director, Japan Institute of Invention and Innovation</p> <p>Oct. 2016 Outside Director, AIRI Co., Ltd (incumbent)</p> <p>Mar. 2017 External Director of the Company (incumbent)</p> <p>Jun. 2021 Advisor, Japan Institute of Invention and Innovation (incumbent)</p> <p>Apr. 2024 Visiting Professor, Kanazawa Institute of Technology (incumbent)</p>
	Hiroko Watanabe External Director	<p>Mar. 1984 Graduated from the Faculty of Humanities, Jissen Women's University</p> <p>Mar. 1986 Joined Fuji Electronics Industry Co., Ltd.</p> <p>Jun. 1998 Director, Fuji Electronics Industry Co., Ltd.</p> <p>Apr. 1999 Managing Director, Fuji Electronics Industry Co., Ltd.</p> <p>Jun. 2008 President, Fuji Electronics Industry Co., Ltd. (incumbent)</p> <p>May 2009 Director, Osaka Prefectural Manufacturing & Industrial Association (incumbent)</p> <p>May 2016 Director, Japan Industrial Furnace Manufacturers Association (incumbent) Chairperson, Monozukuri Nadeshiko</p> <p>Jun. 2017 Awarded by the Prime Minister for distinguished contribution toward the creation of a gender-equal society</p>	<p>Mar. 2021 External Director of the Company (incumbent)</p> <p>Apr. 2021 Chairperson, Monozukuri Nadeshiko (incumbent)</p> <p>Mar. 2023 Temporary Member, Council for Small and Medium Enterprise Policy, Ministry of Economy, Trade and Industry (incumbent)</p> <p>Jun. 2023 Chair, Japan Metal Heat Treatment Association (incumbent)</p> <p>Jun. 2023 Director, The Japan Society for Heat Treatment (incumbent)</p> <p>Aug. 2024 Temporary Member, Council for Small and Medium Enterprise Policy, Ministry of Economy, Trade and Industry (incumbent)</p>
	Mamoru Mitsuishi Ph.D. External Director	<p>Mar. 1979 Graduated from the Faculty of Science, The University of Tokyo</p> <p>Mar. 1981 Graduated from the Faculty of Engineering, The University of Tokyo</p> <p>Mar. 1986 Completed the Department of Mechanical Engineering, Graduate School of Engineering, The University of Tokyo (Doctor of Engineering)</p> <p>Apr. 1986 Lecturer, Faculty of Engineering, The University of Tokyo (Department of Industrial Mechanical Engineering)</p> <p>Apr. 1989 Assistant Professor, Faculty of Engineering, The University of Tokyo (Department of Industrial Mechanical Engineering)</p> <p>Aug. 1999 Professor, Graduate School of Engineering, The University of Tokyo (Department of Industrial Mechanical Engineering)</p> <p>Apr. 2014 Dean of the Graduate School of Engineering and Dean of the Faculty of Engineering, The University of Tokyo</p> <p>Apr. 2017 University Executive Director and Vice President, The University of Tokyo</p>	<p>Feb. 2019 Representative Director, CIRP JAPAN</p> <p>Aug. 2019 President, CIRP (International Academy for Production Engineering)</p> <p>Apr. 2022 Director, National Institution for Academic Degrees and Quality Enhancement of Higher Education (incumbent) Specially Appointed Professor, Teikyo University Advanced Comprehensive Research Organization (incumbent) Visiting Professor, Research Council, Future Robotics Organization, Waseda University (incumbent)</p> <p>Jun. 2022 Professor Emeritus, The University of Tokyo</p> <p>Mar. 2023 External Director of the Company (incumbent)</p> <p>Apr. 2023 Visiting Researcher, Japan Aerospace Exploration Agency (incumbent)</p> <p>Oct. 2023 President, Science Council of Japan (incumbent)</p> <p>Nov. 2023 Member, Council for Science, Technology and Innovation (incumbent)</p>
	Eriko Kawai External Director	<p>Jun. 1981 Graduated from Harvard University</p> <p>Oct. 1981 Joined Nomura Research Institute, Ltd.</p> <p>Jun. 1985 MBA from INSEAD (Institut Européen d'Administration des Affaires)</p> <p>Sep. 1985 Management Consultant, McKinsey & Company</p> <p>Oct. 1986 Fund Manager, Mercury Asset Management, SG Warburg</p> <p>Nov. 1995 Director and Executive Officer in charge of Investment (CIO), Yamaichi Regent ABC Polska</p> <p>Jul. 1998 Pension Fund Administrator, BIS (Bank for International Settlements)</p>	<p>Oct. 2004 Pension Fund Administrator, OECD (Organization for Economic Cooperation and Development)</p> <p>Apr. 2012 Professor, Kyoto University</p> <p>Jun. 2018 Outside Director, Daiwa Securities Group Inc. (incumbent)</p> <p>Mar. 2021 Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd. (incumbent)</p> <p>Apr. 2021 Professor Emeritus, Kyoto University</p> <p>Jun. 2021 Outside Director, Mitsui Fudosan Co., Ltd. (incumbent)</p> <p>Mar. 2023 External Director of the Company (incumbent)</p>

Introduction of Corporate Auditors As of March 27th, 2025

	Masahiro Yanagihara Corporate Auditor	<p>Mar. 1983 Graduated from the School of Economics, Kwansai Gakuin University</p> <p>Mar. 1983 Joined the Company</p> <p>Mar. 1998 President, MORI SEIKI FRANCE S.A.</p> <p>May 2005 General Manager, Americas Department</p> <p>Apr. 2010 Operating Officer, General Manager of President's Office and Public Relations Department</p> <p>Apr. 2014 Operating Officer and Vice Executive General Manager, Administrative HQ</p>	<p>Nov. 2017 Senior Director and General Manager, Secretarial Department</p> <p>Mar. 2023 Full-time Corporate Auditor (incumbent)</p>
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Introduction of External Corporate Auditors As of March 27th, 2025

	Yoshinori Kawamura External Corporate Auditor	<p>Mar. 1975 Graduated from the Faculty of Economics, Kyoto University</p> <p>Apr. 1975 Joined Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)</p> <p>Jun. 2005 Managing Director and Head of the Americas Division, Sumitomo Mitsui Banking Corporation</p> <p>Apr. 2008 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>Apr. 2009 Deputy President, Member of the Board, Sumitomo Mitsui Banking Corporation</p>	<p>Jun. 2011 President, Sumitomo Mitsui Finance and Leasing Company, Limited</p> <p>Jun. 2017 Special Advisor, Sumitomo Mitsui Finance and Leasing Company, Limited Director, HANSHIN ELECTRIC RAILWAY CO., LTD. (part-time, incumbent)</p> <p>Jun. 2018 External Director, Japan Bank for International Cooperation (incumbent)</p> <p>Mar. 2019 External Audit & Supervisory Board Member of the Company (incumbent)</p>
	Takahiro Iwase External Corporate Auditor	<p>Mar. 1975 Graduated from the School of Engineering, Nagoya University</p> <p>Mar. 1977 Completed master's course, Graduate School of Engineering, Nagoya University</p> <p>Apr. 1977 Joined Toyota Motor Co., Ltd. (currently TOYOTA MOTOR CORPORATION)</p> <p>Jun. 2005 Managing Officer, TOYOTA MOTOR CORPORATION</p> <p>Jun. 2009 Senior Managing Director, TOYOTA MOTOR CORPORATION Outside Audit & Supervisory Board Member, Chuo Spring Co., Ltd.</p> <p>Apr. 2011 Vice Chairman of the Board of Directors, Toyota Motor Asia Pacific Pte Ltd.</p>	<p>Jun. 2011 Senior Managing Officer, TOYOTA MOTOR CORPORATION</p> <p>Jun. 2014 President, TOYOTA AUTO BODY CO., LTD.</p> <p>Apr. 2016 Standing Advisor, Aichi Steel Corporation</p> <p>Jun. 2016 Chairman, Aichi Steel Corporation</p> <p>Jun. 2017 External Audit & Supervisory Board Member, Chuo Spring Co., Ltd.</p> <p>Mar. 2021 External Auditor of the Company (incumbent)</p> <p>Jun. 2021 External Director of Makita Corporation (incumbent)</p>

Skill matrix of directors

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

Dialogue with External Directors



Hirosuke Tai
Daiwa Securities Co., Ltd.
Equity Research Dept.
(In charge of Machinery,
Shipbuilding, and Plants)
Chief Analyst

Hiroko Watanabe
External Director

Eriko Kawai
External Director

Takashi Mitachi
External Director

Mr. Tai: My name is Tai, and I have been an analyst at Daiwa Securities since 1999, focusing on the machinery sector. Under its strong leadership, DMG MORI is driving transformative changes in the machine tool industry and the capital market is highly interested in the role of external directors in this process. I am looking forward to hearing your honest insights. Thank you for your time today.

Mr. Tai: First of all, with your diverse backgrounds, how do you view the current state of the machine tool industry as external directors of DMG MORI?

Mr. Mitachi: The machine tool industry is characterized by cyclical fluctuations in demand. The Company has worked extensively to find ways to become more resilient to this cyclicity and the efforts are starting to pay off. A clear example was the pandemic from four years ago. As a response, the Company not only diversified its operations regionally but also accelerated

the shift to a solutions-based business model, which was initiated back in 2010. This approach has proven highly successful and enabled the Company to generate stable cash flow through strong after-sales services. Additionally, in terms of cost structure, I believe the Company is now well-prepared, based on the premise of cyclicity. In other words, I believe the Company now has a structure that allows it to take firm action on costs when market conditions are bad, while maintaining its workforce. Another strength of DMG MORI is its diverse customer and product portfolio. The Company has moved away from relying heavily on the automotive industry, expanding into sectors such as aerospace, medical, and more. This diversification has further strengthened its resilience against economic downturns. In the future, competitors may also aim to adopt a solution-oriented business model and the key for DMG MORI is how to stay consistently ahead of them.

Ms. Watanabe: The machine tool industry is a key customer of the company that I run, so I have known it

for some time. However, after joining the Company as external director, I have formed the impression that the Company's strategies are ahead of other companies within the industry. There are many owner-operated companies in the machine tool industry, which excel at taking a long-term approach to management and planning investments and returns over a 10-year period. However, the Company's management looks even further ahead. As Mr. Mitachi mentioned, DMG MORI was the first in the industry to transform into a solution-oriented business, setting itself apart from competitors.

Ms. Kawai: AI (Artificial Intelligence) and IT will also become increasingly important for the machine tool industry. While Japan's machine tool industry still has many small and medium-sized companies, the market consolidation is prevalent, as was the case with DMG, DMG MORI's German subsidiary, in the past. The Company is already a leading company and will most likely become the central figure in Japan's machine tool industry by staying ahead in areas such as AI and IT technologies, while continuously enhancing service quality.

Mr. Tai: Thank you for sharing your valuable perspectives on DMG MORI's position within the industry. Next, I would like to hear about any proactive initiatives you have taken as external directors. As I mentioned earlier, from an investor's standpoint, there is considerable interest in understanding the role external directors play, particularly given the significant presence of President Dr. Mori.

Ms. Watanabe: Each external director has their own area of expertise. The executive directors listen carefully to our input in these areas, enabling us to offer advice from an external perspective, such as identifying any overlooked aspects. In my case, I often raise questions during board meetings such as whether the potential impact on small and medium-sized suppliers has been properly considered.

Mr. Mitachi: The board meetings are not predetermined in terms of outcomes but serve as a forum for open discussion.

Ms. Watanabe: If an executive director is unable to provide an answer on the spot, they prepare a response and report back by the next board meeting. Having the board meeting as a platform for discussion, the executive directors are encouraged to carefully consider the objectives and measures behind their actions and to prepare diligently to fulfill their accountability. Overall, I believe the external directors are functioning effectively.

Ms. Kawai: One of the strengths of the Company is the prompt and thorough provision of information when

questions are raised. In addition to board meetings, I am personally interested in contributing to talent development. For example, I have delivered lectures for employees under the theme of "Global Communication," held discussion sessions to hear employees' voices, and participated in forums to discuss women's careers, where I exchange opinions with female employees working at the Company. Given the nature of the industry, the low ratio of women is somewhat unavoidable, but I am committed to providing support within this context. One initiative I found particularly impressive is the Company's comprehensive partnership with Nara Women's University when it established an engineering department, aiming to nurture female engineers from the student stage. Additionally, I believe the Company's investment in employee education per person per year ranks among the highest in Japan.



Mr. Mitachi: I believe the role of external directors is to provide insights from experiences in other industries and beyond the realm of machine tools, while also contributing to risk mitigation. Prior to the current Medium-Term Business Plan, the Company developed the "Vision 2030", primarily led by younger and mid-level employees, and external directors provided significant advice during this process. In recent years, factors beyond business competitiveness have become potential risks. Specifically, geopolitical issues, pandemics, and in Japan's case, large-scale earthquakes are notable examples. During the pandemic, for instance, the board of directors discussed early on employee safety along with the risk of engineers being unable to travel to customer sites for machine installation, which could halt operations.

Ms. Watanabe: From a risk management perspective, the board of directors consistently discuss preparations for various potential risks, including not only the distribution of production sites but also the locations of suppliers and the extent of their supply capabilities.

Mr. Mitachi: I believe the external directors of the Company are expected to provide concrete inputs with regards to global perspective, comprehensive risk management, and viewpoints that the executive director may not have considered. Challenging Dr. Mori's view on the machine tool industry and clients is not

worthwhile, since he visits hundreds of customers annually. We, external directors, are cognizant of the necessity to offer advice from our unique perspectives to deliver added value. Dr. Mori and the internal executive directors sincerely listen to our opinions. For example, when we suggested creating a forum exclusively for discussions among external directors, the proposal was readily accepted.



Mr. Tai: You mentioned having interactions with employees — do you also have opportunities to visit production sites?

Ms. Watanabe: Yes, in my case, I take the opportunity to visit nearby production sites when they are located close to where I am traveling for business.

Ms. Kawai: I plan to visit our overseas sites next year (2025). It will be increasingly important for DMG MORI to enhance communication with overseas employees in Germany and other countries. I believe this will play a key role in boosting employee motivation.

Mr. Mitachi: When I was appointed as an external director, I had the opportunity to visit many sites, including overseas locations. Meeting with the overseas top executives provided a starting point for discussions on how to approach global management effectively.

Mr. Tai: As external directors, which KPIs do you particularly focus on? Qualitative metrics are also welcome.

Mr. Mitachi: I pay close attention to the time lag between orders and sales, as I believe it can serve as an indicator to detect signs of upcoming volatility. I also focus on ROA, as it is the best metric to assess how efficiently invested assets are generating returns. Some have commented that the Company's balance sheet has become too large, but what matters is whether it aligns with its strategy. Given the Company's business model, having a slightly larger balance sheet might actually be more appropriate. I also believe it is important to adjust KPI targets according to the situation and focus the management's aim at achieving longer-term growth. Naturally, I also

pay attention to the stock price. I focus on Total Return to Shareholders (TRS), including dividends, to see if the number of long-term investors is increasing.

Ms. Kawai: Since the Company is a company that actively invests, I also monitor cash generation capacity. While I support investments, it is important to maintain a balance with the redemption of interest-bearing debts.

Ms. Watanabe: At board meetings, directors are provided with a variety of numerical data, including various KPIs. While some investments take time to yield returns, I understand that, through discussions at the board level, the Company ultimately makes investments that generate cash.

Mr. Tai: While they understand that DMG MORI has medium- to long-term objectives, some investors in the capital market express concerns about the Company continuing to make aggressive investments even during periods of underperformance.

Mr. Mitachi: The presence of external directors compels the executive directors to articulate and explain the rationale behind their investments. This requires them to provide data and logical reasoning, creating a healthy sense of tension. Through thorough discussions at the board meetings, we are convinced that the Company is making investments with a long-term perspective.

Mr. Watanabe: Exactly. The board meetings also involve a significant number of questions. By asking questions, external directors can examine the each issues.

Mr. Mitachi: In a highly volatile industry, the fact that DMG MORI formulated and publicly announced a Medium-Term Business Plan reflects the management's commitment to providing some form of guidance while keeping a medium- to longterm perspective in mind.

Ms. Watanabe: Amid high uncertainty, including conflicts around the world, the Company engages in discussions on mitigating risks, such as diversifying production sites. There are also investments aimed at ensuring the long-term continuity of the business.



Mr. Tai: What are your views on the Company's succession plan, including the establishment of a Nomination Advisory Committee? Many investors are closely watching the succession process, particularly because of the strong leadership of the current president.

Mr. Mitachi: As part of the preparation, DMG MORI is already taking steps to develop future leaders, such as sending executive candidates to the Kyoto University Executive Business Program, which I oversee. However, I believe the successor to the current president will likely lead through a "team-based" management approach. Additionally, establishing a formal Nomination Committee should be considered as the next step in enhancing the Company's governance structure.

Ms. Watanabe: The Company places greater emphasis on substance rather than formality. Instead of prioritizing formalities to establish a Nomination Committee, one option could be to create an alternative body that focuses on substantive functions equivalent to those of a Nomination Committee.

Ms. Kawai: Additionally, the current president has an extensive personal network outside the core business, and passing on this external network to the next management team will be crucial. The president's wide-ranging connections have, directly or indirectly, had a positive impact on the business. Supporting the next president in building their external network is something I view as a secondary role of us external directors.

Mr. Tai: Speaking for yourself, isn't it difficult to find time to serve as an external director for multiple companies at the same time?

Ms. Kawai: The number of companies one can serve as an external director depends on the situation of each individual. If you are managing a business like Ms. Watanabe, you may be able to serve as an external director for one company at most. However, for someone like me, with more flexibility, it is entirely possible to hold multiple such roles. I accept external director positions when I can ensure I have enough time to dedicate to each company. The advantage of serving on multiple boards is that I get to see the practices of various companies. By learning from both the strengths and shortcomings of different organizations, I can offer various insights and advice that are relevant to the Company's management.

Mr. Mitachi: Having served as an external director for multiple companies, I have found that in the end, I tend

to focus on the companies that are most fulfilling. The challenge is that when serving as an external director for a company you find rewarding, you inevitably become attached to it. The tricky part is maintaining the right distance, even when you develop a fondness for the company (laughs).

Ms. Watanabe: As Ms. Kawai mentioned, I am personally involved in managing a company, so I cannot think of serving a company other than DMG MORI as an external director. To fulfill my responsibilities and meet the expectations of the Company's shareholders, I have no plans to take on any additional roles.



Mr. Tai: What points do you communicate and explain during discussions with investors?

Mr. Mitachi: In the past 4 to 5 years, there has been an increase in questions directed at external directors during the annual general meeting of shareholders. We strive to ensure that the shareholders understand our roles and how we contribute to the Company.

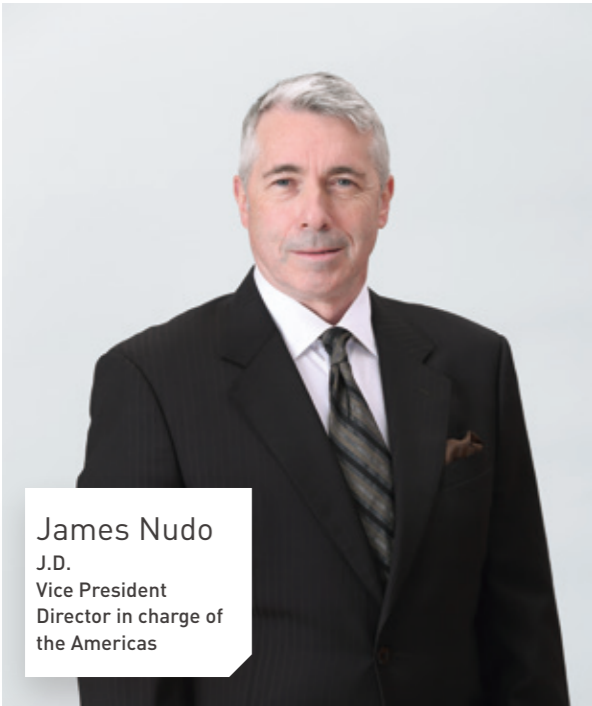
All External Directors: As stated in the Ministry of Economy, Trade and Industry's "Guidelines for external directors", we are open to direct dialogue with institutional investors. However, we would like investors to distinguish between the questions for the executive directors and those for external directors. The roles required of an executive director and an external director are different, and we would like to have a dialogue based on a common understanding of this premise.

Mr. Tai: Thank you very much for the open discussion today.

All External Directors: Today's dialogue was very insightful for us to understand how the Company's governance structure is viewed by the capital market. We will continue to make efforts to meet the expectations of the shareholders.

Legal & Risk Management

Looking to the Future of the Legal Department



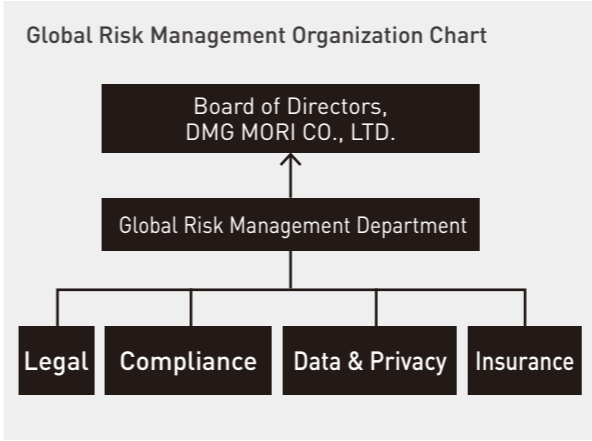
In Japan, some still perceive the role of legal department as limited to managing shareholders' meetings and reviewing contracts, detached from the core activities that drive business growth. However, this view is outdated. In modern Western companies, the legal department plays an integral role in decision-making, particularly when the company is making significant investments or developing new products or services across several jurisdictions. For example, in mergers and acquisitions, attorneys can avoid delays or cancellations by reviewing local merger filing requirements or foreign direct investment regulations. Even if a transaction is legally permissible, if the company does not take sufficient time to conduct due diligence, it may end up absorbing undesired litigation risks, hidden financial liabilities, or paying for intellectual property which holds little value. With regards to products and services, the European Union – as an example – has been very eager to introduce new regulations in areas such as AI, sustainability, and cybersecurity. As a result, products that were once unproblematic may now need functionality changes or specialized data management systems to remain sellable in the EU market. Hence, the legal department is not just a cost center — it is critical for the company to contain creating added value, and it may have to pay a high price if it fails to invest in its legal functions accordingly. So, what are the key principles for DMG MORI's legal department to function as a value center?

First Principle: "Have a business-driven mindset"
When advising young lawyers, I often ask, "What is the worst that could happen to the company if the situation you described continues?" Having spent 10 years as a litigation attorney, I know that even in a country like the U.S., which is known for its litigiousness, less than 10% of cases make it to trial. So, instead of trying to eliminate the risk entirely, in-house attorneys should focus on identifying legal barriers to realize business ideas and urge business leaders to take appropriate action. Running a business inherently involves risk; trying to avoid it altogether will hinder the growth of the company. In fact, there is a concrete example where the legal department contributed to business creation. In 2022, we established a subsidiary specializing in machinery sales to the U.S. government. This decision was derived from the advice of our U.S. in-house counsel, who, after reviewing the U.S. Federal Acquisition Regulations, advised that it is less costly to establish a new entity to handle transactions rather than to alter internal protocols of the existing entity. It's common in the U.S. for in-house attorneys to transition into management roles, because attorneys can be very creative if they choose to. I, also, have been involved in the business side for the last several years, and I encourage younger attorneys to consider running a portion of the business if the chance arises. Even if they choose not to take on such roles, a deeper understanding of the business will undoubtedly help them provide better legal advice as in-house counsel.



Second Principle: "Broaden practice areas"
We employ several lawyers across our key markets in Asia, Europe and the Americas, each specializing in specific areas of laws in addition to their regional responsibilities. While some shareholders may question whether our lawyers, trained in specific jurisdictions, can respond to cross-border inquiries, it has been proven to be effective because over time the lawyers develop a deep understanding of the business strategies related to that business segment. From the business managers' perspectives, this set-up allows them to rely on a single contact, saving their time and effort.

To take this a step further, we established a new Global Risk Management Department which will go live in January 2025. This department will consolidate legal, compliance, data privacy and insurance functions under one department head. This structure will allow us to offer more holistic advice and be involved in key business decisions at earlier stages. Although not many companies have this type of structure, the functions grouped under the new department are naturally aligned, as they all have legal or regulatory requirements which form their principles. I have high expectations for the appointed lawyer who will lead this department highly trained and experienced members, knowing their analytical and decision-making skills will be put into use across these related fields.



Third Principle: "Influence up"
The era when the global north believed that globalization, driven by lowered trade barriers and ubiquitous information technology, would lead to a more peaceful world has come to an end. Since 2020, terms like "regional conflicts", "trade wars", "economic security", "supply chain vulnerability", have become increasingly common in the international business world. In this environment, managing geopolitical risks is a critical challenge for a global company like ours. While there is no simple solution, I believe it's crucial for the team members of the Global Risk Management Department to continue gathering information in multiple regions, just as the Company mitigates logistics and currency risks by diversifying our production bases around the globe. Factual knowledge about new laws and regulations gained through in-house legal networks or seminars held by law firms is invaluable. However, nuances and insights related to legal developments, such as understanding how a country's executive branch is responding to a particular issue, are equally important in assessing risks for the Company's business; I encourage our in-house counsel and compliance experts to establish and maintain a network of external experts in each relevant jurisdiction, attend professional conferences and be attuned to regulatory trends in their jurisdictions. By understanding relevant enforcement trends, assessing their potential impact on our business and by urging our group companies to strengthen their compliance systems, the legal department can help the Company be better prepared for risks in its cross-border activities to foreign markets.



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.

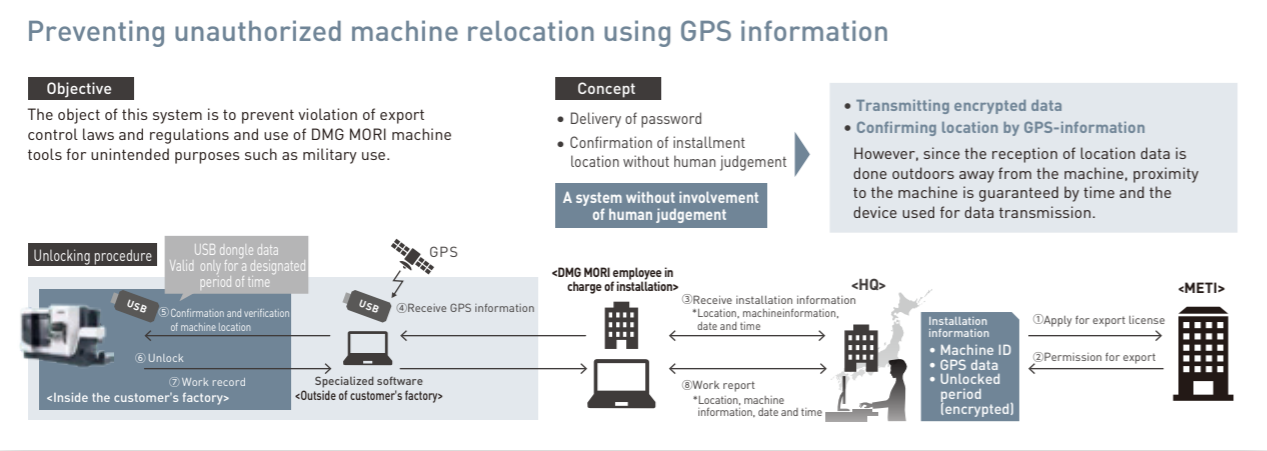
Adapting to Changing Regulations to Protect Our Industry and Technologies

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.



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

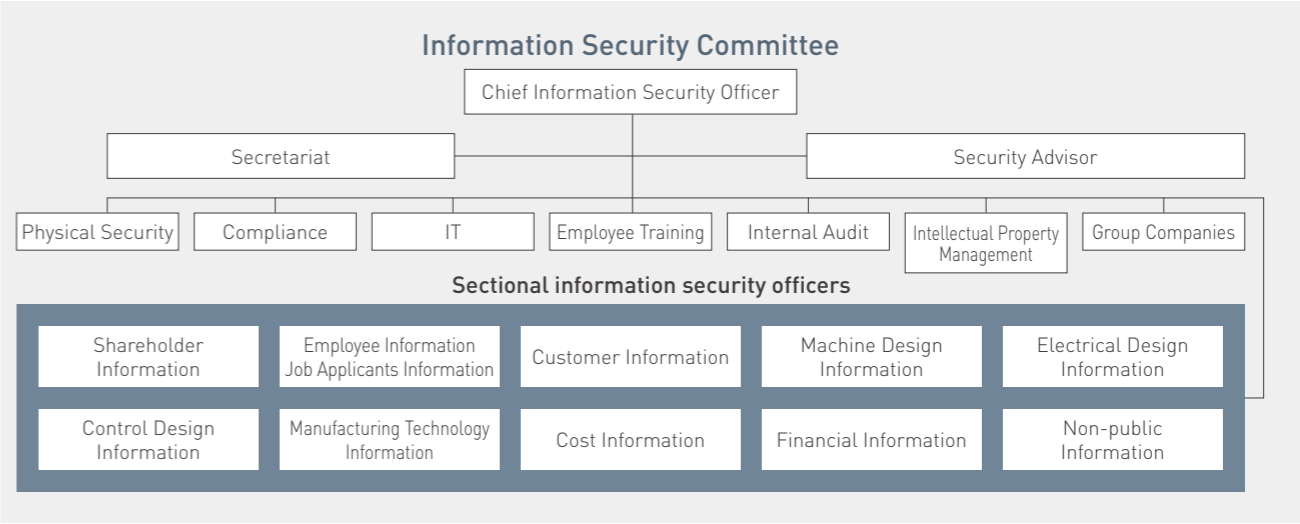
security management. The Information Security Committee formulates security strategies, strengthens governance through training, etc., enforces security protocols, and oversees information security audits. In addition to the Information Security Committee meetings, the Company also hosts global, in-person 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.



BCP (Business Continuity Plan)

Basic measures

Following the Great East Japan Earthquake in March 2011, the Company regularly reviews its disaster countermeasures manual. As part of its disaster prevention activities, the Company conducts periodic educational drills, checks various disaster prevention equipment, and performs satellite phone call tests. Furthermore, its 17 manufacturing sites worldwide contribute to ensuring business continuity in the event of a major disaster.

Major changes in recent years

BCP Basic Plan	Updated measures for large-scale disasters • Additional hazards (Nankai megathrust earthquake, Tokyo megaquake, Tsunami) • Additional business locations (Nara, Tokyo GHQ, Nara PDC, Nagoya)
	Added pandemic preparedness
BCP Action Plan	Updated BCP action plans for each department

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

The Company is steadily enhancing its solar power generation systems in Iga Campus, which will have a total panel capacity of 13,400 kW by January 2025. The Company stores excess power in 1,000 kWh storage batteries to ensure a continuous supply of emergency power for lighting, air conditioning, and other essential functions in the disaster response room for approximately 4 to 8 hours. During that time, the on-site power generation equipment (with a total capacity of 8,000 kW, equivalent to 70% of the factory's power needs during full operation) will be activated. Through hybrid operation with solar power generation, the combined output of approximately 8,000 kW ensures a stable power supply. This setup allows for over three days of power supply while minimizing fuel consumption. With the introduction of EVs (electric vehicles), PHEVs, and external power supply units in June 2024, the Company is now able to supply power not only within the Company but also to nearby evacuation centers during disaster-related power outages. Additionally, during periods of high electricity demand, the Company can respond to requests from power companies to conserve energy by operating its on-site power generation equipment. This reduces the amount of electricity purchased from the grid (demand response), thereby contributing to the stable power supply for the surrounding community.

BCP measures regarding supply chain

As supply chain disruptions pose a business continuity risk, the Company is collaborating with its suppliers in its BCP measures. The key measures are outlined in the table below. By encouraging its suppliers to implement business continuity planning, the Company aims to establish a resilient supply chain, ensuring the continuous and stable delivery of parts and materials.

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

Compliance Principles

The Company defines codes of conducts for directors, Executive Officers, and other employees by stipulating rules in its Mission Statement, Employee Handbook, Compliance Handbook, Export Control Program, Information Security Policy, and Management Systems for Environment, Labor Safety and Health, and Quality. By putting these rules into practice, the Company aims to achieve legal and regulatory compliance. The Company also provides continuous compliance trainings for employees of all ages and seniority. In addition, the Company established a whistleblowing hotline and defined its operating rules in the Compliance Hotline Policy. The Company's whistleblower system includes a third-party hotline so that the reporter may choose to remain anonymous.

Internal Control Principles

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

1. Audit & Supervisory Board

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

2. Internal Audit

The Internal Audit Office, operating as an independent unit with three dedicated members and reporting directly to the President, conducts thorough assessments to ensure the optimal and efficient execution of group-wide business operations. In addition, the Internal Audit Office evaluates the effectiveness of the Company's internal controls over financial reporting based on the Financial Instruments and Exchange Act (J-SOX or the Japanese equivalent of the Sarbanes-Oxley Act). Furthermore, they monitor risk

management within its subsidiaries and share information with the Corporate and External Auditors during subsidiary audits and with subsidiaries' internal audit departments during liaison meetings. The results of internal audits are reported promptly to the President and periodically to the Corporate Auditors. The Internal Audit Office also works closely with accounting auditors, exchanging opinions on audit schedules, procedures, and other relevant matters as needed.

3. Management of Subsidiaries

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

Investor Engagement

The Company places great importance on investor engagement to enhance its corporate value and increase shareholder profits. The Company provides opportunities for bilateral conversations through briefings for overseas institutional investors, one-on-one meetings, and site visits at its major domestic and international sites. In 2024, the Company disclosed corporate governance reports in addition to the financial release materials in both Japanese and English to allow its overseas investors fair and timely access to relevant information.



March 2024: Annual General Meeting of Shareholders



FINANCIAL SECTION

Financial Information
Consolidated Financial Statements
Corporate Information

Key Financial Figures

Fiscal year	Converted in JPY (unit: million)				
	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%

Fiscal year	EUR-converted amount (Unit: EUR million)				
	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 Statement of Financial Position

	Exchange rate (CR) JPY 164.86 / EUR			
	Unit: JPY million		Unit: EUR million	
	Previous fiscal year December 31, 2023	Current fiscal year December 31, 2024	Previous fiscal year December 31, 2023	Current fiscal year December 31, 2024
Assets				
Current assets				
Cash and cash equivalents	39,212	41,747	238	253
Trade and other receivables	62,927	66,728	382	405
Other financial assets	5,713	2,696	35	16
Inventories	200,843	190,009	1,218	1,153
Other current assets	14,277	15,877	87	96
Subtotal	322,974	317,059	1,959	1,923
Assets held for sale	799	652	5	4
Total current assets	323,773	317,711	1,964	1,927
Non-current assets				
Property, plant and equipment	189,231	212,710	1,148	1,290
Right-of-use assets	24,637	28,605	149	174
Goodwill	85,587	89,951	519	546
Other intangible assets	100,909	110,585	612	671
Other financial assets	26,246	19,296	159	117
Investments in associates and joint ventures	6,322	7,489	38	45
Deferred tax assets	5,334	6,662	32	40
Other non-current assets	3,764	4,554	23	28
Total non-current assets	442,033	479,855	2,681	2,911
Total assets	765,806	797,567	4,645	4,838

[*] EUR amount is translated from JPY at the current rate of Dec. 31, 2024 (JPY 164.86 / EUR) for both previous and current fiscal year.
Please refer to the Security Report for the audited financial statements.

	Exchange rate (CR) JPY 164.86 / EUR			
	Unit: JPY million		Unit: EUR million	
	Previous fiscal year December 31, 2023	Current fiscal year December 31, 2024	Previous fiscal year December 31, 2023	Current fiscal year December 31, 2024
Liabilities and Equity				
Liabilities				
Current liabilities				
Trade and other payables	82,914	75,119	503	456
Interest-bearing bonds and borrowings	61,187	102,990	371	625
Contract liabilities	93,430	84,576	567	513
Other financial liabilities	71,967	77,662	437	471
Income taxes payable	9,657	8,700	59	53
Provisions	50,998	40,809	309	248
Other current liabilities	6,477	7,859	39	48
Total current liabilities	376,633	397,718	2,285	2,412
Non-current liabilities				
Interest-bearing bonds and borrowings	52,474	3,459	318	21
Other financial liabilities	40,309	52,515	245	319
Liabilities related to retirement benefits	5,192	5,755	31	35
Provisions	6,371	5,704	39	35
Deferred tax liabilities	9,340	12,725	57	77
Other non-current liabilities	2,939	3,208	18	19
Total non-current liabilities	116,627	83,368	707	506
Total liabilities	493,261	481,087	2,992	2,918
Equity				
Issued capital	51,115	71,230	310	432
Capital surplus	208	18,496	1	112
Hybrid capital	110,822	110,822	672	672
Treasury shares	△883	△862	△5	△5
Retained earnings	92,283	85,866	560	521
Other components of equity	14,444	28,969	88	176
Equity attributable to owners of the parent	267,990	314,522	1,626	1,908
Non-controlling interests	4,555	1,957	28	12
Total equity	272,545	316,480	1,653	1,920
Total liabilities and equity	765,806	797,567	4,645	4,838

Consolidated Statement of Profit or Loss

		Exchange rate (CR) JPY 164.86 / EUR		
	Unit: JPY million	Unit: EUR million		
	Previous fiscal year From January 1, 2023 To December 31, 2023	Current fiscal year From January 1, 2024 To December 31, 2024	Previous fiscal year From January 1, 2023 To December 31, 2023	Current fiscal year From January 1, 2024 To December 31, 2024
Continuing operations				
Revenue				
Sales revenue	539,450	540,945	3,272	3,281
Other revenue	9,070	14,062	55	85
Total revenue	548,521	555,007	3,327	3,367
Costs				
Changes in merchandise, products and work in progress inventories	△27,727	16,965	△168	103
Costs of raw materials and consumables	238,839	195,629	1,449	1,187
Personnel costs	168,680	179,487	1,023	1,089
Depreciation and amortization	26,333	31,494	160	191
Other operating expenses	87,037	87,704	528	532
Total costs	493,164	511,280	2,991	3,101
Operating profit	55,356	43,726	336	265
Finance income	1,117	1,490	7	9
Finance costs	7,553	8,354	46	51
Share of profits and losses of at equity-accounted investments	192	276	1	2
Profit before income taxes	49,113	37,138	298	225
Income taxes	13,699	14,085	83	85
Profit for the year from continuing operations	35,413	23,053	215	140
Discontinued operations				
Loss after tax for the year from discontinued operations*2	△1,184	△15,069	△7	△91
Net profit	34,229	7,983	208	48
Net profit attributable to:				
Owners of the parent	33,944	7,700	206	47
Non-controlling interests	284	283	2	2
Net profit	34,229	7,983	208	48
		Exchange rate (CR) JPY 164.86 / EUR		
Unit: JPY		Unit: EUR		
Earnings per share				
Earnings per share (basic) (△ indicates loss)				
Continuing operations	266.10	153.31	1.61	0.93
Discontinued operations	△9.44	△109.71	△0.06	△0.67
Earnings per share (basic)*1	256.66	43.60	1.56	0.26

[*] EUR amount is translated from JPY at the current rate of Dec. 31, 2024 (JPY 164.86 / EUR) for both previous and current fiscal year. Please refer to the Security Report for the audited financial statements.
*1 The weighted average number of ordinary shares used as the denominator in calculating basic earnings per share is 137,364,991.
*2 Losses from discontinued operations in the Russian manufacturing company.

Consolidated Statement of Cash Flows

Exchange rate (CR) JPY 164.86 / EUR			
Unit: JPY million		Unit: EUR million	
Previous fiscal year From January 1, 2023 To December 31, 2023	Current fiscal year From January 1, 2024 To December 31, 2024	Previous fiscal year From January 1, 2023 To December 31, 2023	Current fiscal year From January 1, 2024 To December 31, 2024
Cash flows from operating activities			
Profit before income taxes	49,113	298	225
Depreciation and amortization	25,598	155	191
Gain on disposal of property, plant and equipment (△ indicates gain)	△531	△3	3
Finance income and costs (△ indicates income)	6,415	39	42
Share of profits and losses of at equity-accounted investments (△ indicates profit)	△192	△1	△2
Profit or loss from other non-cash transaction (△ indicates profit)	△5,030	△31	6
Decrease or increase in inventories (△ indicates increase)	△21,699	△132	145
Decrease or increase in trade and other receivables (△ indicates increase)	13,524	82	4
Increase or decrease in trade and other receivables (△ indicates decrease)	5,970	36	△66
Increase or decrease in contract liabilities (△ indicates decrease)	△7,910	△48	△86
Increase or decrease in provisions (△ indicates decrease)	594	4	△85
Others	△170	△1	△6
(Subtotal)	65,681	398	372
Interests received	1,002	6	8
Dividends received	148	1	1
Interests paid	△5,344	△32	△35
Income tax paid	△9,879	△60	△76
Net cash flows from operating activities	51,608	313	270
Cash flows used in investing activities			
Proceeds from withdrawal of term deposits	1,242	8	0
Purchase of tangible fixed assets	△26,178	△159	△165
Proceeds from sale of property, plant and equipment	5,716	35	15
Purchase of intangible assets	△16,294	△99	△101
Purchases of shares of subsidiaries resulting in change in scope of consolidation	—	—	△17
Decrease in the loss of control of subsidiaries	—	—	△2
Purchase of investment securities	△3,037	△18	△3
Proceeds from disposal of investment securities	2,173	13	35
Others	△353	△2	6
Net cash flows used in investing activities	△36,730	△223	△232
Cash flows from financing activities			
Net increase or decrease in short-term loans and borrowings	15,696	95	123
Proceeds from long-term loans and borrowings	52,517	319	61
Repayment of long-term loans and borrowings	△49,362	△299	△32
Repayment of hybrid capital	△8,000	△49	—
Payment of lease liabilities	△6,272	△38	△40
Dividends paid to equity holders of the parent	△10,029	△61	△81
Dividends paid to non-controlling interests	△129	△1	△1
Acquisition of treasury shares	△2	△0	△0
Payment of obligations for non-controlling interests	△4,334	△26	△25
Amount of payments to owners of hybrid capital	△1,768	△11	△10
Acquisition of shares of subsidiaries not resulting in change in scope of consolidation	△417	△3	△28
Proceeds from disposal of shares of subsidiaries not resulting in change in scope of consolidation	15	0	—
Others	△4,282	△26	△1
Net cash flows from / (used in) financing activities	△16,371	△99	△34
Net foreign exchange difference	3,713	23	11
Increase or decrease in cash and cash equivalents (△ indicates decrease)	2,219	13	15
Cash and cash equivalents at January 1	36,992	224	238
Cash and cash equivalents at December 31	39,212	238	253

[*] EUR amount is translated from JPY at the current rate of Dec. 31, 2024 (JPY 164.86 / EUR) for both previous and current fiscal year. Please refer to the Security Report for the audited financial statements.

Company Profile as of December 31, 2024

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

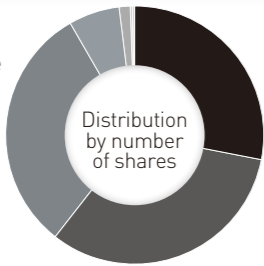
Name	Number of shares held (1,000 shares)	Shareholding ratio (%)
Custody Bank of Japan, Ltd. (trust account)	17,554	12.40
The Master Trust Bank of Japan, Ltd. (trust account)	17,455	12.33
DMG MORI Employee Shareholders Association	4,757	3.36
Masahiko Mori	3,591	2.54
JPMorgan Securities Japan Co., Ltd.	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
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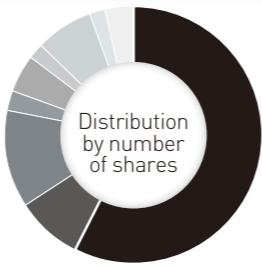
2. The shareholding ratio is calculated excluding the treasury shares.

Composition by shareholder type



	Number of shares (1,000 shares)	Number of shareholders (person)
■ Individuals / Others	39,839	46,278
■ Financial institutions (including securities investment trust)	46,159 (35,714)	57
■ 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.