

DMG MORI CO., LTD.

FY 2023 1st Half (Jan-Jun) Results

IR Announcement

August 3, 2023

1. 1st Half (Jan-Jun) Financial Highlights & Forecast

2. Business Environment

3. Focus Topics

- Stronger Global Management Organization
- Global Marketing
- MX (Machining Transformation)
- ESG / CSR Initiatives

- ✓ 1st Half (Jan-Jun) consolidated order intake: JPY 275.8 bn. (-7.9% y-o-y)
- ✓ Average order price per unit increased to JPY 56.8 mil. (FY 2022 average: JPY 49.8 mil.) due to MX (process integration, automation, DX, GX) and depreciating yen
- ✓ Machine tool order backlog as of end of June: JPY 282 bn. (end of FY 2022: JPY 254 bn.)
- ✓ Improved operating profit margin : Jan-Jun (1st half) 9.0% (same period last year: 8.1%)
: Apr-Jun (2Q) 10.2% (same period last year: 7.4%)
- ✓ Upward revision of FY 2023 targets: Sales: JPY 525 bn. (previous: JPY 500 bn.), Operating profit: 52.5 bn. (previous: 50 bn.), Operating profit margin: 10%
- ✓ Machine tool order backlog forecast at the beginning of FY2024: approx. JPY 255 bn. (beginning of FY 2023: JPY 254 bn.) Consecutive sales and profit growth planned for FY2024

Financial Summary : 1st Half (Jan - Jun) and Full-Year (Jan-Dec) Forecast

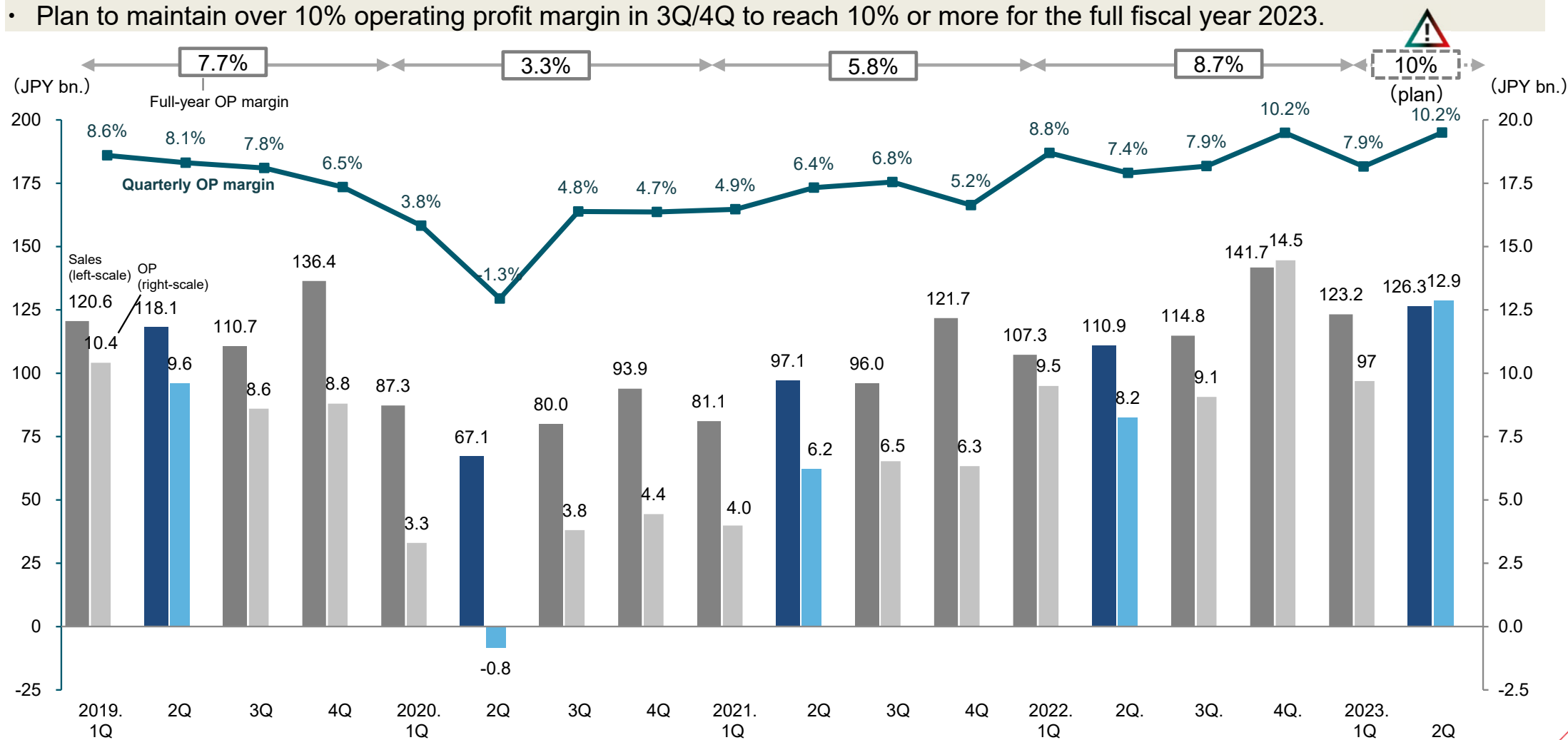
DMG MORI

(JPY bn.)	(1 st half)			(Full-year)				
	FY2022 Jan - Jun Actual	FY2023 Jan - Jun Actual	YoY (%)	FY2022 Actual	YoY (%)	FY2023 Plan (Revised)	YoY (%)	Previous plan (Feb 8 th)
Consolidated order intake	299.3	275.8	-7.9%	542.4	+18.9%	520.0	-4.1%	500.0
Order backlog	244.0	282.0		254.0		around 255.0		
Sales revenue	218.2	249.5	+14.4%	474.8	+19.9%	525.0	+10.6%	500.0
Operating profit	17.7	22.6	+27.5%	41.2	+78.7%	52.5	+27.4%	50.0
Operating profit margin	8.1%	9.0%		8.7%		10.0%		10.0%
Net profit	11.3	14.9	+32.0%	25.4	+88.7%	33.5	+31.9%	32.0
Net profit margin	5.2%	6.0%		5.4%		6.4%		6.4%
EPS (JPY)	83.23	111.87		188.62		253.03		240.95
Dividend per share (Yen)	30 *Interim	40 *Interim		70		80		80
Depreciation & amortization including leasing	11.6	12.6		24.0		27.0		27.0
Capital expenditure	19.1	19.1		41.1		35.0		35.0
USD/JPY	122.9	134.9		131.5		135.0		130.0
EUR/JPY	134.3	145.8		138.1		148.0		140.0

Expected rate for 2nd half:
 USD/JPY 135.0
 EUR/JPY 150.0

Quarterly Financial Results

- 2nd Quarter: Operating profit margin at 10.2% due to lower discount rate by promoting MX and favorable FX rates.
- Plan to maintain over 10% operating profit margin in 3Q/4Q to reach 10% or more for the full fiscal year 2023.

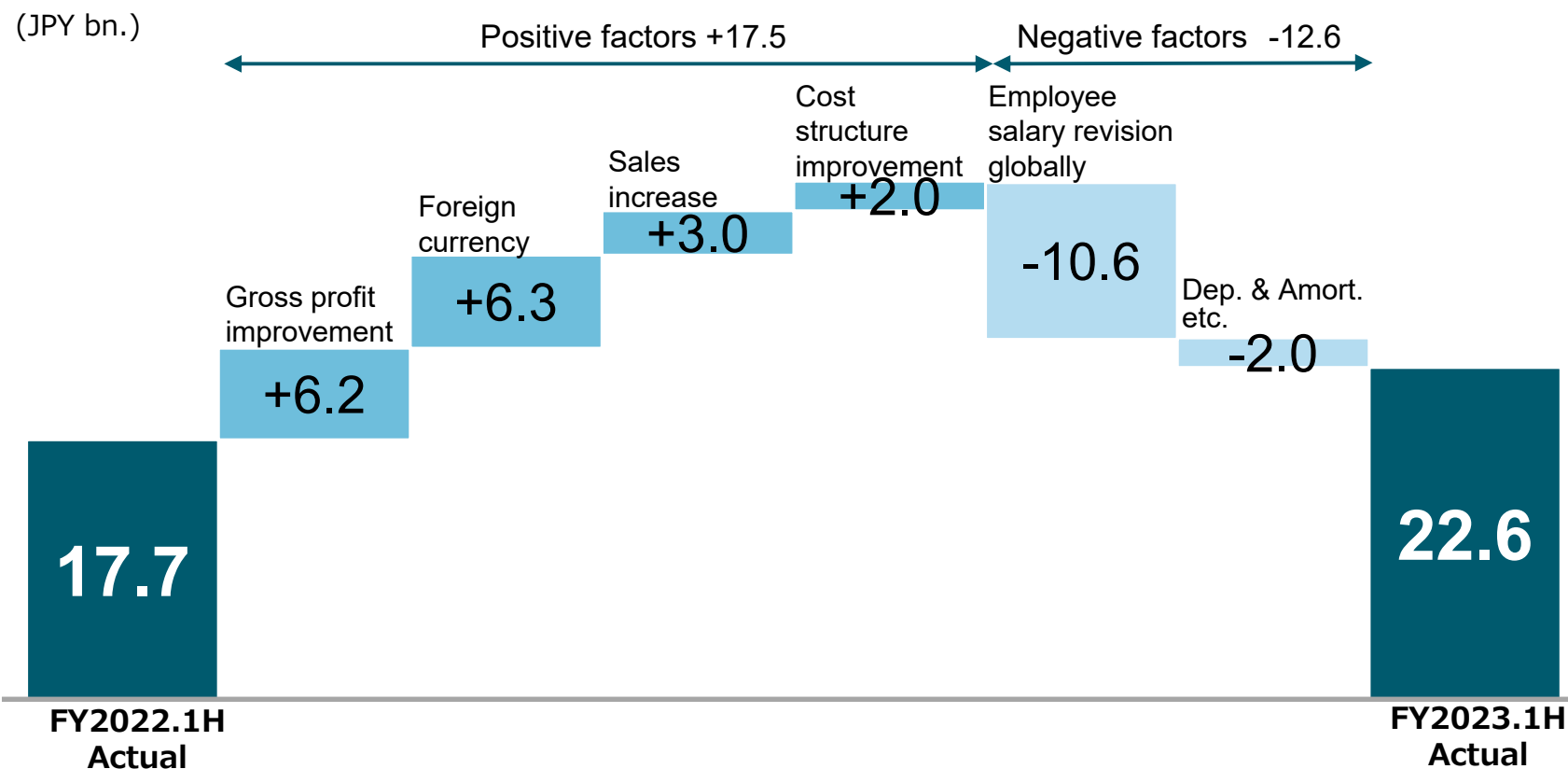


Operating Profit Bridge FY 2022 1H vs FY 2023 1H

- Higher gross profit driven by lower discount rate due to Machining Transformation (MX). Depreciating yen also contributed.
- Major impact due to employee salary revision (July 2022: employees in Japan) was almost over in the 1st half

(JPY bn.)	FY2022.1H	FY2023.1H	Changes
Sales revenue	218.2	249.5	+31.3

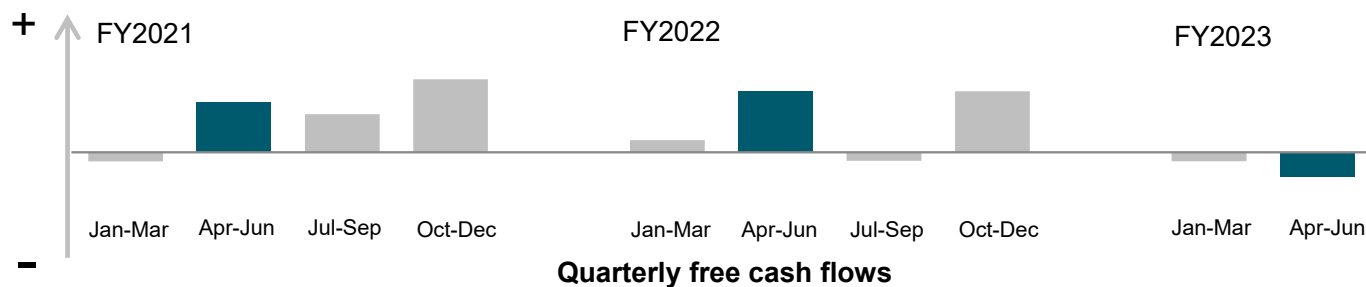
	FY2022.1H	FY2023.1H
Exchange rate: USD/JPY	122.9	134.9
EUR/JPY	134.3	145.8



Cash Flows

- Cash inflow increased from profit growth accompanied by margin improvement
- Inventories hit peak in 2Q and will be optimized 3Q onwards due to stabilization in procurement. Free cash flow planned to be positive in 3Q/4Q

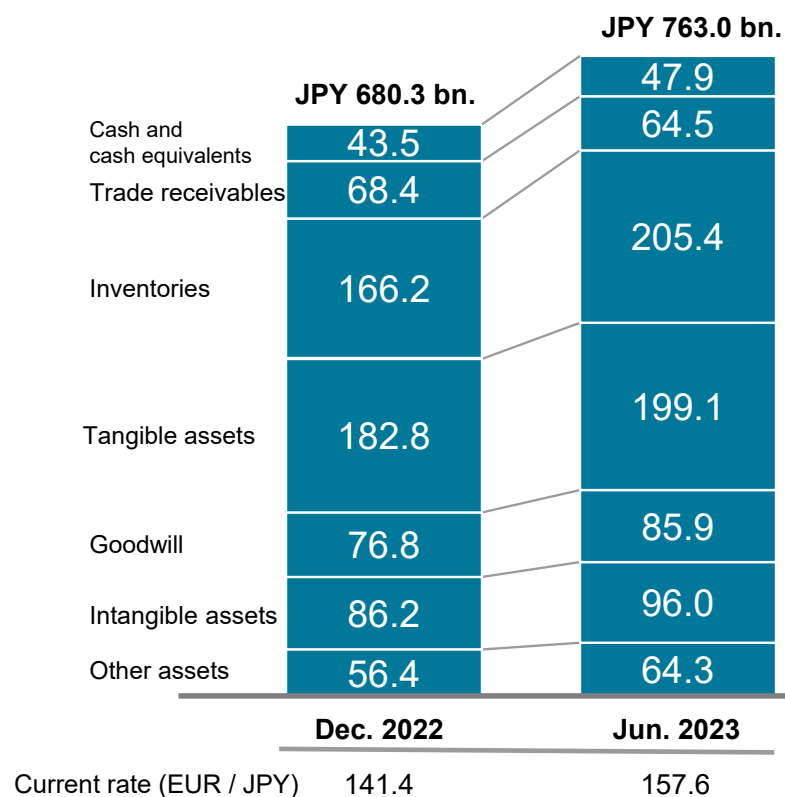
(JPY bn.)	2021					2022					2023			
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q		FY (Plan)
Operating cash flow	2.6	13.4	10.6	23.1	49.7	12.5	23.6	10.1	23.5	69.7	9.3	5.1		
Profit before taxes	3.1	5.4	5.6	5.5	19.6	8.9	7.4	8.0	12.2	36.5	8.5	11.2		
Depreciation & amortization	5.5	5.4	5.3	5.7	21.9	5.6	6.0	5.8	6.6	24.0	6.2	6.3		
Changes in working capital	-3.5	5.3	2.3	6.5	10.6	-1.8	9.9	-0.9	5.1	12.3	-1.7	-10.2		
Others	-2.5	-2.7	-2.7	5.5	-2.4	-0.2	0.4	-2.9	-0.3	-3.1	-3.7	-2.3		
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	-10.1		
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	-5.0		30.0



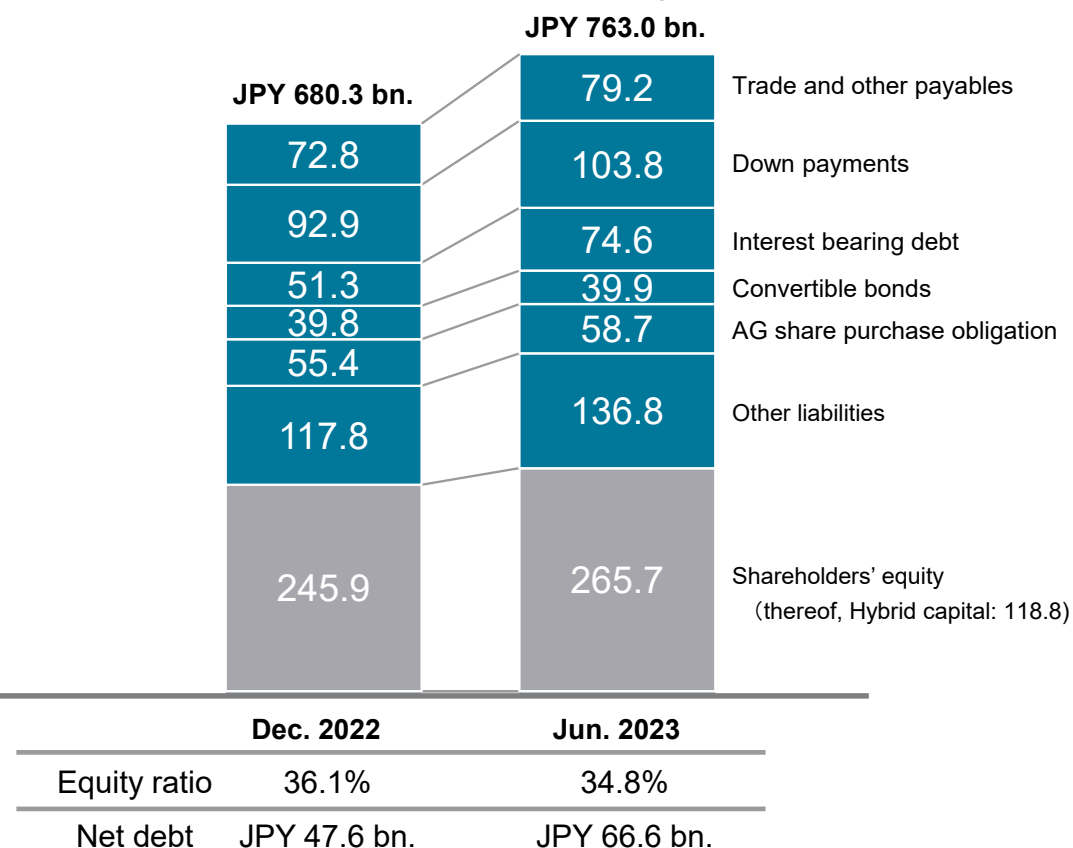
Balance Sheet Summary

- FX impact: approx. JPY 60 bn.
- Inventories will decrease towards end of the year due to normalization in supply chain and sales increase in the 2nd half. Higher down payments thanks to larger order intake.

Assets



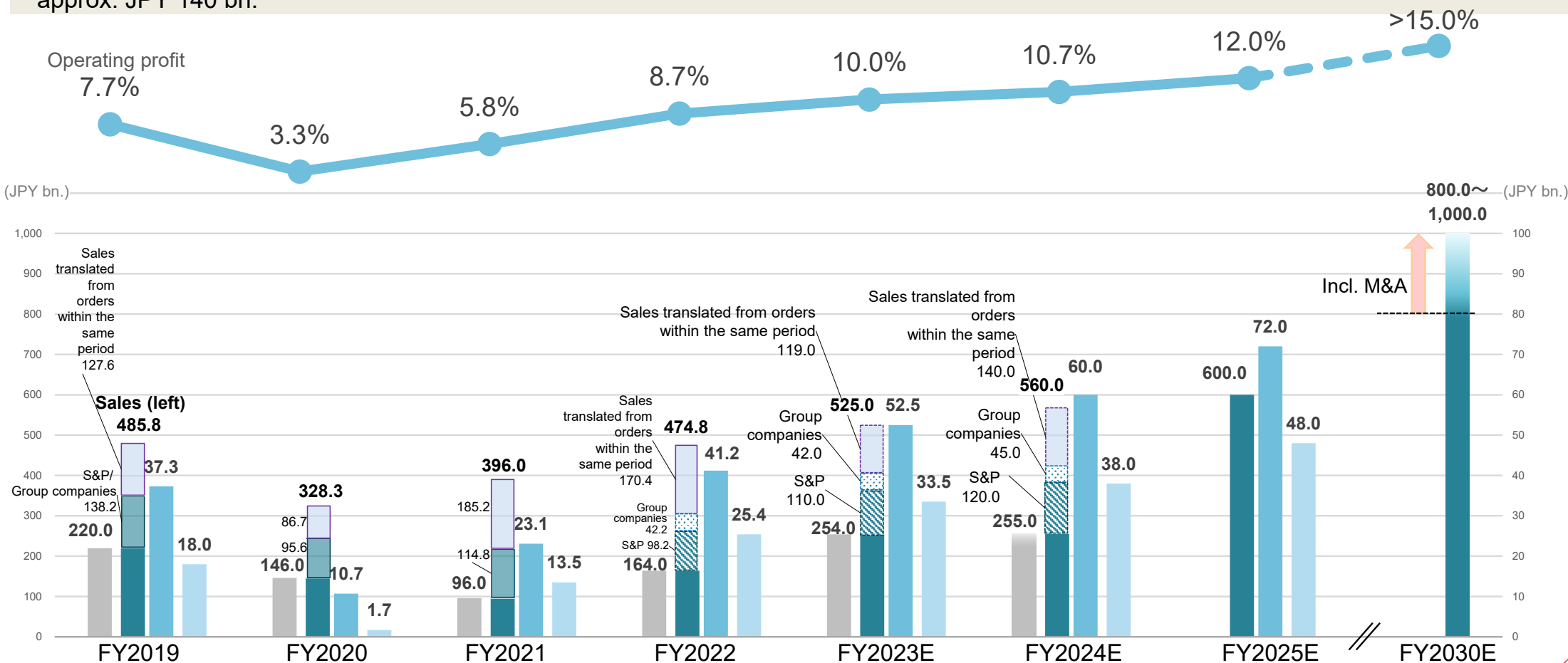
Liabilities & Equity



Net D/E ratio remained low at 0.25 at the end of Jun. 2023 (0.19 at the end of Dec. 2022)

Sales Revenue Plan for FY 2023/ FY 2024

- FY 2023 sales plan filled by order backlog. Progress in 1st half against revised plan : sales 48%, operating profit 43%.
- Sales revenue and operating profit forecasted to continue to increase in FY 2024. Order backlog at the end of FY 2023 forecasted at around JPY 255 bn. Service, Spare parts and other businesses also show solid growth. Sales revenue from orders within FY 2024 are planned at approx. JPY 140 bn.



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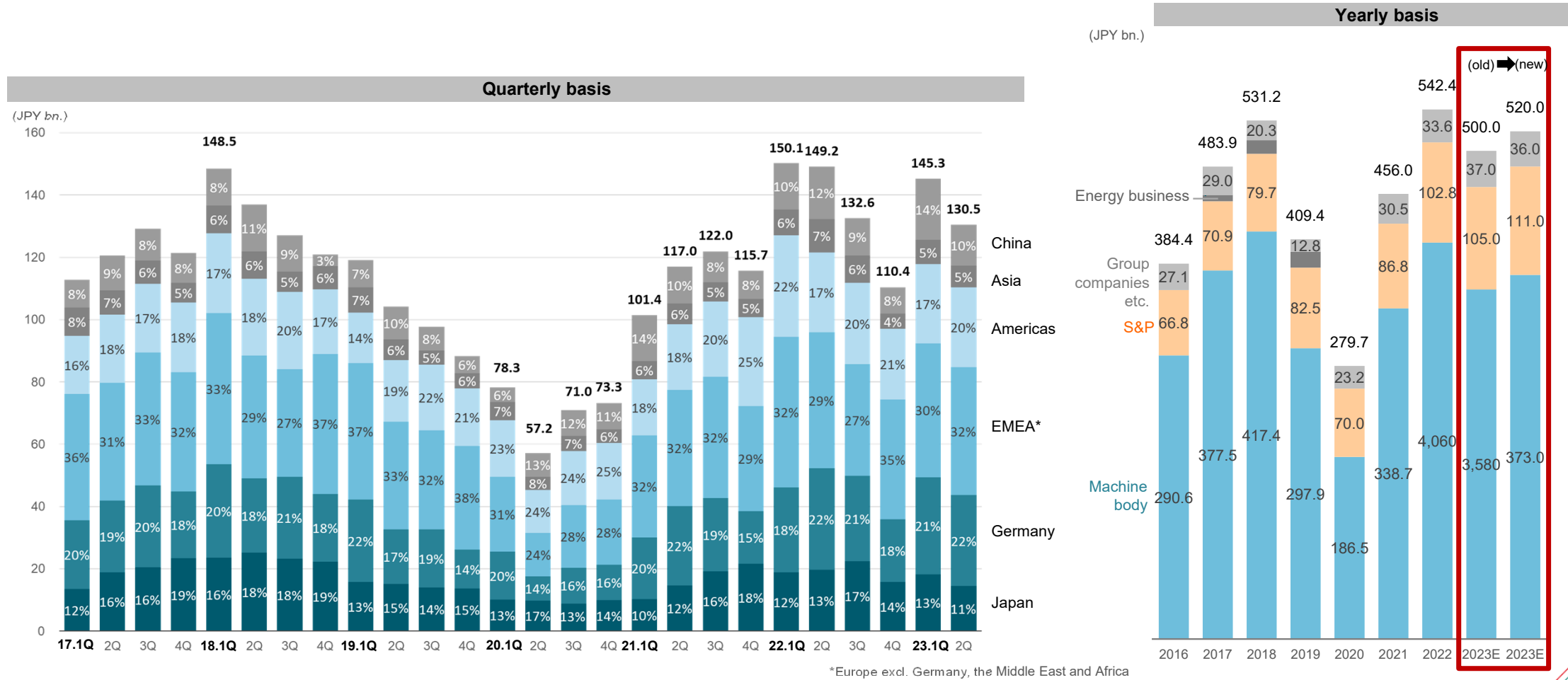
3. Focus Topics

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Consolidated Order Intake



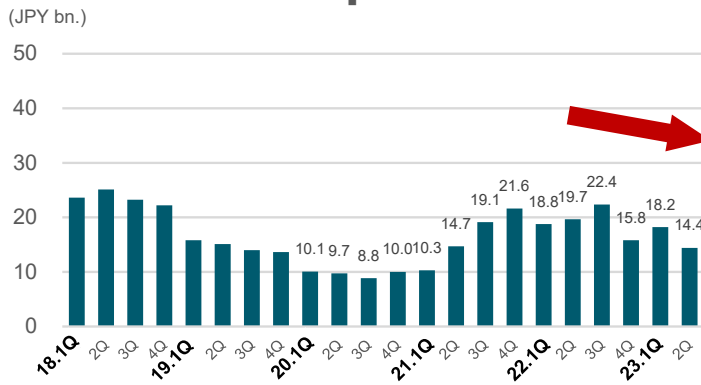
- Full year forecast revised upward to JPY 520 bn. (Before: JPY 500 bn.)
- Average order price per unit increased by MX. Higher order intake from service and spare parts business.



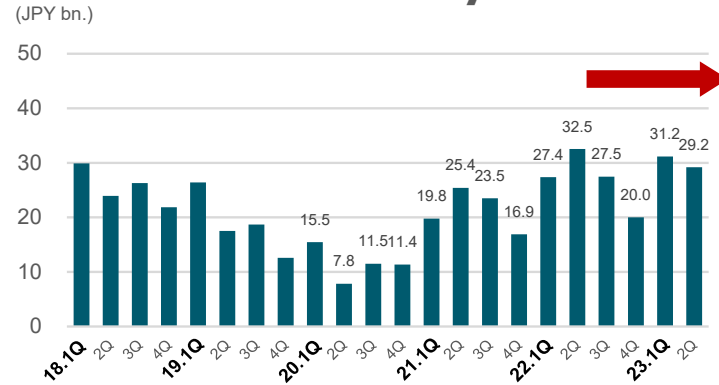
Order Intake by Region

- Europe/Asia continuous solid growth. Americas unchanged with large number of incoming inquiries.
- Japan in weak tone. China in adjustment phase from 2Q.

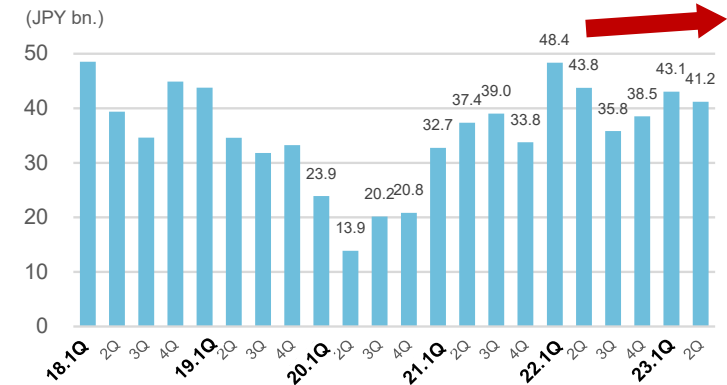
Japan



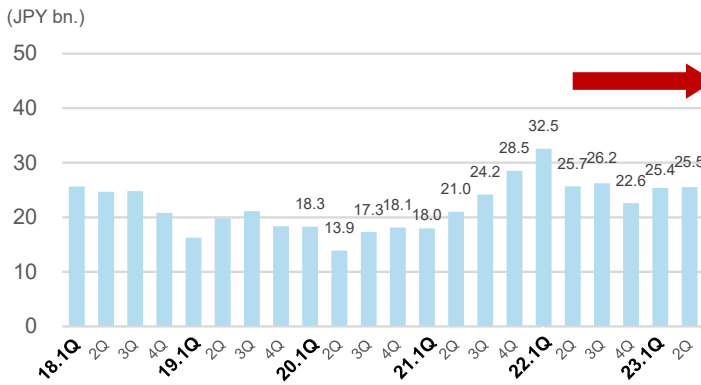
Germany



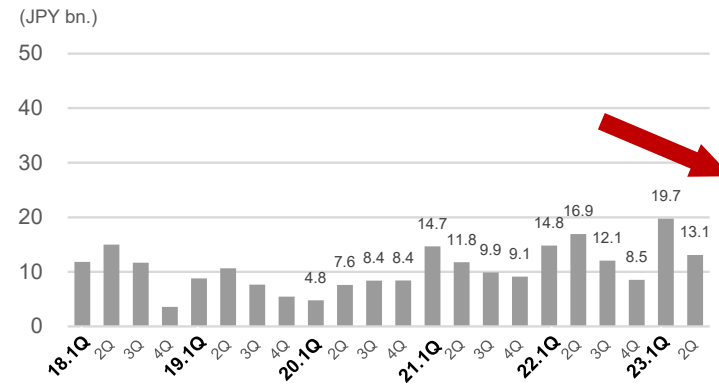
EMEA *Europe excl. Germany, the Middle East and Africa



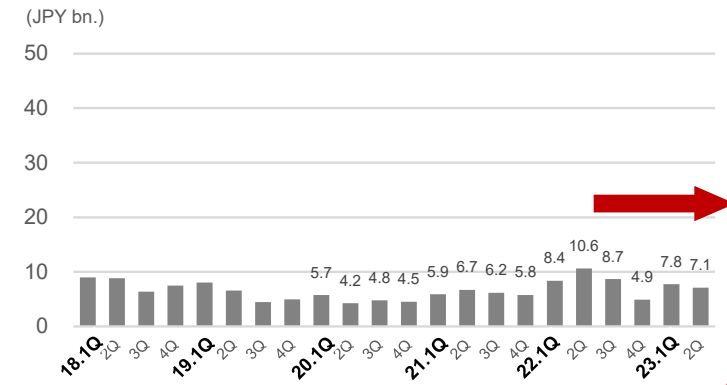
Americas



China



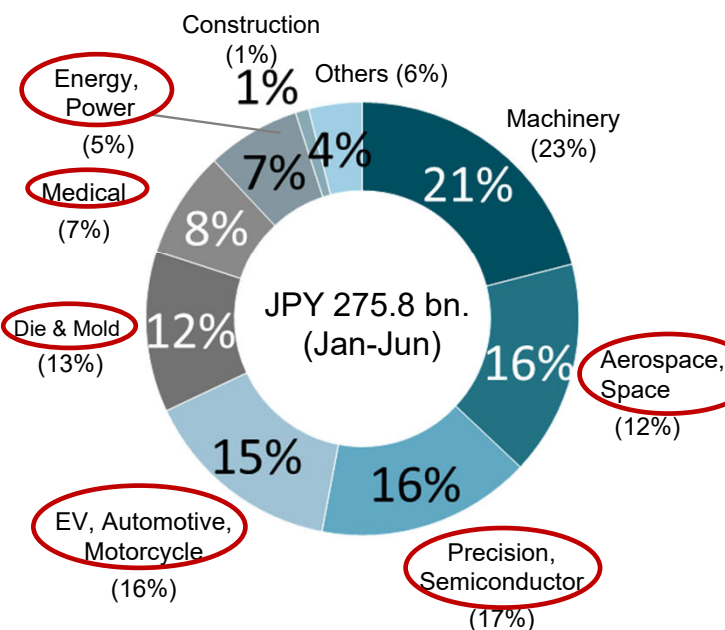
Asia



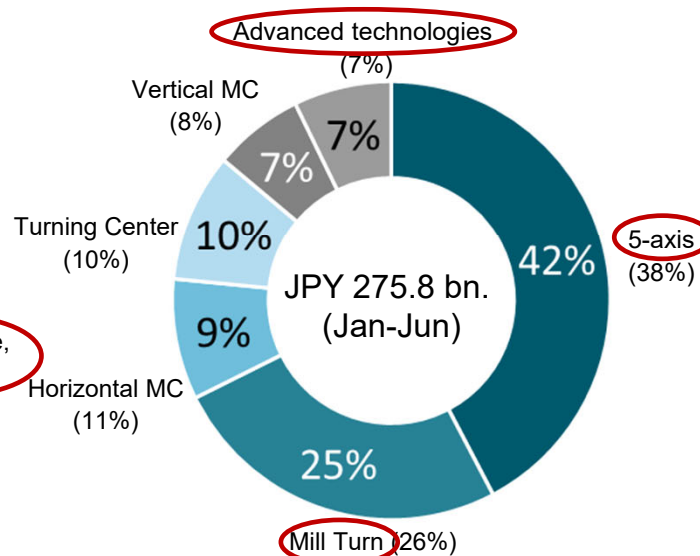
Order Composition (Jan-Jun)

- Solid demand from aerospace, medical, energy and EV related industries. Semiconductor production equipment industry recovering.
- Medium-/Large-size companies continue medium-/long-term investments. SMEs with growing focus on process integration and automation to compensate for labor shortage.

by industry

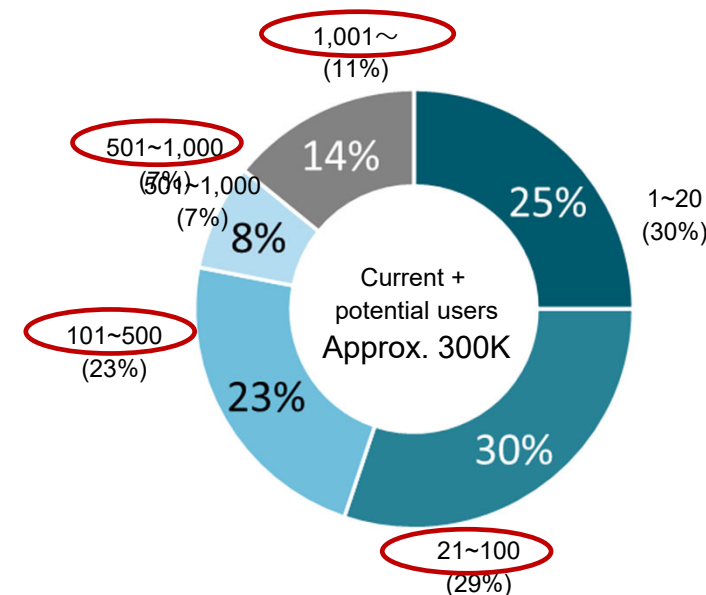


by product type



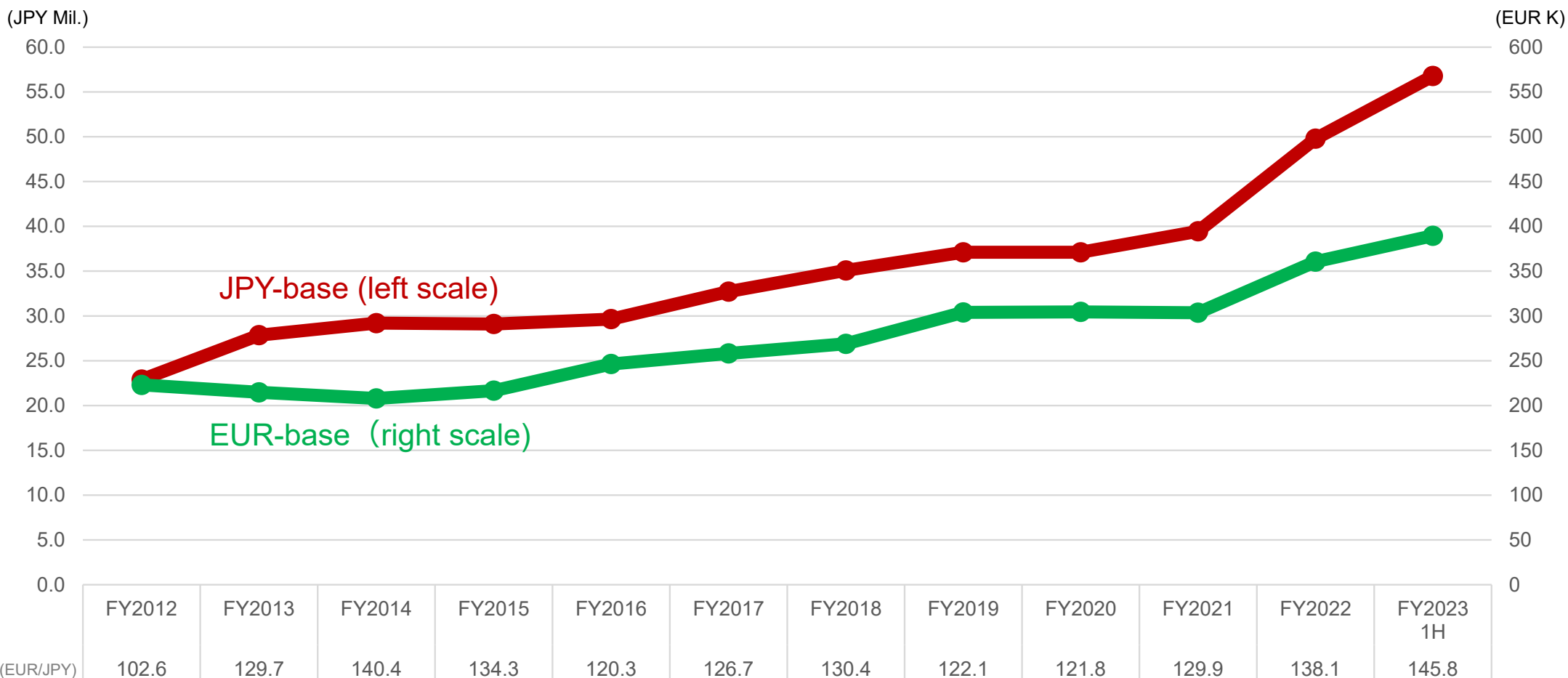
Based on amount(% in brackets: FY2022 Jan-Dec)

by customer's employee number



Average Order Price per Unit

- Significant increase in FY 2023 1st Half to 56.8 mil. (FY 2022 average: JPY 49.8 mil.)
- Increase due to higher value and lower discounts through MX (process integration, automation, DX, GX)



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Governance: Stronger Global Management Organization

May 25, 2023:

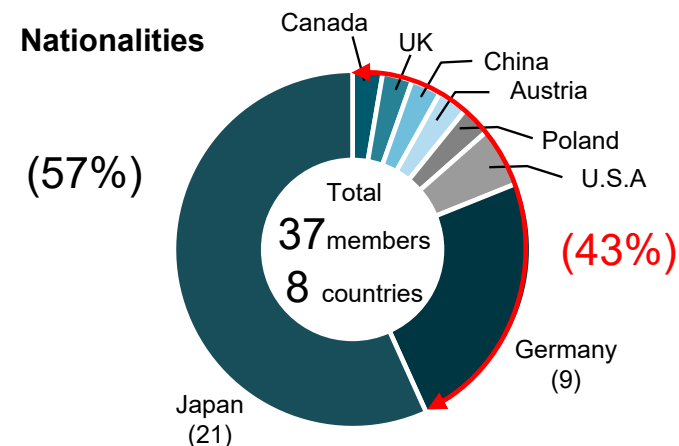
Mr. Alfred Geißler was appointed as Chairman of the Executive Board of DMG MORI AKTIENGESELLSCHAFT

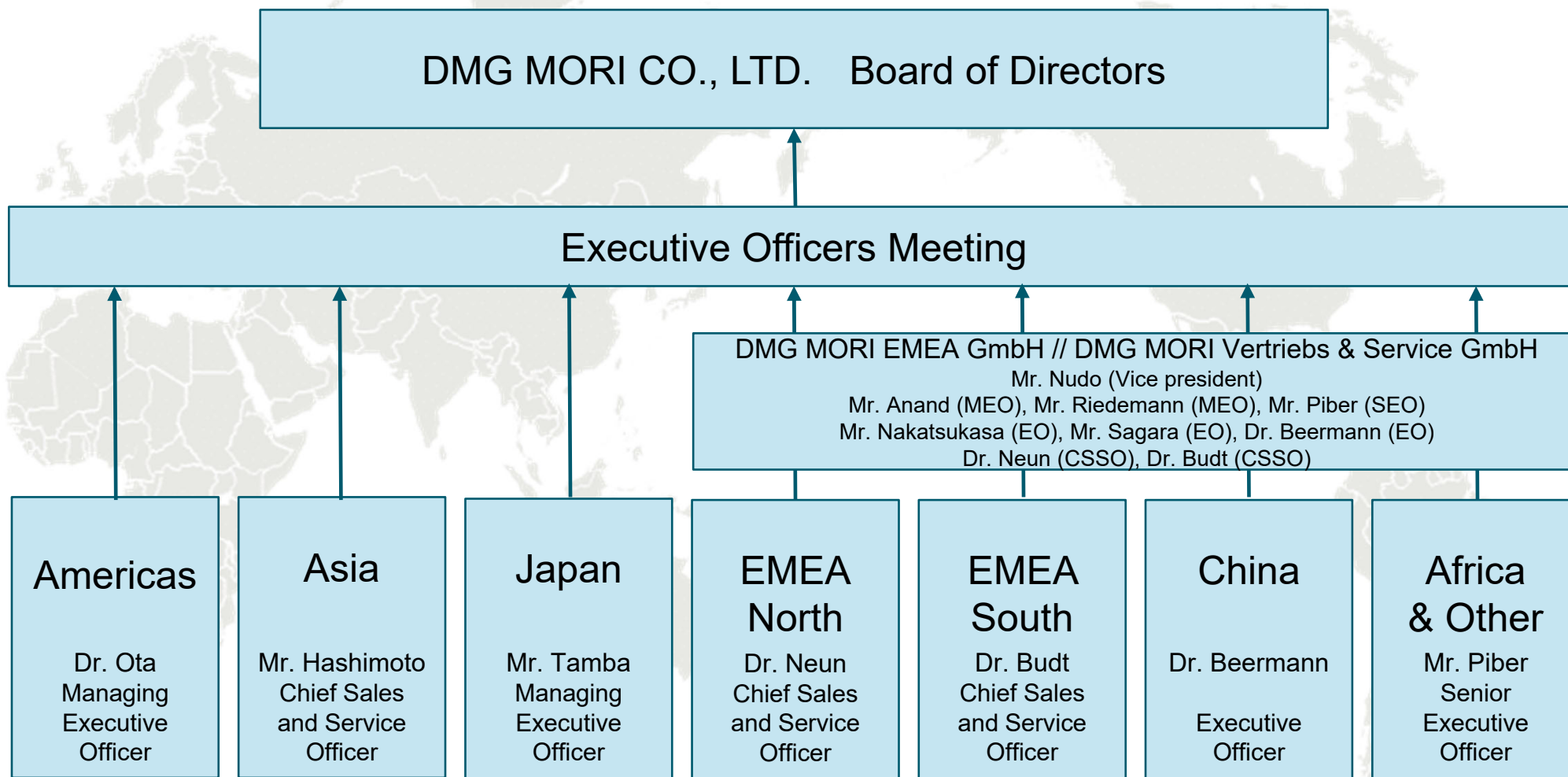


- 1983 Joined current DMG MORI Group
Gained rich experience in product design, development, purchasing
- 2005 Appointed as Managing Director of DECKEL MAHO Pfronten GmbH
- 2023 Appointed as Chairman of the Executive Board of DMG MORI AKTIENGESELLSCHAFT,
Appointed as Managing Executive Officer of DMG MORI CO., LTD.

August 1, 2023: 11 new Executive Officers were appointed to strengthen the global management organization.

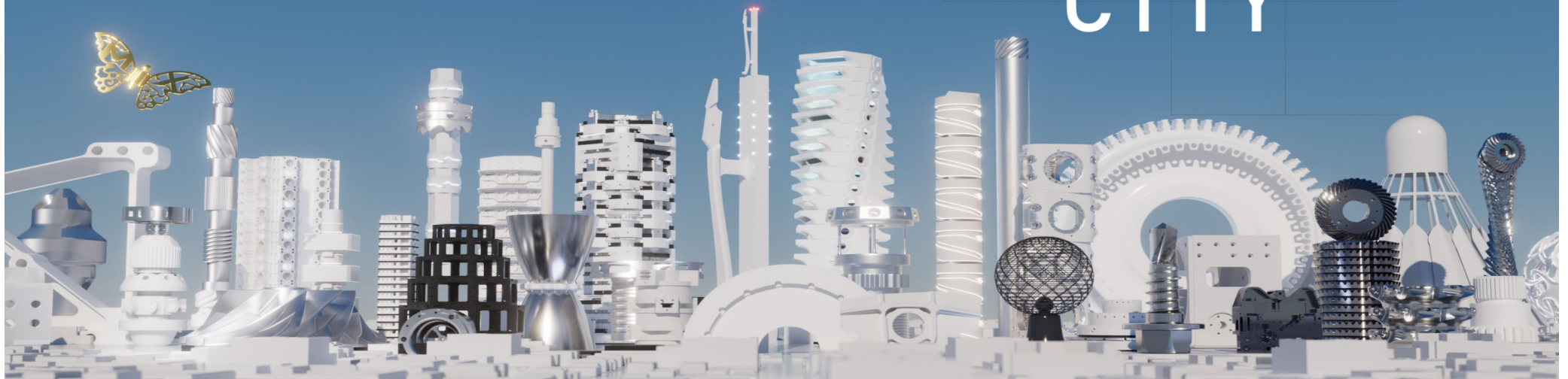
Managing Executive Officer	Alfred Geißler	DMG MORI AG, Director / CEO
Managing Executive Officer	Michael Horn	DMG MORI AG, Director
Managing Executive Officer	Björn Biermann	DMG MORI AG, Director / CFO
Senior Executive Officer	Markus Piber	DMG MORI EMEA Sales & Service Director
Executive Officer	Cornelius Nöß	Deckel Maho Pfronten, President
Executive Officer	Tommy Kuhn	DMG MORI Digital GmbH, President
Executive Officer	Timo Rickermann	DMG MORI AG, Head of Procurement
Executive Officer	Frank Beermann	DMG MORI China CSSO
Executive Officer	Harry Junger	Gildemeister Drehmaschinen President
Executive Officer	Izabela Spizak	FAMOT Pleszew President
Executive Officer	Mark Mohr	DMG MORI Federal Services President







WELCOME TO
DMG MORI
CITY



THE HOME OF TECHNOLOGY

**TOTAL
HALL 2**

**39 machines
&
22 automation
solutions**

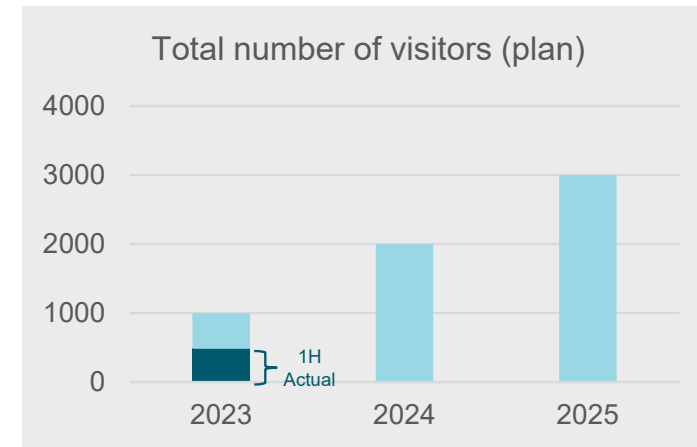
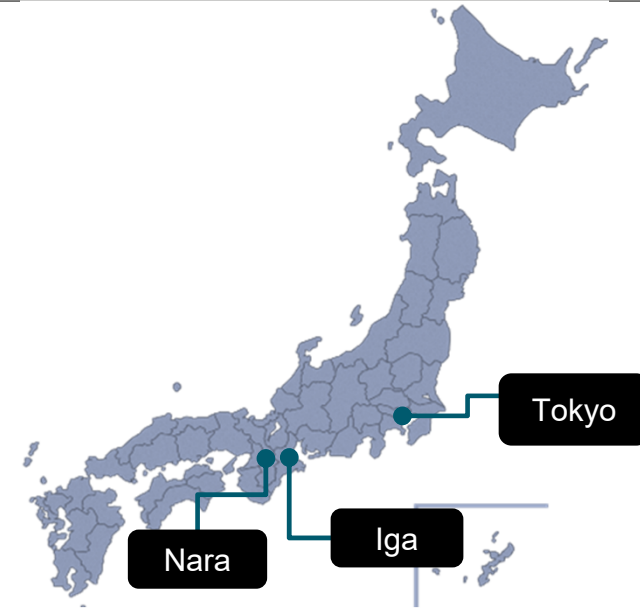
**Approx. 8,300 m2
exhibition space**

**9 integrated
partners in
booth**

Continued JAPAN Tours



DMG MORI welcomed 482 visitors in Japan in 1st Half 2023.



New Connectivity Service “DMG MORI GATEWAY”

DMG MORI

① One stop connectivity service to connect machine tools and peripheral equipment inside customer factories



*umati is a trademark or registered trademark of Verein Deutscher Werkzeugmaschinenfabriken e.V. *OPC UA is a trademark or registered trademark of the OPC Foundation.

*MQTT is a trademark or registered trademark of International Business Machines Corporation.

*MTconnect is a trademark or registered trademark of The Association For Manufacturing Technology.



BEST-IN-CLASS
COST PER
PART

DEVELOPED &
MANUFACTURED
IN THE USA



Blade
Aerospace
industry



Dental application

DMG MORI

FEDERAL SERVICES

- Dedicated to projects with US federal government agencies

Davis, CA

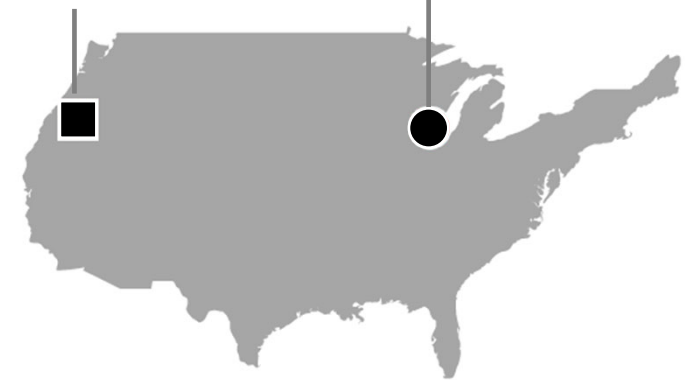


Production site for federal agencies' initiatives

Chicago, IL

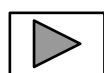


DMG MORI Federal Services office



New process integration, automation, DX: E-pallet

- ✓ E-pallet enables machining of complex shapes in one chucking

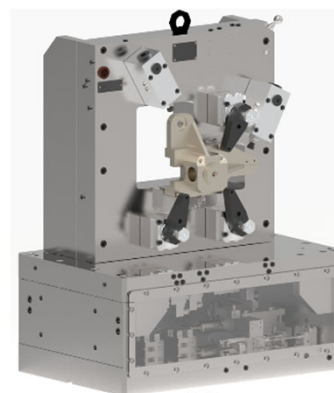


E-pallet

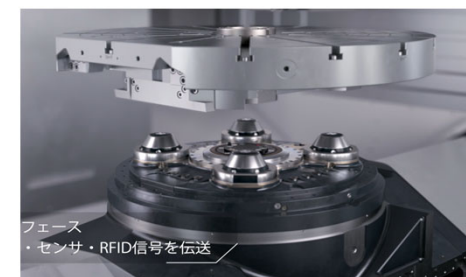
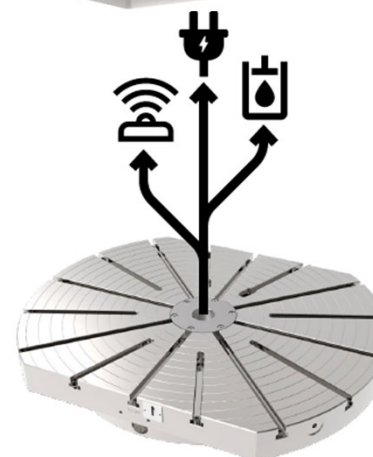
(Conventional model)
Hydraulic oil, Compressed air



(New) Electric power,
RFID signal*



Fixture



フェース
・センサ・RFID信号を伝送

In-machine table

*RFID (Radio Frequency Identification)

Opening of 2nd DMG MORI ACADEMY: Now in Kanazawa (May 12)



☑ Offering machining lessons for customers from 2-5 days



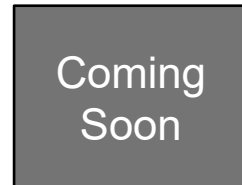
☑ Further openings planned across Japan



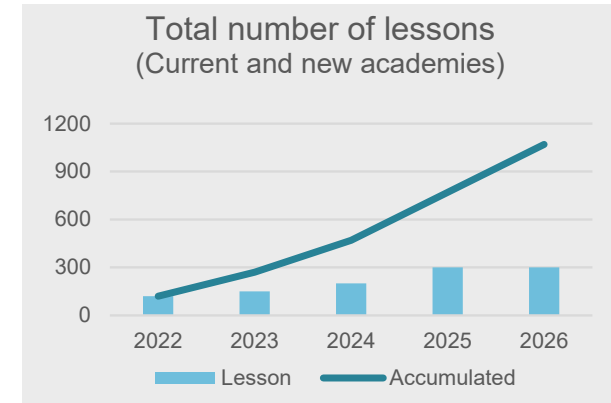
Sendai
(September)



Okayama
(2024)



Fukuoka
(2024)

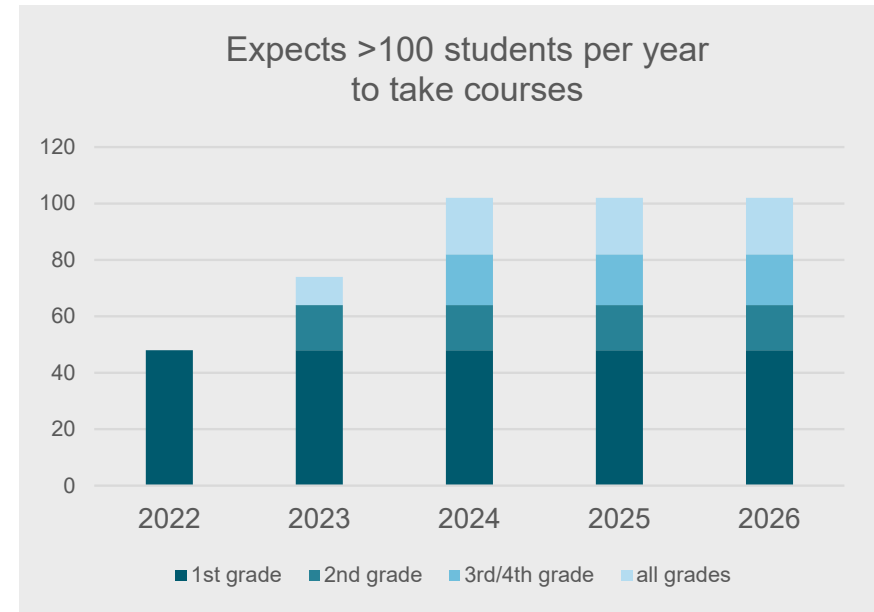


HR Development①: Practical course start at Nara Women's University

Collaboration with Nara Women's University to promote the development of female engineers and scientists



- 2022 March: Concluded agreement
- 2022 April: Secured naming rights
Started welcoming students
- 2022 October: Mandatory course start
- 🕒 2023 June: **Practical course start (Optional)**



HR Development②: Start of “Practical Digital Manufacturing Course” for Technical Colleges in Japan

DMG MORI

✔ DMG MORI provides “Practical Digital Manufacturing Course” with advanced machine tools to over 10 technical colleges and Kyushu Business School from August 2023

① Lecture + ② Self-study



③ Practical training



■ Joint development and evaluation of “Machining Safety Assurance VR (Virtual Reality)”



(Participant schools as of end of Jul.)

*This course is supported by METI’s education program subsidy, administered by JISSUI

- ✔ **DMG MORI ranked 34th at
“Patent Value Growth Ranking”
(Listed in 40 Innovative Companies with Latent Value)**

By analysis tool “PatentSight”* by LexisNexis, a U.S.-based intellectual property information company. Ranking based on the number of citations over the past two years to reflect the latest technological trends in the data analysis.

Source: Nikkei Business “Patent Value Growth Ranking” published on Jul. 17, 2023

* PatentSight is a trademark or registered trademark of PatentSight GmbH.

Special Concert Invitation to Shareholders by Kyohei Sorita and Japan National Orchestra **DMG MORI**

✔ Special Concert Invitation to Shareholders

-For Shareholders with 1,000 shares or more as of end of Dec. 2023

-Invitation to JNO concert to be held in 5 cities across Japan from Aug. to Dec. 2024.

Signed CD as gift if not available for concert

*Details will be included in Notice of Convocation of Annual General Meeting of Shareholders for next year



Kyohei Sorita
Pianist, Conductor
Won 2nd Prize at the 18th International
Chopin Piano Competition
President of Japan National Orchestra



Japan National Orchestra
Established in 2021, consisting of 21 young soloists as of Aug. 2023

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