

DMG MORI CO., LTD.
FY 2023 (Jan-Dec) Results
IR Announcement
February 5, 2024

DMG MORI

CELOS X



Join the future of manufacturing

1. Fiscal Year 2023 (Jan-Dec) Financial Summary

2. Forecast for 2024

3. Business Environment

4. Medium-term Business Plan 2025: 1st Year Results

5. Global Marketing (Open House Pfronten, Japan Tours)

FY 2023 (Jan-Dec) Highlights

DMG MORI

- ✓ FY 2023 operating profit margin at 10%, Positive start of the Medium-term Business Plan 2025
- ✓ Average order price per unit at JPY 62 mil. / EUR 410,000 (2022 average: JPY 50 mil. / EUR 360,000)
Increasing customer awareness of our MX strategy
- ✓ Consolidated order intake: JPY 520 bn. (-4.1% y-o-y; Stable in Europe; Service & Parts (share: 22%) +16%)
Oct-Dec isolated: JPY 120.5 bn. (+9.1% y-o-y)
- ✓ Machine tool order backlog at the end of December: JPY 247 bn. (end of FY 2022: JPY 254 bn.)
Keeping abundant backlog
- ✓ Year-end dividend increase of JPY 10 from the initial plan
Reached full-year dividend per share of JPY 90 with continued upward trend. (2022: JPY 70)
- ✓ Integrated KURAKI into DMG MORI Group on January 5, 2024. Planned to contribute to FY 2024 results.
(To be renamed to “DMG MORI Precision Boring Co., Ltd.” on April 1, 2024.)

FY 2023 Financial Highlights (Jan-Dec)

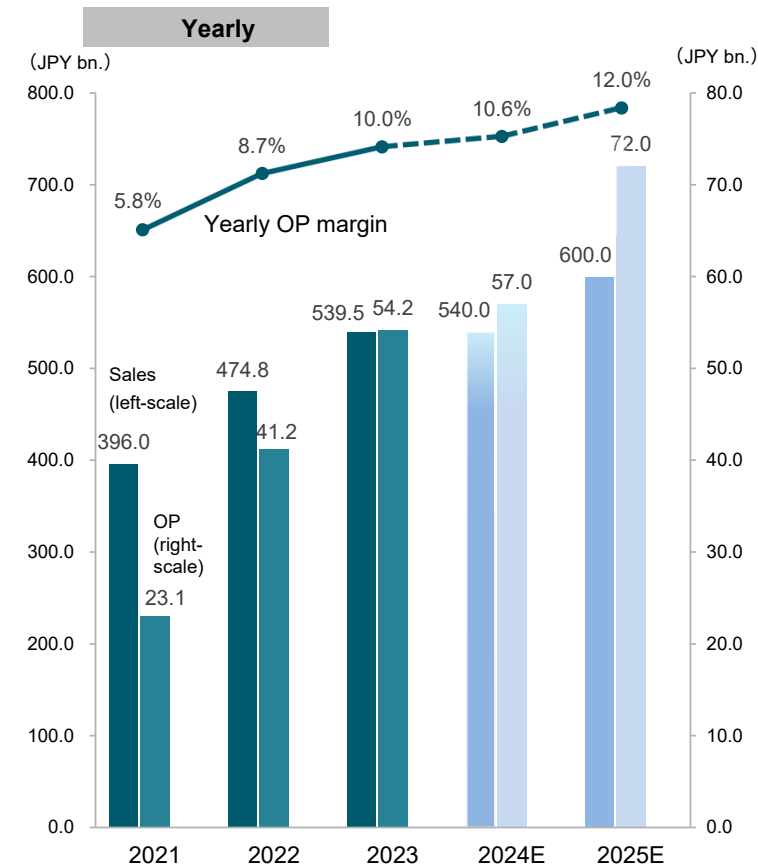
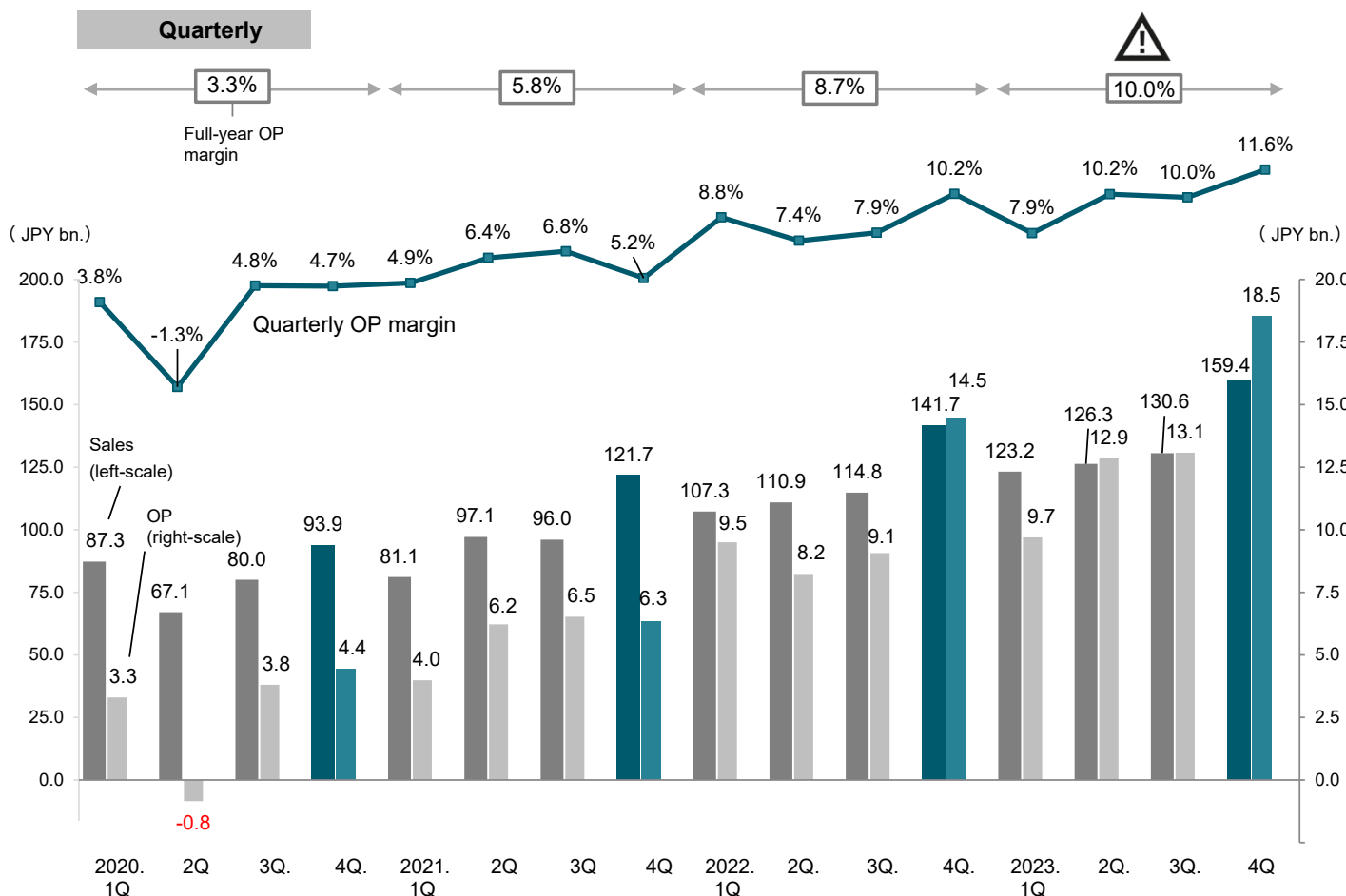
DMG MORI

(JPY bn.)	FY2021		FY2022		FY2023		
	Actual	YoY (%)	Actual	YoY (%)	Actual	YoY (%)	Plan (Dec.19, 2023)
Consolidated order intake	456.0	+63.0%	542.4	+18.9%	520.0	-4.1%	520.0
Order backlog	164.0		254.0		247.0		around 255.0
Sales revenue	396.0	+20.6%	474.8	+19.9%	539.5	+13.6%	530.0
Operating profit	23.1	2.2x	41.2	+78.7%	54.2	+31.4%	53.0
Operating profit margin	5.8%		8.7%		10.0%		10.0%
Net profit	13.5	7.7x	25.4	+88.7%	33.9	+33.6%	33.8
Net profit margin	3.4%		5.4%		6.3%		6.4%
EPS (JPY)	91.75		188.62		256.66		255.53
Dividend per share (JPY)	40		70		90(E)		90
Depreciation & amortization including leasing	21.9		24.0		26.5		27.0
Capital expenditure	23.3		41.1		42.5		45.0
USD/JPY	109.8		131.5		140.6		
EUR/JPY	129.9		138.1		152.0		

Quarterly and Yearly Financial Results

DMG MORI

- Achieved 10% operating profit margin in full year (Jan-Dec). 4Q (Oct-Dec) isolated at 11.6%.
- MX strategy contributes to continued average price increase and discount reductions. Further profitability improvements planned to achieve 12% operating profit margin in the final year of the Medium-term Business Plan 2025



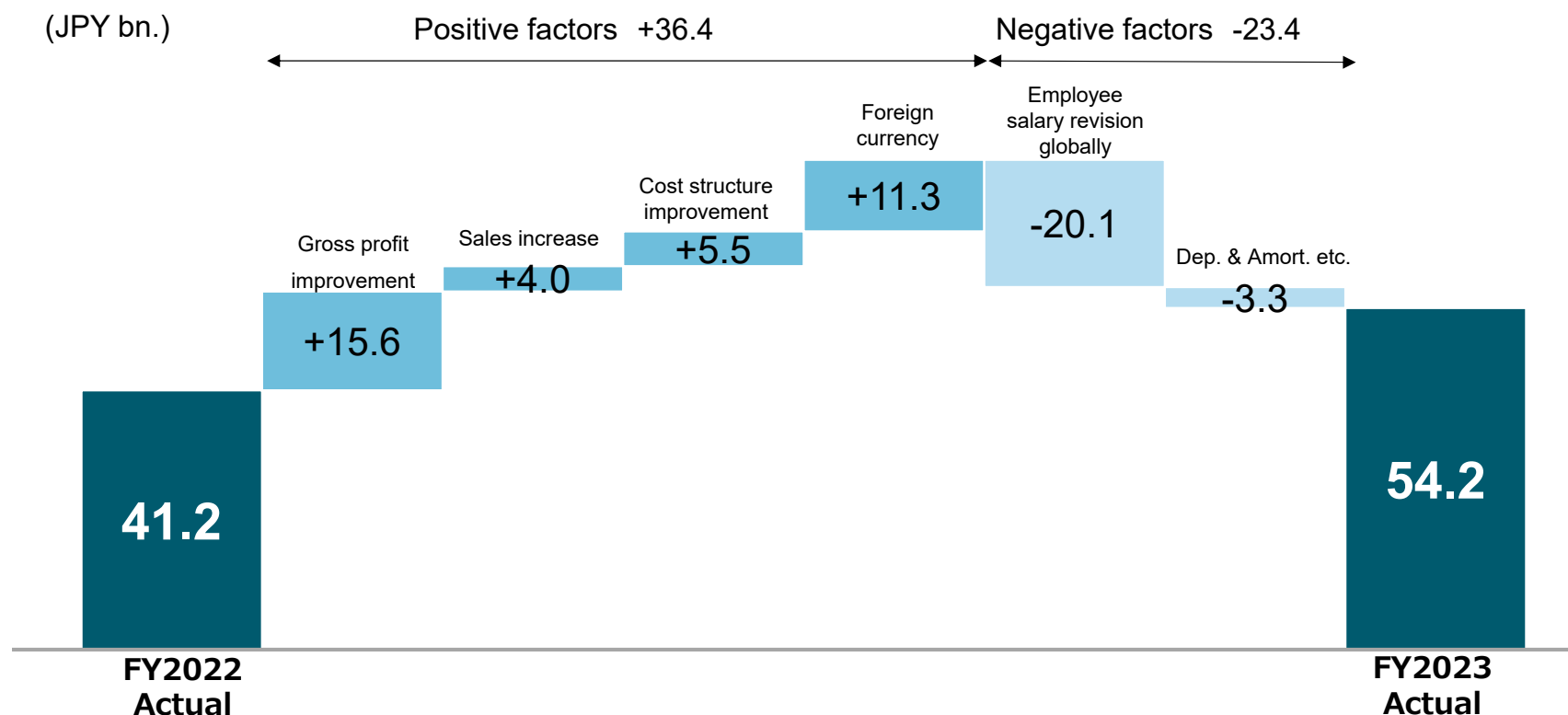
Operating Profit Bridge: FY 2022 (Jan-Dec) vs FY 2023 (Jan-Dec)

DMG MORI

- Continued gross margin improvements driven by value-added proposals to customers. Positive effects of improved cost structure, resulting from globally increased in-house production of key components.
- Significant increase in HR investment due to global salary revisions. After 2024, labor costs will increase at the same rate as global inflation.

(JPY bn.)	FY2022	FY2023	Changes
Sales revenue	474.8	539.5	+64.7

	FY2022	FY2023
Exchange rate :USD/JPY	131.5	140.6
EUR/JPY	138.1	152.0

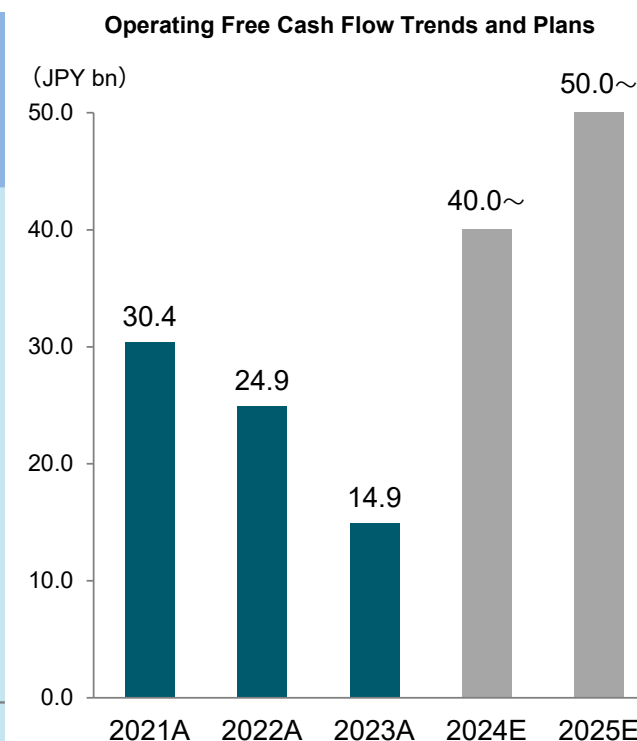


Cash Flows

DMG MORI

- Free cash flow in 4Q was significantly positive. In addition to improved profitability, inventories are also decreasing.
- Free cash flow of JPY 40 billion or more is planned for 2024. Major capital investments were completed in 2023. Inventories to be further reduced.

(JPY bn.)	2022					2023				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
Operating cash flow	12.5	23.6	10.1	23.5	69.7	9.3	5.1	5.8	31.5	51.6
Profit before taxes	8.9	7.4	8.0	12.2	36.5	8.5	11.2	11.7	16.5	47.9
Depreciation & amortization	5.6	6.0	5.8	6.6	24.0	6.2	6.3	6.8	7.2	26.5
Changes in working capital	-1.8	9.9	-0.9	5.1	12.3	-1.7	-10.2	-7.1	9.9	-9.1
Others	-0.2	0.4	-2.9	-0.3	-3.1	-3.7	-2.3	-5.6	-2.1	-13.7
Investment cash flow	-10.1	-11.5	-11.8	-11.5	-44.9	-11.1	-10.1	-9.6	-5.9	-36.7
Operating free cash flow	2.4	12.1	-1.7	12.1	24.9	-1.8	-5.0	-3.9	25.6	14.9

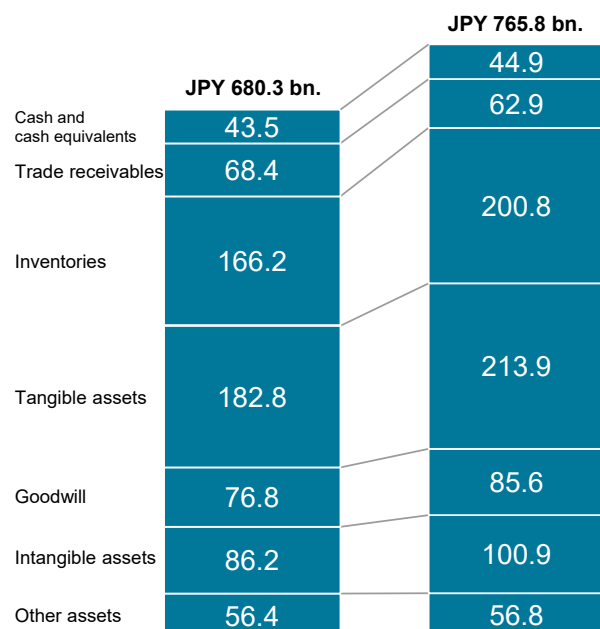


Balance Sheet Summary

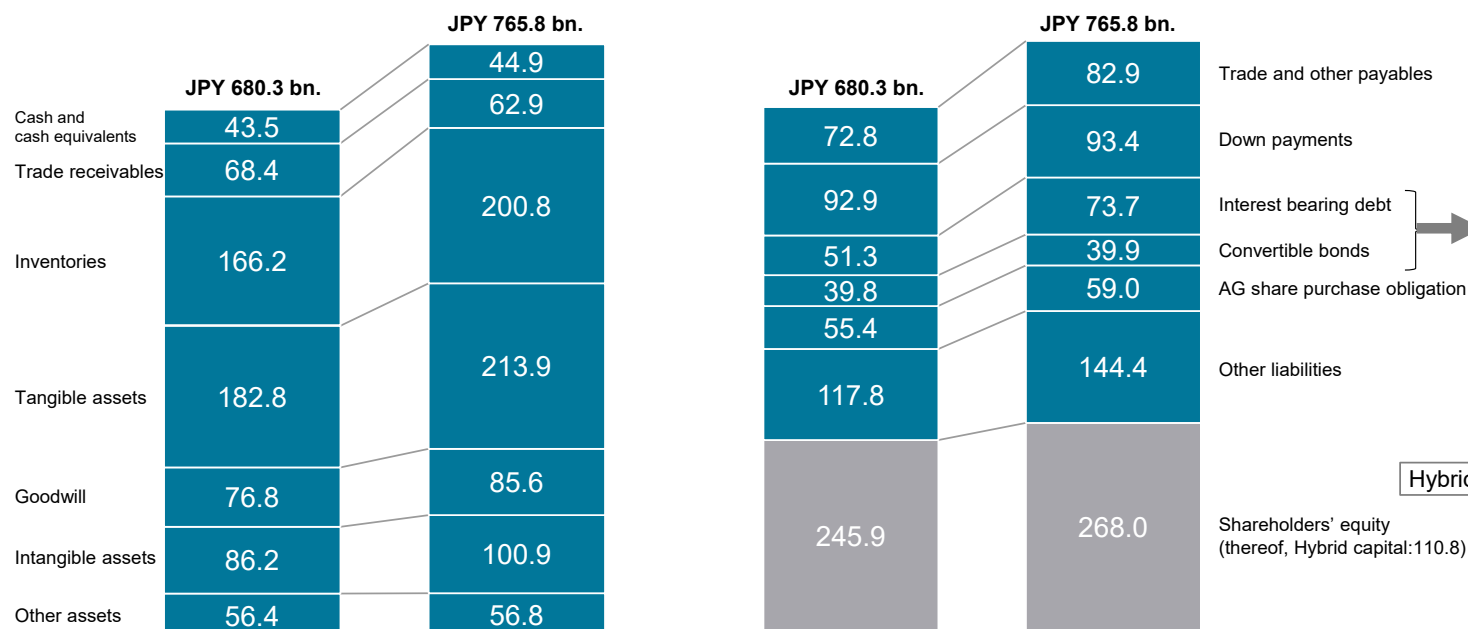
DMG MORI

- FX effected approx. JPY 50 bn.
- Total assets increased in line with sales revenue growth. Inventories peaked at JPY 216.5 bn. at the end of 3Q and are now declining.

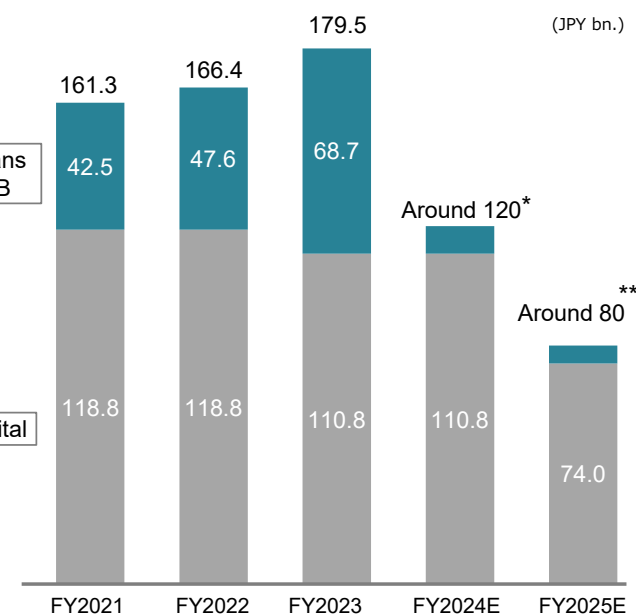
Assets



Liabilities & Equity



Net Debt Reduction Plan



* Conversion of CB (Jul. 2024)

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

Net D/E ratio remained low at 0.26 at the end of Dec. 2023 (0.19 at the end of Dec. 2022)

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FY 2024 Full-Year (Jan-Dec) Forecast

DMG MORI

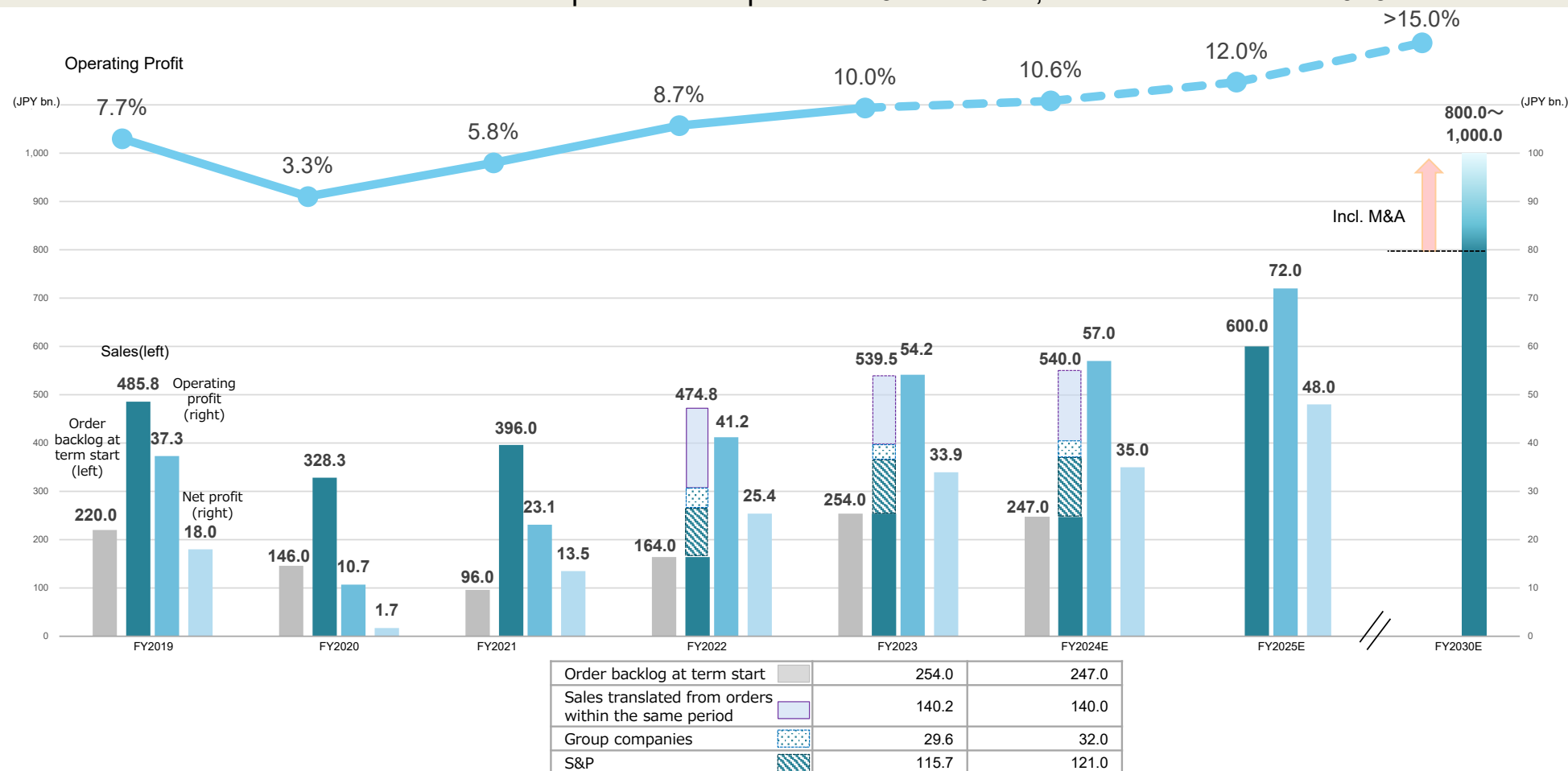
- ✓ Sales and profits planned to grow continuously.
- ✓ Abundant order backlog of JPY 247 bn. at term start. Discount reduction driven by MX and positive S&P business to contribute to further profit increase
- ✓ Consolidated orders planned to be as same level as FY2023 (JPY 520 bn.)
- ✓ Full-year dividend per share planned for continued increase to JPY 100 (Interim JPY 50, End-of-term JPY 50). One-year ahead of shareholder return plan in Medium-term Business Plan

(JPY bn.)	FY2022		FY2023		FY2024		FY2025 Final year of Medium-term plan
	Actual	YoY (%)	Actual	YoY (%)	Plan	YoY (%)	
Consolidated order intake	542.4	+18.9%	520.0	-4.1%	520.0	0%	—
Order backlog	254.0		247.0				—
Sales revenue	474.8	+19.9%	539.5	+13.6%	540.0	+0.1%	600
Operating profit	41.2	+78.7%	54.2	+31.4%	57.0	+5.3%	72
Operating profit margin	8.7%		10.0%		10.6%		12.0%
Net profit	25.4	+88.7%	33.9	+33.6%	35.0	+3.1%	48
Net profit margin	5.4%		6.3%		6.5%		8.0%
EPS (JPY)	188.62		256.66		265.59		
Dividend per share (JPY)	70		90(E)		100 ^(Interim 50 Year-end 50)		100
Depreciation & amortization including leasing	24.0		26.5		30.0		—
Capital expenditure	41.1		42.5		30.0		3-year total 100
USD/JPY	131.5		140.6		140		140
EUR/JPY	138.1		152.0		150		150

FY 2024 Sales Breakdown Target

DMG MORI

- S&P business and group companies to contribute to continued growth
- Sales translated from orders within the same period are expected at JPY 140 bn, same level as in FY 2023.



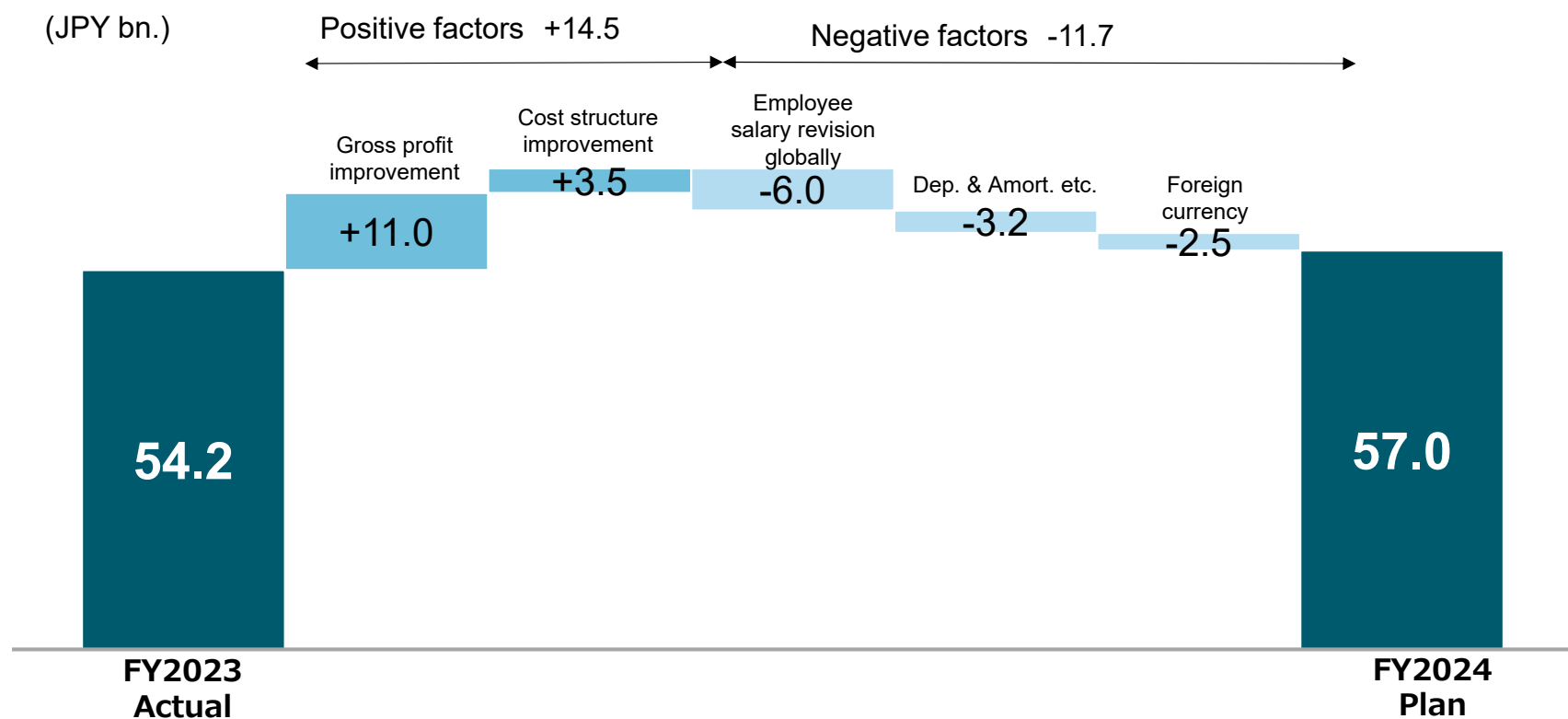
Operating Profit Bridge: FY 2023 (Jan-Dec) vs Plan FY 2024 (Jan-Dec)

DMG MORI

- Continued improvement in gross margin driven by high value-added proposal is a major driver to profit growth
- Continued salary revisions planned in line with global inflation

(JPY bn.)	FY2023	FY2024E	Changes
Sales revenue	539.5	540.0	+0.5

		<u>FY2023</u>	<u>FY2024</u>
FX rate	:USD/JPY	140.6	140
	EUR/JPY	152.0	150



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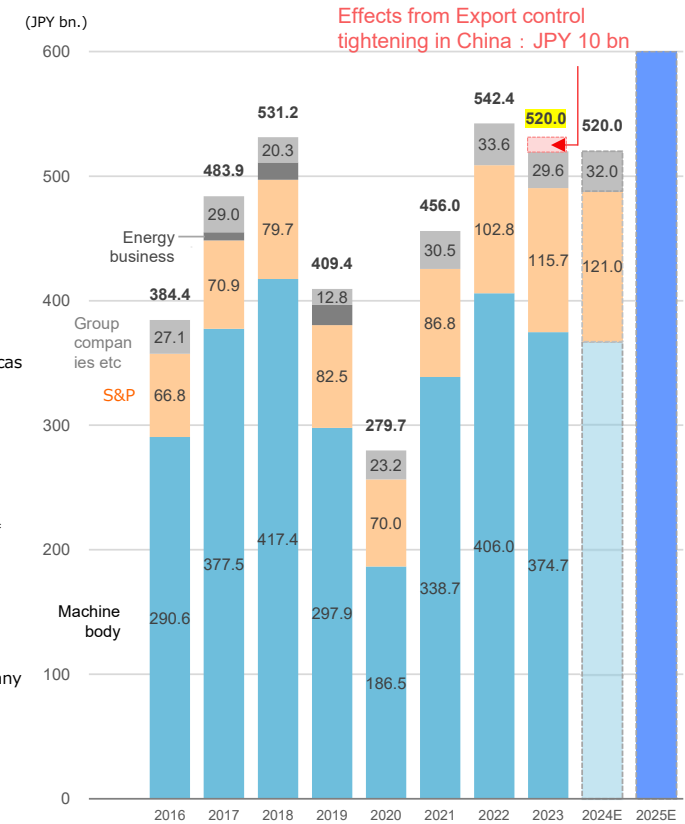
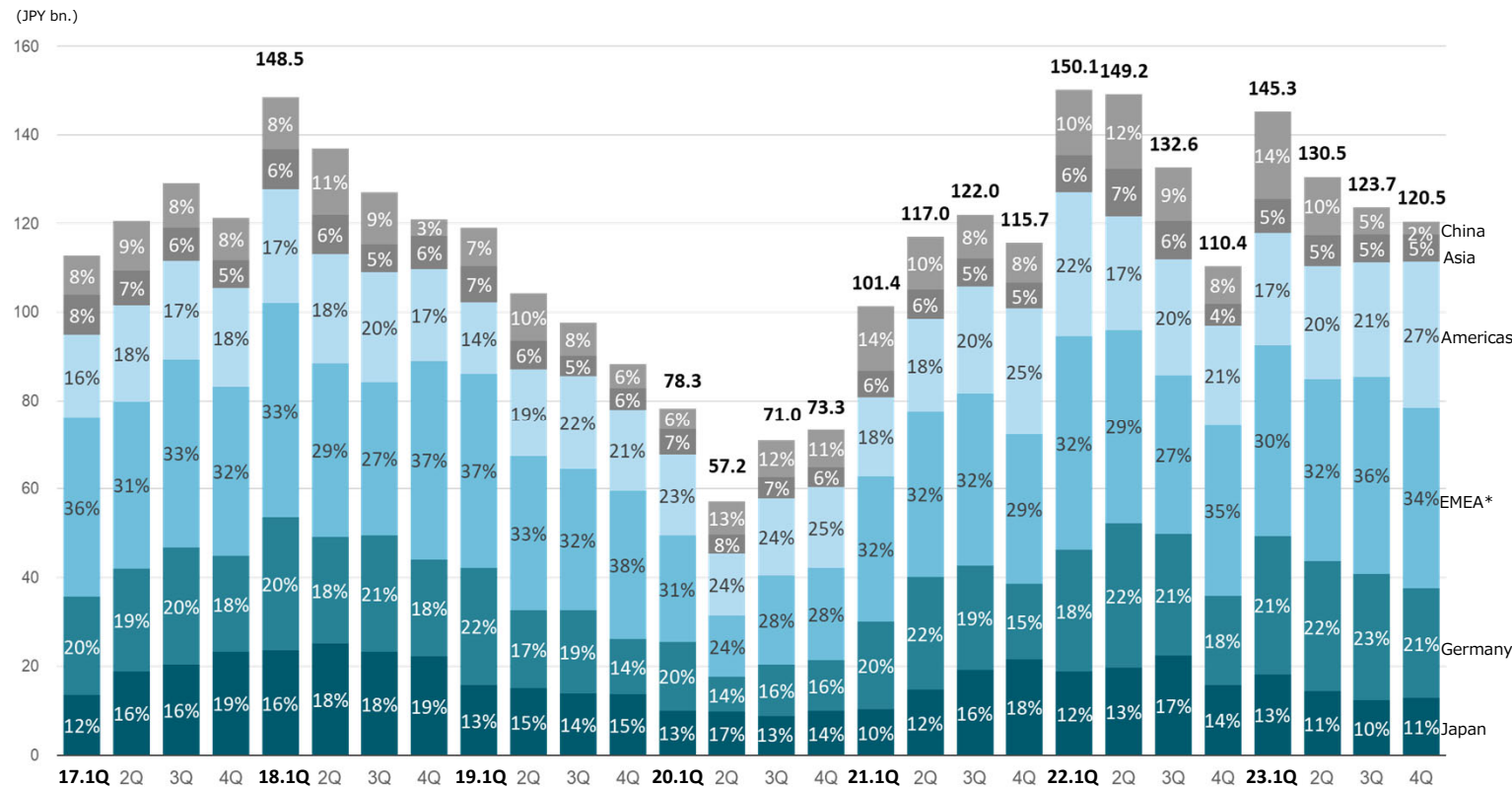
Consolidated Order Intake

DMG MORI

- Order intake almost bottomed out in 3Q/4Q. Orders in 4Q increased by 9% y-o-y.
- EMEA remained solid in 4Q. Large projects are taking off in the U.S.

Quarterly

Yearly

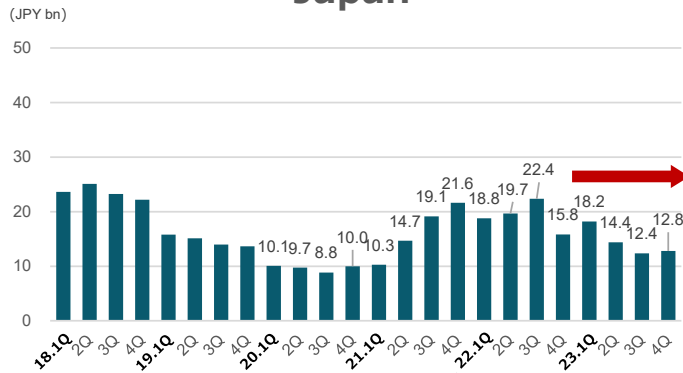


Order Intake by Region

DMG MORI

- Solid demand from EMEA. Contributions from large projects from space, aircraft, and construction in the U.S.
- Japan/Asia remain unchanged. China has almost bottomed out.

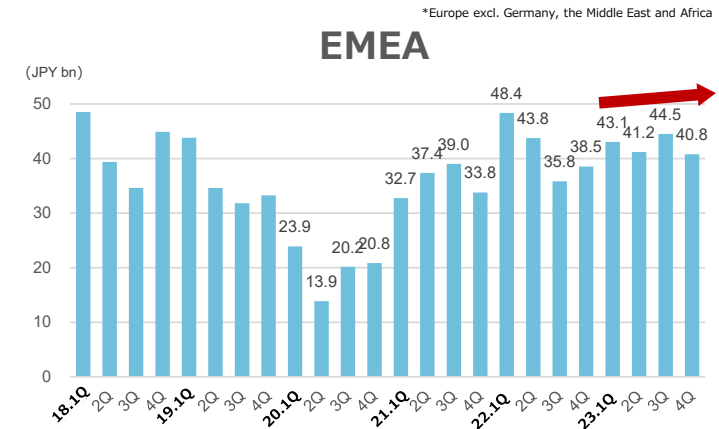
Japan



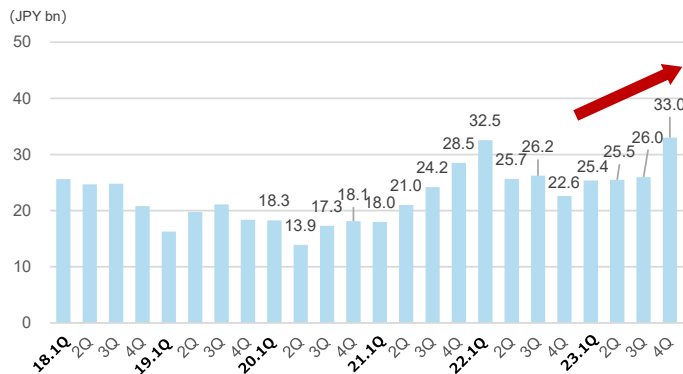
Germany



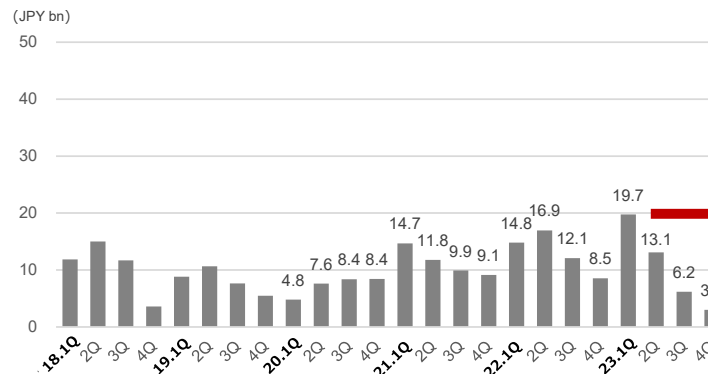
EMEA



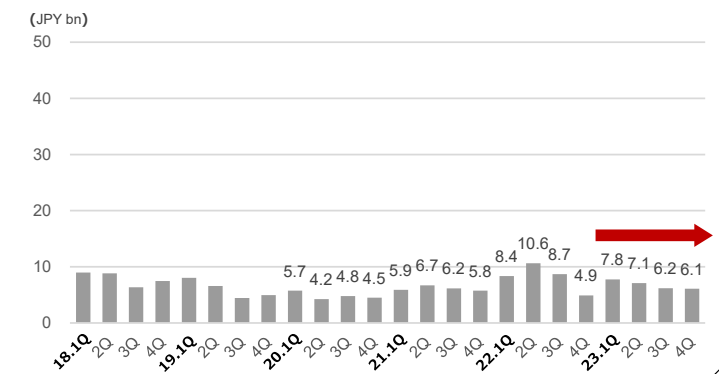
Americas



China



Asia



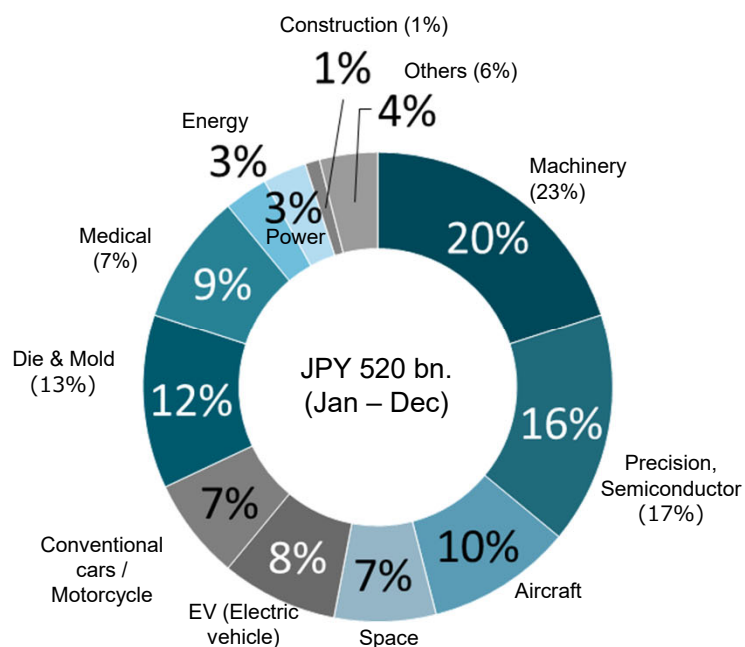
Consolidated Order Composition (Jan-Dec)

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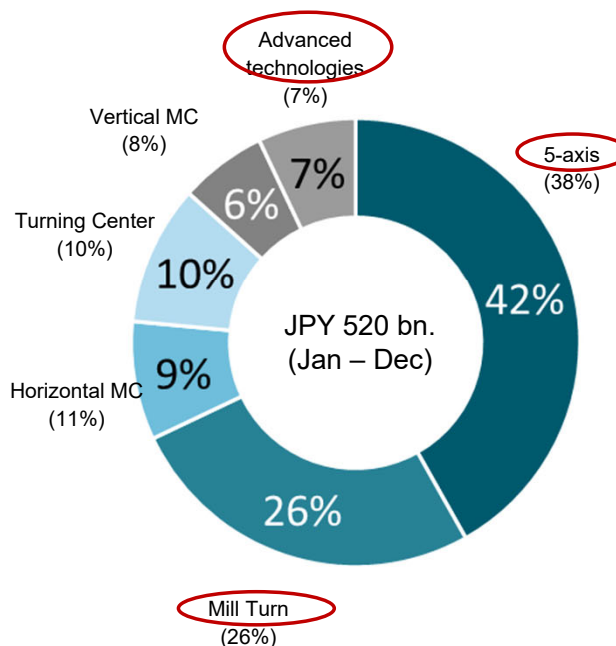
- Significant order increase from aircraft, space, and medical industries. Semiconductor production equipment also solid. Large demand for 5-axis machines, mill-turn centers, and advanced technologies with 75% of the total (71% in FY 2022).
- Continued investments by medium-/large-sized companies. Small-sized users in Europe and the U.S. more interested in MX.

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

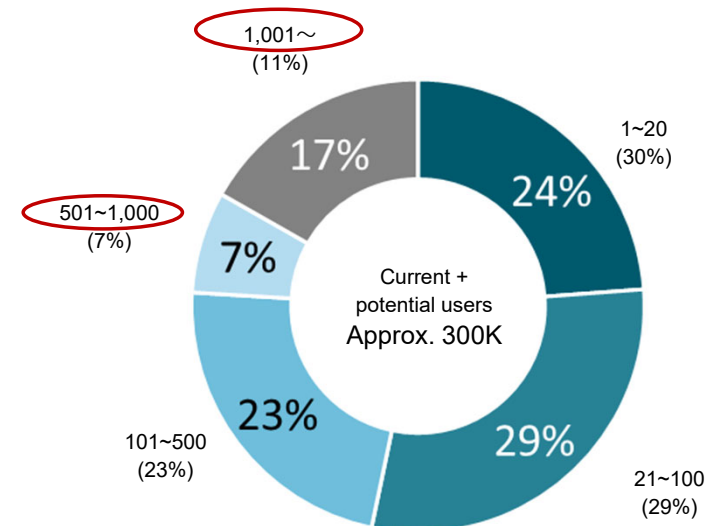
by industry



by product type



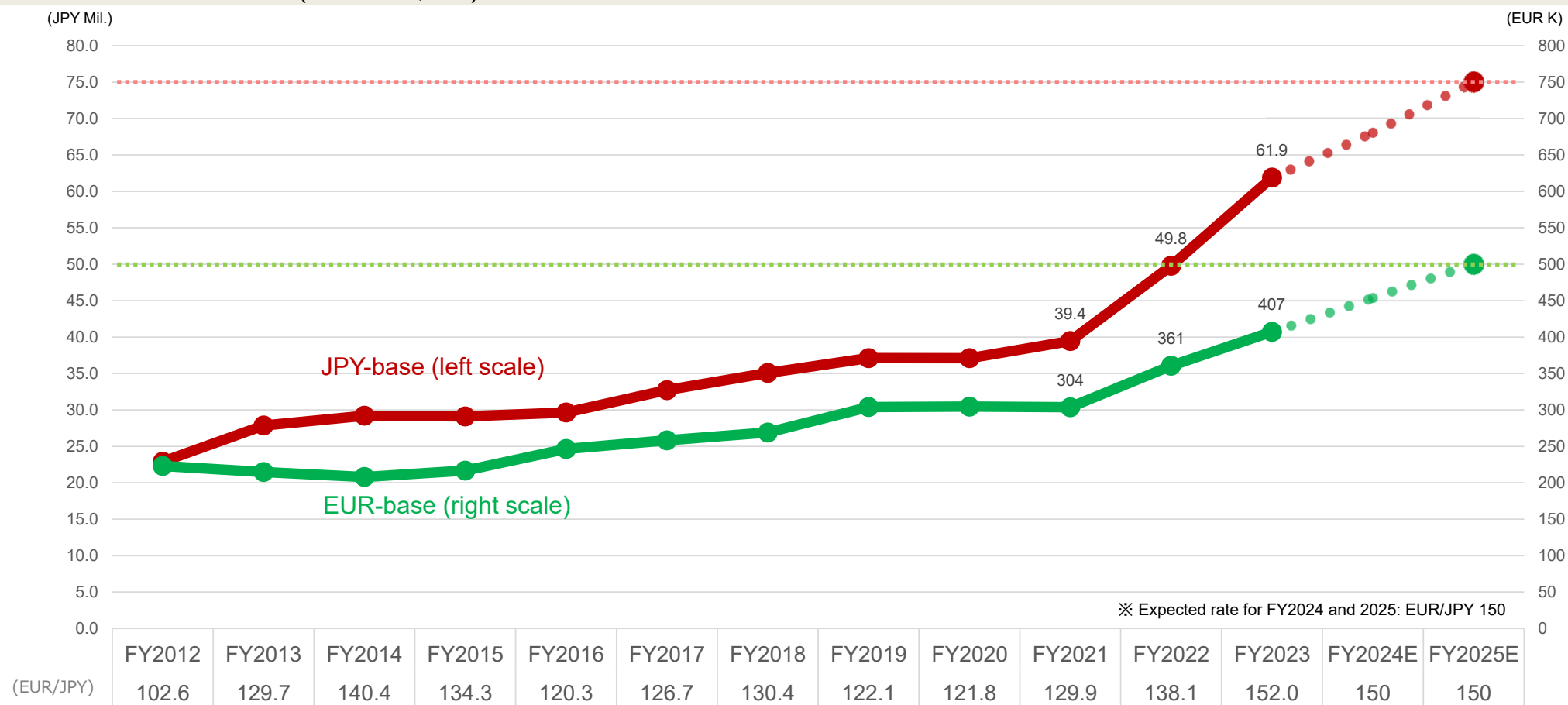
by customer's employee number



Average Order Price per Unit

DMG MORI

- Significant increase to JPY 61.9 mil. in FY 2023 (FY 2022 average: JPY 49.8 mil.) Euro base also + 13% y-o-y
- Process integration, automation, DX, GX are gaining momentum. In the medium term, average order price per unit expected to increase to JPY 75 mil. (EUR 500,000)



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Medium-term Business Plan: 1st Year Results

DMG MORI

✓ Financial Targets

	FY 2023		Progress evaluation	FY 2025 Target
(JPY bn.)	Initial Plan	Actual		
Sales revenues	500.0	539.5	○	600.0
Operating profit	50.0	54.2	○	72.0
Operating margin	10%	10.0%	○	12%
Net profit	32.0	33.9	○	48.0
Net margin	6.4%	6.3%	○	8%
ROE		13.2%	○	>12.0%
Net debt (incl. hybrid capital)	150	179.5	×	80.0
(Progress)				
Capital expenditure	35.0	42.5	43%	3-year total 100.0
R&D investment		28.2	28%	3-year total 100.0

✓ Human capital

Brackets: FY2022 (Jan-Dec)

- + Annual salary (Japan) Average JPY 8.92 mil. (JPY 8.35 mil.)
- + Working hours (Japan) Average 2,035 hours (2,006 hours)
- + Paid holiday (Japan) Average 17.9 days taken (18.5 days)
- + Field Service Technicians 2,000 (1,900) *headcount
- + Application engineer 1,000 (1,000)

✓ Environment

- + Scope 1/Scope 2 CO2 emission equivalents reduced as planned
- + Scope 3 target planned to set higher

✓ Society

- + Stronger supplier engagement
- + Increased in-house production of key components
- + Industry-wide human resources development
- + Revitalization of landscapes around our factories

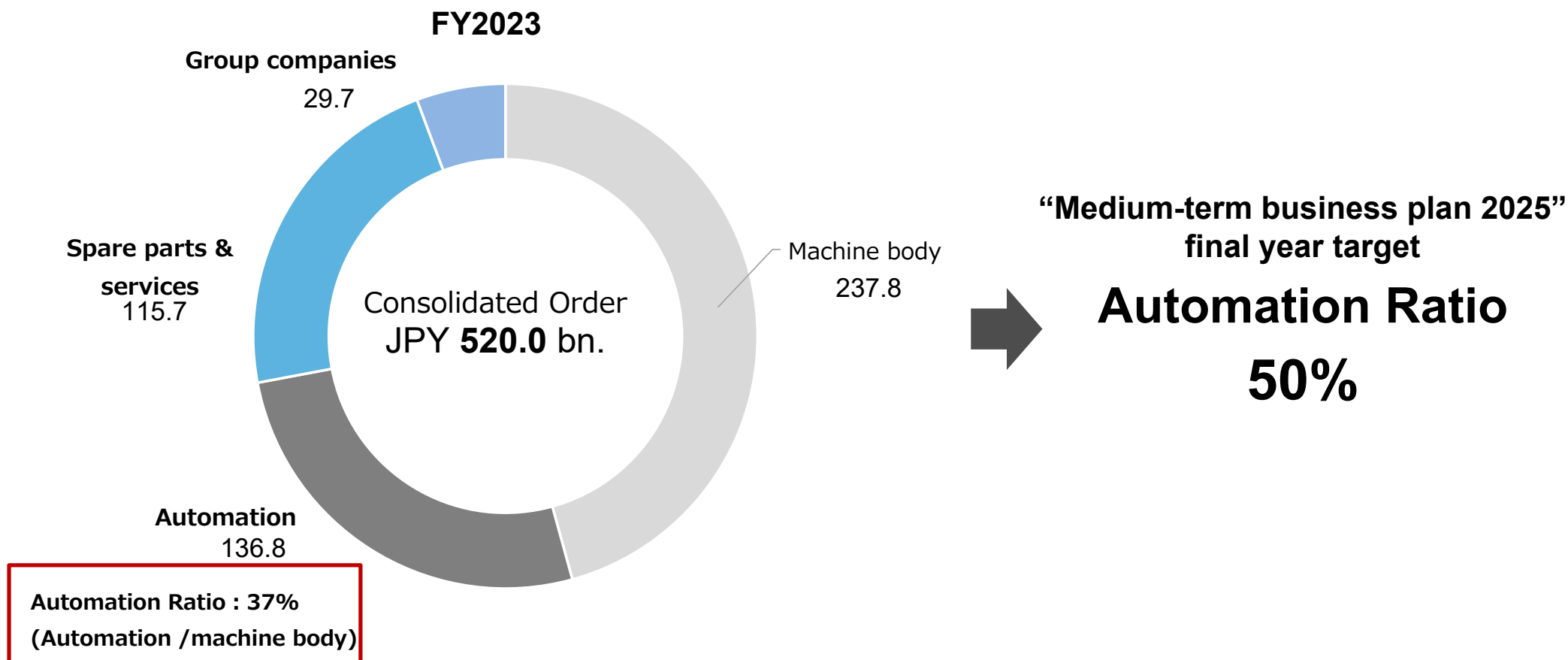
✓ Governance

- + Mr. Geißler (head of AG) as new director candidate
Diversification of board member
(External 42%、women 25%、non-Japanese 25%)
- + Globalization of Executive Officers (non-Japanese 44%)

1st Year Results: (1) Progress of Automation

DMG MORI

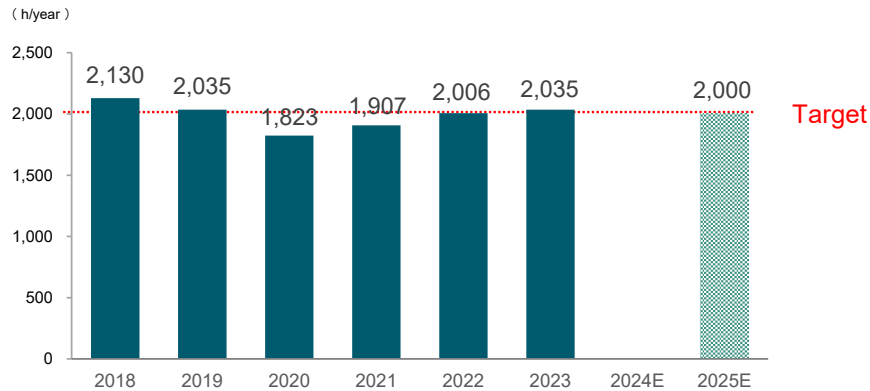
- Automation Ratio in machine tools order stood at 37%. Contributed to increase in average order price
- Target of automation ratio: 50% in 2025, “Medium-term business plan 2025” final year



1st Year Results: (2) Human Capital

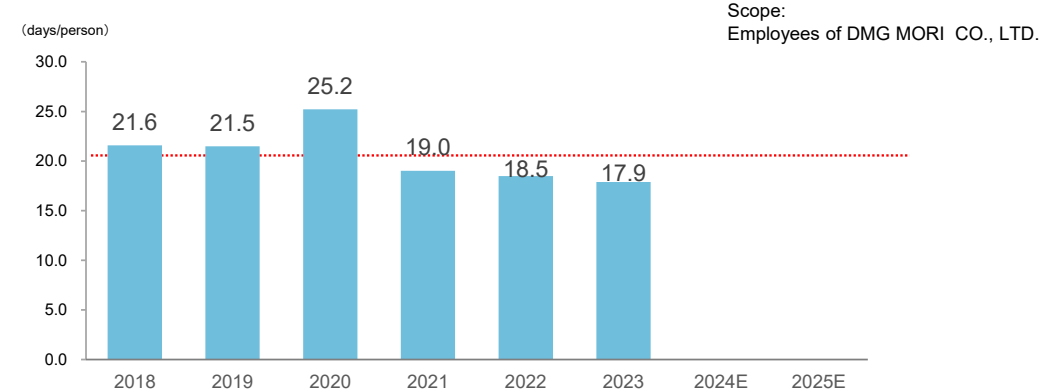
DMG MORI

✓ Japan: Annual working hours per person (average) *1



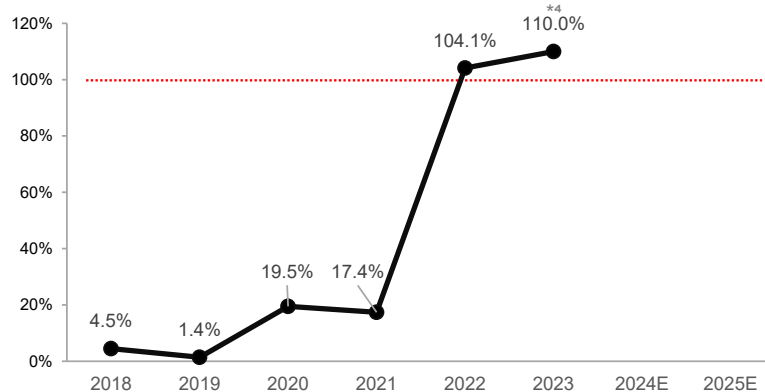
*1 Subject: employees in Japan (full-time or contract)

✓ Japan: Annual paid leave per person (average)*2



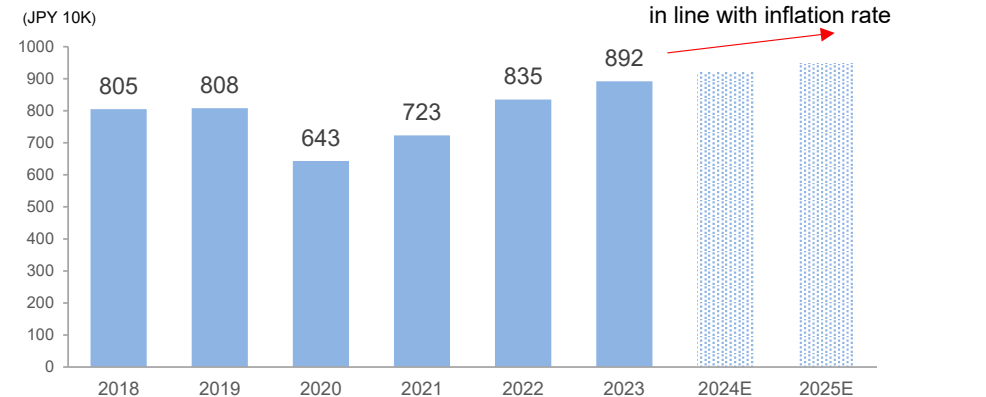
*2 Subject: employees in Japan (full-time or contract)
20 paid holidays given each year

✓ Japan: Male employees' use of childcare leave *3



Number of male employees who started childcare leave during the fiscal year / Number of employees whose spouses gave birth to a child during the fiscal year
*3 Subject: employees in Japan (full-time or contract)
** 2023: preliminary figure

✓ Japan: Annual salary (average) *5




*5 Including base salary, qualification payment, position payment, bonus, child allowance, housing allowance, and overtime payment. Excluding dormitory, meal allowance, commuting allowance, shareholders' association incentive, childcare subsidy, subsidy for travel expenses to return home, medical examination support, and other benefits-related payments.

1st Year Results: (3) Reduction in Greenhouse Gas Emissions

✔ Raised Scope 3 targets for 2030: Strengthen circular economy, collaborate with suppliers

Targets approved by SBTi
(status as of Dec 2023)

 SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

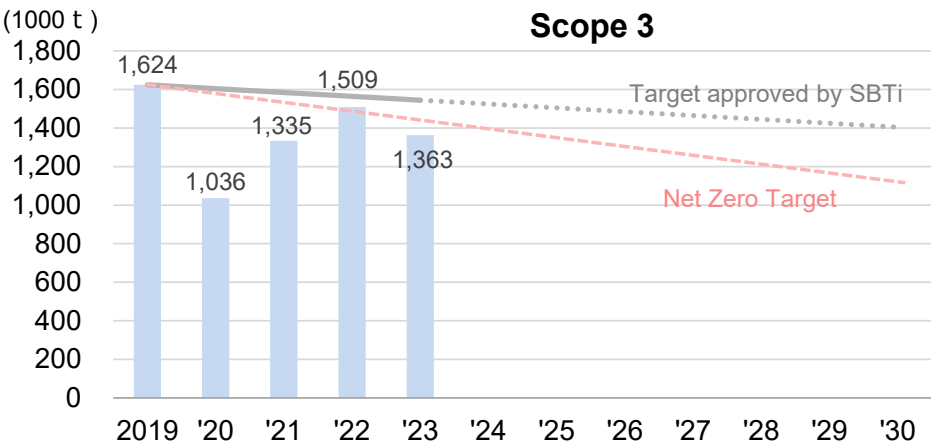
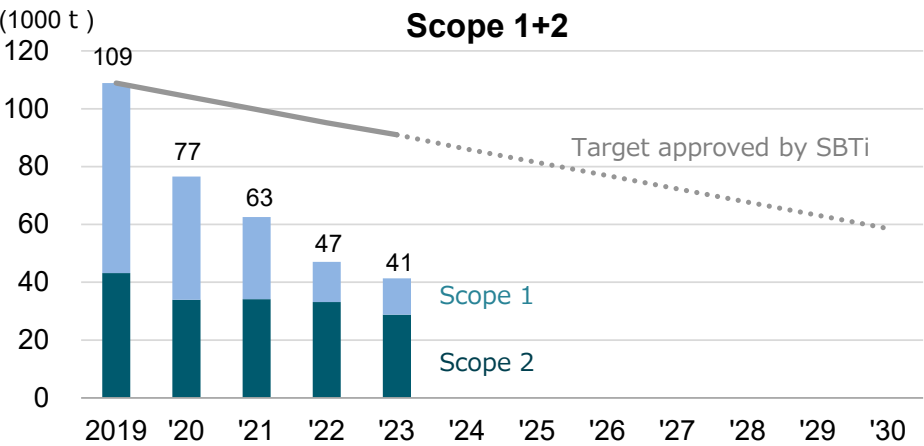
Year	2030
Scope 1 & Scope 2	▲46.2%
Scope 3	▲13.5%



New targets = Net Zero
(waiting for approval by SBTi as of Dec 2023)

Year	2030	2050
Scope 1 & Scope 2	▲46.2%	▲90%
Scope 3	▲27.5%	(Total of Scope 1,2,3)

■ CO2 emissions * 2023: preliminary figure



1st Year Results: (4) Increased In-house Production

DMG MORI

Machining of ball screws, ball nuts

- Processes including grinding realized on mill-turn machines, enabling different workpiece production in parallel
- Self-driving robot WH-AMR 10 for long unmanned operation

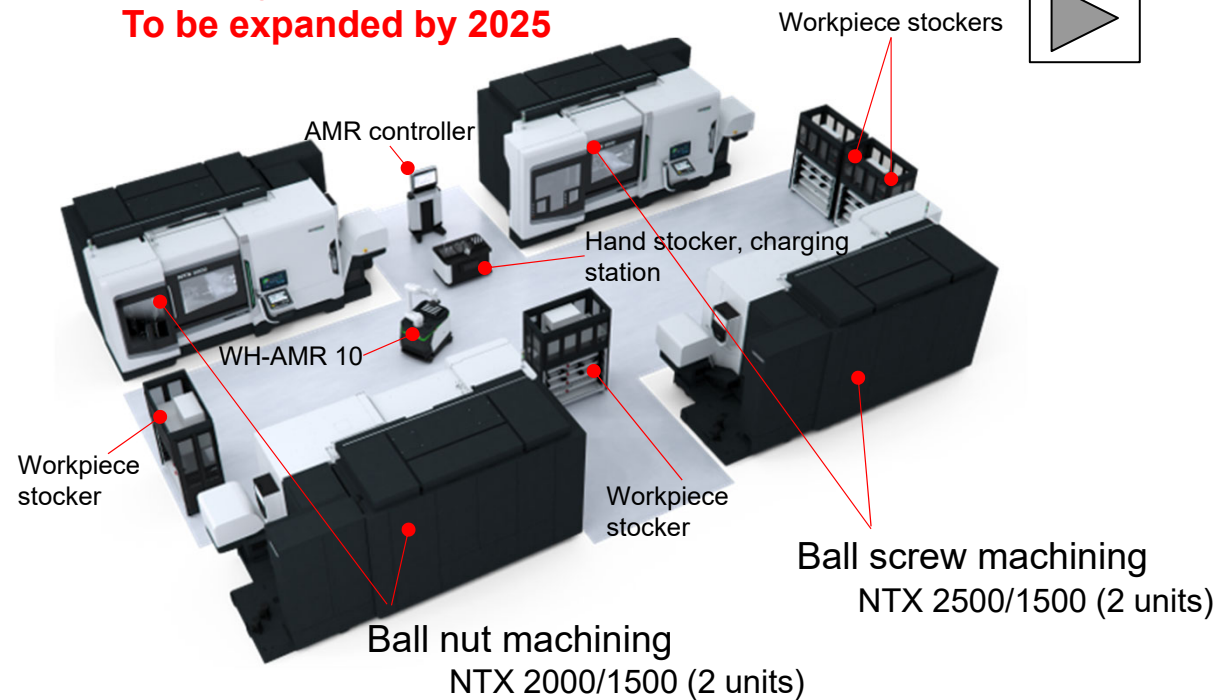
Ball screws production with former equipment

Capacity: 900pcs / month with 19 special purpose machines by third-party maker



Ball screws production with new equipment (our own products)

Capacity: 560pcs / month with four machines
To be expanded by 2025



1st Year Results: (5) Human Resource Development

DMG MORI

✓ Talent development

Supporting research and talent development through scholarships



■ Number of scholarship recipients

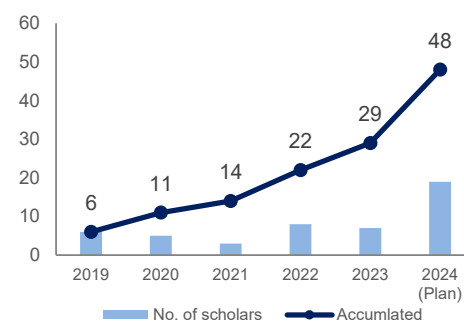
		2019	2020	2021	2022	2023	2024 Plan
Ph.D. degree	Engineering	6	5	3	8*1	2	8
	Social science					4	5
Master's degree*2						1	6

*1 Incl. one admitted in the fall of 2021.

*2 Incl. 1st and 2nd year students of the 5-year integrated doctoral program.

■ 2023 Scholarship per person (maximum)

Master course	Doctor course	
	Engineering	Social science
JPY 3.0 million	JPY 3.4 million	JPY 3.0 million



Supporting education of female engineers

- Supporting the education of talented female engineers in collaboration with Nara Women's University
- Practical trainings on our machines at Nara Product Development Center since June 2023



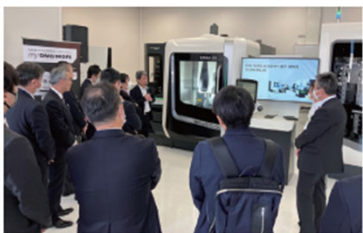
1st Year Results: (6) Human Resource Development

DMG MORI

✓ Operator development

Supporting customers' operator development

Building new DMG MORI ACADEMIES in Japan in 2023



NEW Kanazawa (May. 2023)

Okayama
(Scheduled in Spring 2024)

Fukuoka
(Plan)

Iga

Nagoya

Tokyo



NEW Sendai (Sep. 2023)



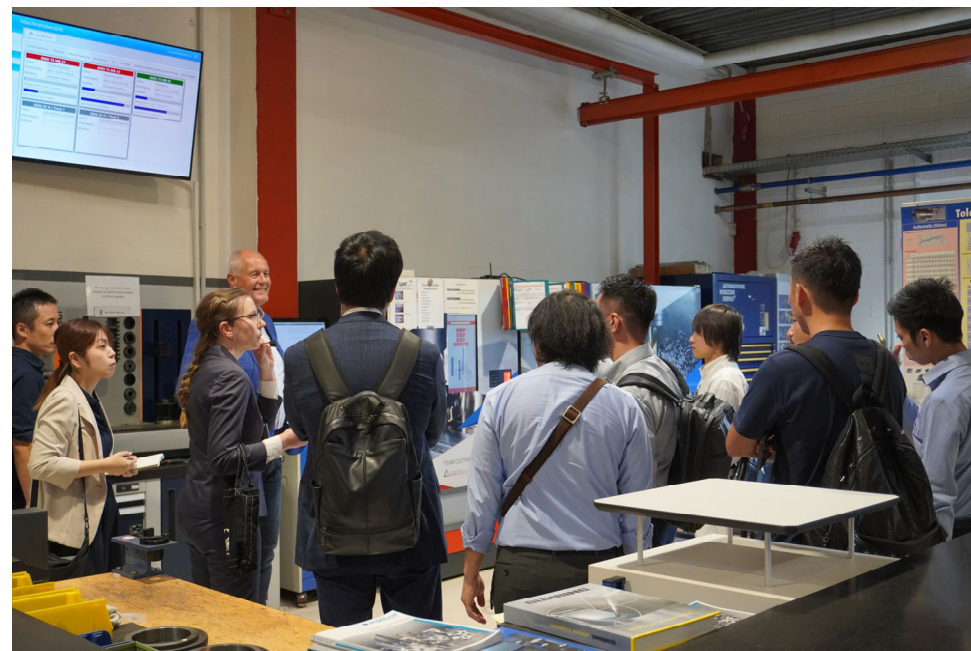
NEW Hamamatsu (April. 2023)

Expanding use of 5-axis and automation solutions

5 Axis Machining Association

5X 5軸加工研究会
5AXIS MACHINING
ASSOCIATION

- Aiming to support customers with 5-axis machines in expanding their business and operator development
- Started German factory tours in 2023



1st Year Results: (7) Social Contributions

DMG MORI

✓ Environmental protection

Solar power system for self-use

Started power generation at Iga Campus in February 2023 (after first scope of construction)



Iga Campus

Plan to self-supply **about 30%** of total annual power demand

Installation space approx. **130,000m²** (plan after completion)

Panel capacity approx. **13.4MW**

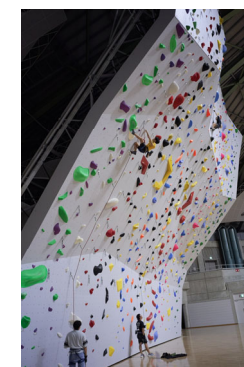
CO₂ reductions approx. **5,300tons/year**

✓ Regional revitalization

Health, sports and community center

Monthly visitors: approx. 3,000

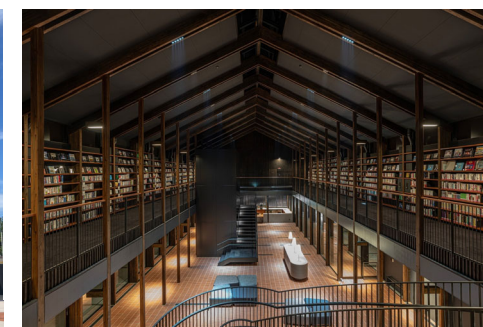
Opened DMG MORI Arena in September 2023, after acquisition and renovation of the former prefecture-owned “Yume Dome Ueno”



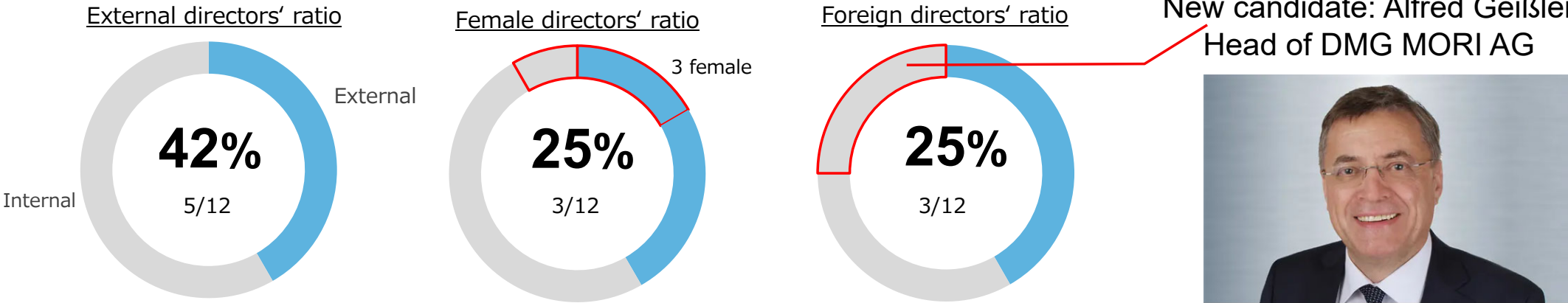
Contributions to local societies

Monthly visitors: approx. 10,000

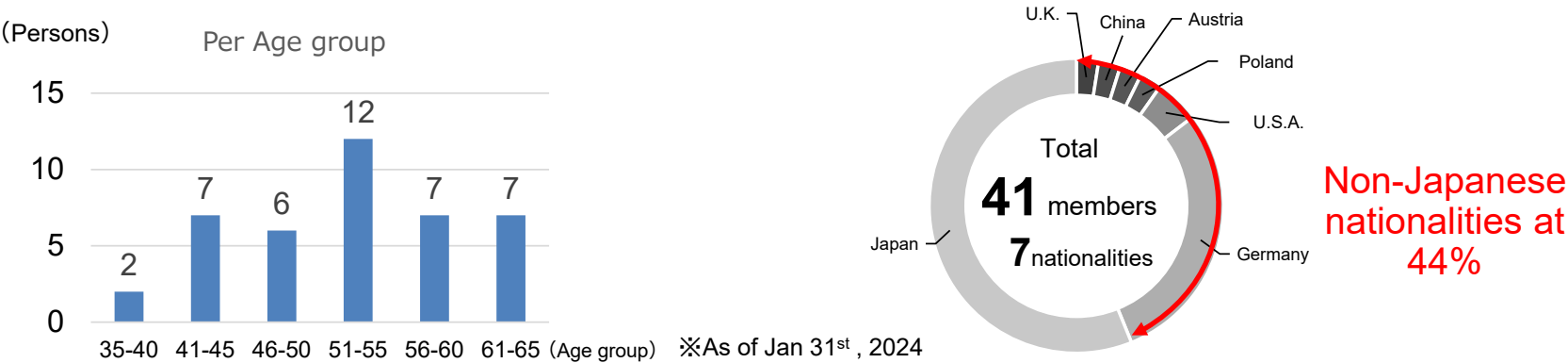
Opened the complex facility SHINDO YARDS in November 2023, located in front of JR Shindo Station in Iga City, Japan, near Iga Campus



✔ **Board Diversity:** New director candidate with non-Japanese nationality, currently serving as AG-head
(subject to approval at the Annual General Meeting of Shareholders on March 28, 2024)



✔ **Executive Officers:** Appointment of leaders for foreign group companies to strengthen unified management

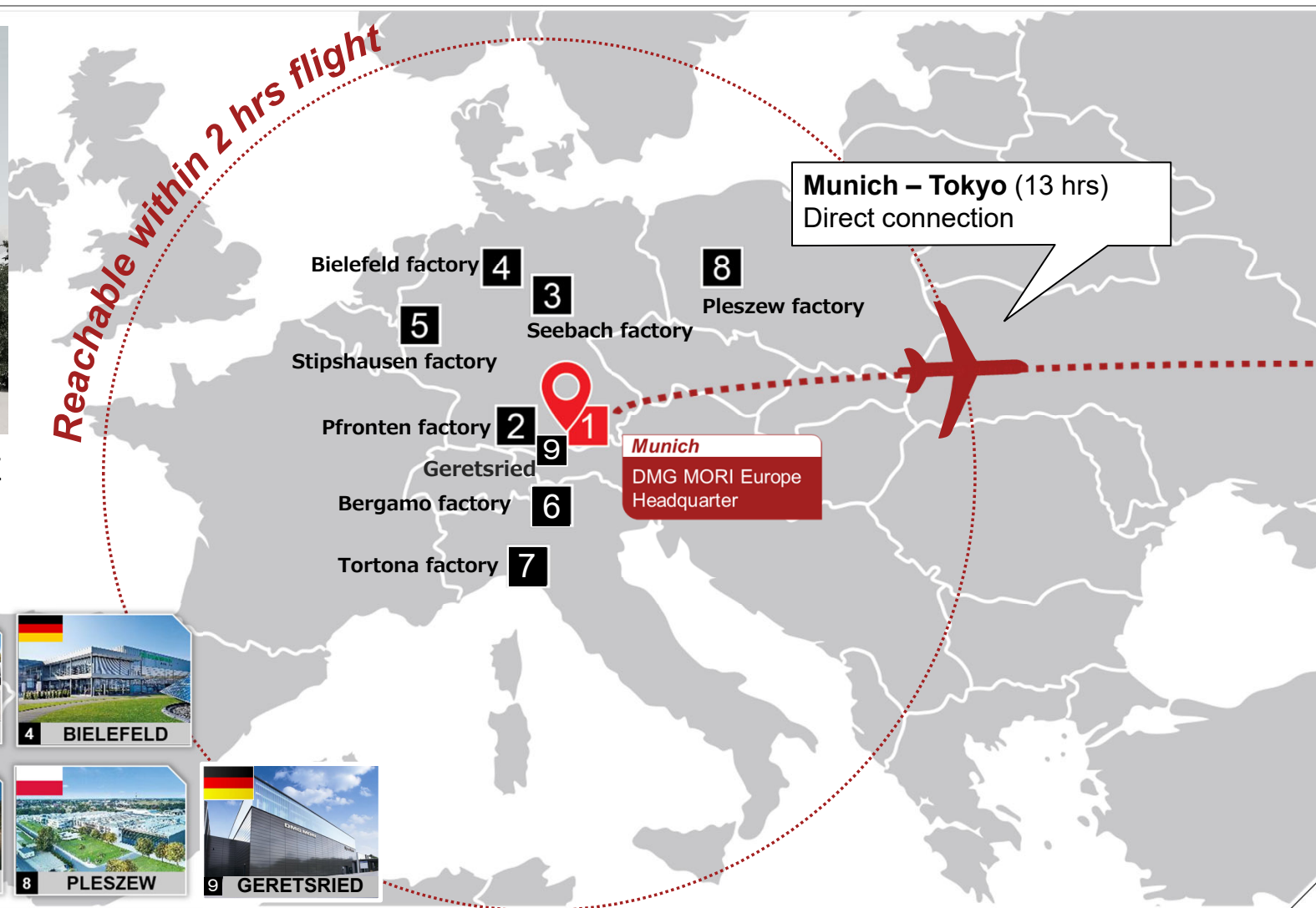


Munich European Headquarter

DMG MORI



Headquarter of DMG MORI EUROPE
in Munich
Scheduled for completion in April 2026



Group Integration of KURAKI

DMG MORI

- ✓ Integrated KURAKI into the DMG MORI Group, aiming to achieve further growth together. Planned to be renamed to “DMG MORI Precision Boring Co., Ltd.” on April 1, 2024.

■ Summary of the transaction

Share transfer date : January 5, 2024

Acquisition price : JPY 4.0 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	Mar 2023A	2024/1-12 (Plan)
Sales revenue	around JPY 6.0 bn.	JPY 6.9 bn.
Operating profit	around JPY 0.2 bn.	JPY 0.4 bn.
Operating margin	around 3%	around 6%



1.Fiscal Year 2023 (Jan-Dec) Financial Summary

2.Forecast for 2024

3.Business Environment

4.Medium-term Business Plan 2025: 1st Year Results

5.Global Marketing (Open House Pfronten, Japan Tours)

22.01. - 02.02.2024
DMG MORI
OPEN HOUSE 2024
PFRONTEN

**THE HOME
OF INNOVATION
IN PFRONTEN**

MX
MACHINING
TRANSFORMATION

CELOS X

HEIDENHAIN
SIEMENS
MAPPS

DMG MORI
DMG MORI
DMG MORI
DMG MORI

DMG MORI
XXL Center

DMG MORI
DMU 75
PH 500

▶

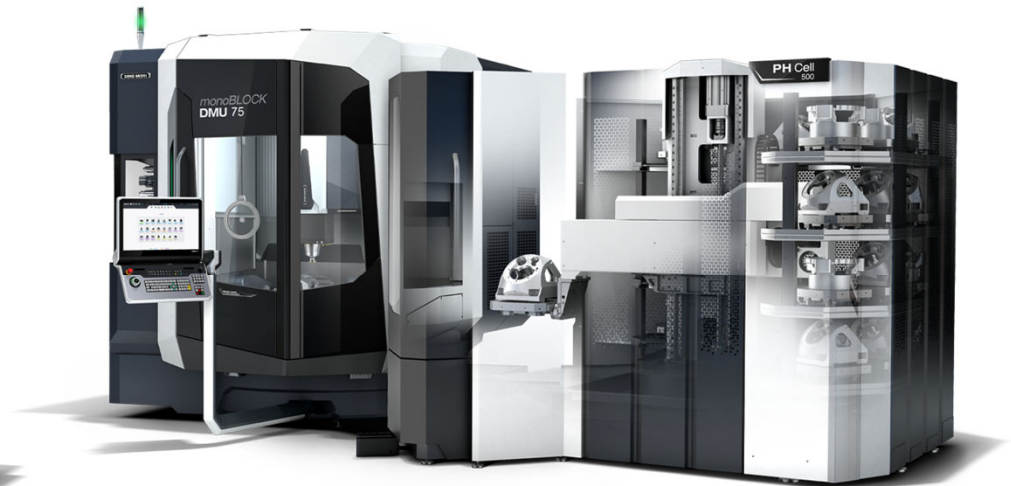
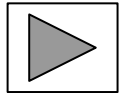
The graphic is a promotional poster for the DMG MORI Open House Pfronten 2024 event. It features a large, modern glass building with 'DMG MORI' and 'XXL Center' signage, set against a backdrop of snow-capped mountains. In the foreground, several DMG MORI machine tools are displayed, including a large lathe and several smaller CNC machines. To the left, there are icons for various technologies: a laptop with 'HEIDENHAIN' and 'SIEMENS' logos, a tablet with 'MAPPS' logo, and a folder icon with 'CELOS X' text. A large 'MX MACHINING TRANSFORMATION' logo is also present. The top left corner includes the event dates '22.01. - 02.02.2024' and the event name 'DMG MORI OPEN HOUSE 2024 PFRONTEN'. The top right corner has a play button icon. The overall theme is innovation in manufacturing.



Simultaneous 5-axis machine with travelling column
DMF 400|11



Automation System
PH Cell 500

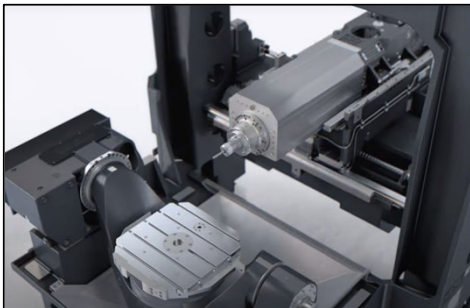


DMU 65 mB with PH Cell 500

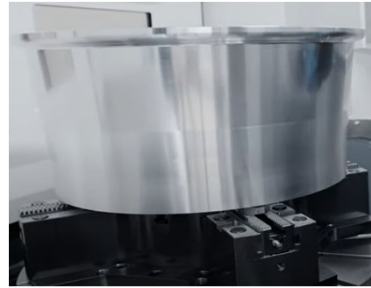
From 10 μ m to 5 μ m / Turnkey Project

DMG MORI

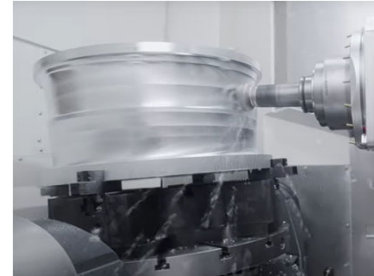
DMC 65 H monoBLOCK FD 5 axis milling machine



Clamping



Machining



Final Product



example

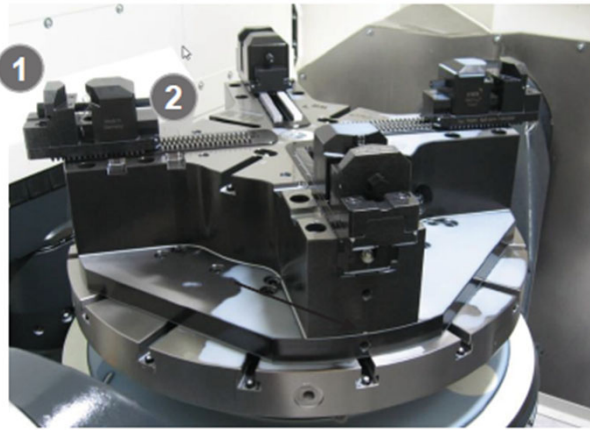
Request from customer (example)

- ✓ No scratches on surface
- ✓ No vibrations
- ✓ Automatic workpiece centering
- ✓ Reduction of machining time
- ✓ Better roundness and Concentricity

Proposal from DMG MORI (example)

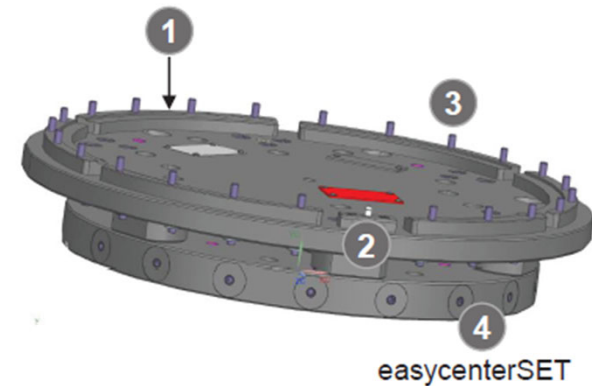
- ✓ Good surface quality without scratches or vibrations by using appropriate tool
- ✓ Workpiece centering with easycenterSET
- ✓ 30% machining time reduction
- ✓ Roundness < 40 μ m
- ✓ Concentricity < 50 μ m

4 Jaw Chuck (HWR Spanntechnik GmbH)



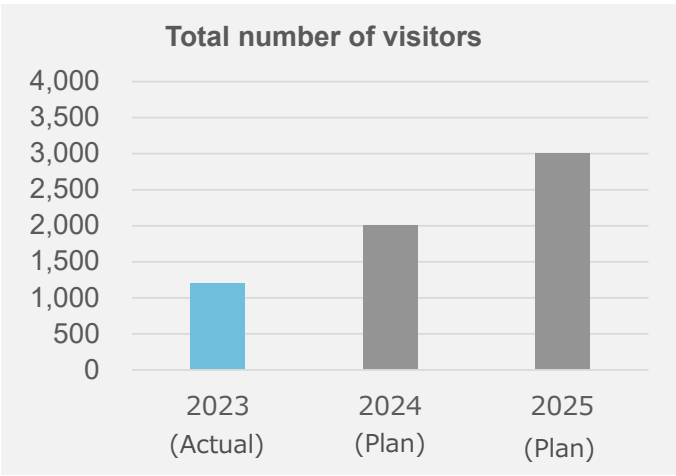
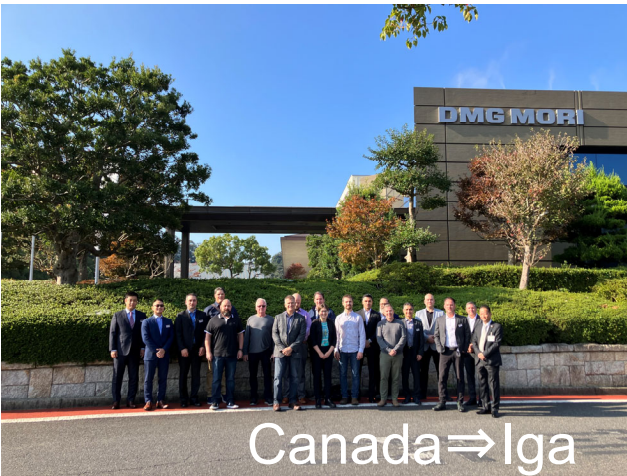
- ① Centering and slight clamping from outside
- ② Counter clamping with the inside jaws

Fixture (DMG MORI PFRONTEN)



- ① Clamping base
- ② Centering bolt for workpiece orientation
- ③ Clamping screws, secured against falling out for workpiece clamping & pre centering
- ④ easycenterSET for automatic radial runout alignment with touch probe

Marketing : Continued JAPAN TOURS



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