

DMG MORI CO., LTD.

FY2023 First Quarter (Jan-Mar) Results

IR Announcement

May 10, 2023

1.FY 2023 1Q (Jan-Mar) Financial Summary

2.Business Environment

3.Forecast for Full-year 2023

4.Global Marketing

5.MX (Machining Transformation)

6.ESG / CSR Initiatives

FY2023 1Q (Jan-Mar) Financial Summary

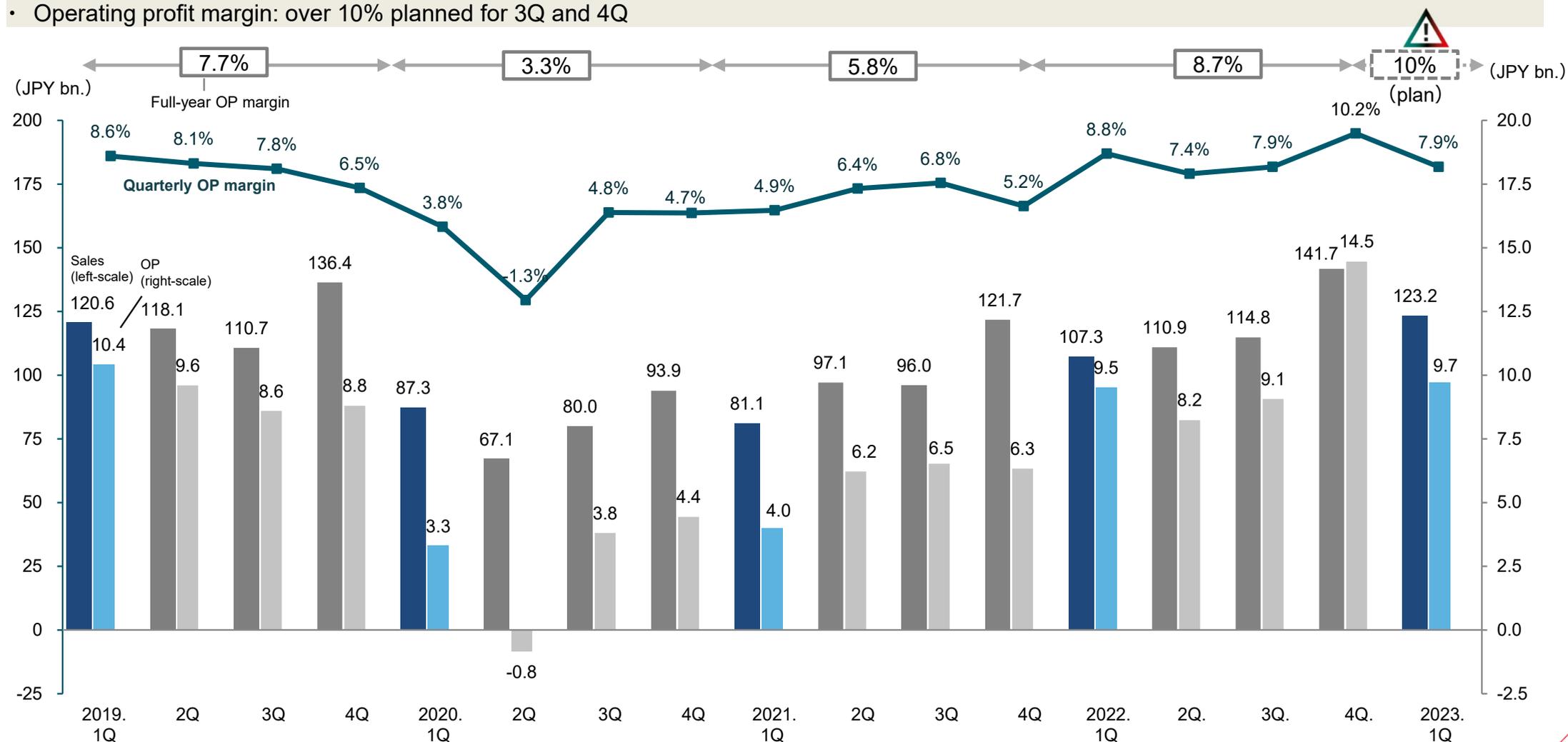
DMG MORI

- ✓ Successful start in 1st quarter 2023 towards achieving Medium-term Business Plan 2025
- ✓ 1st quarter consolidated order intake: JPY 145.3 bn. (-3.2% vs. peak in FY 2022 1Q: JPY 150.1 bn.)
- ✓ Machine tool average order price per unit increased to JPY 56.1 mil. (FY 2022 average: JPY 49.8 mil.) driven by MX (Process Integration, Automation, DX, GX)
- ✓ Machine order backlog climbed to JPY 269 bn. (end of FY 2022: JPY 254 bn.)

(JPY bn.)	FY2019 1Q	FY2020 1Q	FY2021 1Q	FY2022 1Q	FY2023 1Q	YoY (%)
Consolidated order intake	119.1	78.3	101.4	150.1	145.3	-3.2
Order backlog	209.0	137.0	124.0	203.0	269.0	
Sales revenue	120.6	87.3	81.1	107.3	123.2	+14.9
Operating profit	10.4	3.3	4.0	9.5	9.7	+2.1
Operating profit margin	8.6%	3.8%	4.9%	8.8%	7.9%	
Net Profit	6.2	0.1	1.8	6.3	6.3	+0.4
Depreciation & amortization including leasing	5.5	5.9	5.5	5.6	6.2	
Capital expenditure	3.1	3.1	4.4	10.2	11.1	
USD/JPY	110.2	108.9	105.9	116.2	132.4	
EUR/JPY	125.2	120.1	127.7	130.4	142.1	

Quarterly Financial Results

- Operating profit improved y-o-y despite increase in salary (Japan-based employees in July 2022, annualized salary +24%)
- Operating profit margin: over 10% planned for 3Q and 4Q

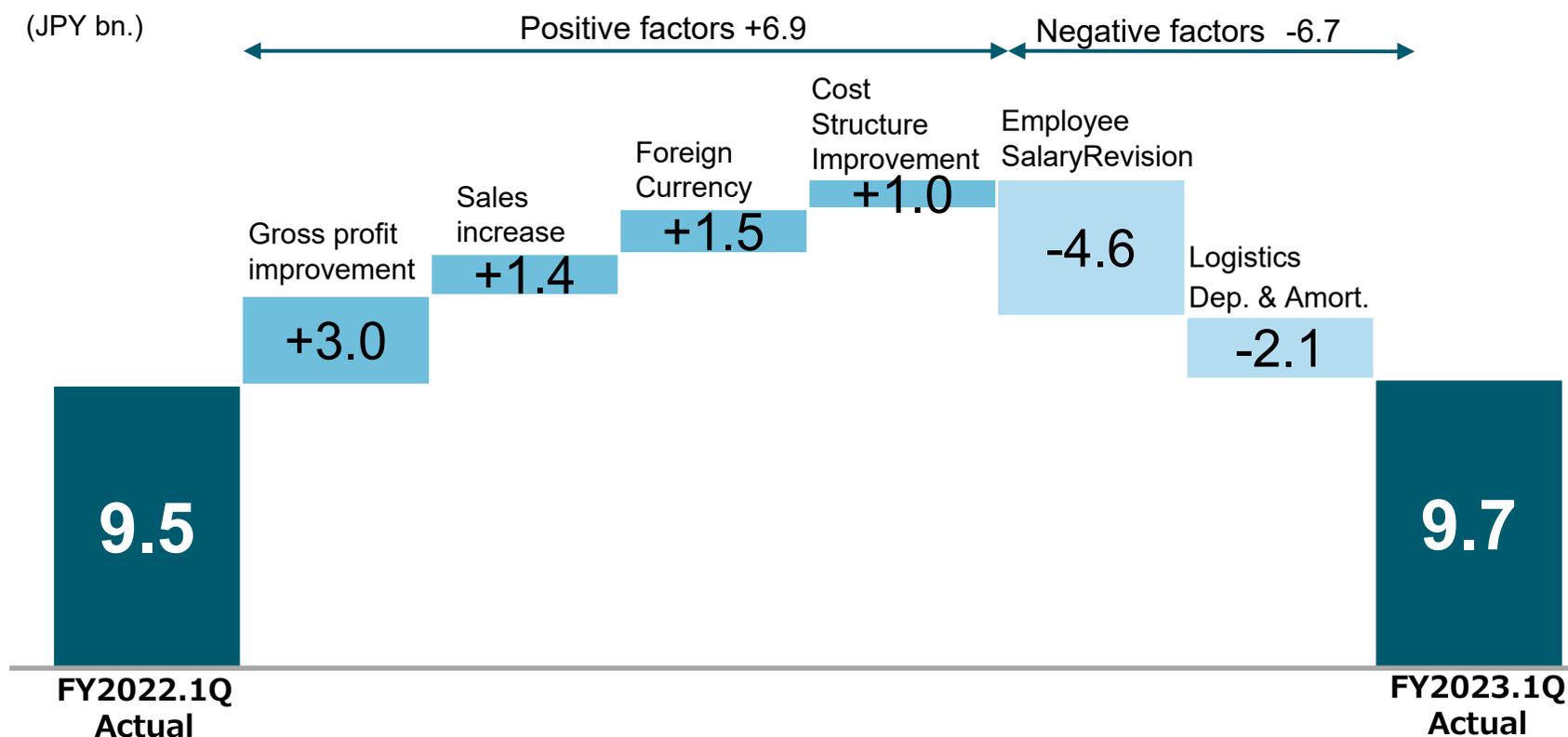


Operating Profit Bridge FY 2022 1Q vs FY 2023 1Q

- Higher gross profit driven by lower discount rate due to Machining Transformation (MX).
- Higher sales price offset material cost increase

(JPY.bn)	FY2022.1Q	FY2023.1Q	Changes
Sales revenue	107.3	123.2	+16.0

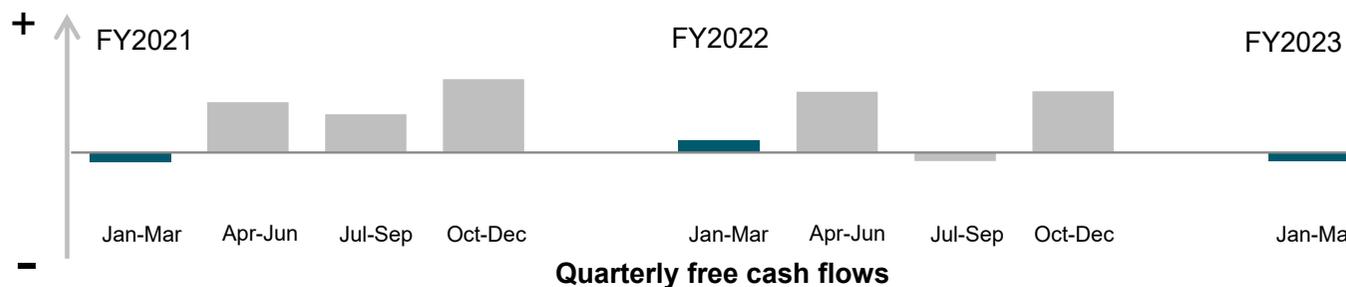
Exchange rate :	USD/JPY	<u>FY2022.1Q</u> 116.2	<u>FY2023.1Q</u> 132.4
	EUR/JPY	130.4	142.1



Cash Flows

- Working capital increased only by JPY 1.7 bn. Higher inventories in preparation for deliveries from 2Q onwards. On the other hand, positive effects from shorter receivable collection term and increased down payments.
- Continuous investment on track for achieving Medium-term Business Plan 2025

(JPY bn.)	2021					2022					2023		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q		FY (Plan)
Operating cash flow	2.6	13.4	10.6	23.1	49.7	12.5	23.6	10.1	23.5	69.7	9.3		
Profit before taxes	3.1	5.4	5.6	5.5	19.6	8.9	7.4	8.0	12.2	36.5	8.5		
Depreciation & amortization	5.5	5.4	5.3	5.7	21.9	5.6	6.0	5.8	6.6	24.0	6.2		
Changes in working capital	-3.5	5.3	2.3	6.5	15.9	-1.8	9.9	-0.9	5.1	12.3	-1.7		
Others	-2.5	-2.7	-2.7	5.5	-7.7	-0.2	0.4	-2.9	-0.3	-3.1	-3.7		
Investment cash flow	-4.5	-3.4	-3.0	-8.5	-19.4	-10.1	-11.5	-11.8	-11.5	-44.9	-11.1		
Free cash flow	-1.8	10.0	7.6	14.6	30.4	2.4	12.1	-1.7	12.1	24.9	-1.8		30.0



Balance Sheet Summary

- FX impact: approx. JPY 14 bn.
- Total assets increased with higher order intake and sales revenue. Net D/E ratio remains low.

Assets

	JPY 680.3 bn.	JPY 704.2 bn.
Cash and cash equivalents	43.5	43.9
Trade receivables	68.4	63.1
Inventories	166.2	182.9
Tangible assets	182.8	188.8
Goodwill	76.8	79.1
Intangible assets	86.2	89.1
Other assets	56.4	57.4
	Dec. 2022	Mar. 2023
Current rate (EUR / JPY)	141.4	145.8

Liabilities & Equity

	JPY 680.3 bn.	JPY 704.2 bn.
Trade and other payables	72.8	74.2
Down payments	92.9	96.1
Interest bearing debt	51.3	61.3
Convertible bonds	39.8	39.8
AG share purchase obligation	55.4	56.4
Other liabilities	117.8	124.3
Shareholders' equity (thereof, Hybrid capital: 118.8)	245.9	247.8
	Dec. 2022	Mar. 2023
Equity ratio	36.1%	35.2%
Net debt	JPY 47.6 bn.	JPY 57.2 bn.

Net D/E ratio remained low at 0.23 at the end of Mar. 2023 (0.19 at the end of Dec. 2022)

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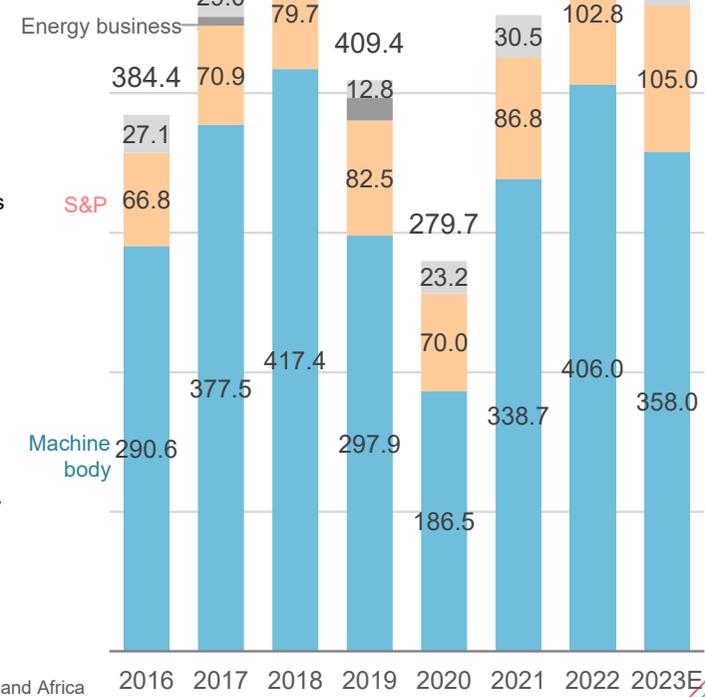
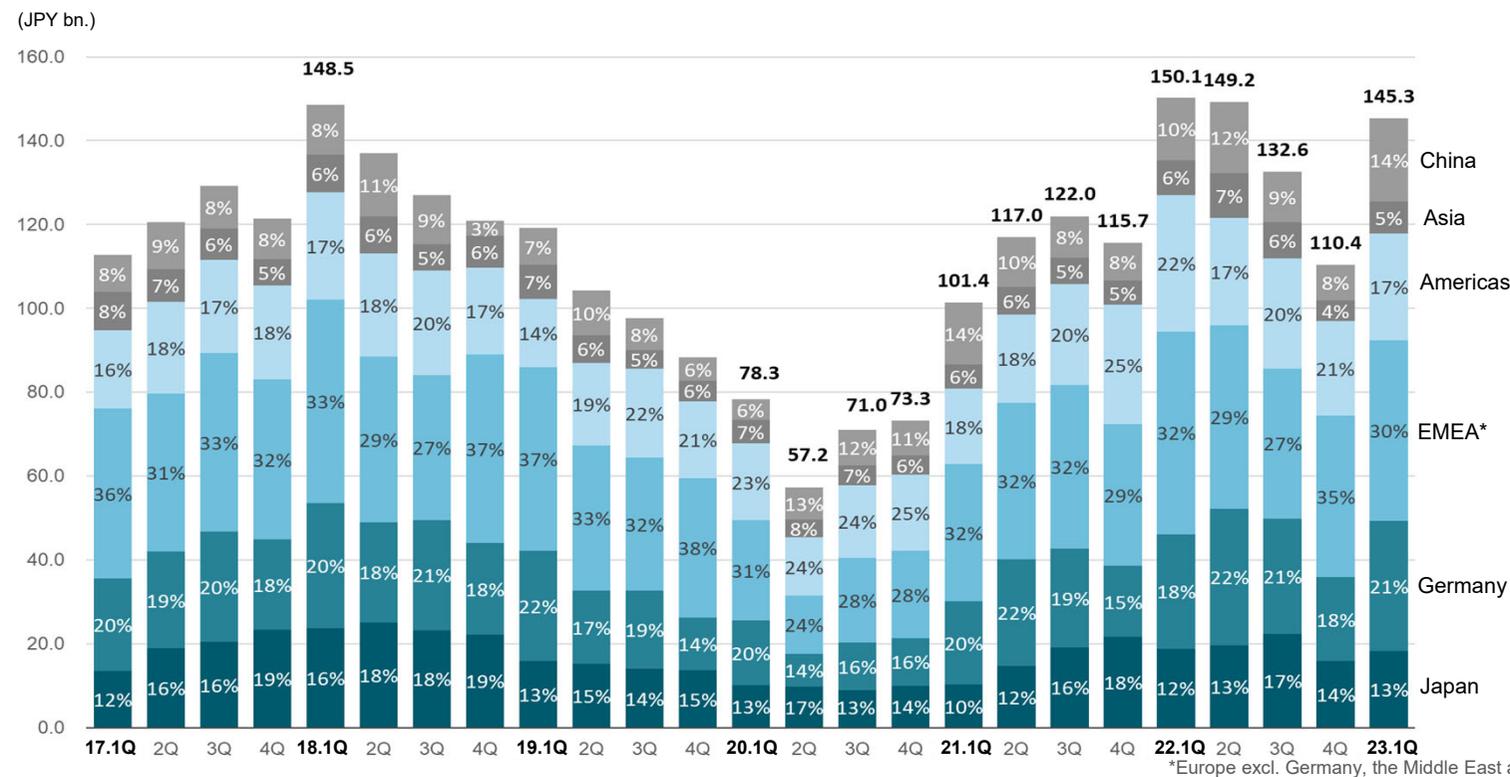
Consolidated Order Intake

- Quarterly order intake in 1Q: -3% y-o-y, +32% vs. 2022 4Q (Oct-Dec)
- Machine price per unit increased by MX. Higher order intake from service and spare parts business (+24% y-o-y)

(JPY bn.)

Yearly basis

Quarterly basis

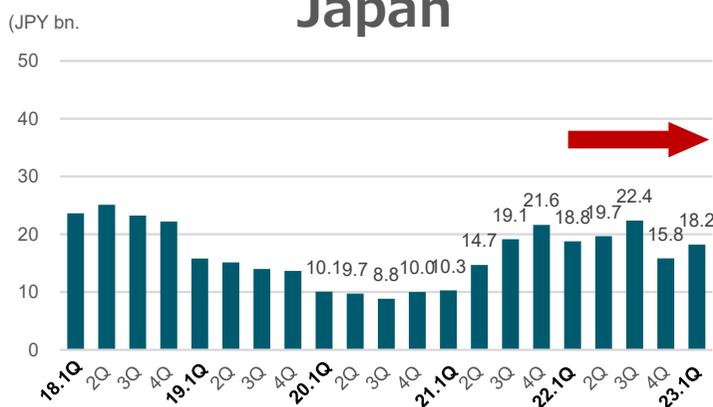


Order Intake by Region

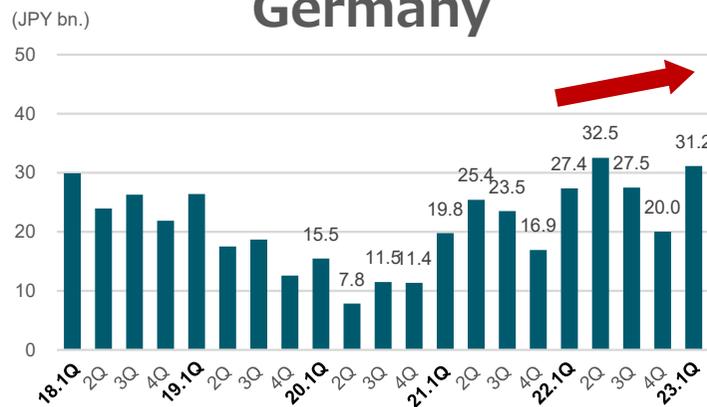
- Major growth from FY2022 4Q in Europe, China and Asia. Gradual recovery in Japan
- Americas: stable inquiries including large projects

*Europe excl. Germany, the Middle East and Africa

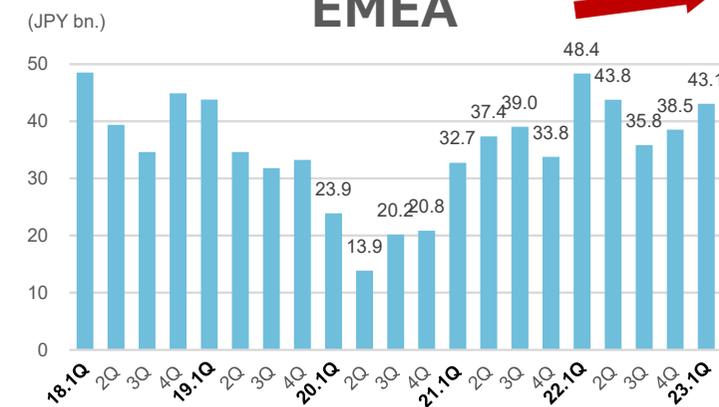
Japan



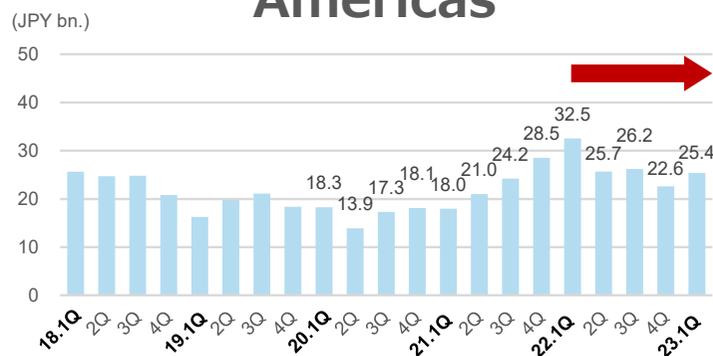
Germany



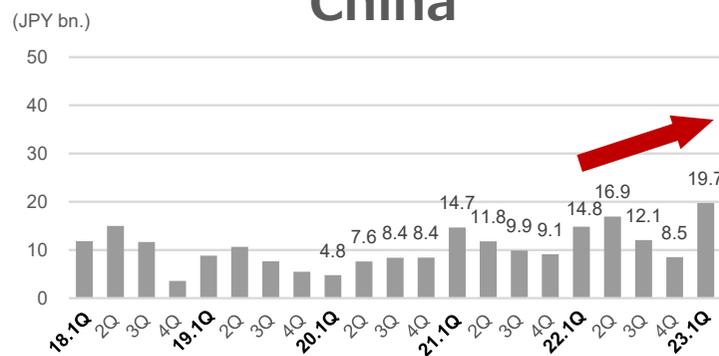
EMEA



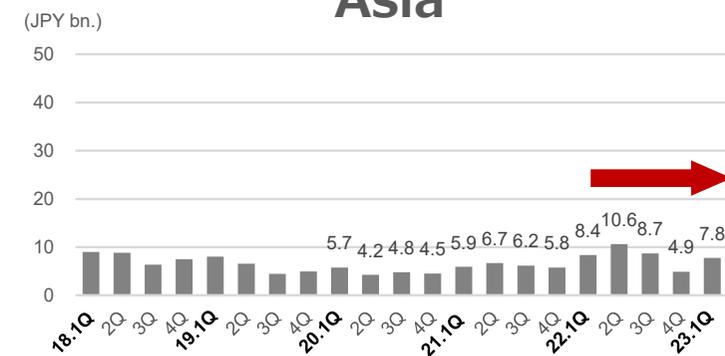
Americas



China



Asia

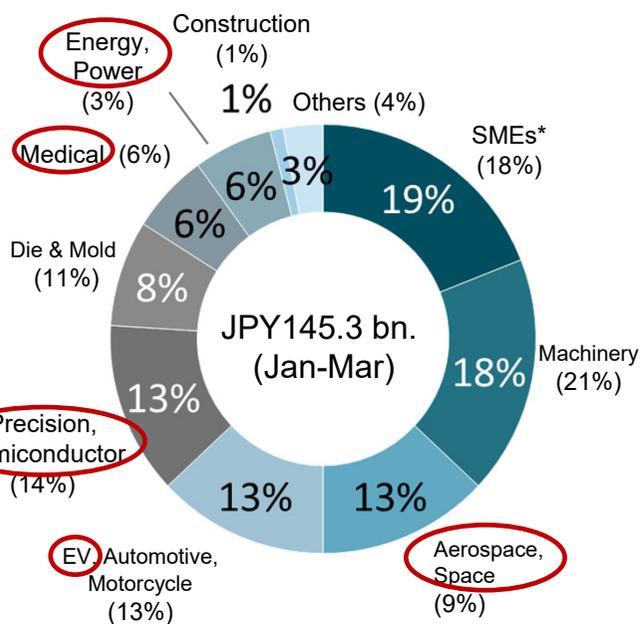


Consolidated Order Composition (Jan-Mar)

- Energy, aerospace, EV are strong. Semiconductor production equipment industry is stable
- Medium- to large-sized companies continue to invest. SMEs show growing interest in process integration and automation to counter operator shortage

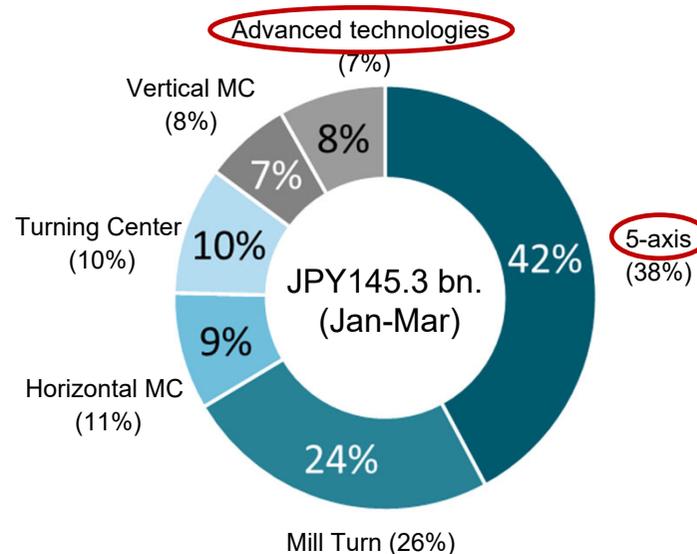
Based on amount
(%in brackets:
FY2022 Jan-Dec)

by industry

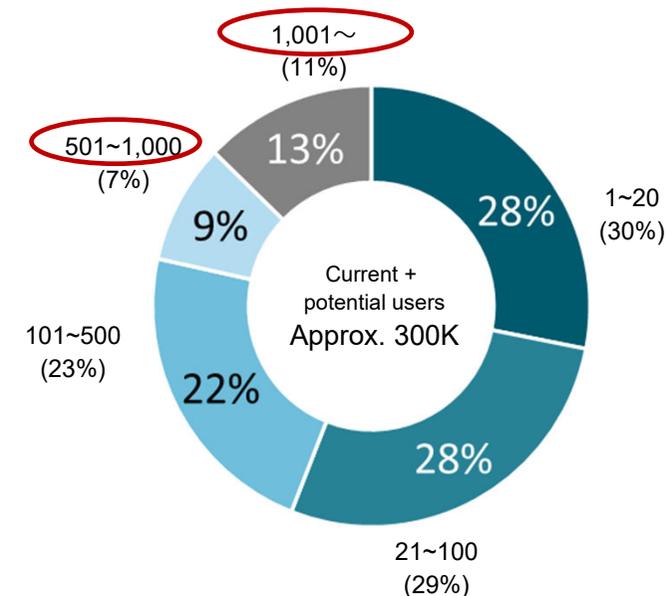


*Small and medium-sized enterprises

by product type

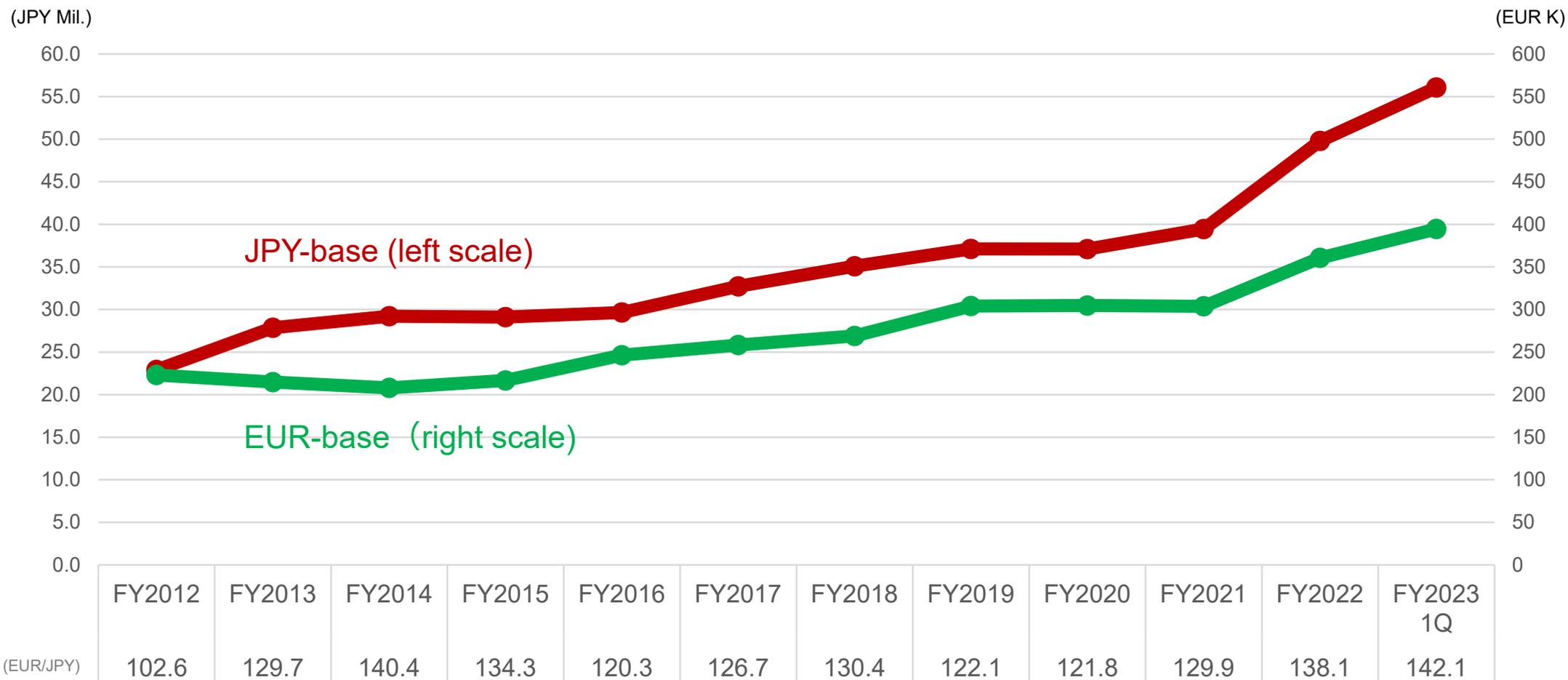


by customer's employee number



Average Order Price per Unit

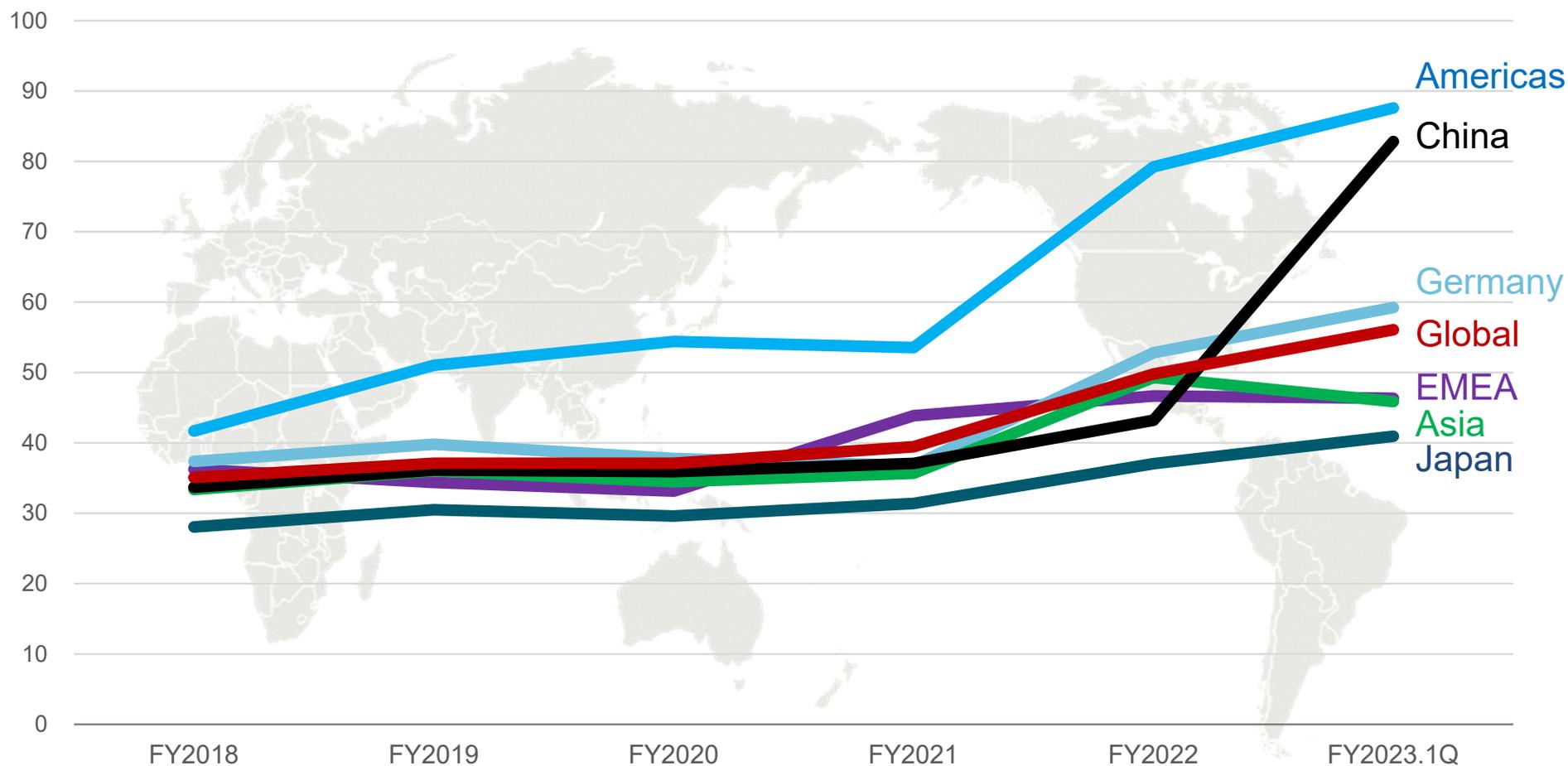
- Average order price in 1Q spiked to JPY 56.1 mil. (FY 2022 average: JPY 49.8 mil.)
- MX (Process Integration, Automation, DX, GX) led to better value proposition and lower discount rate



Average Order Price per Unit (Regional Breakdown)

- Order price high in Americas and Germany due to process integration, automation and DX
- Order price increase driven by high demand for medium- to large-sized machines in the energy and aerospace industries

(JPY Mil.)



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FY2023 Full-Year (Jan-Dec) Forecast

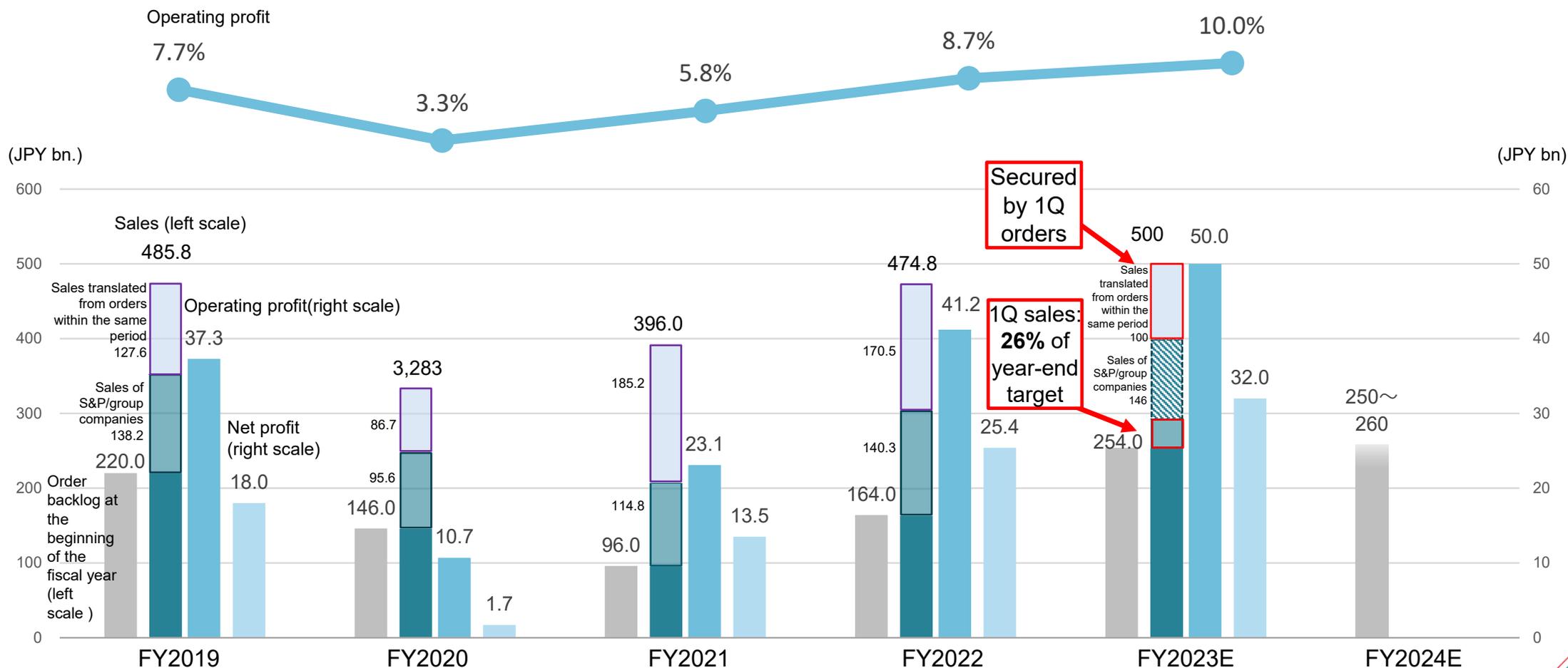
DMG MORI

- No revisions. Increased probability to achieve initial plan due to high orders in 1Q
- Sales revenue and operating profit forecasted to exceed last year's record highs. Operating profit margin planned to reach 10% or more.

(JPY bn.)	FY2019	FY2020	FY2021	FY2022		FY2023	
				Actual	YoY (%)	Plan	YoY (%)
Consolidated order intake	409.4	279.7	456.0	542.4	+18.9%	500	-7.8%
Sales revenue	485.8	328.3	396.0	474.8	+19.9%	500	+5.3%
Operating profit	37.3	10.7	23.1	41.2	+78.7%	50	+21.3%
Operating profit margin	7.7%	3.3%	5.8%	8.7%		10.0%	
Net profit	18.0	1.7	13.5	25.4	+88.7%	32	+26.0%
EPS (JPY)	138.64	3.40	91.75	188.62		240.95	
Dividend per share (Yen)	60	20	40	70		80	
Depreciation & amortization including leasing	23.1	24.1	21.9	24.0		27	
Capital expenditure	21.2	20.1	23.3	41.1		35	
USD/JPY	109.1	106.8	109.8	131.5		130	
EUR/JPY	122.1	121.8	129.9	138.1		140	

FY2023 Sales Breakdown Target

- Remaining JPY 100 bn. in sales almost fully secured in 1Q. High contributions by service, parts and group company business as planned.
- Orders from 2Q onwards mostly for sales in 2023 and beyond. Year-end order backlog planned at JPY 250-260 bn, the same level as end of FY2022.



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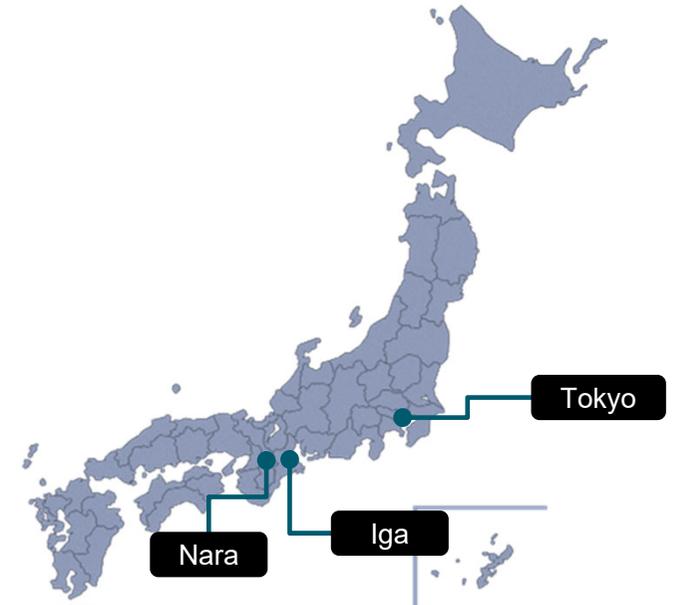
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Japan Tours for Overseas Customers in 2023

DMG MORI



New DMG MORI Academies in Japan (Hamamatsu open from April 26) :
5 Academies to be established across Japan



✓ Academies to open across Japan until mid 2024



Kanazawa
(May 2023)



Sendai
(August 2023)



Okayama
(in 2024)

Fukuoka
(planned in 2024)



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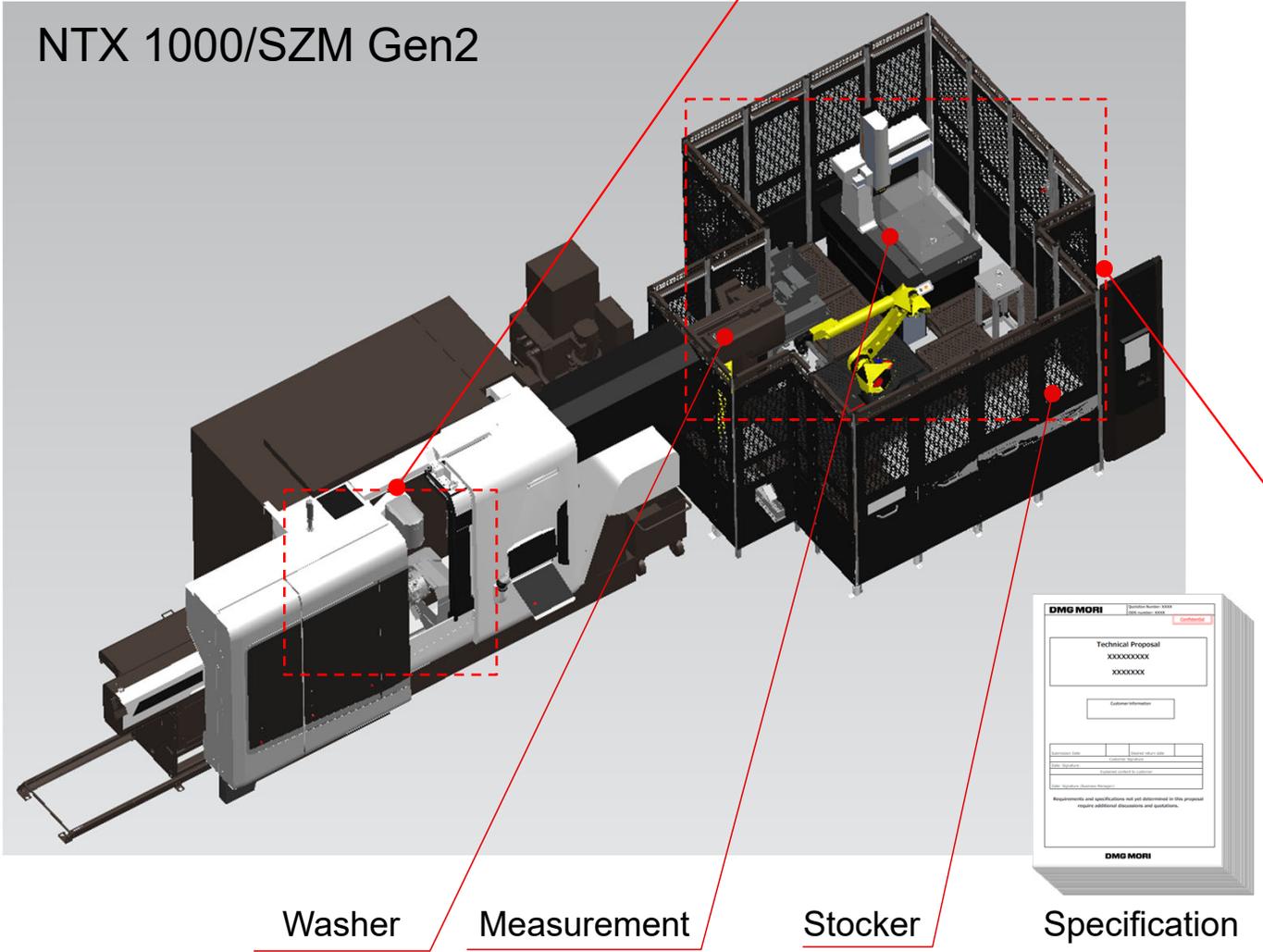
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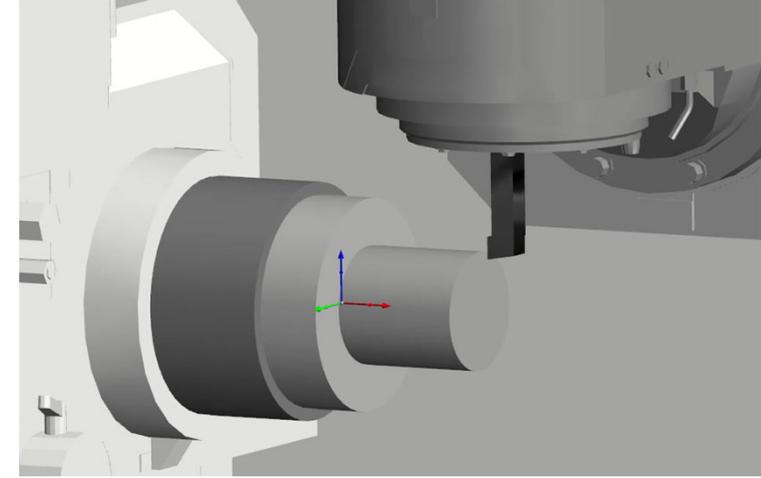
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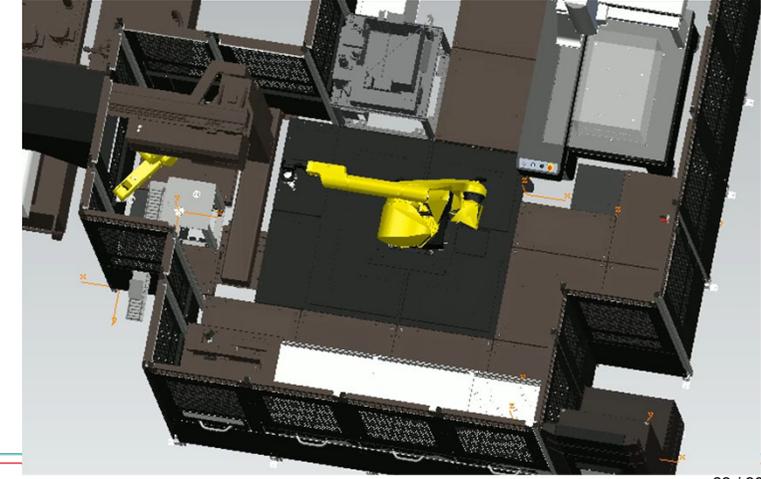
NTX 1000/SZM Gen2



Cutting process



Workpiece transfer

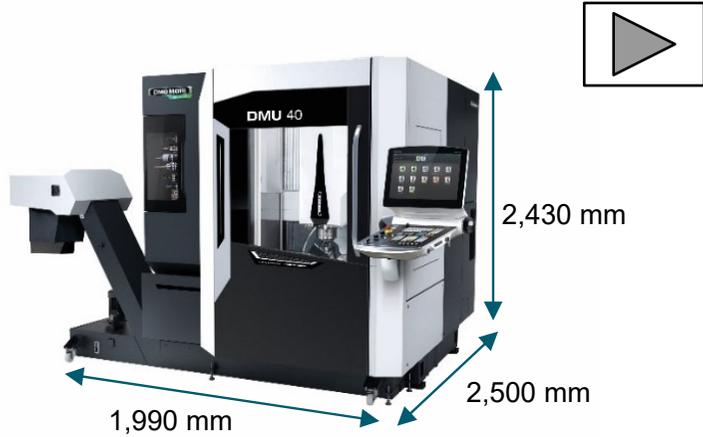


Newest Process Integration Machines & Automation

DMG MORI

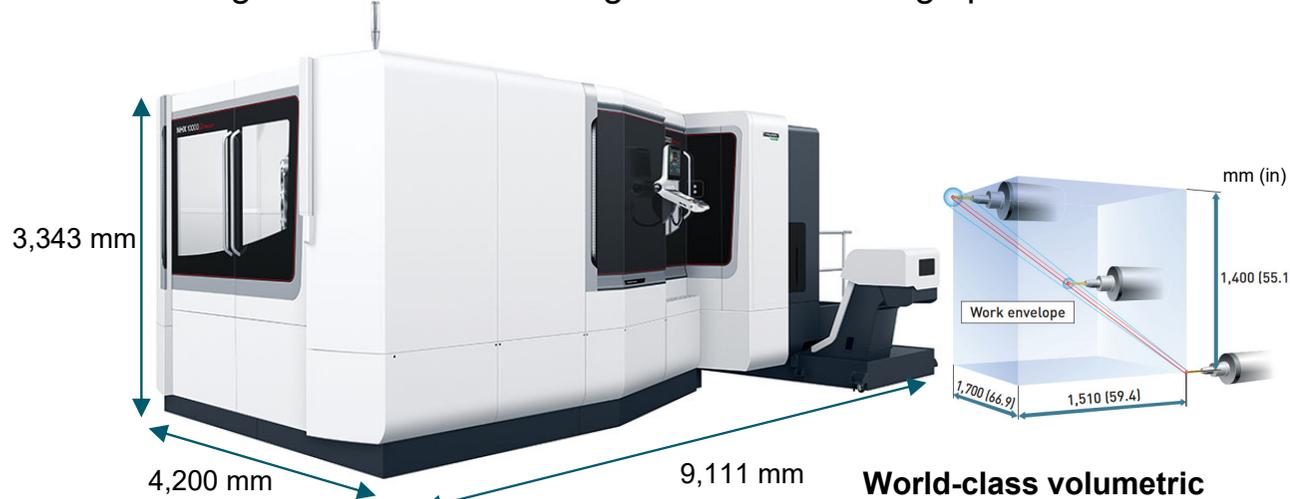
DMU 40

Compact machine for simultaneous 5-axis machining



NHX 10000 *μPrecision*

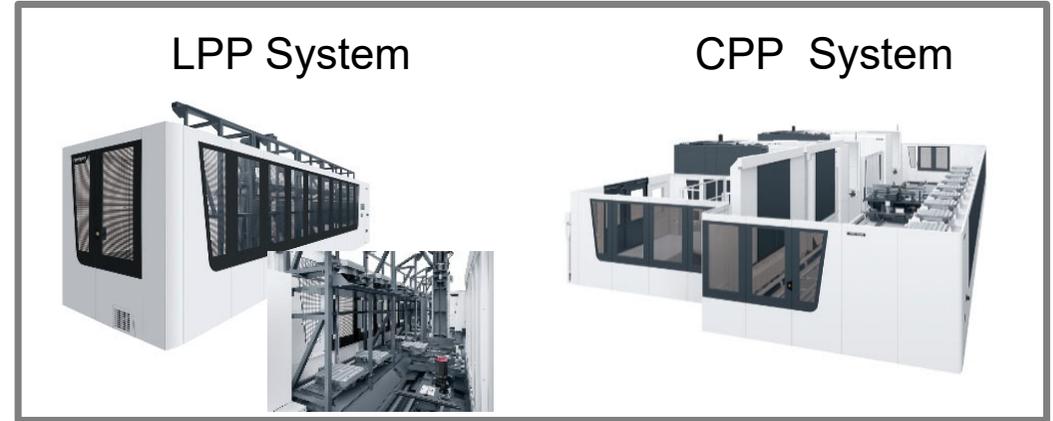
Large horizontal machining center for ultra-high precision



Automation



Automation



World-class volumetric accuracy of **15μm or less** in entire machining area

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Health & Productivity Management ①: Certified as "White 500" (March 8, 2023) **DMG MORI**

✔ Certified as a Top 500 company for excellence in Health & Productivity Management

The certification for "Health and Productivity Management" was introduced on the initiative of Nippon Kenko Kaigi to recognize Japanese companies with outstanding efforts for employee well-being.

*"Health and Productivity Management" is a registered trademark by the nonprofit organization Nippon Kenko Keiei.



▶ Website: <https://www.dmgmori.co.jp/sp/health/>



Personal training/body analysis at the company's fitness gym

✔ DMG MORI is committed to continuously improve health & productivity management

Next Initiatives

1. Establishment of Health & Safety Center (Jan. 2023-)
2. Health & productivity management for the entire supply chain*
3. Implement initiatives to improve work engagement

Reference: DMG MORI Declaration for Partnership Building
<https://www.dmgmori.co.jp/corporate/sustainability/esg/partnership.html>

✓ Ranked No. 1 in Japan with the highest rate of paid holidays taken (based on 2021, 3-year average)

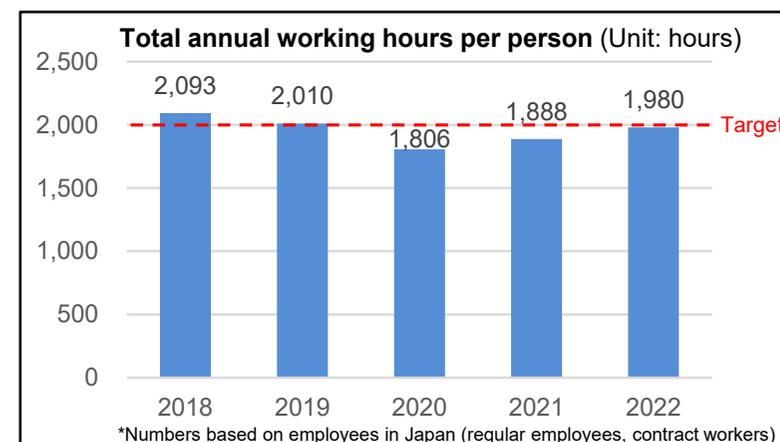
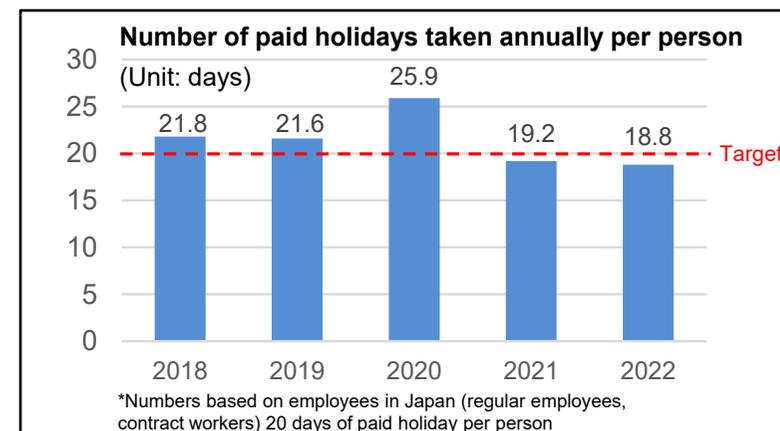
■ Top 200 companies with the Highest Rate of Paid Holidays Taken

Rank	Company	Industry	3-year average of paid holiday taken (%)	Paid holiday taken in 2021 (%)	3-year average no. of paid holidays
1	DMG MORI CO., LTD.	Machinery	109.4	94.4	19.8
2	TOYOTA AUTO BODY CO.,LTD.	Transport equipment	101.3	112.6	19.4
3	Kubota Corporation	Machinery	100.8	100.9	19.6
4	Honda Motor Co., Ltd.	Transport equipment	100.4	99.0	18.7
5	H-ONE CO., LTD.	Metal products	99.3	107.9	19.4
6	Komatsu Ltd.	Machinery	99.2	99.5	20.0
7	Toyota Industries Corporation	Transport equipment	98.5	101.0	19.4
8	TS TECH Co., Ltd.	Transport equipment	98.5	99.4	19.2
9	The Kansai Electric Power Company, Incorporated	Electricity / gas	96.6	97.1	19.8
10	DENSO CORPORATION	Transport equipment	96.5	91.6	20.0
11	AISIN CORPORATION	Transport equipment	96.4	92.4	19.6
12	Keikyu Corporation	Land transport	96.0	95.1	18.4
13	JAPAN POST BANK Co., Ltd.	Banking	94.8	97.1	20.0
14	Oriental Land Co., Ltd.	Service	94.7	111.1	19.1
15	Daikin Industries, Ltd.	Machinery	94.3	95.8	21.2

⋮

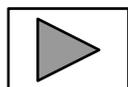
Source: TOYO KEIZAI INC.

Title (eng. translation): „CSR Company Hand Book (category : Workforce) ver. 2023”



✓ Japan: At Iga Campus started in Feb 2023*

✓ Europe: At Pfronten factory started in Nov 2022*



Plan: **30%** self-supply of total annual electricity demand

*Both completed construction of 1st panel systems



Iga Campus, Japan

Installation area approx. **130,000m²**
(After completed construction)

Panel capacity approx. **13.4MW**

CO₂ reduction approx. **5,300ton/year**



Pfronten Factory, Germany

- To be expanded/newly installed at Pfronten, Seebach, Stipshausen in Germany & Pleszew in Poland

*About the video: „Largest on-site solar panel system for self-supply in Japan“ based on public available information.

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