

DMG MORI CO., LTD.

FY 2022 Third Quarter (Jan-Sep) Results

IR Announcement

November 7, 2022

1. FY2022 3Q (Jan-Sep) Financial Summary

2. Business Environment

3. Promoting Process Integration, Automation & Digitization

- ① AMB 2022 in Germany (Stuttgart Show)
- ② Technology Days Chicago : Expanding into new Industries
- ③ Double Event: JIMTOF2022 + Open House at Tokyo Global Headquarters
- ④ Opening of Nara PDC (Product Development Center) in August

4. ESG / CSR Initiatives

- ① Investing in Human Resources: Salary Increase & Health Management
- ② Contributing to Skills Development: 17th Dream Cutting Contest
- ③ Progress toward Carbon Neutrality (Assurance by a third-party)

FY 2022 3rd Quarter (Jan-Sep) Highlights

DMG MORI

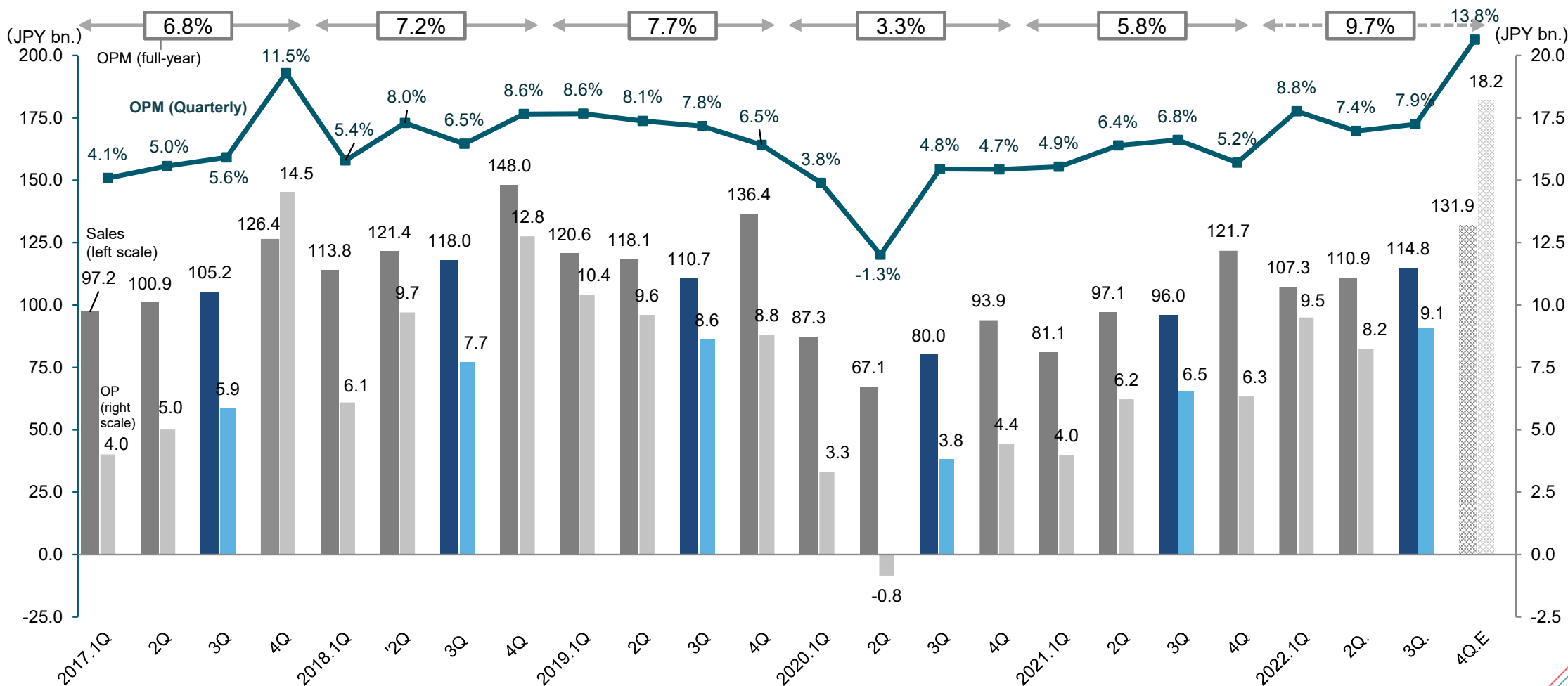
- ✓ 3rd quarter cum. (Jan-Sep) consolidated orders: 432.0 bn. yen (up 27% y/y)
- ✓ 3rd quarter (Jul-Sep) consolidated orders: 132.6 bn. yen (up 9% y/y)
- ✓ Order backlog for machine bodies climbed to 274.0 bn. yen at the end of September (164.0 bn. yen at the end of December 2021)
- ✓ Average machine unit price increased to 49.3 mil. yen (2021 average: 39.4 mil. yen) derived from process integration, automation, digitization and weak yen

(JPY bn.)	FY2019 Jan-Sep	FY2020 Jan-Sep	FY2021 Jan-Sep	FY2022 Jan-Sep	Y/Y (%)
Consolidated order intake	321.1	206.5	340.3	432.0	+27
Consolidated order backlog	174.0	117.0	168.0	274.0	
Sales revenue	349.3	234.4	274.3	333.0	+21
Operating profit	28.6	6.2	16.7	26.8	+60
% to sales revenue	8.2%	2.7%	6.1%	8.0%	
Net profit	15.3	0.0	9.9	16.6	+68
Depreciation & amortization including lease	16.8	17.4	16.2	17.4	
Capital expenditure	13.0	10.6	13.3	29.3	
USD/JPY	109.2	107.6	108.5	128.1	
EUR/JPY	122.7	120.9	129.8	136.0	

Quarterly Financial Results

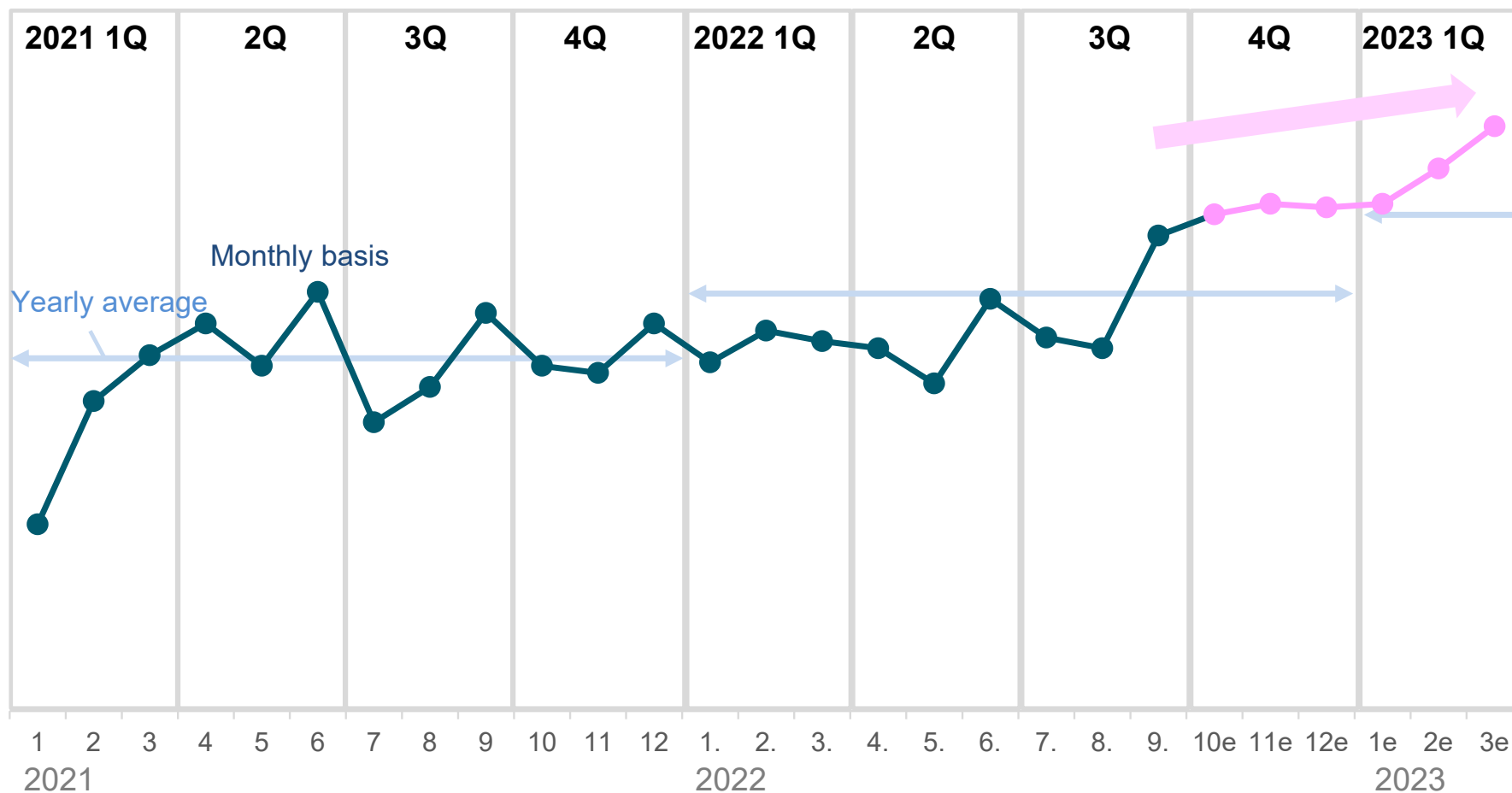


- Operating profit margin improvement in 3Q (Jul– Sep), driven by price increase and higher productivity
- Full-year operating profit margin to reach record high since the merger with DMG MORI AG



Improved gross margin by unit-based machine management

- Positive impact on gross margin from price increases in Oct. 2021 showing effect since Sep. 2022.
- Profitability is expected to improve significantly from 4Q onward.

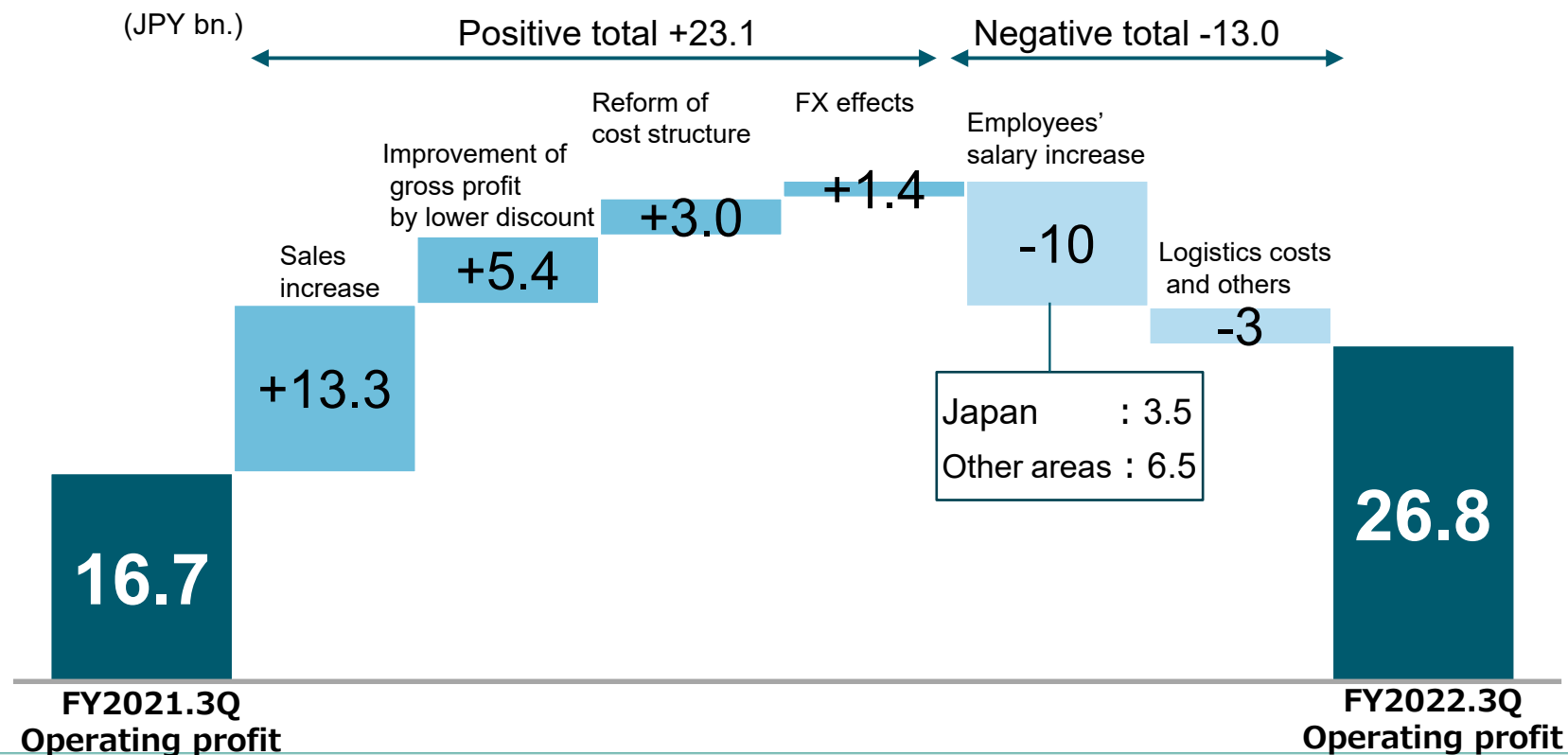


Operating Profit Bridge FY 2021 3Q vs FY 2022 3Q

- Salaries rise globally. Salaries for employees in Japan revised in Jul., leading to annualized salary increase of 23% vs FY2021
- Improved margin by stepping away from low-price and short delivery orders, and by strict cost management of each machine

(JPY bn.)	FY2021.3Q	FY2022.3Q	Changes
Sales revenue	274.3	333.0	+58.8

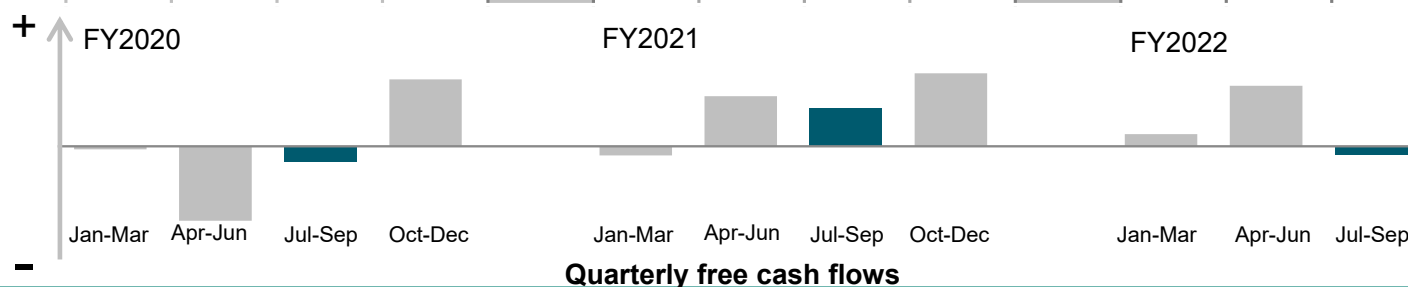
FX rates :	USD/JPY	<u>FY2021.3Q</u>	<u>FY2022.3Q</u>
	EUR/JPY	108.5	128.1
		129.8	136.0



Cash Flows

- 3Q (Jan-Sep) FCF in black at 12.8 bn. yen. Down payments collection contributed to the FCF
- Full fiscal year cash flow expected at 30 bn. yen

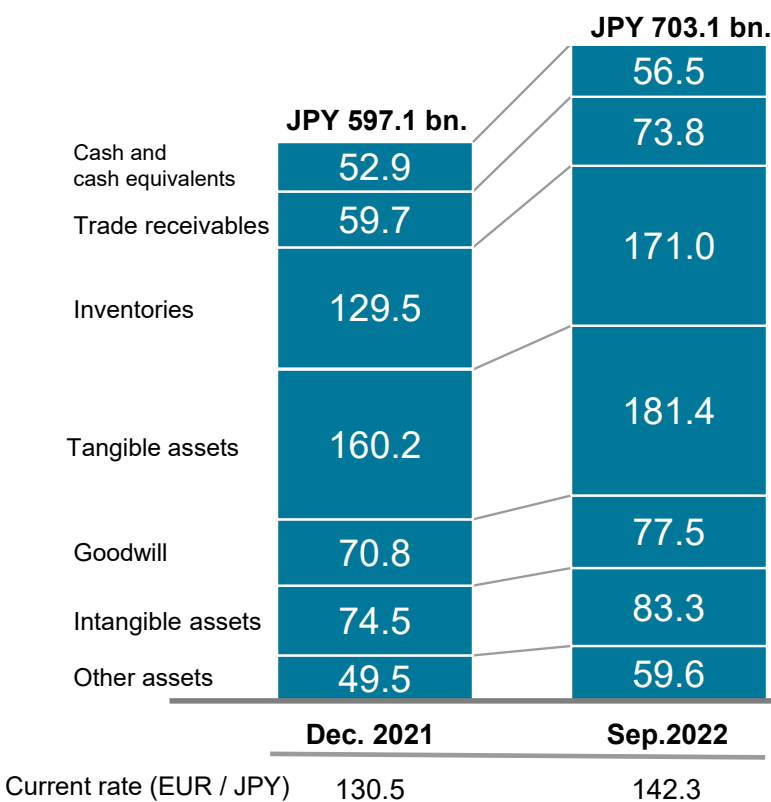
(JPY bn.)	2020					2021					2022					FY (Plan)
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	YTD		
Operating cash flow	2.5	-10.9	-0.5	22.6	13.6	2.6	13.4	10.6	23.1	49.7	12.5	23.6	10.1	46.2	70.0	
Profit before taxes	1.3	-1.8	2.8	2.8	5.1	3.1	5.4	5.6	5.5	19.6	8.9	7.4	8.0	24.3		
Depreciation & amortization	5.9	5.7	5.8	6.7	24.1	5.5	5.4	5.3	5.7	21.9	5.6	6.0	5.8	17.4		
Changes in working capital	4.4	-10.6	-5.4	14.0	2.2	-3.5	5.3	2.3	11.8	15.9	-1.8	9.9	-0.9	7.2		
Others	-9.0	-4.2	-3.7	-0.9	-17.8	-2.5	-2.7	-2.7	0.2	-7.7	-0.2	0.4	-2.9	-2.8		
Investment cash flow	-3.1	-3.9	-2.5	-9.3	-18.9	-4.5	-3.4	-3.0	-8.5	-19.4	-10.1	-11.5	-11.8	-33.4	-40.0	
(thereof, acquisition of tangible and intangible fixed assets)	-2.9	-4.1	-3.5	-9.6	-20.1	-4.4	-3.1	-5.7	-10.0	-23.3	-10.2	-8.9	-10.2	-29.3		
Free cash flow	-0.6	-14.9	-3.1	13.3	-5.2	-1.8	10.0	7.6	14.6	30.4	2.4	12.1	-1.7	12.8	30.0	



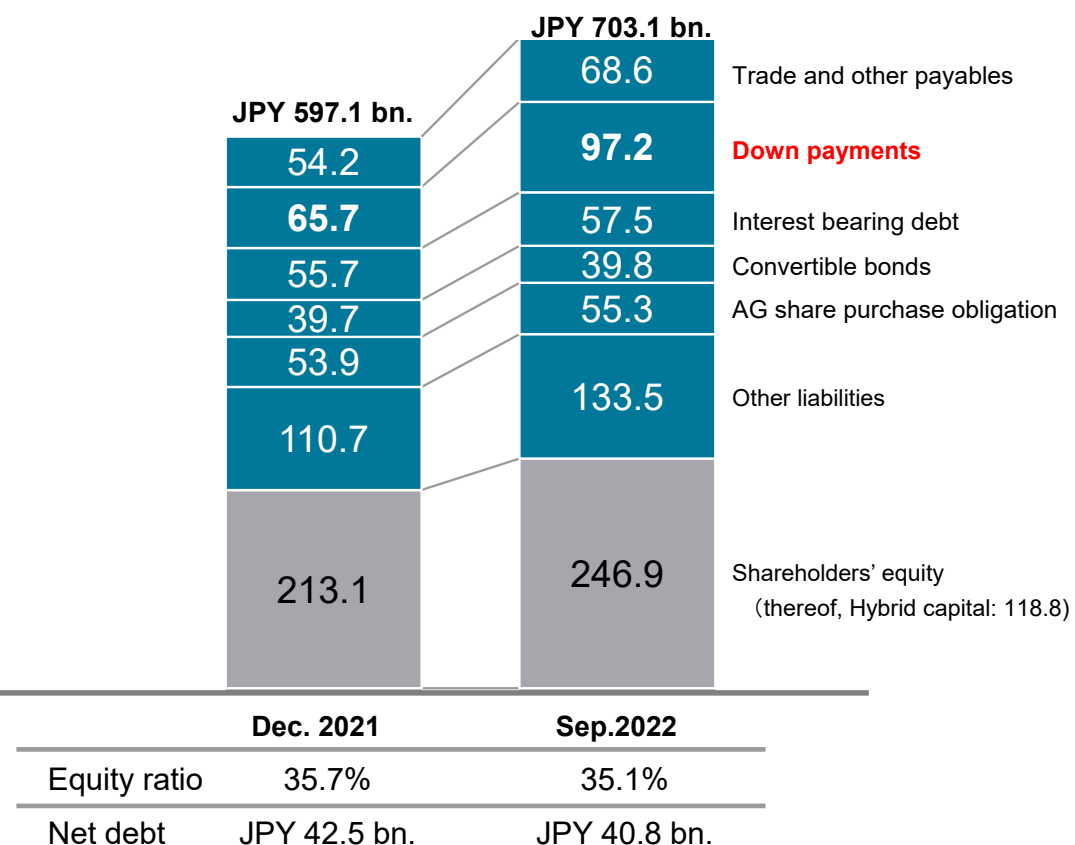
Balance Sheet Summary

- Of the increase of total assets, approx. 55 bn. yen was due to the weak yen
- Net D/E ratio is 0.17. Contributions from net debt reduction and increased equity with improved profitability

Assets



Liabilities & Equity



Net D/E ratio at the end of Sep. **0.17** (0.20 as at end Dec. 2021)

FY 2022 Full-Year Forecast

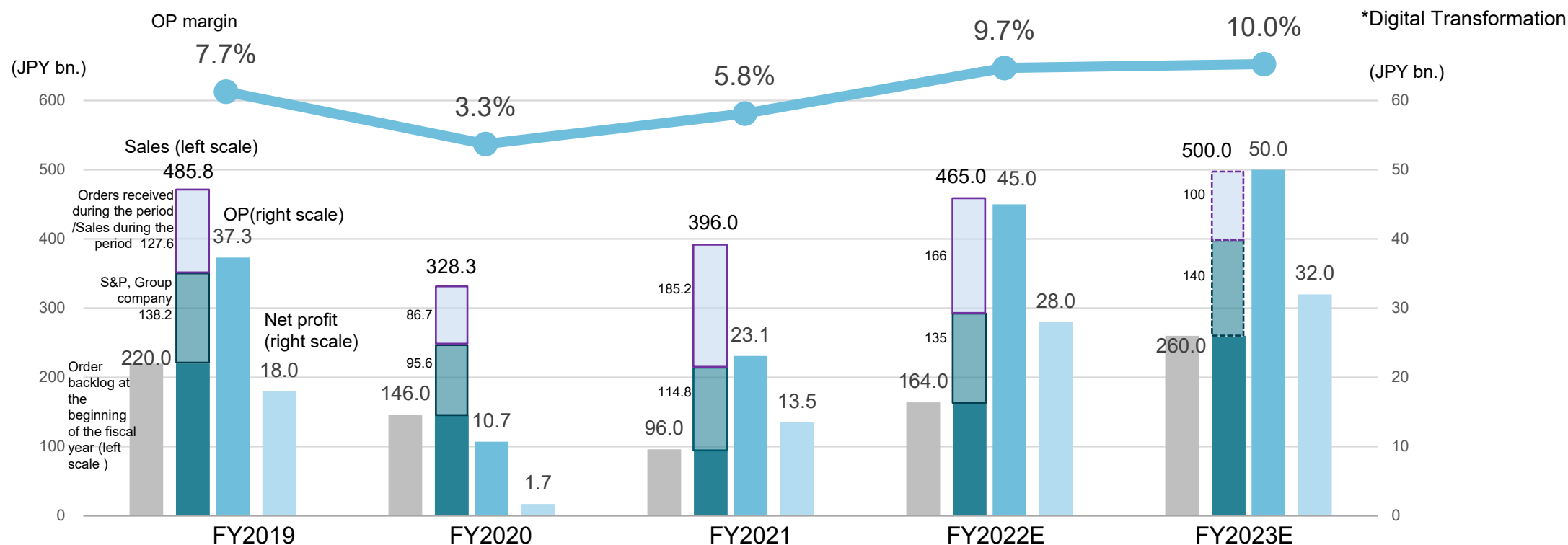
DMG MORI

- Full-year consolidated order intake forecast revised upward again to 550 bn. Yen (machine body 415 bn., S&P 100 bn., others including group companies 35 bn.)
- Full-year sales revenues forecast raised to 465 bn. yen. Operating profit and net profit targets to be achieved as planned

(JPY bn.)	FY2019	FY2020	FY2021	FY2022			FY2023	
				Plan	YoY (%)	Previous (Aug 4)	Plan	YoY (%)
Consolidated order intake	409.4	279.7	456.0	550.0	+20.6%	530.0 or more	500.0	-9.0%
Sales revenue	485.8	328.3	396.0	465.0	+17.4%	450.0	500.0	+7.5%
Operating profit	37.3	10.7	23.1	45.0	+95.1%	45.0	50.0	+11.1%
% to sales revenue	7.7%	3.3%	5.8%	9.7%		10.0%	10.0%	
Net profit	18.0	1.7	13.5	28.0	2.1x	28.0	32.0	+14.3%
EPS (Yen)	138.64	3.40	91.75	209.80		209.80	241.78	
Dividend per share (Yen)	60	20	40	70 (interim:30, end:40)		70 (interim:30, end:40)	80	
Depreciation & amortization including lease	23.1	24.1	21.9	24.0		24.0	27.0	
Capital expenditure	21.2	20.1	23.3	40.0		35.0	30.0	
USD/JPY	109.1	106.8	109.8	131	$\left(\begin{array}{c} \text{4Q} \\ 140 \end{array} \right)$	120	140	
EUR/JPY	122.1	121.8	129.9	137	$\left(\begin{array}{c} \text{4Q} \\ 140 \end{array} \right)$	135	140	

FY 2023 Targets

- Continued sales and profit growth for FY 2023. Sales revenue target at JPY 500 bn; JPY 260 bn. of sales from order backlog, 140 bn. from S&P and group companies, 100 bn. from order and sales in the same period
- By providing process integration, automation & DX*, margins will continue to improve, aiming for OP margin of over 10%



Net debt	75.5	64.4	42.5	22.4	18.5
Net D/E ratio	0.61	0.35	0.20	0.10	0.07
Equity ratio	23.6%	35.2%	35.7%	37%	40%
Dividend per share (Yen)	60	20	40	70	80

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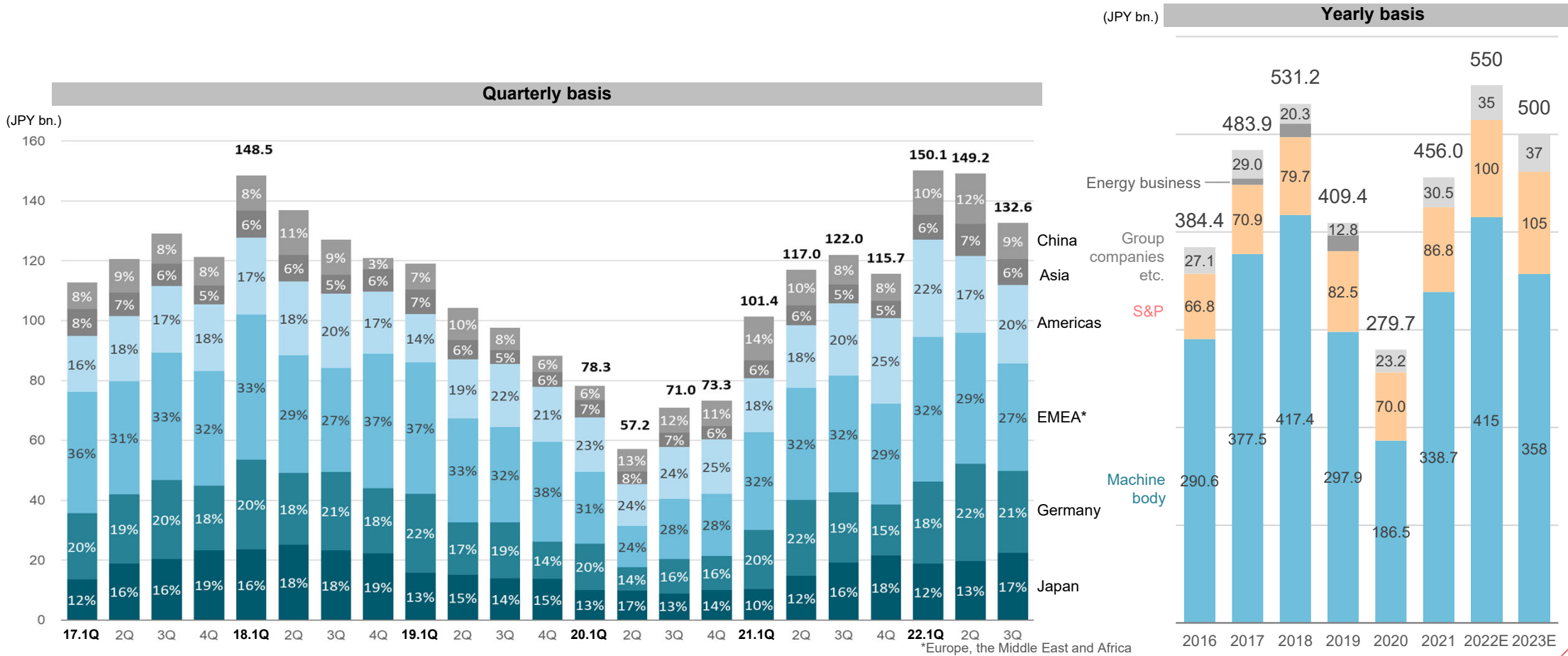
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Consolidated Order Intake

- Full-year order intake expected to reach record high at 550 bn. yen
- Orders for FY2023 expected to see some decline to 500 bn. Yet with stable orders from S&P and group companies

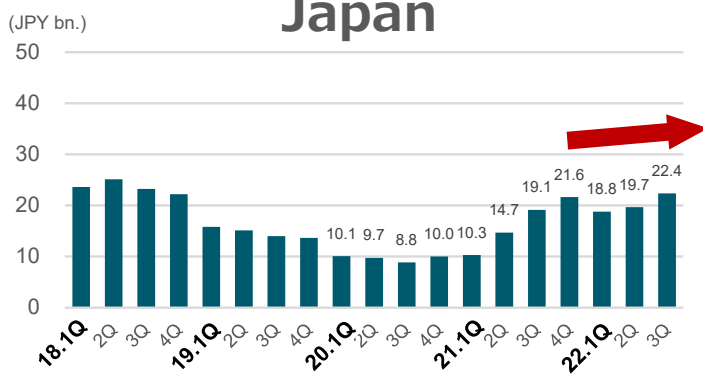


Order Intake per Region

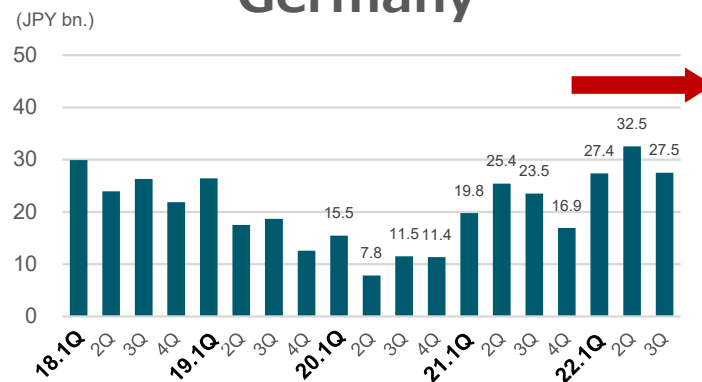
- Japan, Americas, Germany and Asia remain strong
- EMEA and China in adjustment phase

*Europe, the Middle East and Africa

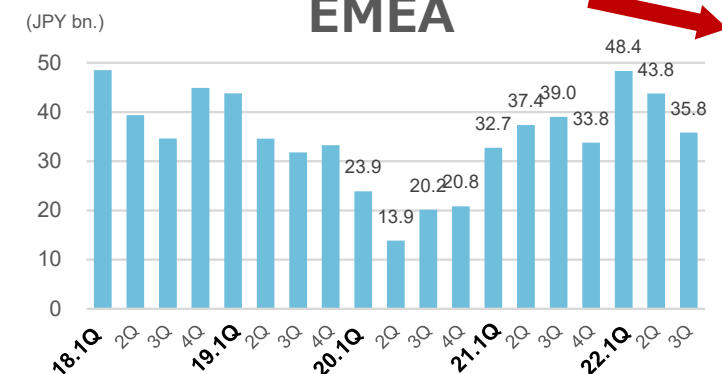
Japan



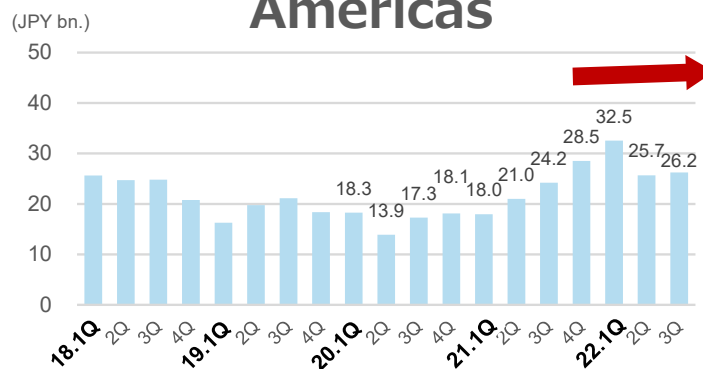
Germany



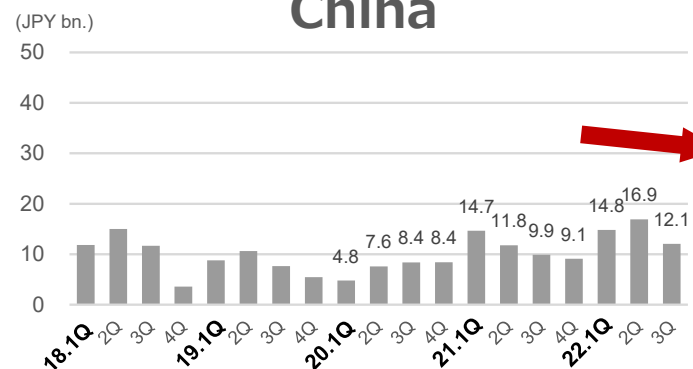
EMEA



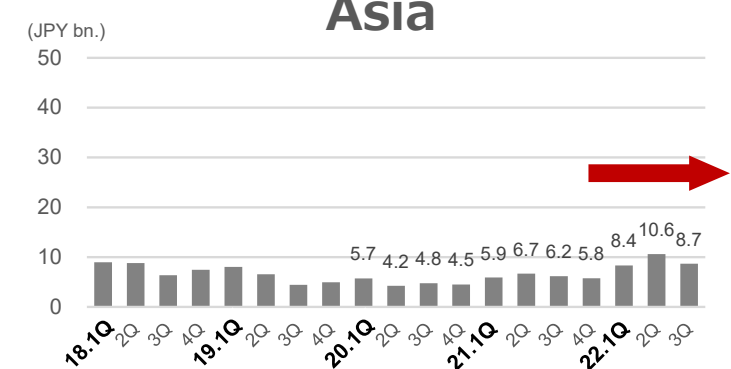
Americas



China



Asia

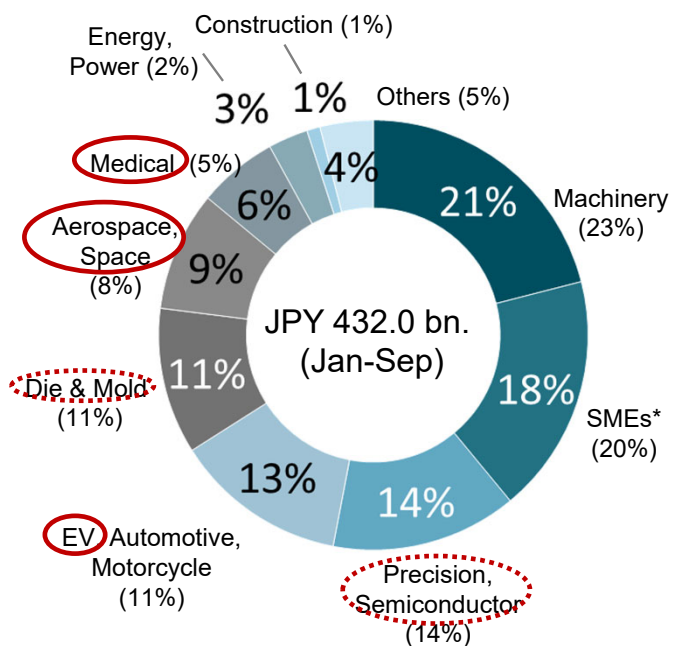


Consolidated Order Composition (Jan-Sep)

- Strong demand by aerospace, medical and EV related industries
- Medium- to large-sized companies are eager to invest

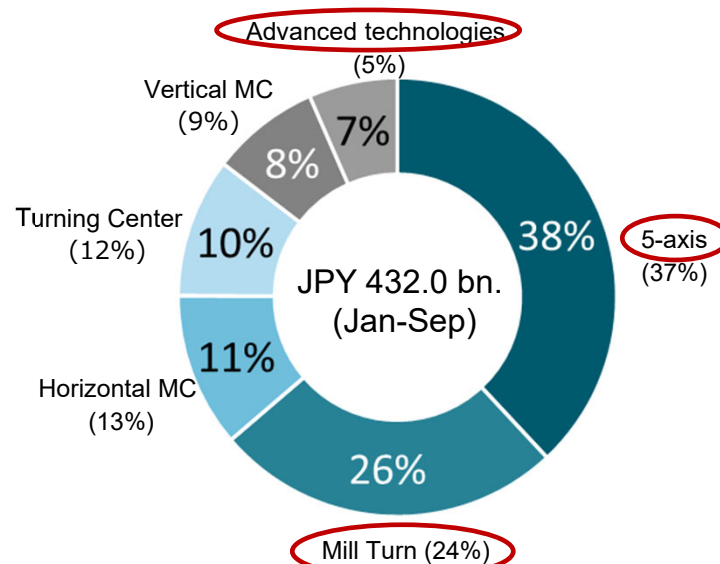
Based on amount
(%in brackets:
FY2021 Jan-Dec)

by industry

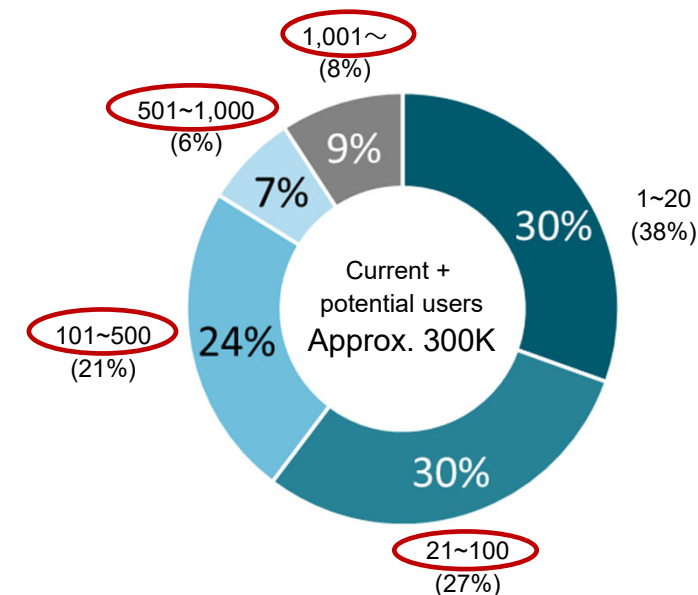


*Small and medium-sized enterprises

by product type

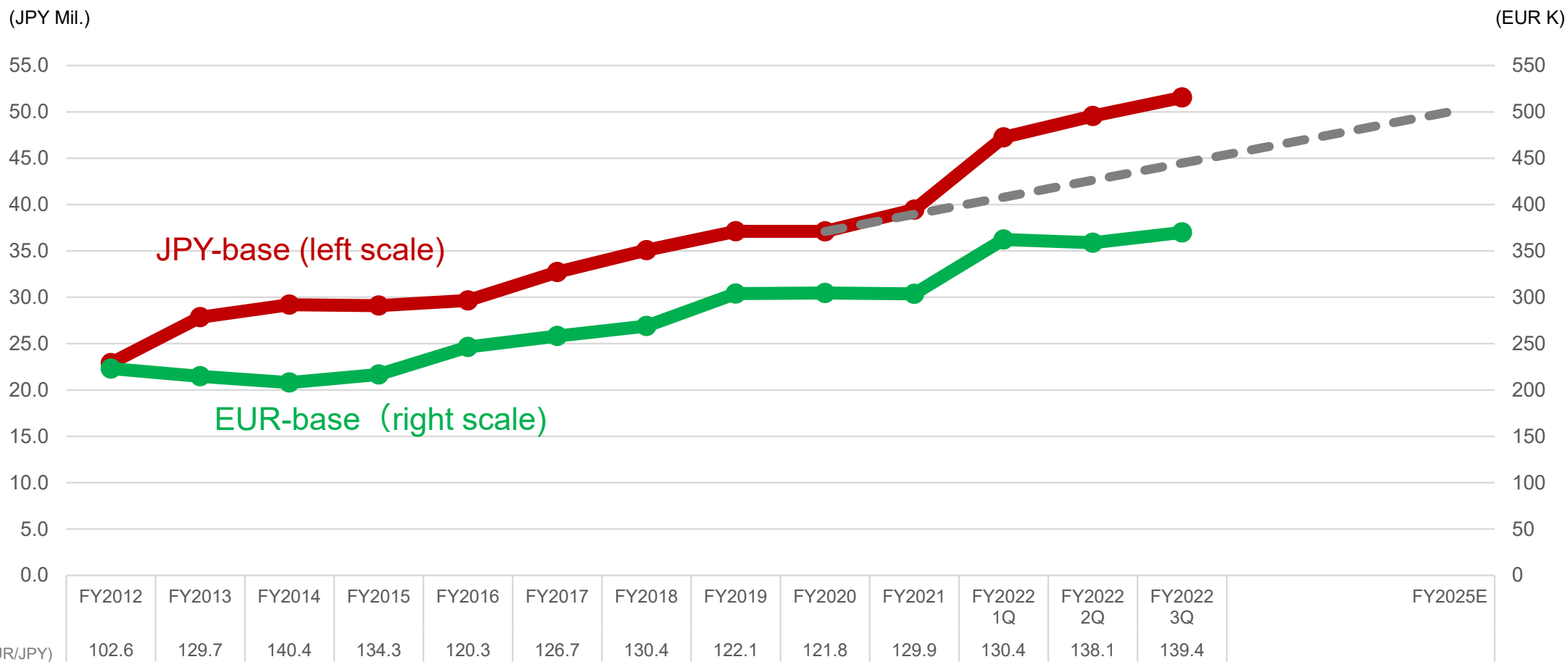


by customer's employee number



Average Price per Unit

- Average order price per unit significantly increased in 3Q (Jul-Sep) to 51.6 mil. yen (vs. 2021: 39.4 mil. yen)
- Positive effects by process integration, automation and DX, increased pricing and weak yen



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AMB 2022 in Germany

DMG MORI

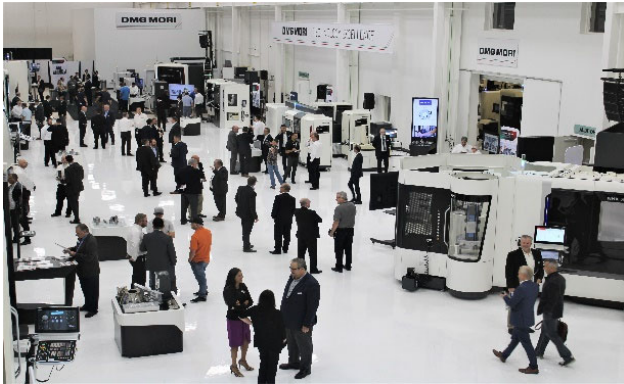
✓ held in Stuttgart (Germany) from September 13-17, 2022



Technology Days Chicago

DMG MORI

✓ held in Chicago from September 11-14, 2022



PREMIER
IN US



NTX 500 + IMTR (In Machine Traveling Robot)

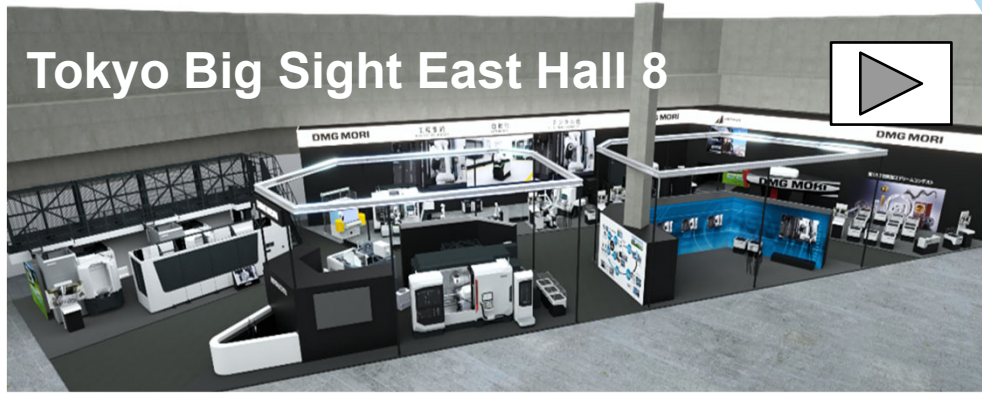


NLX 2500 | 700 + MATRIS Light

Double event: JIMTOF2022 + Open House at Tokyo Global Headquarters

DMG MORI

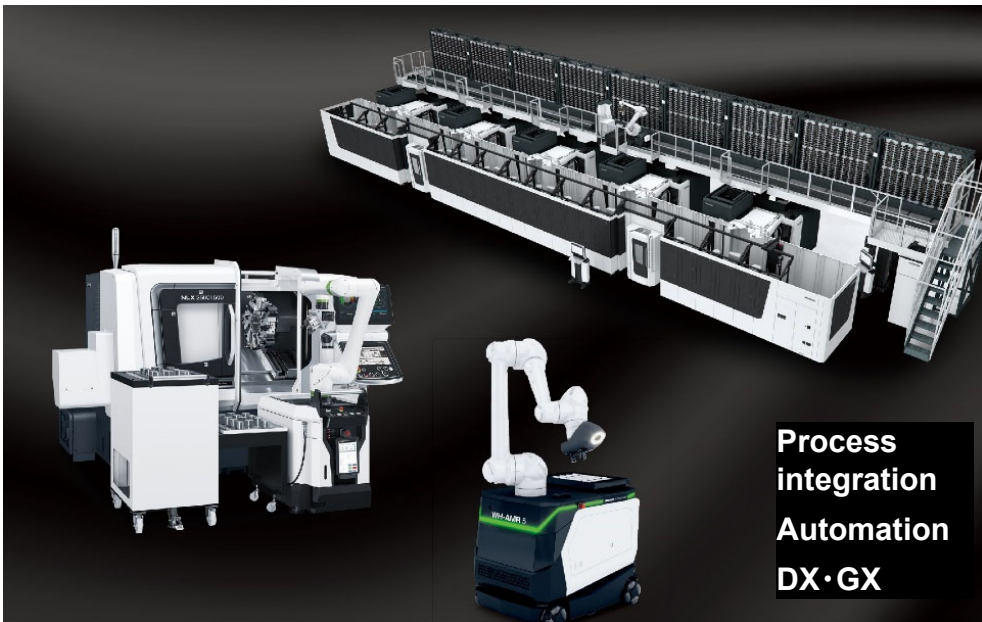
✓ JIMTOF2022 from Nov. 8-13, 2022



20 minutes by shuttle bus



✓ Open House at Tokyo Global Headquarters



NTX 500 + IMTR



LASERTEC 3000 *DED hybrid*



NZ Platform

Tokyo Global Headquarters: Additive Manufacturing Lab & Fab



✔ Open House at Tokyo Global Headquarters: Premier of AM Lab & Fab (Nov. 8-13)

AM Lab & Fab : Contract Manufacturing Service for AM



Powder nozzle holder



Basic tibia plateau



Die cut roll



Rocket nozzle

Additive Manufacturing Excellence Center (AMEC)

JAPAN



AMEC Tokyo



AMEC Iga



AMEC Nara

GERMANY



AMEC Bielefeld



AMEC Pfronten

USA



AMEC Los Angeles



AMEC Chicago

CHINA

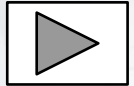


AMEC Shanghai

Opening of Nara PDC (Product Development Center)

August 2022 Opening Ceremony of Nara PDC

Promoting exchange of engineers & industry-academia collaboration right in front of JR Nara Station



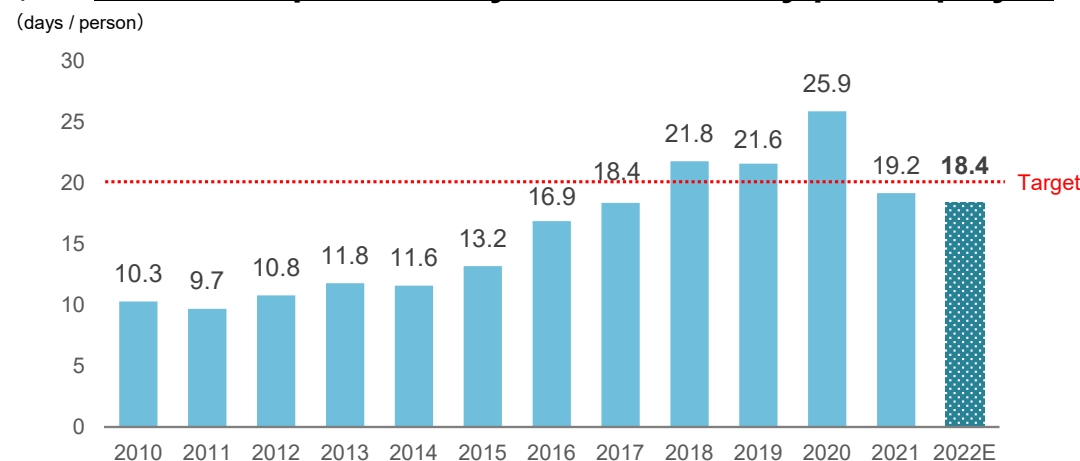
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Revised Entry-level Salary for New Graduates (joining from April 2023)

Degree	Standard Age	Entry-level Salary (monthly)	Entry-level Annual Income
PhD	27	475,000 JPY*1	6,825,000 JPY*2
Master	24	310,000 JPY	4,650,000 JPY
University (Bachelor)			
Technical College (Specialized studies)	22	300,000 JPY	4,000,000 JPY
Technical College (Main studies)			
Junior College	20	290,000 JPY	3,700,000 JPY
High School	18	280,000 JPY	3,500,000 JPY

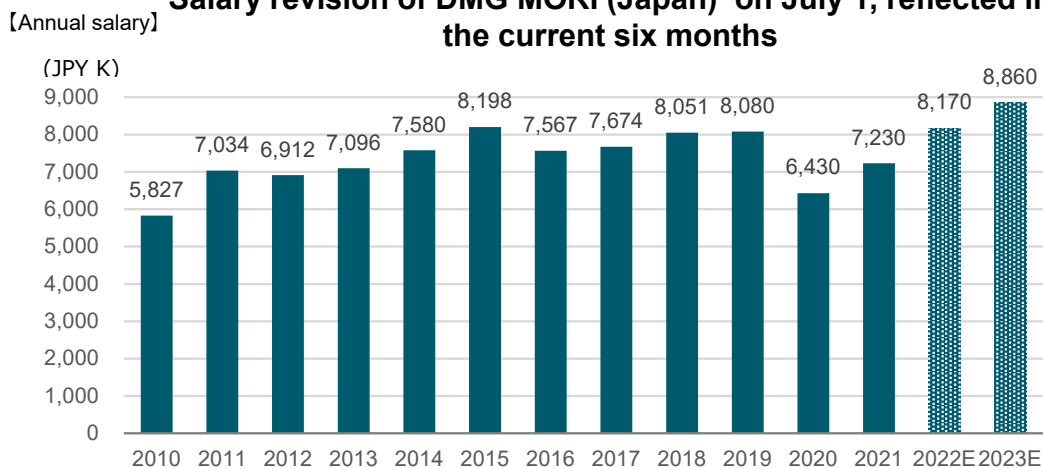
*1 incl. 50,000 JPY Qualification Pay & 100,000 JPY Skill Pay *2 incl. 1.2 Mio. JPY Skill Pay

Number of paid holidays taken annually per employee

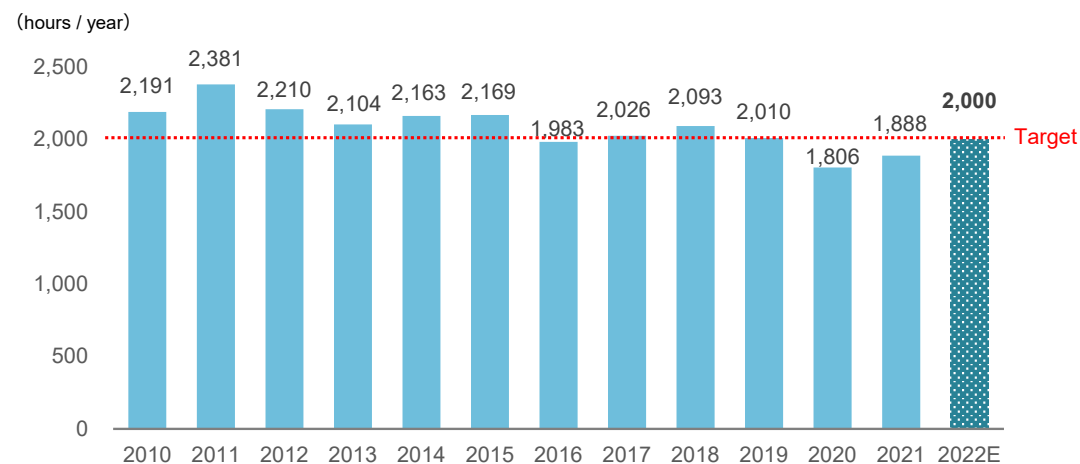


Salary revision globally

Salary revision of DMG MORI (Japan) on July 1, reflected in the current six months



Total annual working hours per employee



17th Cutting Dream Contest (2022)

DMG MORI



Award Ceremony
 Nov. 8 (Tue)
 @JIMTOF2022
 DMG MORI booth

Production Parts Machining

Gold prize	Panasonic "RSE-LG" light guide for automotive applications	Circle & Square Co.,Ltd.
Silver	Flexible Terminal	ShonanAutoCut Inds.Ltd.
Bronze	Insulated Feeler Gauge ~0.05~	Kogadenki Co., Ltd
Bronze	LAVAL NOZZLE	Sanei Seiki Co., Ltd
Skills prize	SS adsorption rubber	Canon Machinery Inc.

Advanced Machining

Gold prize	Steel dragon	J·3D Co.,Ltd.
Silver	Ring in brilliant cut case	ABIST Co.,Ltd
Bronze	Integrated metal switch pitch	Komine Products Co.,Ltd

Prototype & Test Cut Machining

Gold prize	Ultra-thin-walled metal capsule	IG EVEARTH CO.,LTD.
Silver	Bamboo fishing rods that are well-stiffened	Canon Machinery Inc.
Silver	SR0.5mm transparent sphere with ultra-fine geometry	Circle & Square Co.,Ltd.
Bronze	Cutting, Appear, and Ta-da-da-da!	CASTEM CO.,LTD.
Skills prize	Long microneedle	Canon Machinery Inc.
Skills prize	Ultra-thin BOX	SAKATA PRECISION CO.,LTD.

Artistic Form Machining

Gold prize	Striped green tit with coloration in the structure	Circle & Square Co.,Ltd.
Silver	Anotogaster sieboldii	YAMAMOTO SEIKI CO.,LTD.
Bronze	Edamame Netsuke	Rinnai Corporation

Academic Research

Gold prize	Ferris wheel (gondola movable)	Kobe Advanced Institute of Technology
Silver	Our take on the world's smallest 3D puzzle	KINDAI UNIVERSITY TECHNICAL COLLEGE
Bronze	Audio Speakers Manufactured by Cutting and Processing	Institute of Technologists Faculty of Technologists Department of Information Science and Mechatronics of Engineering Takeo Laboratory
Skills prize	Candle holder	Osaka Institute of Technology Faculty of Engineering, Department of mechanical engineering
Skills prize	Processing of flying fish using plaster-embedded processing	Chugoku Polytecnic college

Progress toward Carbon Neutrality : Introducing 3rd Party Certification

✔ Jan. 2021: Achieved carbon neutrality worldwide (certified by PricewaterhouseCoopers GmbH)

✔ Nov. 2021: Gained approval by **SBT***

*Science Based Targets



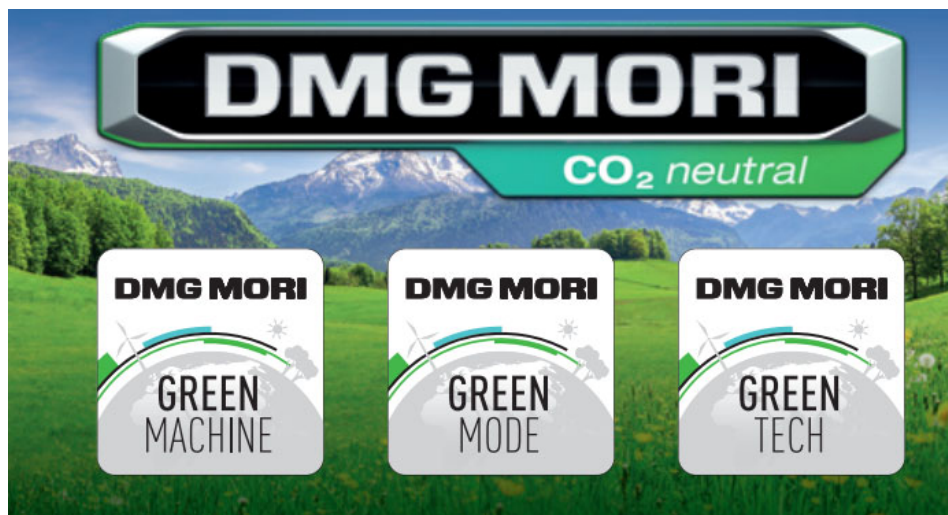
SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION BUSINESS AMBITION FOR 1.5°C



2021

▶ Achieved carbon neutrality worldwide
(Scope 1, 2 and Scope 3 Upstream)



2023~

▶ Will launch amongst the largest solar power systems for self-generation in Japan (13.4 MW capacity / Iga Campus)



2030

FY 2023-2025 (3 years) Mid-term Business Plan

Announcement (web streaming) from 3pm Japan time
Dec. 14, 2022

This material contains targets, plans, etc. concerning the future of DMG MORI CO., LTD..

All predictions concerning the future are judgments and assumptions based on information available to DMG MORI CO., LTD. at the time of writing. There is a possibility that the actual future results may differ significantly from these forecasts, due to changes in management policy or changes in external factors.

There are many factors which contain elements of uncertainty or the possibility of fluctuation including, but not limited to, the following:

- Changes in the demand environment within the markets in which DMG MORI group operates
- Fluctuations in exchange rates
- Changes to the laws, regulations and government policies in the markets where DMG MORI group conducts its business
- DMG MORI CO., LTD.'s ability to develop and sell new products in a timely fashion
- Instability of governments in the markets where DMG MORI group conducts its business
- Operational changes by the competent authorities or regulations related to anti-trust, export control, etc.
- Travel restrictions or stay-at-home requests for COVID-19 in Japan and other countries