

DMG MORI CO., LTD.

FY 2023 Third Quarter (Jan-Sep) Results

IR Announcement

October 25, 2023

1. FY 2023 3Q (Jan-Sep) Financial Summary

2. Business Environment

3. EMO 2023: Progress of MX (Machining Transformation)

- Process Integration: World Premiere of INH
- Automation: World Premiere of AMR2000
- Digitization: CELOS X Concept
- Global Factory Tours

4. Enforcement of Group Strategy

5. HR Development Initiatives

6. Others

FY2023 3Q (Jan-Sep) Highlights

DMG MORI

- ✓ Consolidated order intake: Jan-Sep JPY 399.5 bn. (-7.5% y-o-y)
: Jul-Sep JPY 123.7 bn. (-6.8% y-o-y)
- ✓ Average order price per unit increased to JPY 59.5 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 September: JPY 280.0 bn. (end of FY 2022: JPY 254.0 bn.)
- ✓ Significantly improved operating profit margin: Jan-Sep (3Q cumulative) 9.4% (Same period last year: 8.0%)
: Jul-Sep (3Q isolated) 10.0% (Same period last year: 7.9%)
- ✓ Advanced MX Strategy at EMO 2023, order intake strong in EMEA region
- ✓ Machine tool order backlog forecast for Dec 2023: approx. JPY 255.0 bn. (same level as end of FY 2022)

FY2023 Financial Highlights (Jan–Sep) / Full-year Forecast

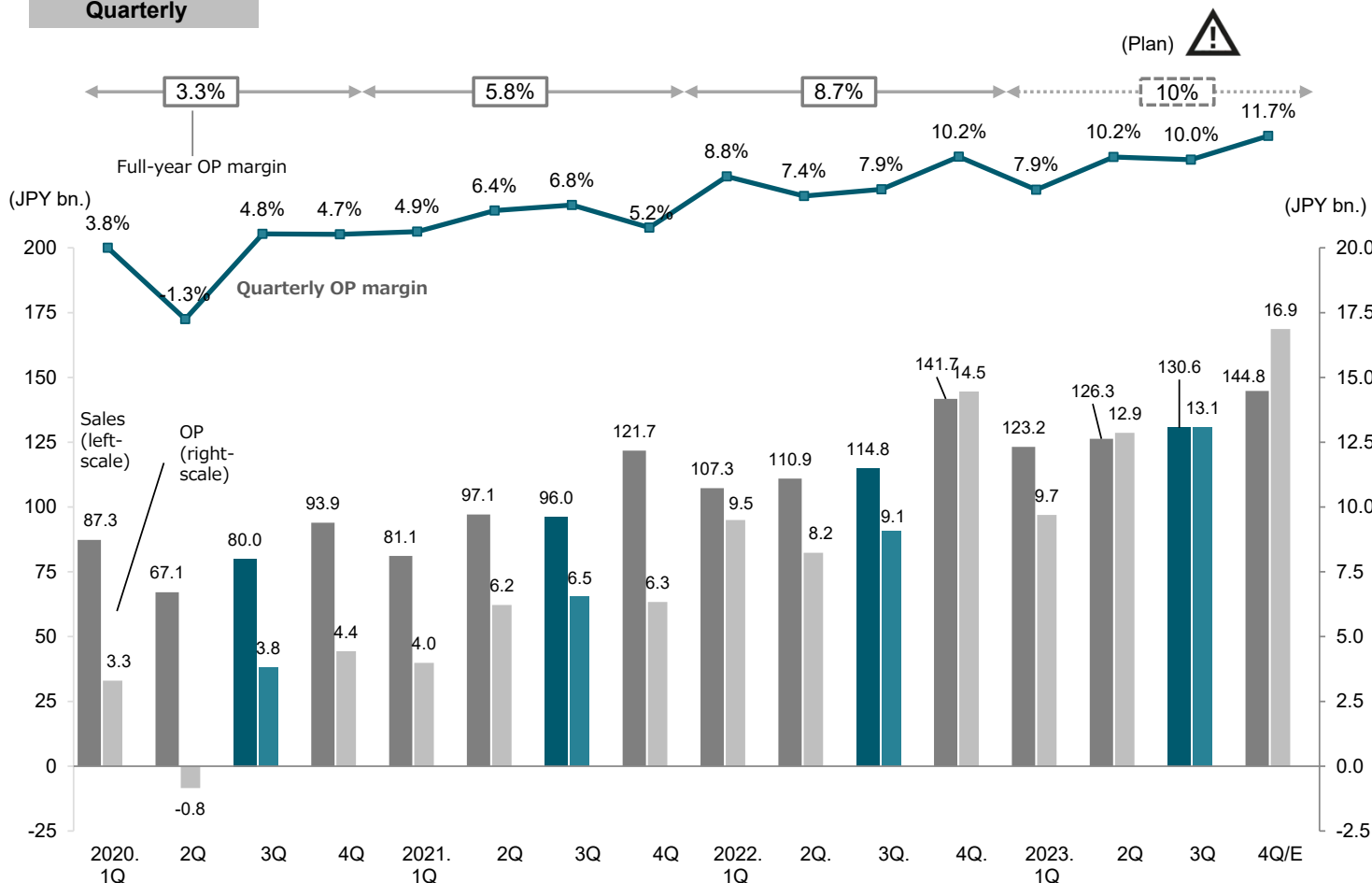
DMG MORI

| (JPY bn.) | (3 rd quarter) | | | (Full-year) | | | |
|---|---------------------------|---------------------|---------|-------------|---------|-----------------------|---------|
| | FY 2022 | FY 2023 | | FY 2022 | | FY 2023 | |
| | Jan - Sep Actual | Jan - Sep Actual | YoY (%) | Actual | YoY (%) | Plan (No revision) | YoY (%) |
| Consolidated order intake | 432.0 | 399.5 | -7.5% | 542.4 | +18.9% | 520.0 | -4.1% |
| Order backlog | 274.0 | 280.0 | | 254.0 | | around 255.0 | |
| Sales revenue | 333.0 | 380.2 | +14.2% | 474.8 | +19.9% | 525.0 | +10.6% |
| Operating profit | 26.8 | 35.6 | +33.1% | 41.2 | +78.7% | 52.5 | +27.4% |
| Operating profit margin | 8.0% | 9.4% | | 8.7% | | 10.0% | |
| Net profit | 16.6 | 23.0 | +38.9% | 25.4 | +88.7% | 33.5 | +31.9% |
| Net profit margin | 5.0% | 6.1% | | 5.4% | | 6.4% | |
| EPS (JPY) | 121.77 | 172.95 | | 188.62 | | 253.03 | |
| Dividend per share (JPY) | 30 *Interim | 40 *Interim | | 70 | | 80 | |
| Depreciation & amortization including leasing | 17.4 | 19.3 | | 24.0 | | 27.0 | |
| Capital expenditure | 29.3 | 30.5 | | 41.1 | | 45.0 | |
| USD/JPY | 128.1 | 138.1 | | 131.5 | | 139.8 | |
| EUR/JPY | 136.0 | 149.6 | | 138.1 | | 151.0 | |

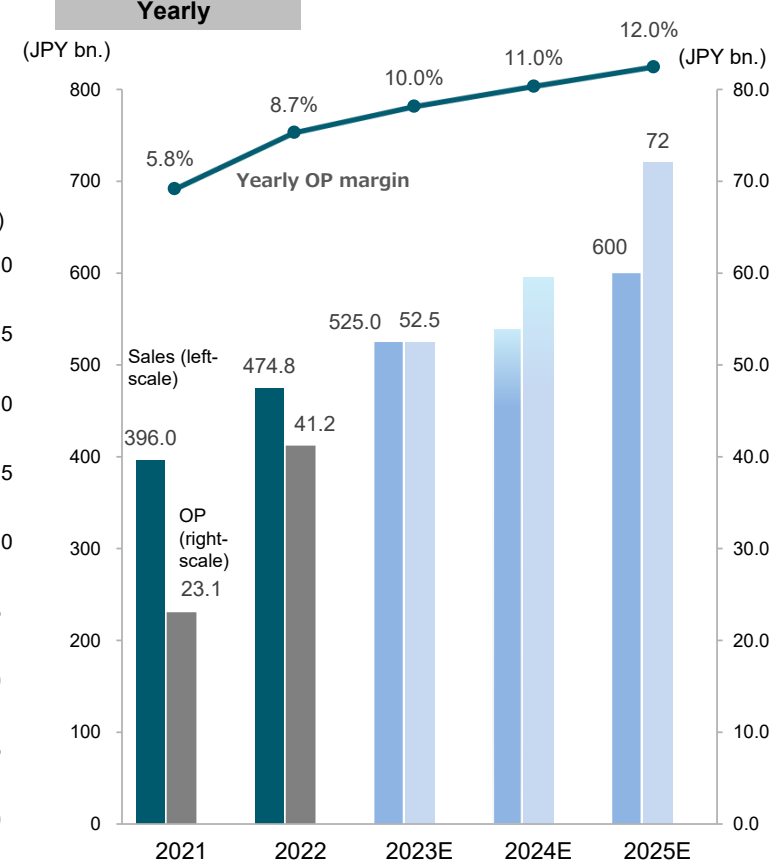
Quarterly and Yearly Financial Results

- Secured 10% operating margin in 3Q (Jul-Sep)
- Further improvement in profitability expected in 4Q (Oct-Dec). Full-year plan is to keep the operating margin at more than 10%

Quarterly



Yearly

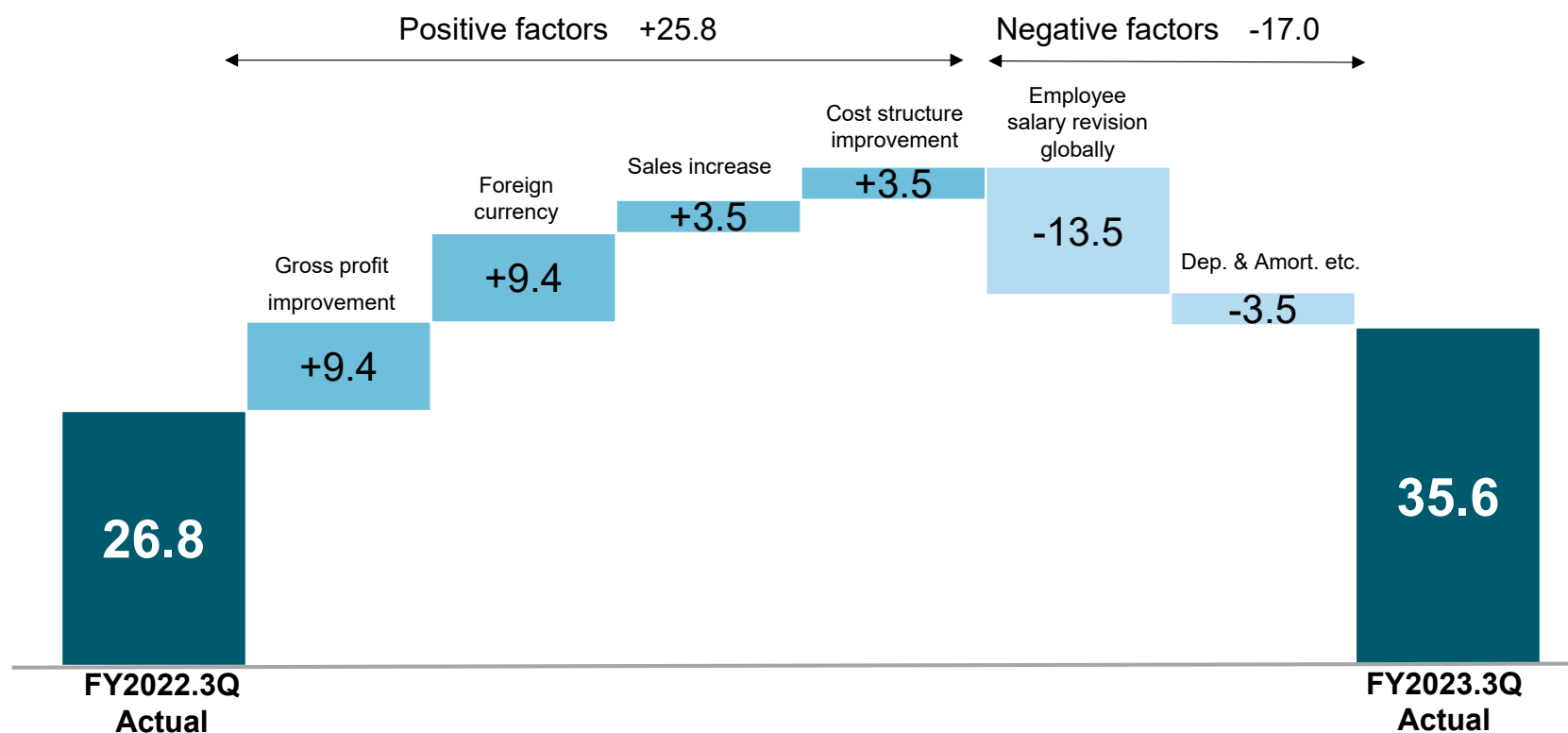


Operating Profit Bridge FY 2022 3Q vs. FY 2023 3Q

- MX proposals improved gross profit margins. Positive effects from higher productivity through in-house parts production and optimized cost structure. Weak yen also continues to contribute.
- JPY 8.8 bn. operating profit increase after covering the global salary revisions.

| (JPY bn.) | FY2022.3Q | FY2023.3Q | Changes |
|---------------|-----------|-----------|---------|
| Sales revenue | 333.0 | 380.2 | +47.2 |

| | | | |
|-----------------|---------|------------------|------------------|
| Exchange rate : | USD/JPY | <u>FY2022.3Q</u> | <u>FY2023.3Q</u> |
| | EUR/JPY | 128.1 | 138.1 |
| | | 136.0 | 149.6 |

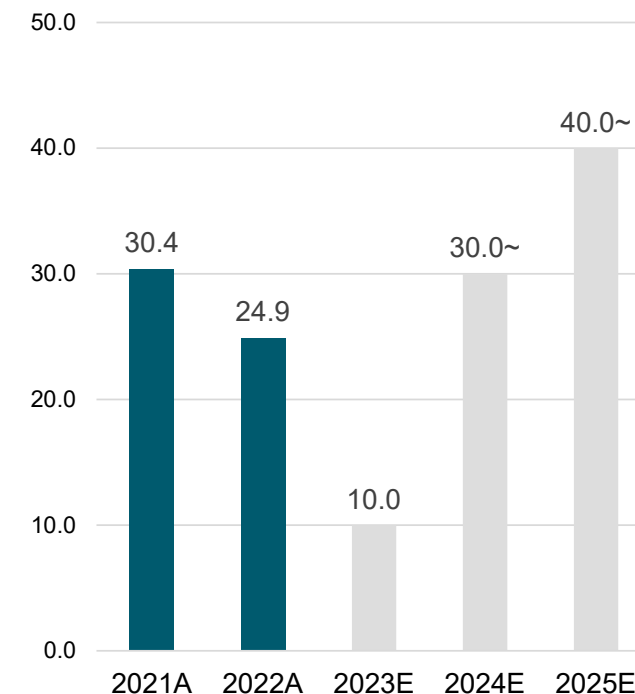


Cash Flows

- 3Q (Jul-Sep) operating free cash flow: - JPY 3.9 bn. due to inventory buildup for 4Q sales
- 4Q (Oct-Dec) operating free cash flow: large surplus expected from sales increase from inventory. Full-year result planned at JPY 10.0 bn.

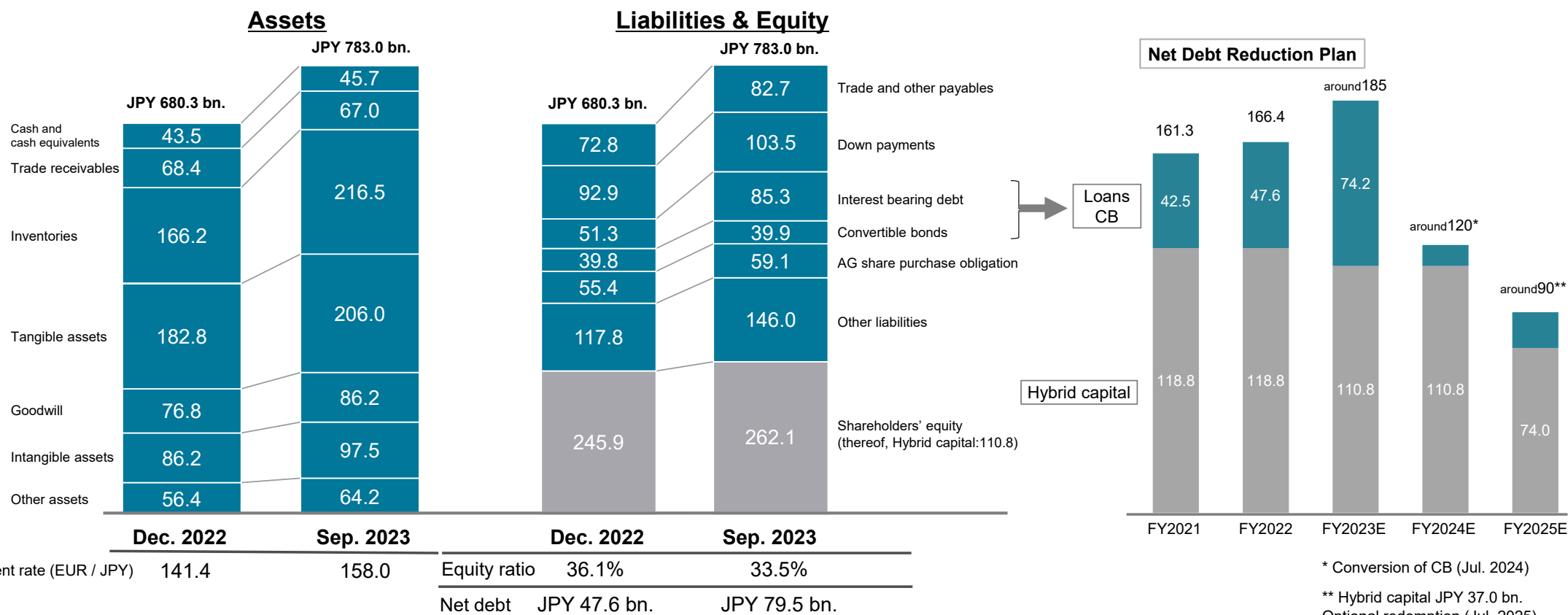
| (JPY bn.) | 2022 | | | | | 2023 | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | FY | 1Q | 2Q | 3Q | 4Q | FY (Plan) |
| Operating cash flow | 12.5 | 23.6 | 10.1 | 23.5 | 69.7 | 9.3 | 5.1 | 5.8 | 34.8 | 55.0 |
| Profit before taxes | 8.9 | 7.4 | 8.0 | 12.2 | 36.5 | 8.5 | 11.2 | 11.7 | | |
| Depreciation & amortization | 5.6 | 6.0 | 5.8 | 6.6 | 24.0 | 6.2 | 6.3 | 6.8 | | |
| Changes in working capital | -1.8 | 9.9 | -0.9 | 5.1 | 12.3 | -1.7 | -10.2 | -7.1 | | |
| Others | -0.2 | 0.4 | -2.9 | -0.3 | -3.1 | -3.7 | -2.3 | -5.6 | | |
| Investment cash flow | -10.1 | -11.5 | -11.8 | -11.5 | -44.9 | -11.1 | -10.1 | -9.6 | -14.2 | -45.0 |
| Operating free cash flow | 2.4 | 12.1 | -1.7 | 12.1 | 24.9 | -1.8 | -5.0 | -3.9 | 20.7 | 10.0 |

(JPY bn.) Operating Free Cash Flow Trends and Plans



Balance Sheet Summary

- FX effects approx. JPY 60.0 bn.
- Net debt increase due to inventory increase and MX investments. Decline in shareholders' equity ratio due to redemption of JPY 8.0 bn. Hybrid capital.



Net D/E ratio remained low at 0.30 at the end of Sep. 2023 (0.19 at the end of Dec. 2022)

* Conversion of CB (Jul. 2024)

** Hybrid capital JPY 37.0 bn. Optional redemption (Jul. 2025)

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5. HR Development Initiatives

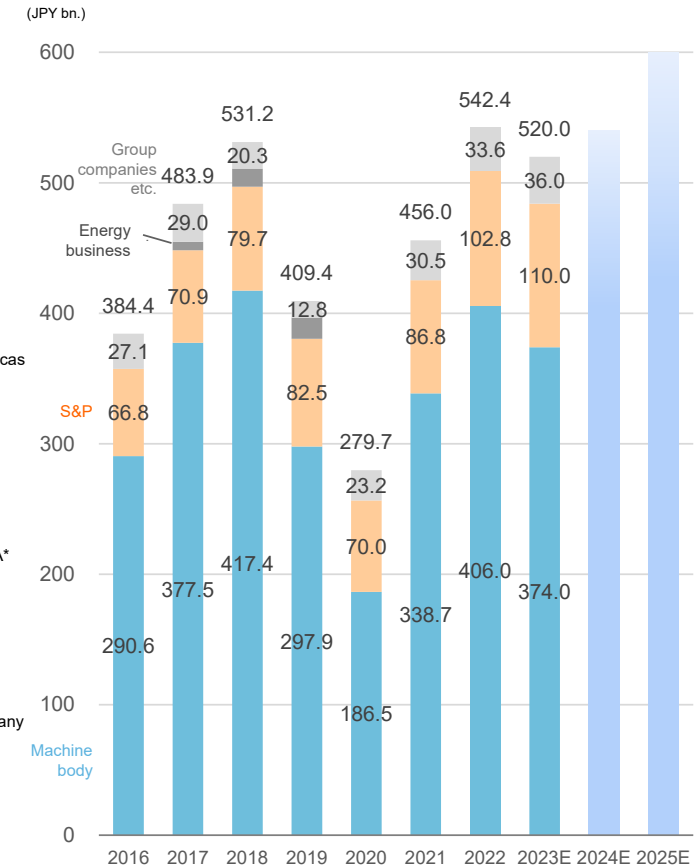
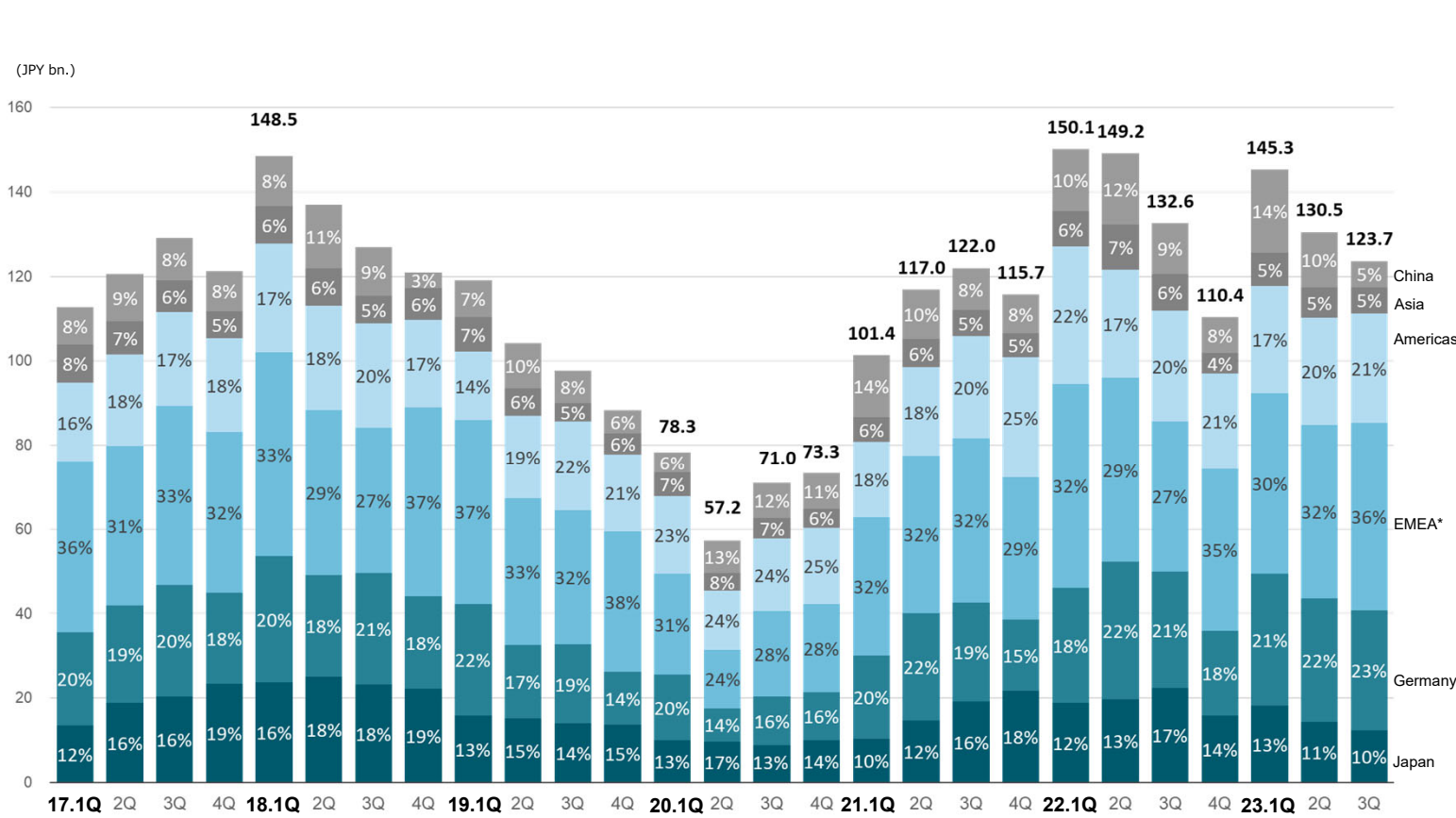
6. Others

Consolidated Order Intake

- 3Q (Jul – Sep) order intake: –6.8% y-o-y (2Q (Apr – Jun): –12.5% y-o-y)
- Increased share of EMEA, Germany, Americas

Quarterly basis

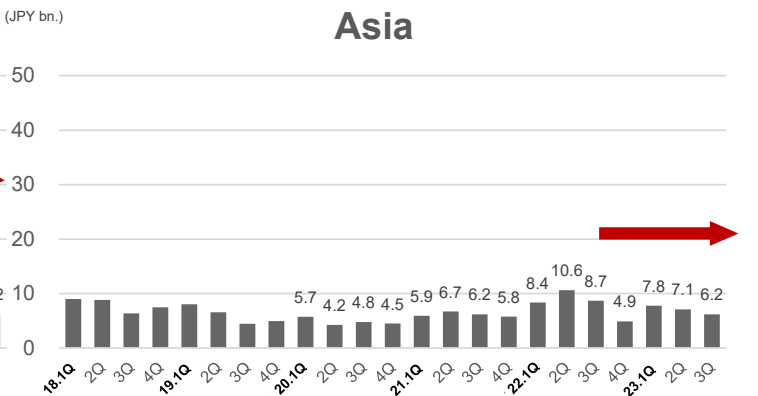
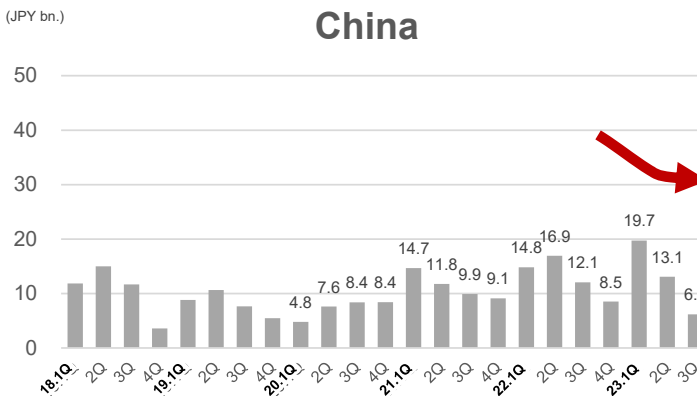
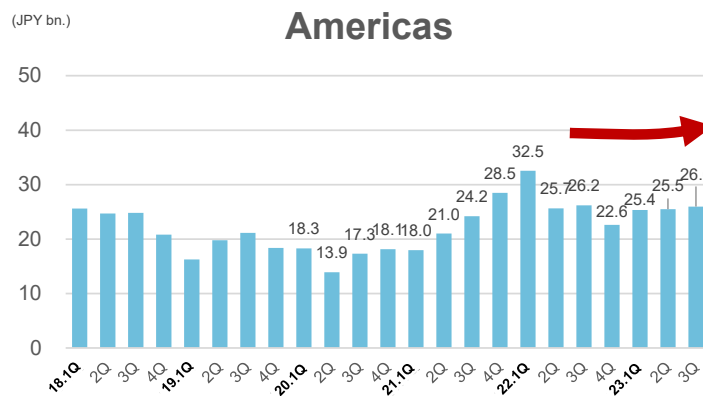
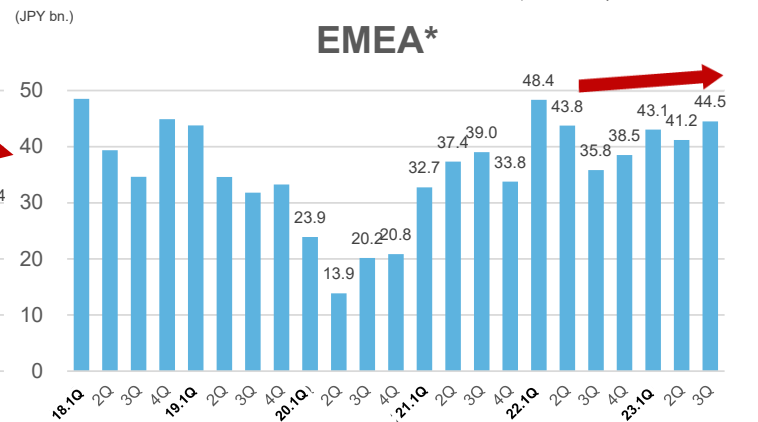
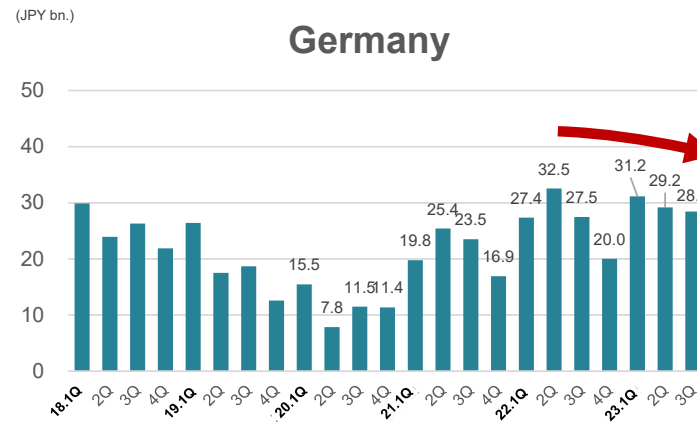
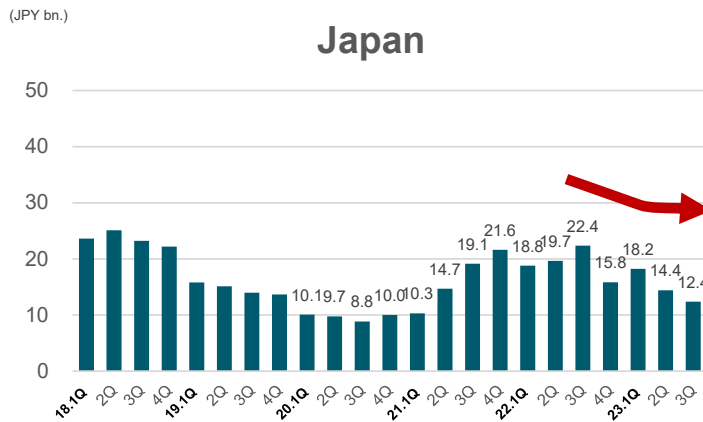
Yearly basis



Order Intake by Region

- Solid demand from EMEA, Americas. Germany remains stable. Many large-scale automation projects in all three regions.
- Japan/Asia: weak. China: significant slowdown due to weak macroeconomic trends and export restrictions.

*Europe excl. Germany, the Middle East and Africa

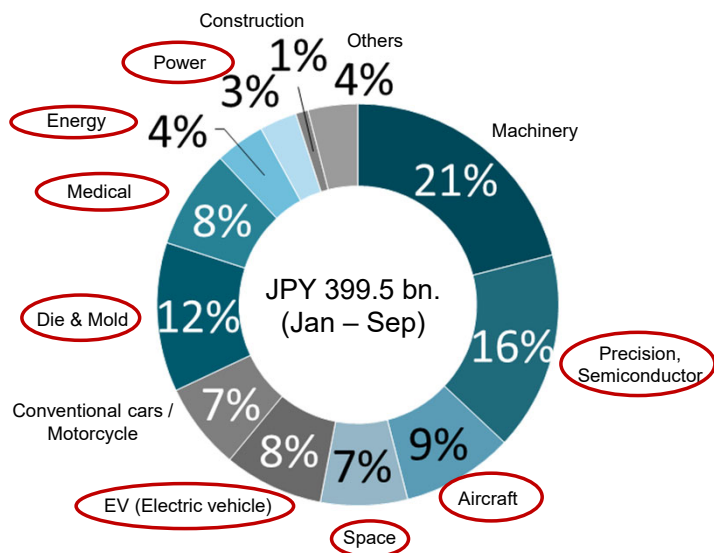


Order Composition (Jan-Sep)

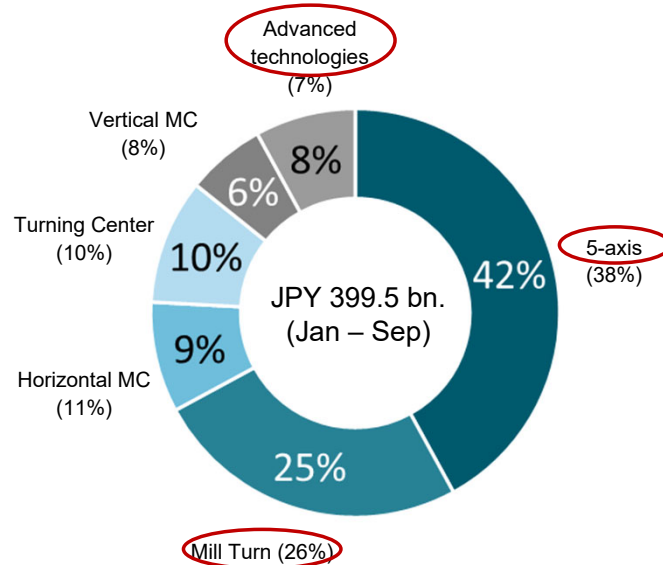
- Solid demand from aircraft, space, medical, energy/power industries. Semiconductor related industries recovering in Europe.
- Medium-/Large-size companies continue investing into process integration/automation. SMEs slow to make investment decisions.

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

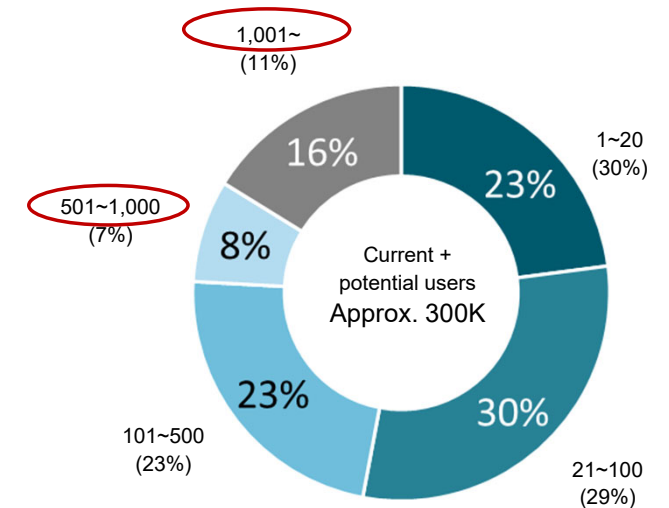
by industry



by product type



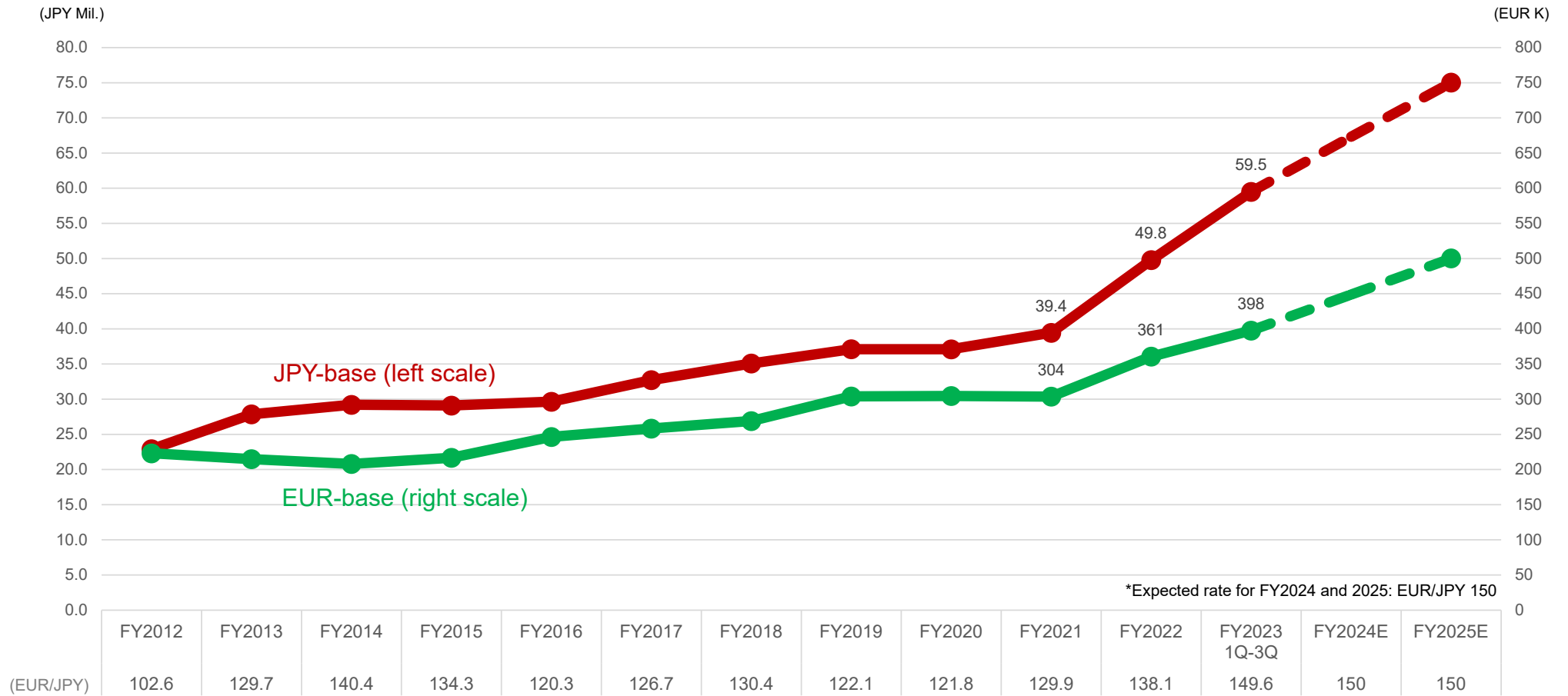
by customer's employee number



Average Order Price per Unit



- Significant increase to JPY 59.5 mil. in FY 2023 1Q-3Q (FY 2022 average: JPY 49.8 mil.), EUR base also +10% y-o-y
- Increase driven by high-value proposals and lower discounts through MX (process integration, automation, DX, GX), and weak yen



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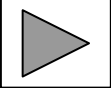
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6. Others

EMO HANNOVER 2023 September 18-23

DMG MORI



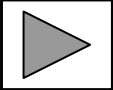
DMG MORI CITY
THE HOME OF TECHNOLOGY



EMO HANNOVER 2023

Highlight: MX (Machining Transformation)

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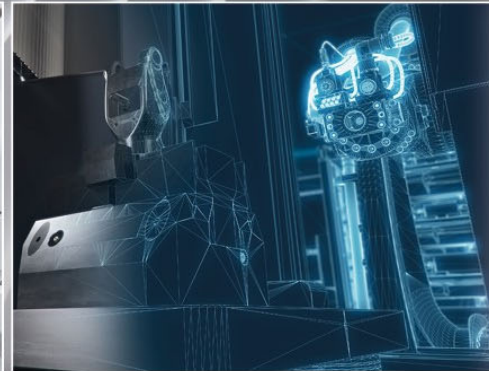


PROCESS INTEGRATION

AUTOMATION

DX - DIGITAL TRANSFORMATION

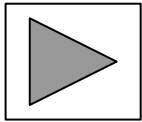
GX - GREEN TRANSFORMATION



EMO HANNOVER 2023 Process Integration: World Premiere of New 5-axis HMCs INH 63/80

DMG MORI

✔ Three features: Precision, Productivity, Flexibility to promote MX



INH 63



INH 80

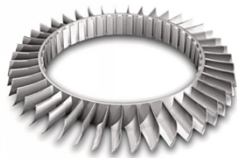


Automation system with NHX (4-axis), INH 63 (5-axis) and LPP

Aircraft



Valve block



Blisk

Energy



Pelton wheel

Die & Mold



Injection mold



Die casting mold

Electric Vehicle



Motor housing

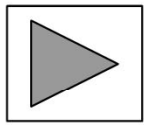


Battery case

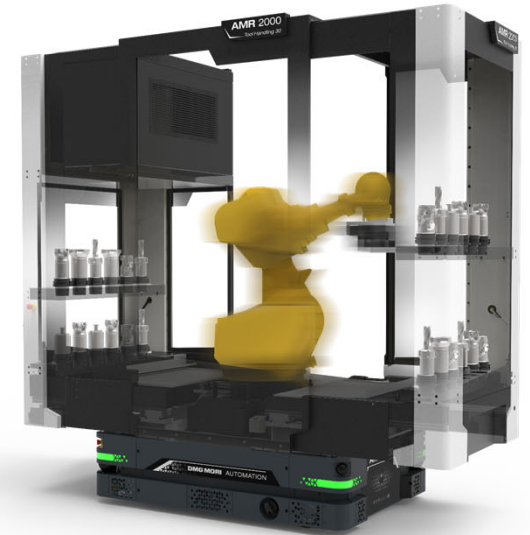
EMO HANNOVER 2023 Automation: 21 Systems + World Premiere of AMR 2000

DMG MORI

- ✔ The self-driving robot AMR 2000 allows highly flexible transfer of workpieces, chips and tools up to 2000kg



Chip disposal



Tool handling



Workpiece handling

EMO HANNOVER 2023 DX: CELOS X, CELOS Xperience, CELOS Xchange

DMG MORI

Hardware (Panel) **ERGoline X**
Software **CELOS X**

NEW



- Predictive maintenance
- Minimized machine downtime
- Periodic diagnoses



AI-based data processing

CONNECTIVITY
by **DMG MORI**

Production Planning

Machine Monitoring

ERP

CELOS Xchange



Machine with CELOS X

Existing DMG MORI Third-Party Machine

CELOS Xperience

1. EASY OPERATION
2. EXTENDED SPINDLE HOURS
3. ENERGY EFFICIENCY



Global Factory Tours

DMG MORI

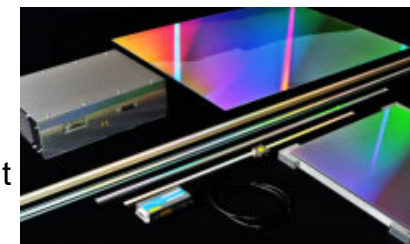


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MAGNESCALE: New Laserscale Factory in Nara City

DMG MORI

- ✔ Increased production of Laserscales with world-class ultra-high resolution of 2.1 picometer (2.1×10^{-9} mm)
 - *1 picometer = 1 billionth of a millimeter
- ✔ 50% market share for high-precision measurement for front-end processes in the semiconductor production equipment
 - *Estimation by Magnescale
- ✔ Stronger BCP organization by 2 factory locations (Isehara, Nara)



Ultra-high resolution laserscale

■ Magnescale Co., Ltd. - Company Profile

| | | | |
|---------------|---|--|--|
| HQ | Koto-ku, Tokyo, Japan | | |
| Main plant | Isehara City, Kanagawa Pref. | | |
| Foundation | August 1969 | | |
| | Acquired from Sony Group Corporation in 2010 | | |
| Business | Development, Production and Sales of Magnescale, Laserscale and Digital Gauge | | |
| Headcount | 352 (consolidated, as of Sep. 2023) | | |
| Sales revenue | FY2010 Actual Around JPY 5.0 bn. | → FY2023 Forecast Around JPY 20.0 bn. | → FY2030 Target Around JPY 40.0 bn. |



| | |
|-------------------|---|
| Area size | 13,220㎡ (production start in 2nd half 2025) |
| Total investment | approx. JPY 11.7 bn. |
| Annual production | 25,000 pcs. → 60,000 pcs. |

100% Share Acquisition of KURAKI Co., Ltd.

DMG MORI

DMG MORI × **KURAKI** 技術のチカラで世界を作る



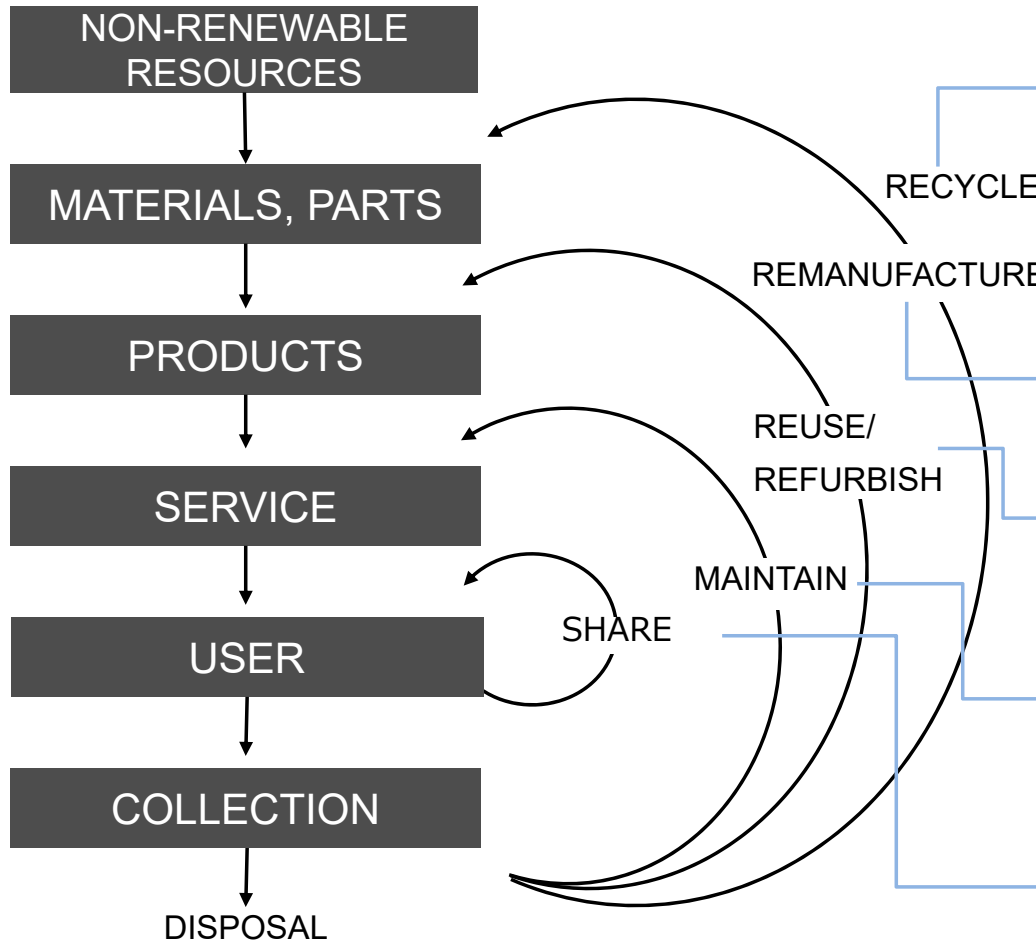
Transaction Schedule

| | |
|------------------------|--------------------------------|
| Conclusion of Contract | : September 6, 2023 |
| Share transfer | : By the end of 2023 (planned) |
| Acquisition price | : JPY 4.5 bn. |

KURAKI Co., Ltd. - Company Profile

| | |
|--------------------------|--|
| Location | Nagaoka City, Niigata Pref. |
| Main product | CNC horizontal boring & milling machines (Market share in Japan: approx. 40%) |
| Main customer industries | Automotive, vessels, New energy, Aerospace etc. |
| No. of employees | 295 (consolidated, as of Mar. 20, 2023) |
| Latest financials | Apr. 2022 – Mar. 2023 Actual |
| Sales revenue | around JPY 6.0 bn. |
| Operating profit | around JPY 0.2 bn. |
| Operating margin | around 3.0% |





Recycle business for castings

- DMG MORI CASTECH will recycle old machines for casting production (successfully tested)
- Confirmed profitability
- Planned to cover 20% of annual casting demand



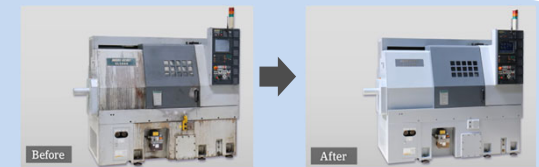
Remanufacturing:

Spindle rebuild

1,000 units in 2023



**Re-use & Refurbish
Used machine sales**



Service/Maintenance(over 20% of revenue)

For stable long-term use of machine tools



Sharing:AM Lab & Fab

Contract Manufacturing Service

Technology sharing with customers



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Opening of DMG MORI ACADEMY in Sendai, Japan (Sep 8) 3rd Location after Kanazawa & Hamamatsu

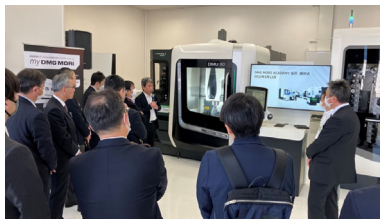
DMG MORI



NEW Sendai (Open since September 2023)



DMG MORI ACADEMY Sendai



Kanazawa (Open since May 2023)

Okayama (Opening in 2024)

Fukuoka (Opening in 2024)

Iga Nagoya

Tokyo



Hamamatsu (Open since April 2023)



DMU 50 3rd Generation

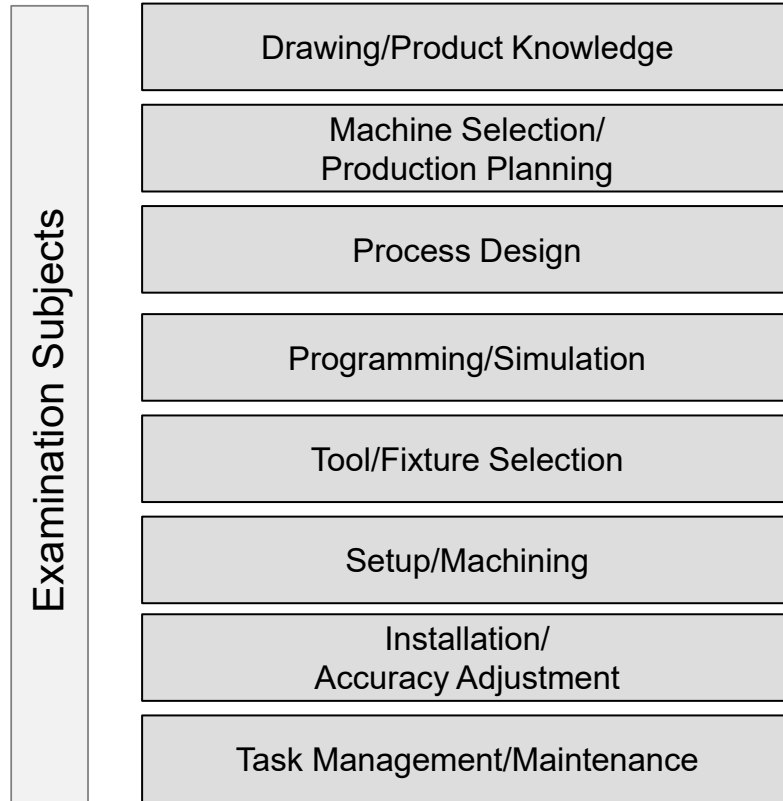


NTX 1000 2nd Generation

HR: New "5-axis Machining Technology Certificate" from 2024

DMG MORI

4-Level Certification System



The 47th WorldSkills Competition: Qualification Tournament for Turning & Milling at Iga Campus

DMG MORI

The 47th WorldSkills Competition –
Japan Qualification Tournament

Date: October 8 - 10, 2023

Organizers:

Ministry of Health, Labour and Welfare
Japan Vocational Ability Development Association

Location: DMG MORI Iga Campus

Categories: CNC Turning, CNC Milling

Machines: 2x NLX 2000 | 500,
2x NVX 5080 | 40 2nd Generation

Main Competition:

September, 2024, in Lyon, France



More information on the WordSkills Competition on JAVADA's website:
https://www.javada.or.jp/jigyuu/gino/kokusai/47_CNC_senkoukai.html

The 18th Cutting Dream Contest (2023)

DMG MORI



Award Presentation Ceremony

On November 27 (Mon)
Location: Imperial Hotel Tokyo

Production Parts Machining

| | | |
|-----------|--|---------------------------|
| Gold | Giant & Ultra-Thin Ring | IG EVEARTH CO., LTD. |
| Silver | Aspherical Honeycomb Lens Array (for Image Inspection Devices) | Circle & Square Co., Ltd. |
| Bronze | Resin Volute Springs 10° | Koga Denki Corporation |
| Technique | Waveguide | ShonanAutoCut Inds. Ltd. |

Academic Research

| | | |
|--------|--------------------------------------|---|
| Gold | Slit Lenticular Puzzle | Kobe Advanced Institute of Technology |
| Silver | Fans Made of Recycled Bottle Caps | Kindai University Technical College |
| Bronze | Rose and Beetle (Interior Plastered) | Chugoku Polytechnic college |
| Bronze | Oloids | Hyogo Prefectural Monodzukuri Institute |

Prototype & Test Cut Machining

| | | |
|-----------|--|---------------------------|
| Gold | Ultra-Thin & Long Part | Koga Denki Corporation |
| Silver | Screw-Spring | KYOCERA Corporation |
| Bronze | Ultra-Thin Capsule with Ultra-Fine Holes | IG EVEARTH CO., LTD. |
| Bronze | Mini Kettle (No Boiling!) | Askk Co., Ltd. |
| Technique | Sea Anemone Micro Nozzle | Akitsu Industry Co., Ltd. |
| Technique | Turbine Blade Ammonite | CASTEM CO.,Ltd. |

Advanced Machining

| | | |
|------|---|----------------|
| Gold | Transparent Picture Frame (Umezawa Hamlet-Fields) | INAC Co., Ltd. |
|------|---|----------------|

Artistic Form Machining

| | | |
|-----------|---------------------------------|-------------------------------|
| Gold | Paper | Seibu Co., Ltd. |
| Silver | Helicopter | Noda Plastic Seikou Co., Ltd. |
| Bronze | Oxalis | Circle & Square Co., Ltd. |
| Bronze | Lucanus Maculifemoratus | YAMAMOTO SEIKI CO., LTD. |
| Technique | Two-Face Cup with Latent Images | IG EVEARTH CO., LTD. |
| Technique | Petit Paris | ASAHI YUKIZAI CORPORATION |

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Germany BAFA* } DMG MORI strictly complies with export control regulations in Germany and Japan, and we found
Japan METI** } **no evidence of any violations.**

Findings of extensive on-site review:

- After Russia started the invasion of Ukraine on February 24, 2022, DMG MORI Group immediately stopped its regular business operation.
- On March 3, 2022, we announced the planned closure of the production (Ulyanovsk Machine Tools) and sales bases (DMG MORI Russia) in Russia. At the same time, we started business backlog processing.
- Approx. 120 units of order backlog remained at the time of the closure.

To avoid litigation in Russia and the possibility of the machines coming to the attention and control of the Russian government, we delivered some of our products to customers used only for civilian purposes, also in compliance with Japanese and German export control regulations. We had received the payment in the first half of 2023.

- Some orders had to be cancelled and we have refunded the down payment to the customers.
- 18 units shipped before the war from Japan or Germany are still in stock at the Ulyanovsk Machine Tools.
- Of the around 200 Russian employees, 190 have been laid off and the remaining 9 are in charge of inventory and asset protection in Moscow and Ulyanovsk.

BAFA*: Bundesamt für Wirtschaft und Ausfuhrkontrolle / Federal Office for Economic Affairs and Export Control
METI**: Ministry of Economy, Trade and Industry

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