

DMG MORI CO., LTD.

FY 2024 Third Quarter (Jan-Sep) Results

IR Announcement

November 1, 2024

1. FY2024 3Q (Jan-Sep) Financial Summary

2. Business Environment

3. MX Strategy at JIMTOF2024

4. Development of Global Organization

5. ESG/CSR Initiatives

(Operator skill development / Supplier engagement)

FY2024 3Q (Jan-Sep) Highlights

DMG MORI

- ✓ Consolidated order intake: Jan-Sep (3Q accum.) JPY 381.5 bn. (-4.5% y-o-y)
Jul-Sep (3Q iso.) JPY 114.8 bn. (-7.2% y-o-y)
→Inquiries remain strong, but customer investment decisions are taking longer.
- ✓ Service & Parts, engineering order intake: Jan-Sep JPY 92.4 bn. (+7.4% y-o-y), Consol. order share: 24% (vs. 22% in FY2023)
- ✓ Average order unit price: JPY 71.5 mil. (FY2023: JPY 61.9 mil. / +15%), EUR 435 K (FY2023: EUR 407 K / +7%). Increase driven by process integration machines + automation
- ✓ Machine order backlog at the end of Sep. 2024 remained flat at JPY 249 bn. (end of FY2023: JPY 247 bn.). Delayed deliveries due to disrupted production in Pfronten caused by start of SAP S/4 HANA and prolonged export license procedures by German government.
- ✓ Sales revenues (Jan-Sep): JPY 388 bn. (+2.1%), Operating profit: JPY 30 bn. (-15.9%). Upfront investments to increase service & R&D engineers
- ✓ Downward revision of fiscal year profit plan:
Operating profit JPY 44 bn. (vs. FY2023: -20.5%, previous plan: JPY 58.5 bn.)
Net profit JPY 10 bn. (vs. FY2023: -70.5%, previous plan: JPY 36 bn.) Open insurance claim for seizure of Russian factory (EUR 90.4 mil. / JPY 14.5 bn.). Collection not expected within this fiscal year.
- ✓ Annual dividend per share: To be maintained at 100 Yen/ share (Interim: 50 Yen, Year-end 50 Yen) as planned
- ✓ To make TAIYO KOKI CO., LTD. (current shareholding ratio: 50.81%) a wholly-owned subsidiary: Expansion of sales in overseas, process integration and automation business. New factory to be completed in the 4th quarter, 2026

FY2024 3Q (Jan-Sep) Financial Highlights

DMG MORI

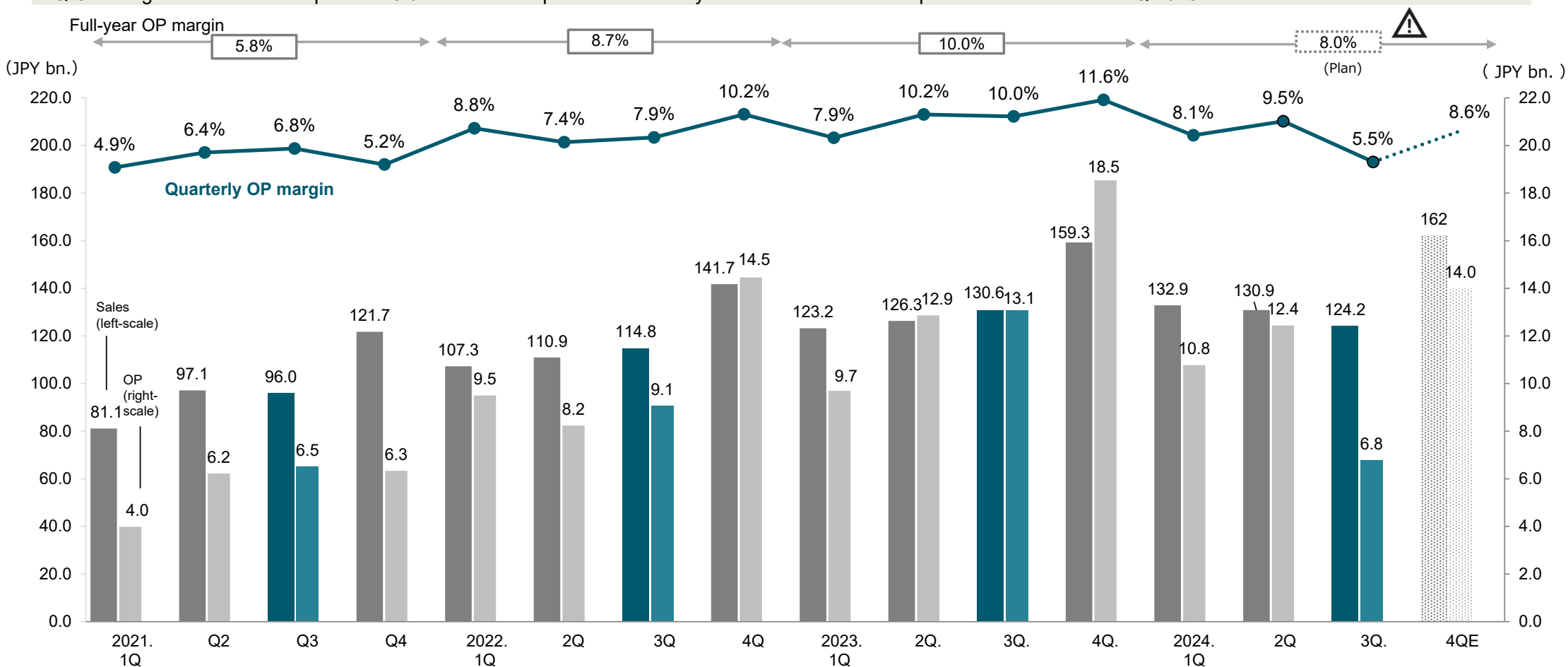
| (JPY bn.) | FY2022 Jan - Sep | FY2023 Jan - Sep | FY2024 Jan - Sep | YoY (%) |
|---|---------------------|---------------------|---------------------|------------|
| Consolidated order intake | 432.0 | 399.5 | 381.5 | -4.5% |
| Order backlog | 274.0 | 280.0 | 249.0 | |
| Sales revenue | 333.0 | 380.2 | 388.0 | 2.1% |
| Operating profit | 26.8 | 35.7 | 30.0 | -15.9% |
| Operating profit margin | 8.0% | 9.4% | 7.7% | |
| Net profit from continued operations | 16.6 | 23.0 | 15.9 | -31.0% |
| Loss from discontinued operations in the Russian manufacturing company (one-time) | — | -0 | -15.1 * | |
| Net profit | 16.6 | 23.0 | 0.6 | -97.4% |
| Depreciation & amortization including leasing | 17.4 | 19.1 | 23.0 | |
| Capital expenditure | 29.3 | 30.5 | 25.0 | |
| USD/JPY | 128.1 | 138.1 | 151.3 | |
| EUR/JPY | 136.0 | 149.6 | 164.4 | |

*EUR 91.8 mil. loss from discontinued operations in the Russian manufacturing company (Ulyanovsk Machine Tools ooo) was recognized in 1Q (Jan – Mar)

Quarterly Financial Results

DMG MORI

- 3Q (Jul-Sep) OP margin was 5%. Production disruptions caused by start of SAP S/4 HANA at factories in Bielefeld (3Q 2023) and Pfronten (1Q 2024)
- 4Q OP margin forecasted to improve to 8.6%. Bielefeld's production already normalized. Pfronten expected to recover from 1Q 2025.



*The effect of deconsolidation of UMT is not reflected on results of FY2023 and before.

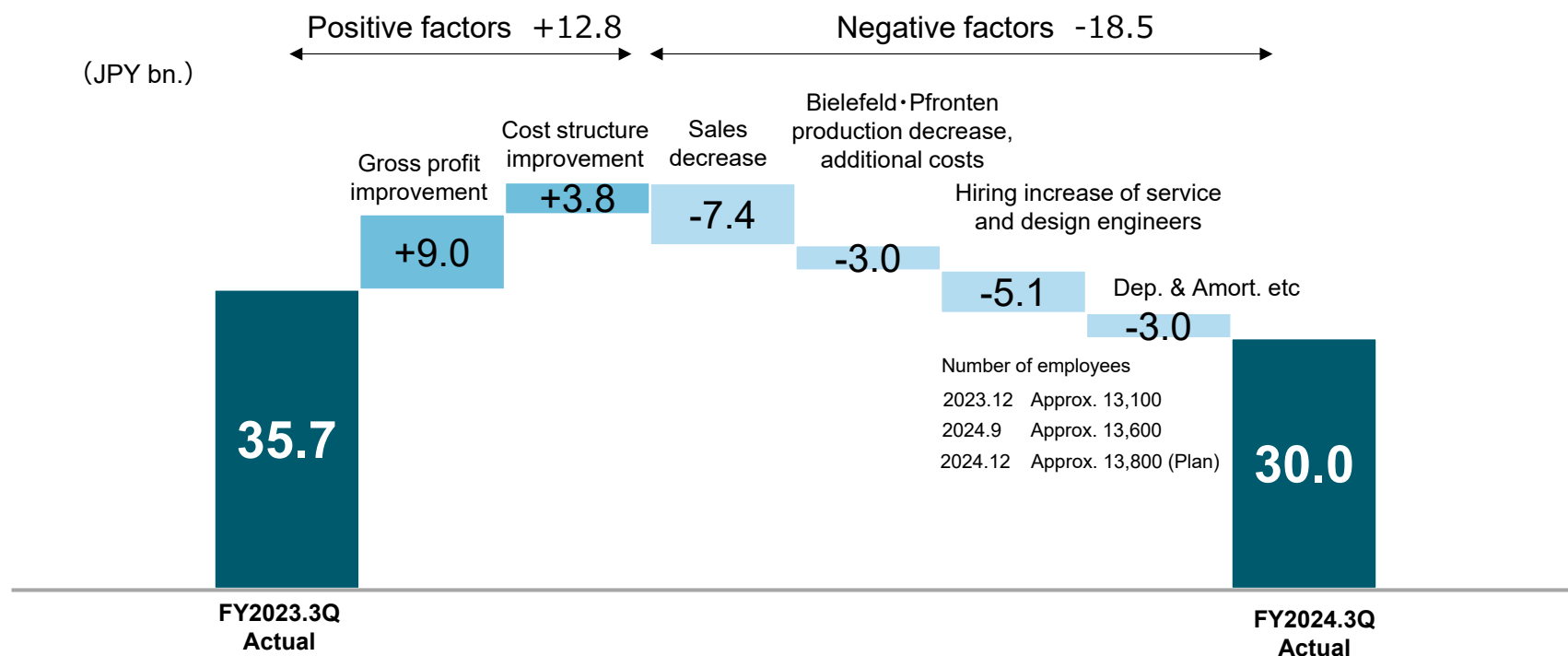
Operating Profit Bridge FY2023 3Q (Jan-Sep) vs. FY2024 3Q (Jan-Sep)

DMG MORI

- Gross profit improved due to high-value process integration and automation proposals with lower discounts. Continuous positive effects from increased in-house production leading to improved cost structure.
- Start of SAP S/4 HANA in Bielefeld and Pfronten factories (Germany) lead to temporary production decrease and additional costs

| (JPY bn.) | FY2023.3Q | FY2024.3Q | Changes |
|---------------|-----------|-----------|---------|
| Sales revenue | 380.2 | 388.0 | +7.8 |

| | FY2023.3Q | FY2024.3Q |
|-------------------------|-----------|-----------|
| Exchange rate : USD/JPY | 138.1 | 151.3 |
| EUR/JPY | 149.6 | 164.4 |

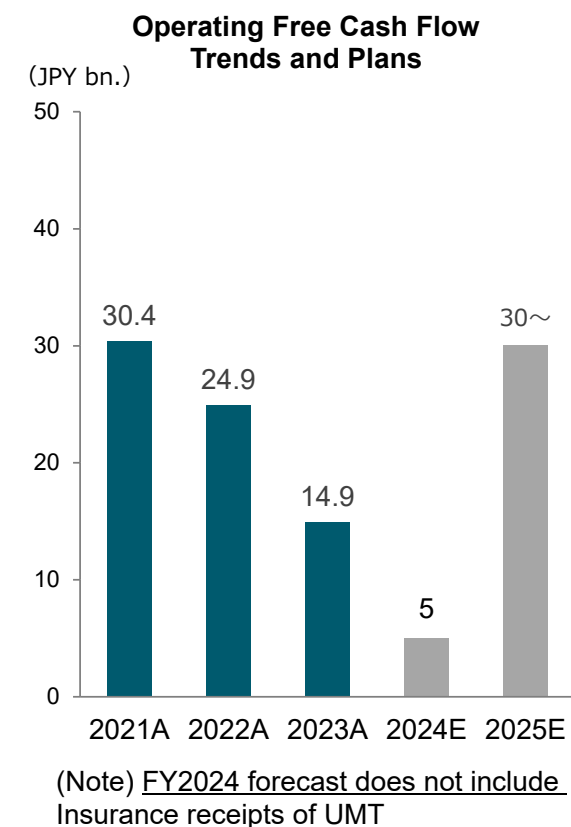


Cash Flows

DMG MORI

- Turned positive in 3Q (Jul. – Sep.). Working capital improved significantly due to inventory reductions.
- Full-year cash flows forecasted at positive JPY 5 bn. Further investments planned to enhance automation and IT system capabilities for medium- and long-term growth and higher efficiency

| (JPY bn.) | 2022 | | | | | 2023 | | | | | 2024 | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | FY | 1Q | 2Q | 3Q | 4Q | FY | 1Q | 2Q | 3Q | 4Q (Plan) | FY (Plan) |
| Operating cash flow | 12.5 | 23.6 | 10.1 | 23.5 | 69.7 | 9.3 | 5.1 | 5.8 | 31.5 | 51.6 | 9.5 | -9.4 | 11.0 | 38.9 | 50.0 |
| Profit before taxes | 8.9 | 7.4 | 8.0 | 12.2 | 36.5 | 8.5 | 11.2 | 11.7 | 16.5 | 47.9 | 9.3 | 11.3 | 4.7 | | |
| Depreciation & amortization | 5.6 | 6.0 | 5.8 | 6.6 | 24.0 | 6.2 | 6.3 | 6.8 | 7.2 | 26.5 | 7.4 | 7.8 | 7.8 | | |
| Changes in working capital | -1.8 | 9.9 | -0.9 | 5.1 | 12.3 | -1.7 | -10.2 | -7.1 | 9.9 | -9.1 | 0.1 | -13.8 | 1.4 | | |
| Others | -0.2 | 0.4 | -2.9 | -0.3 | -3.1 | -3.7 | -2.3 | -5.6 | -2.1 | -13.7 | -7.3 | -14.7 | -2.9 | | |
| Investment cash flow | -10.1 | -11.5 | -11.8 | -11.5 | -44.9 | -11.1 | -10.1 | -9.6 | -5.9 | -36.7 | -10.6 | -6.4 | -9.6 | -18.4 | -45.0 |
| Operating free cash flow | 2.4 | 12.1 | -1.7 | 12.1 | 24.9 | -1.8 | -5.0 | -3.9 | 25.6 | 14.9 | -1.1 | -15.8 | 1.4 | 20.5 | 5.0 |

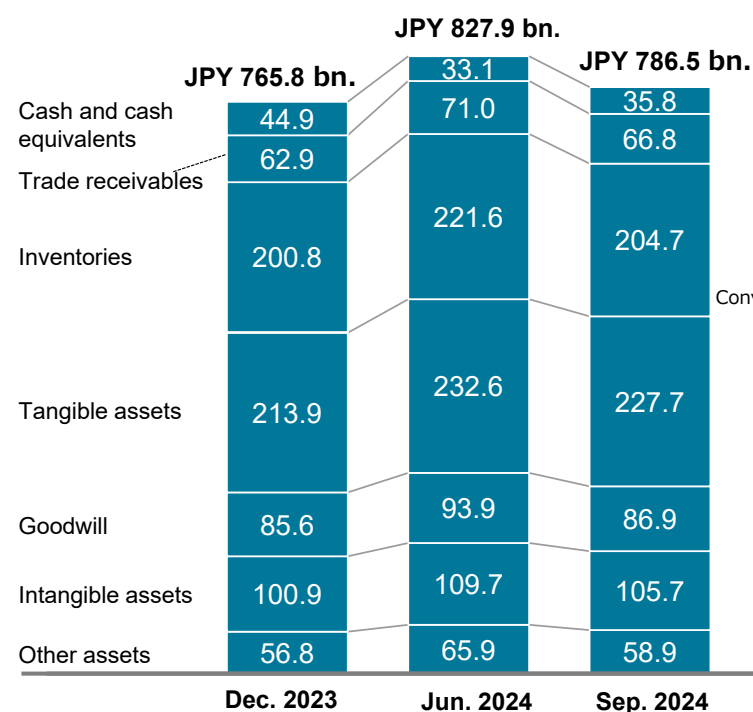


Balance Sheet Summary

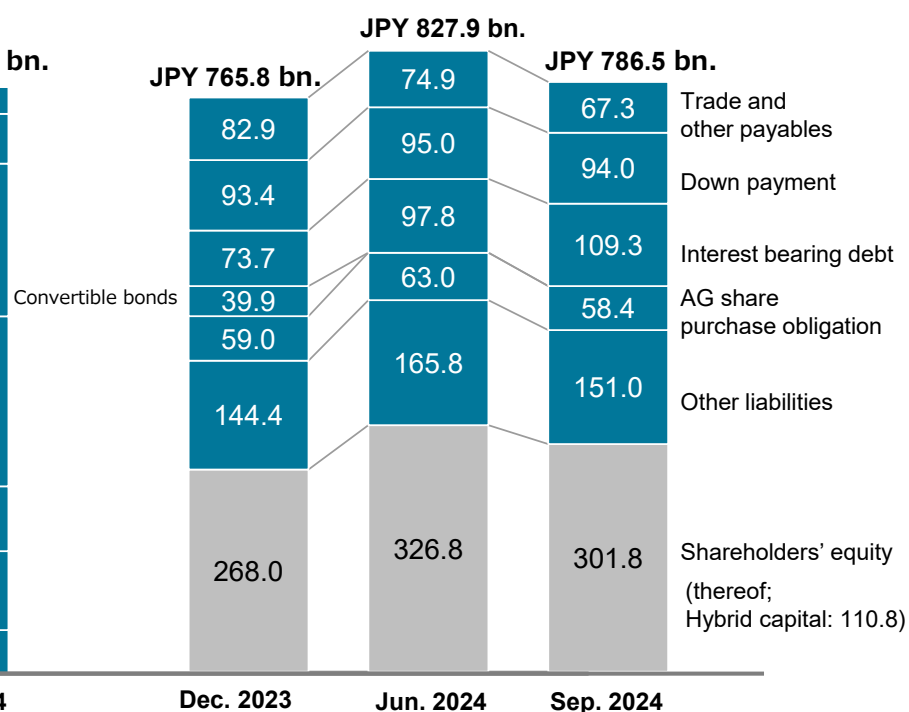
DMG MORI

- Inventories started to decline (end of Jun FY2024: JPY 221.6 bn. →end of Sep FY2024: JPY 204.7 bn.)
- Net D/E ratio maintained low level of 0.24 at the end of September. Forecasted to further decline to 0.15 in December.

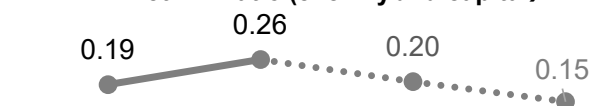
Assets



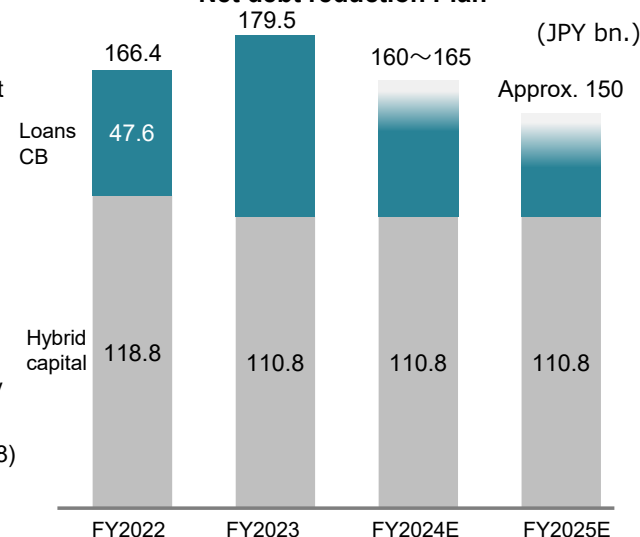
Liabilities & Equity



Net D/E ratio (excl. hybrid capital)



Net debt reduction Plan



| | Dec. 2023 | Jun. 2024 | Sep. 2024 |
|--|-----------|--------------|-------------|
| Current rate (EUR / JPY) | 157.1 | 172.3 | 159.5 |
| FX rate impact on total assets (JPY bn.) | | Approx. 52.0 | Approx. 7.5 |

| | Dec. 2023 | Jun. 2024 | Sep. 2024 |
|---------------|--------------|--------------|--------------|
| Equity ratio | 35.0% | 39.5% | 38.4% |
| Net debt | JPY 68.7 bn. | JPY 64.7 bn. | JPY 73.5 bn. |
| Net D/E ratio | 0.26 | 0.20 | 0.24 |

FY2024 (Jan-Dec) Forecast

DMG MORI

- Full-year order intake revised to JPY 500 bn. (Previous plan: JPY 530 bn.), reflecting stagnating orders since August.
- Operating profit revised to JPY 44 bn. (Previous plan: JPY 58.5 bn.). Production disruptions at Bielefeld and Pfronten factories and additional costs caused by start of SAP S/4HANA, Increases hiring of service and design engineers
- Net profit revised to JPY 10 bn. (Previous plan: JPY 36 bn.). Open insurance claim for seizure of Russian factory (EUR 90.4 mil., JPY 14.5 bn. Collection not expected within this fiscal year.
- Annual dividend per share to be maintained at 100 Yen/share (Interim: 50 Yen, Year-end: 50 Yen)

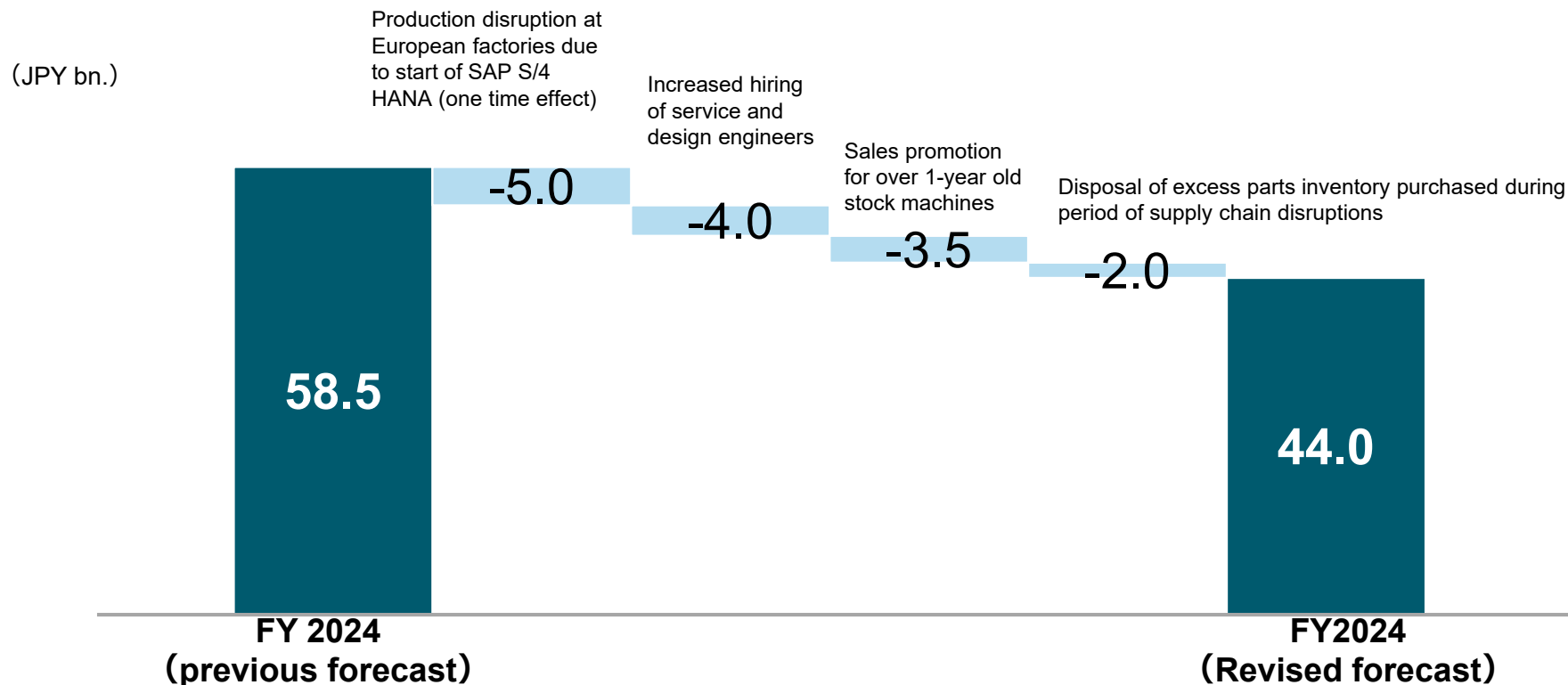
| (JPY bn.) | FY2022 (Actual) | FY2023 (Actual) | FY2024 Plan | | FY2025 Forecast | | |
|---|--------------------|--------------------|-------------|------------|--------------------------------------|---------|------------|
| | | | New | YoY (%) | Previous plan (Announced July 31) | | YoY (%) |
| Consolidated order intake | 542.4 | 520.0 | 500.0 | -3.8% | 530.0 | 540.0 | +8% |
| Order backlog | 254.0 | 247.0 | | | — | — | |
| Sales revenue | 474.8 | 539.5 | 550.0 | +2.0% | 550.0 | 540.0 | -2% |
| Operating profit | 41.2 | 55.4* | 44.0 | -20.5% | 58.5 | 49.0 | +11% |
| Operating profit margin | 8.7% | 10.3% | 8.0% | | 10.6% | 9.1% | |
| Net profit from continued operations | 25.4 | | 25.0 | | | | |
| Loss from discontinued operations in the Russian manufacturing company (one-time) | — | | -15.0 | | | | |
| Net profit | 25.4 | 33.9 | 10.0 | -70.5% | 36.0 | 30.0 | 3x |
| EPS (JPY) | 188.62 | 256.66 | 58.76 | | 242.61 | 211.33 | |
| Dividends per share (JPY) | 70 | 90 | 100 | | 100 | 100~105 | |
| Depreciation & amortization including leasing | 24.0 | 26.5 | 31.0 | | 30.0 | 34.0 | |
| Capital expenditure | 41.1 | 42.5 | 45.0 | | 30.0 | 30.0 | |
| USD/JPY | 131.5 | 140.6 | 150 | | 151 | 145 | |
| EUR/JPY | 138.1 | 152.0 | 160 | | 162 | 160 | |

* Due to deconsolidation of UMT, the operating profit for FY2023 has been revised to JPY 55.4 bn. and operating profit margin to 10.3% to apply the same standards as in FY2024 (previous announcement: JPY 54.2 bn., 10.0%) It has no impact on net profit. The effect of deconsolidation of UMT is not reflected on results of FY2022 and before.

** The dividend forecast is the current management target and has not been approved yet by the Board of Directors or the Annual General Meeting of shareholders .

Operating Profit Bridge FY2024 previous forecast vs. FY2024 revised forecast

DMG MORI



SAP S/4 HANA implementation

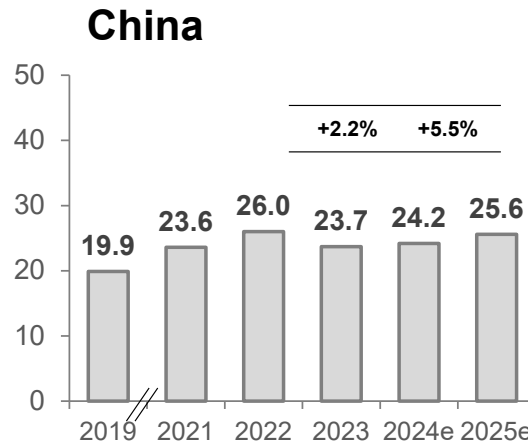
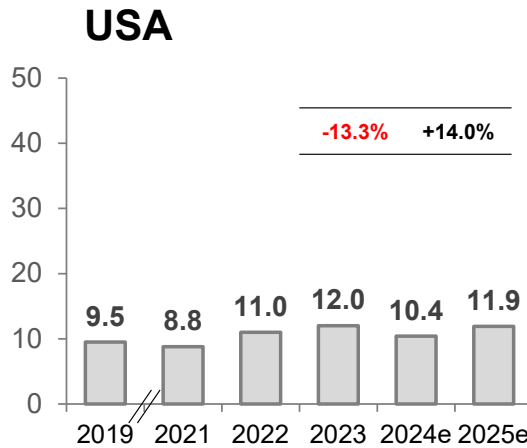
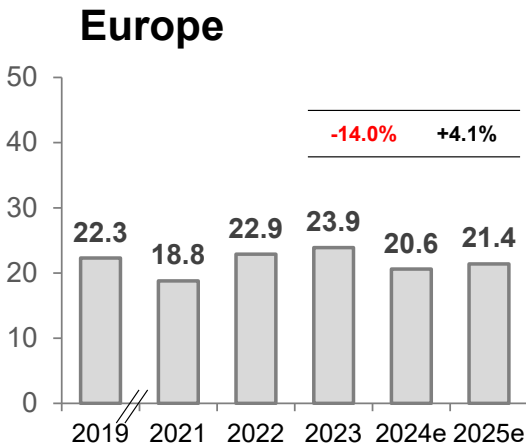
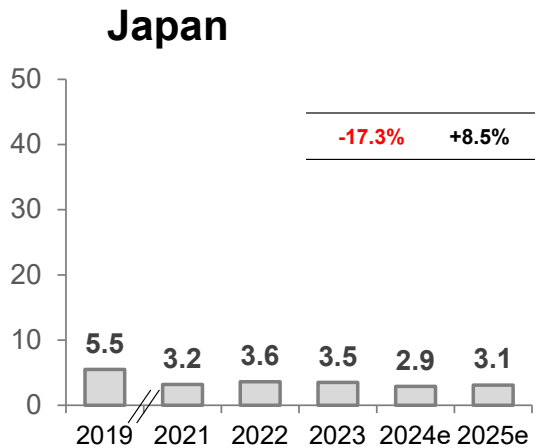
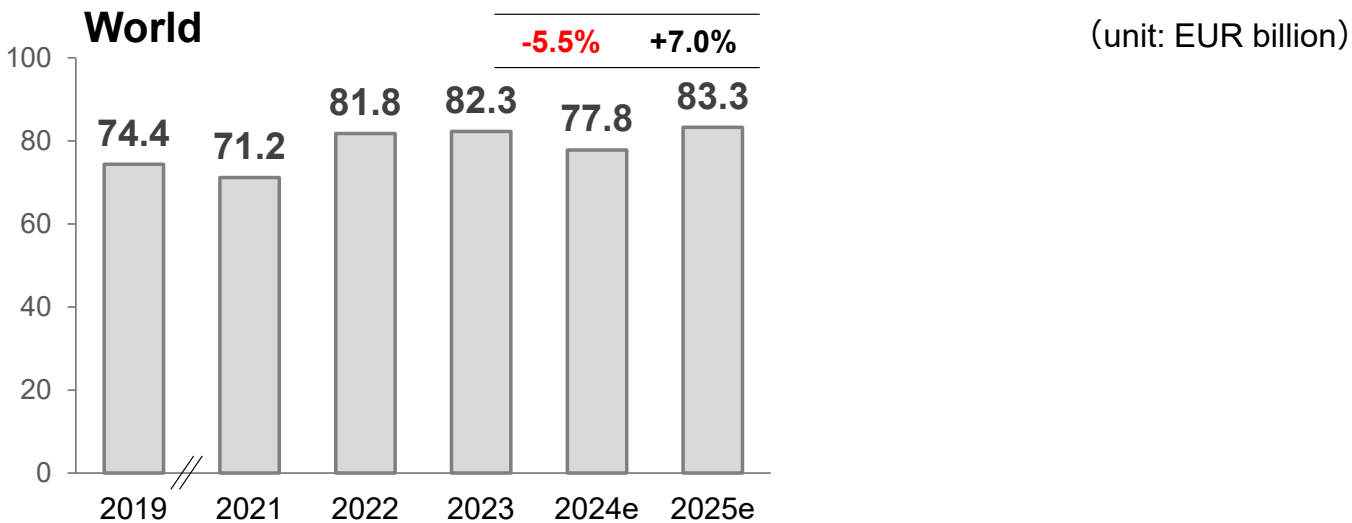
- Bielefeld factory: FY2022 1Q start → FY2024 1Q completion
- Pfronten factory: FY2024 1Q start → FY2025 1Q planned to be completed



- Iga/Nara: start planned from FY2025 1Q
Problems already resolved through experiences at Bielefeld/Pfronten

Machine Tool Market Forecast by
VDW (The German Machine Tool Builders' Association) / Oxford Economics

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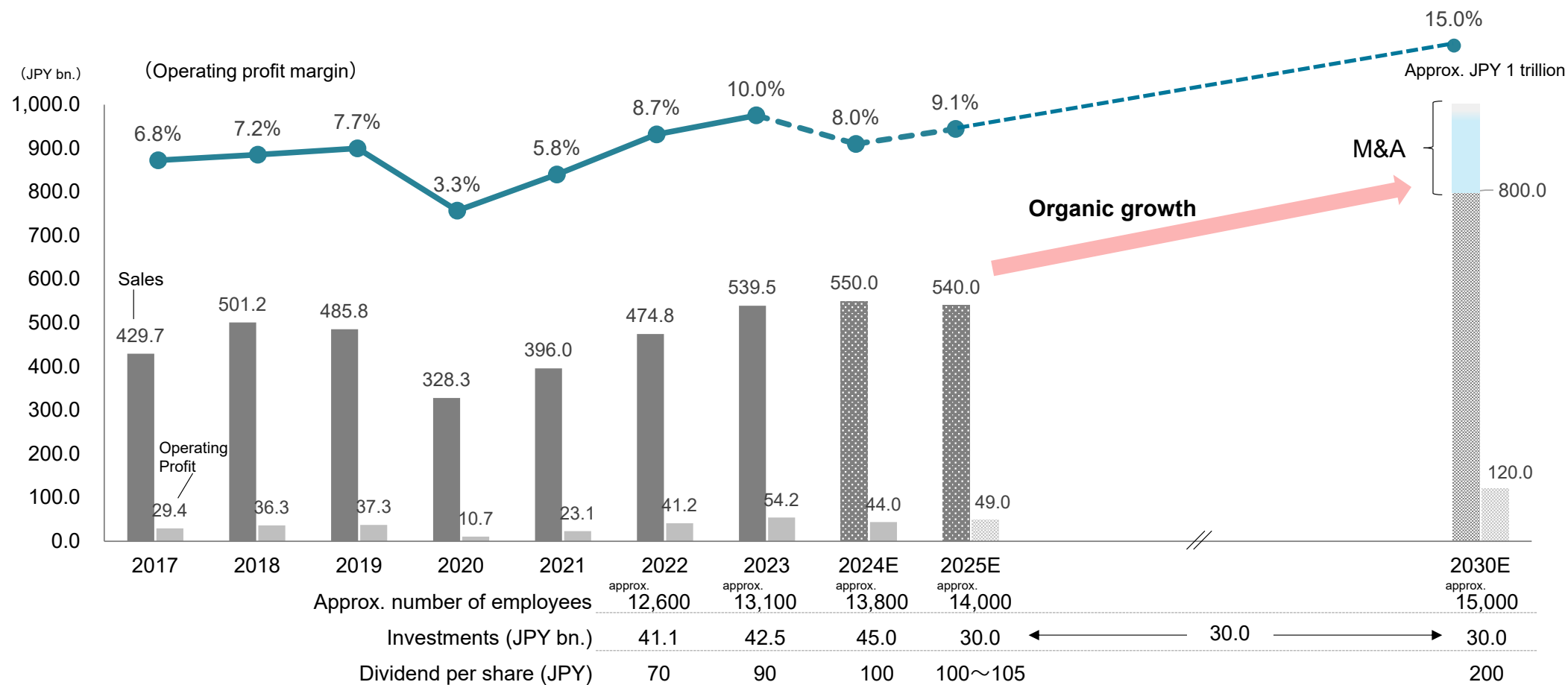


(Source) VDW (The German Machine Tool Builders' Association) & Oxford Economics Prognosis, October 2024

Medium- & Long-term Business Plan

DMG MORI

- We will revise the final year plan of the “Medium-term Business Plan 2025” (Sales revenue JPY 600 bn., Operating profit JPY 72 bn., operating profit margin 12%).
- Maintaining organic growth, we aim for a sales revenue of JPY 800 bn. and operating profit margin of 15% by 2030.



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(Operator skill development, Supplier engagement)

Consolidated Order Intake

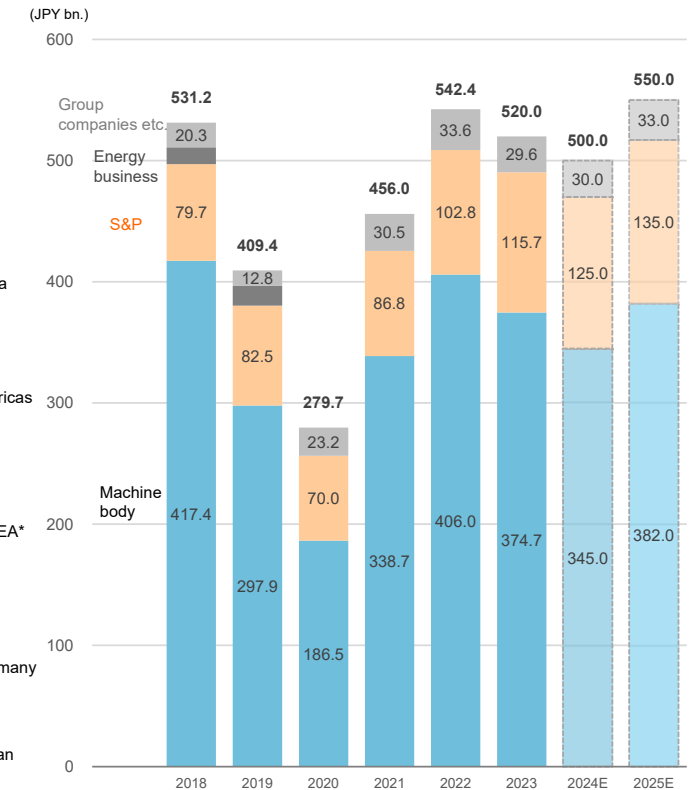
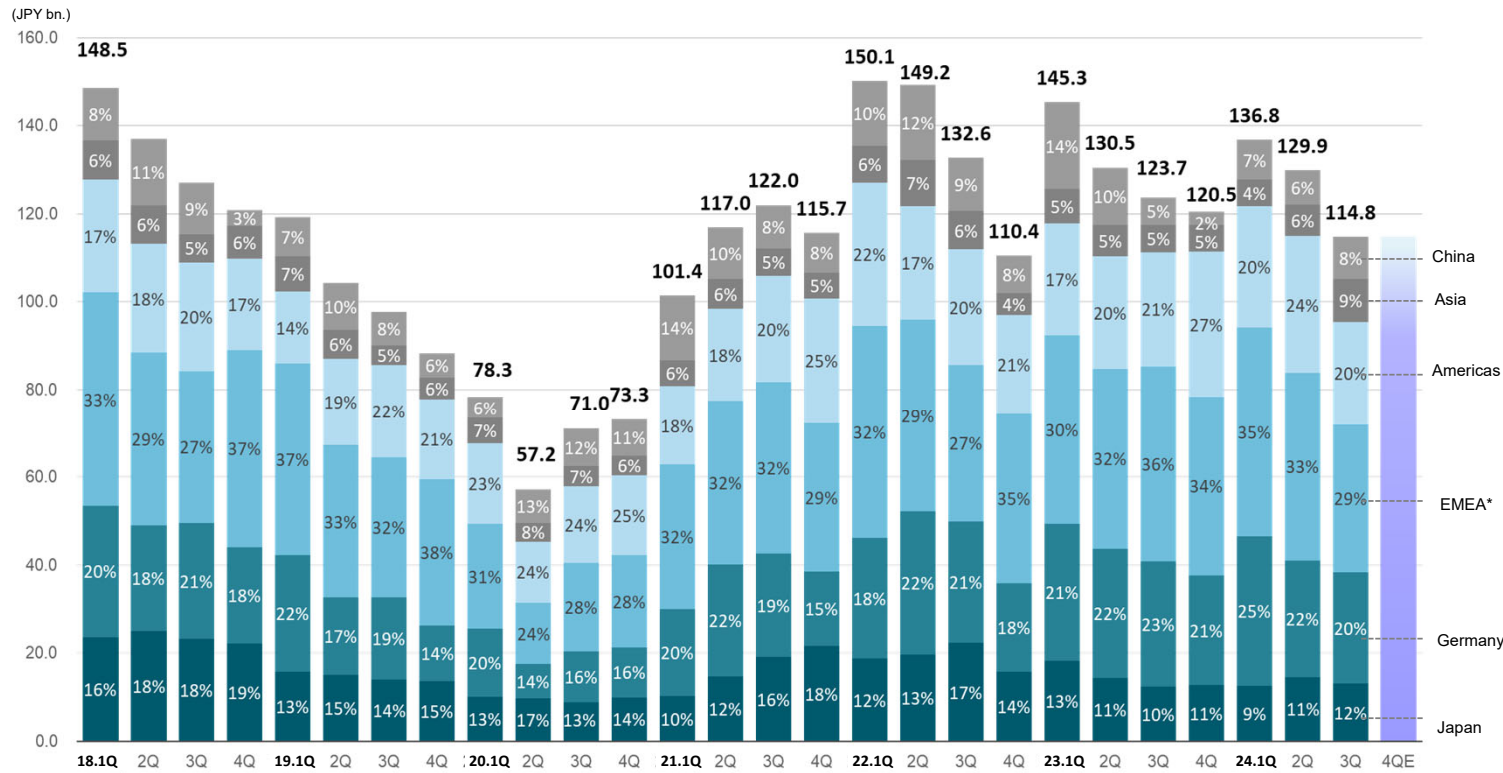
DMG MORI

- Monthly orders increased YoY between May-July and stalled from August/September. Inquiries remain high but take time to be translated into orders.
- Orders are expected to remain flat for the remainder of the year. Recovery planned for 2025

Quarterly

*Europe excl. Germany, the Middle East and Africa

Yearly

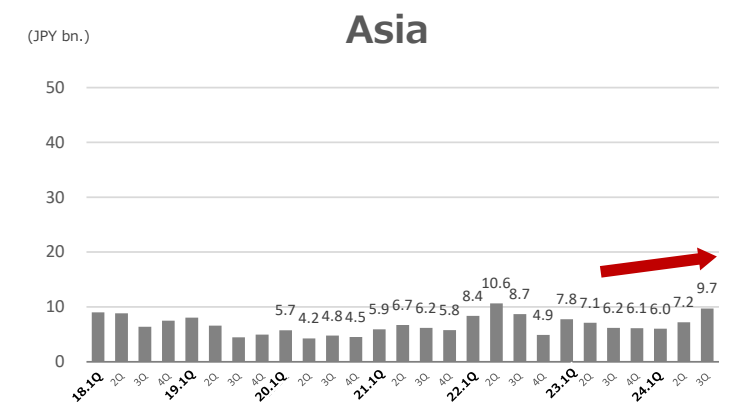
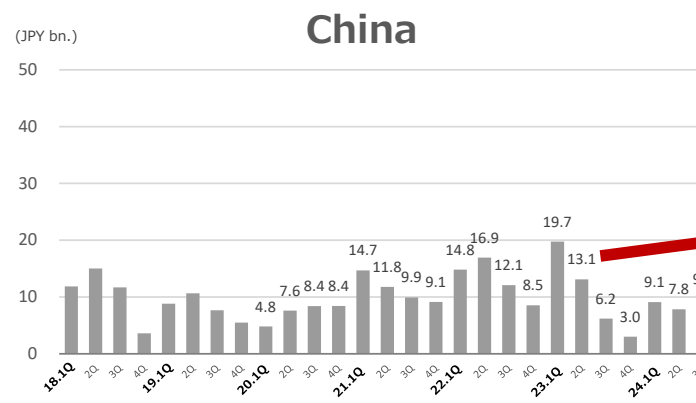
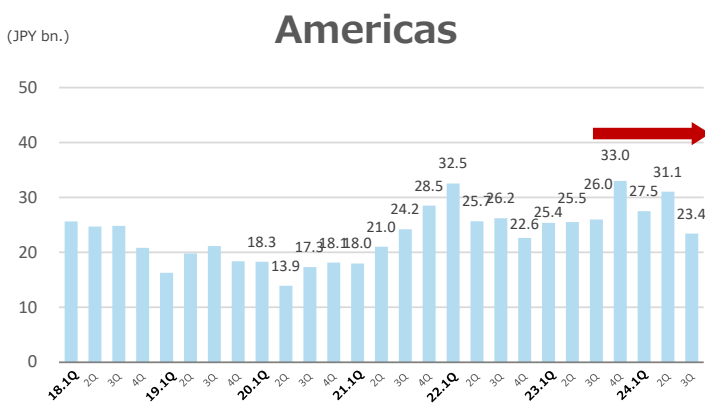
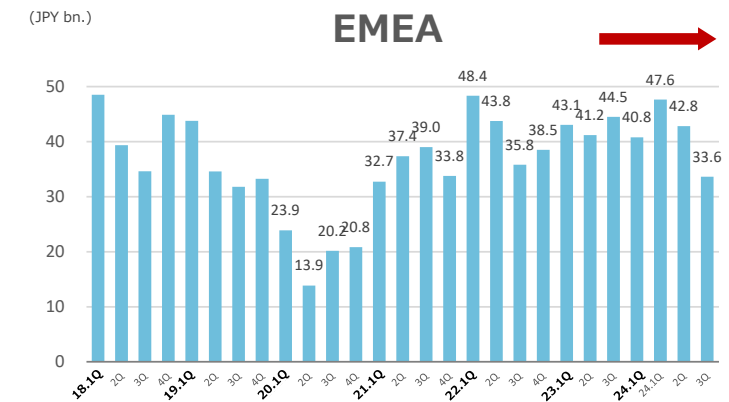
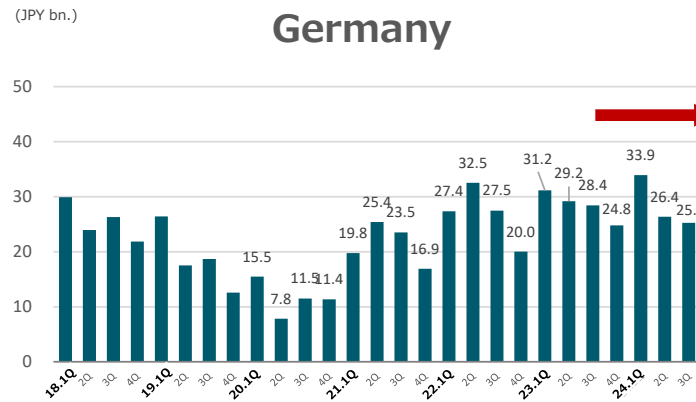
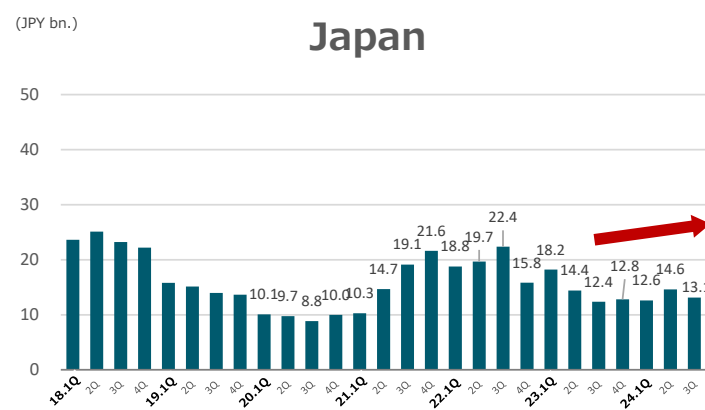


Order Intake by Region

DMG MORI

- Orders in Japan, China, and Asia remained solid.
- Orders in Europe and the Americas entered a temporary adjustment phase. However, the number of inquiries for process integration and automation is high, and orders are expected to recover from 2025.

*Europe excl. Germany, the Middle East and Africa



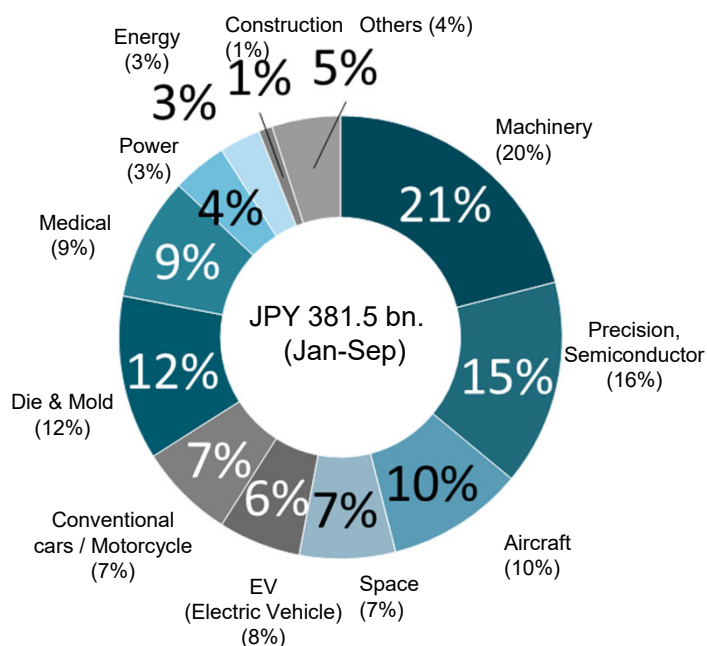
Consolidated Order Composition (Jan - Sep)

DMG MORI

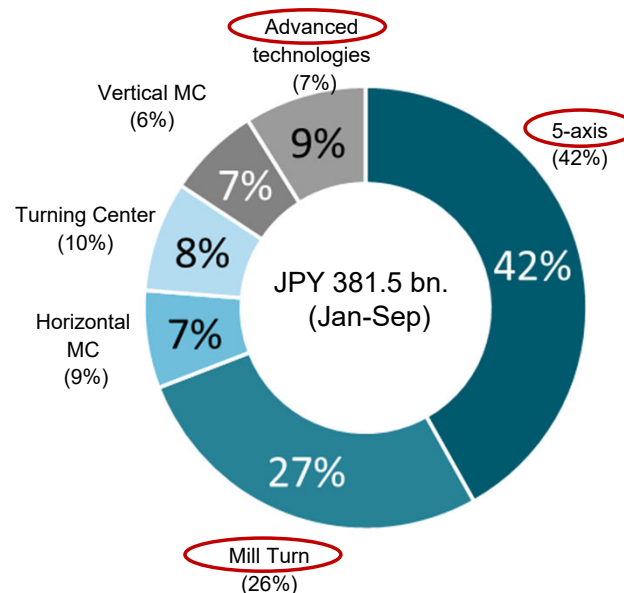
- Orders for aerospace, medical, die & mold, and power generation-related industries were strong.
- Growth in key markets such as 5-axis machines, mill-turn centers, and advanced technologies.

※Based on amount
(% in brackets: FY2023 Jan-Dec)

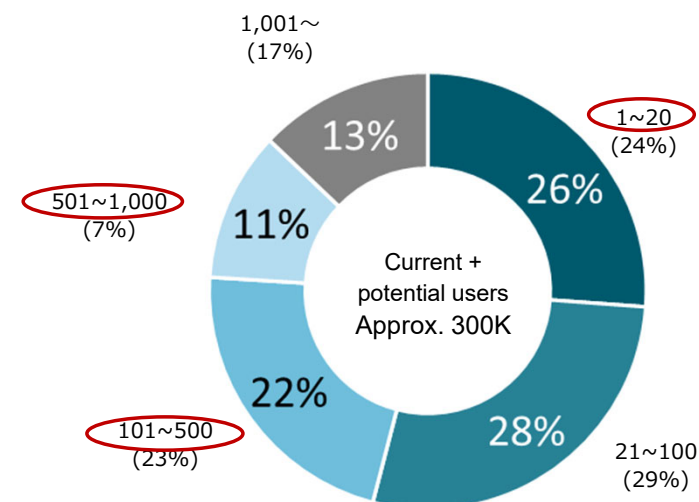
by industry



by product type



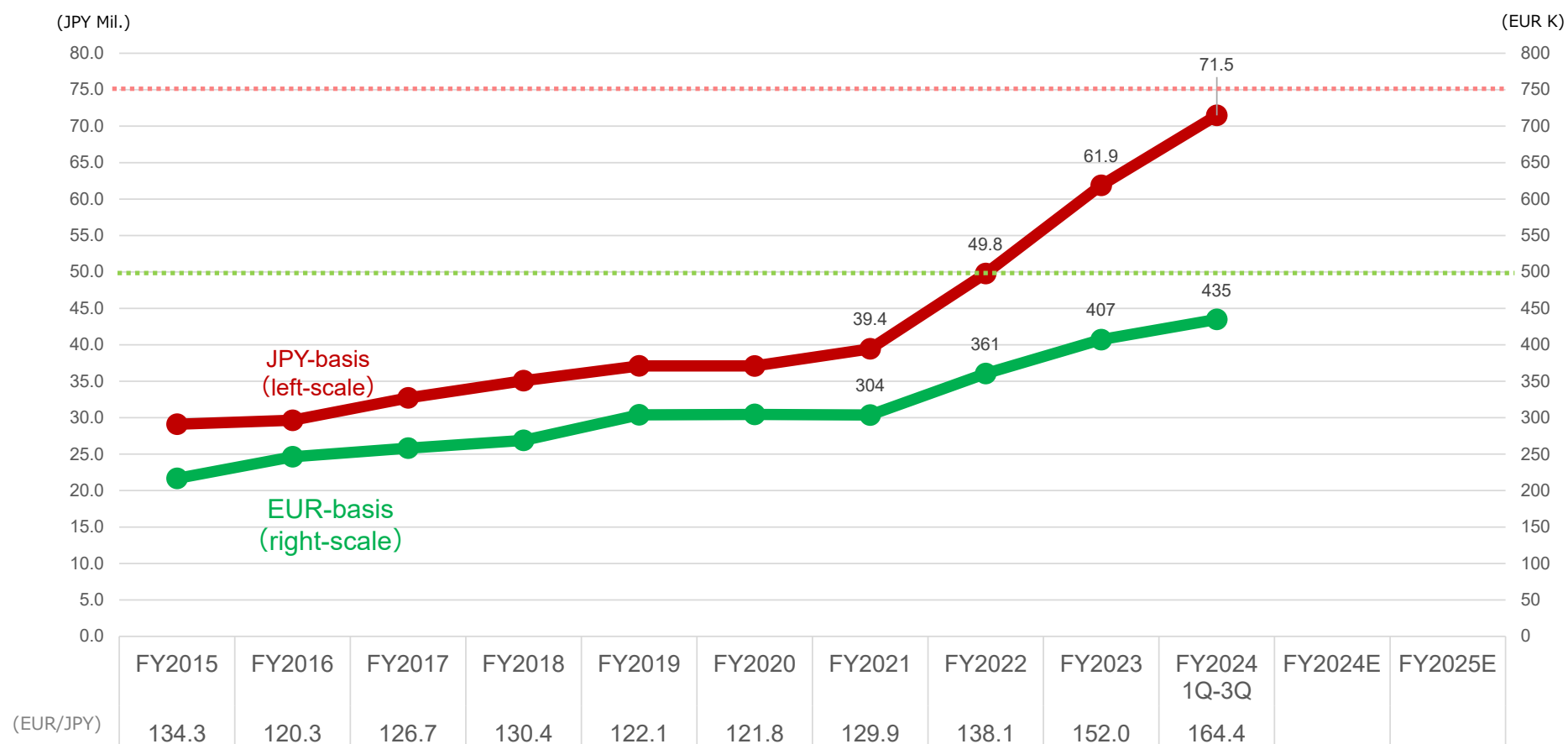
by customer's employee number



Average Order Price Per Unit

DMG MORI

- Machine order price in Euro increased by 7% YoY to EUR 435 K.
- Ratio of 5-axis machines, mill-turn centers, and advanced technologies increased to 78% (75% in the previous year), improving the unit price of order intake.



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JIMTOF2024・Tokyo Technology Week: Nov 5 (Tue) – 10 (Sun) 2024

DMG MORI

JIMTOF2024

12x machines, 8x automations at DMG MORI BOOTH



Tokyo Big Sight (Tokyo, Koto-ku, Ariake 3-11-1) 【East Hall 8】

Shuttle bus connection between Tokyo Big Sight and Tokyo GHQ all day available

(approx. 15 mins)



Tokyo Technology Week

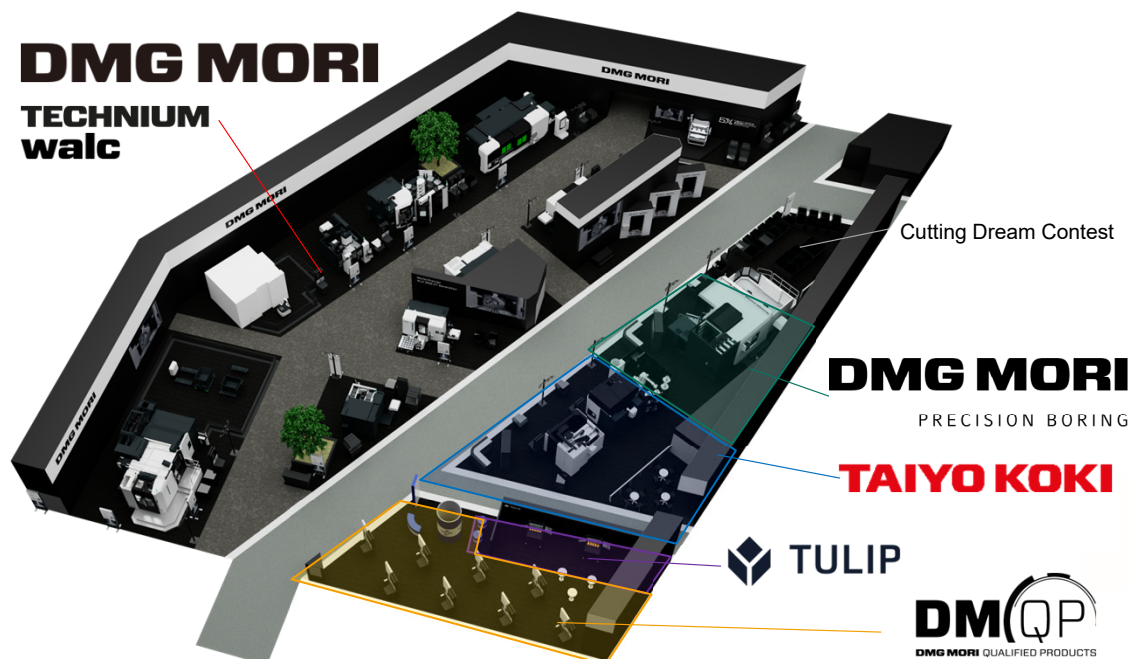
12x machines 4x automations

Tokyo GHQ (Tokyo, Koto-ku, Shiomi 2-3-23)

- ✓ DMG MORI MX (Process integration / Automation / GX / DX)
- ✓ DMG MORI Group exhibition
- ✓ DMQP Partner area

- ✓ Visitor registration required
- ✓ Cutting demonstrations with over 10 machine models, incl. NLX 2500 2nd Gen.

DMG MORI
TECHNIUM
walc



TULIP

DMQP
DMG MORI QUALIFIED PRODUCTS

FUCHS
LUBRICANTS. TECHNOLOGY. PEOPLE.

HAIMER

WTO

ROEMHELD
HILMA + STARK

HAINBUCH
WORKHOLDING SOLUTIONS

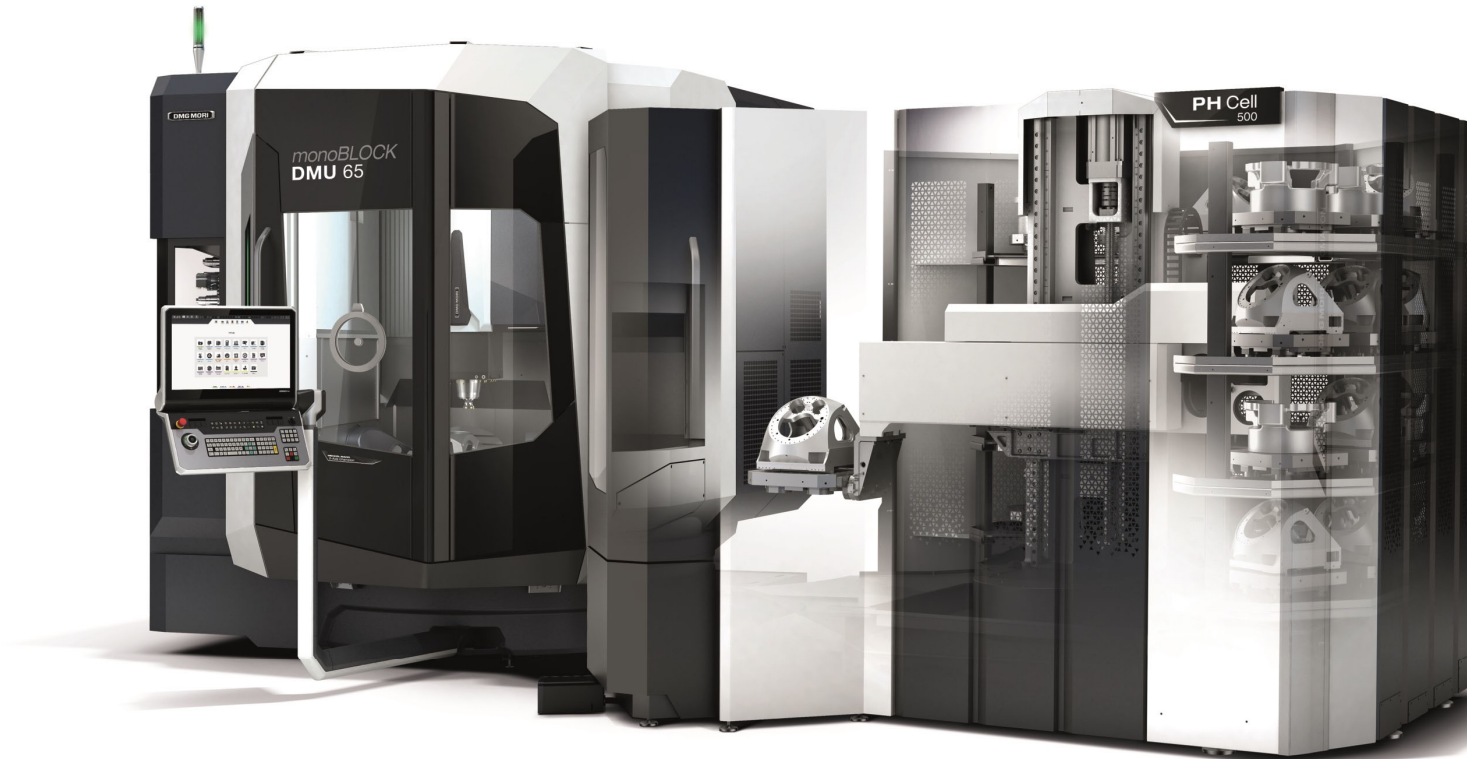
SIEMENS

OPEN MIND
THE CAM FORCE

JBM Engineering

GENETEC

Modular Pallet Handling System: PH Cell 500



Japan
Premiere

DMU 65 monoBLOCK 2nd Generation

PH Cell 500

NLX 2500 | 700 2nd Gen. + MATRIS Light

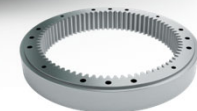


Japan
Premiere



NMV 5000 Gear Production+

World
Premiere



Internal spur gear
Φ460 mm×60 mm



Helical gear
Φ380 mm×90mm

SUCCESS STORY – SIEMENS HEALTHINEERS

DMG MORI



Project

- Reason for the investment: Ensuring **increasing component complexity** and **high part variance** in the face of a shortage of skilled workers
- **4 x DMU 125 P duoBLOCK (123 tools each) LPP 2000 with double fork and LPS4 CTS with 960 tools**
- **3 clamping and set-up stations with hydraulic workpiece clamping**
- Component variance: 70 pieces
- Processes have been transferred to the machine: Engraving, measuring



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Acquisition of 100% shares of TAIYO KOKI (currently 50.81% shareholding)

DMG MORI

DMG MORI × TAIYO KOKI

- Intends to make TAIYO KOKI CO., LTD. (current shareholding ratio: 50.81%) a wholly-owned subsidiary by means of the Tender Offer (Announced on November 1, 2024)
- Tender Offer Price JPY 1,875 /common share; the minimum number of share to be purchased: 15.85% of shares outstanding → Combined with current shareholding, **more than 2/3 shareholding ratio**
- TAIYO KOKI expressed its **support for the Tender Offer** at the Board of Directors' Meeting held on November 1.
- The total acquisition cost is expected to be approximately JPY 5.45 billion.

<Expected business synergies>

- Expand overseas sales of the company's products by utilizing the global sales network of DMG MORI Group
- Promote process integration and automation by utilizing group's R&D resources
- Expand business from Nagaoka area by strengthening cooperation with DMG MORI Precision Boring (Nagaoka)

<Schedule>

- Purchase Period: From November 5, 2024 through December 16 (30 business days)
- After the completion of the Tender Offer, the company plans to implement the procedures to make TAIYO KOKI 100% a wholly-owned subsidiary.



Nagaoka New Plant

Iga Campus received Deming Prize 2024

DMG MORI

Award ceremony: Nov 13, 2024 at
Keidanren Kaikan (Tokyo)



<Deming Prize>

The world's most prestigious TQM award, established in 1951 to honor Dr. William Edwards Deming, who introduced statistical quality control in postwar Japan, raising Japanese product quality to global standards. (From the website of the Union of Japanese Scientists and Engineers)

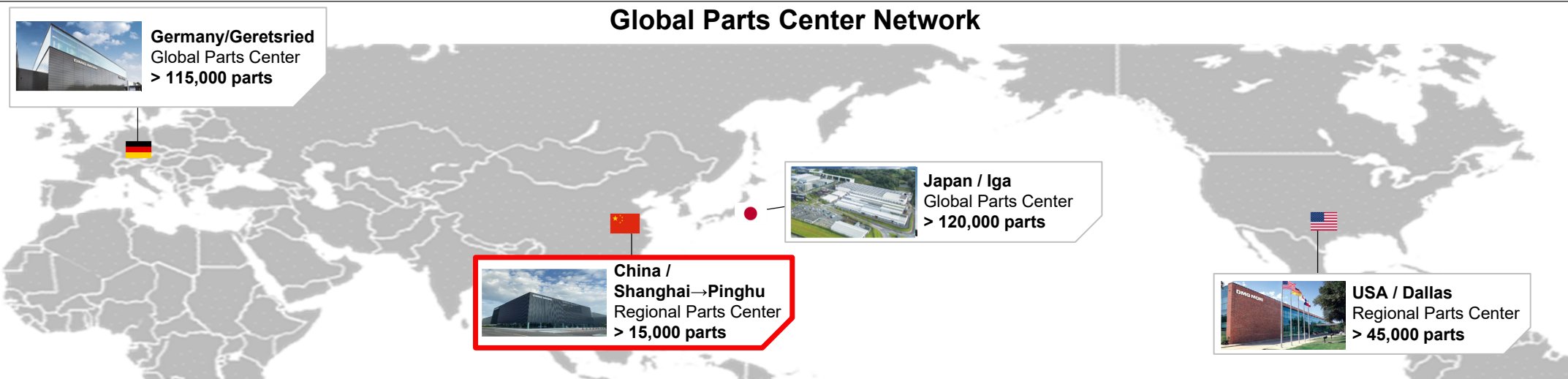
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*Total Quality Management

Relocation of SPARE PARTS CENTER CHINA

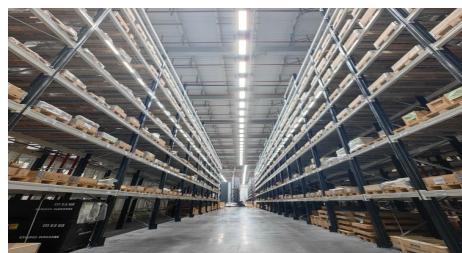
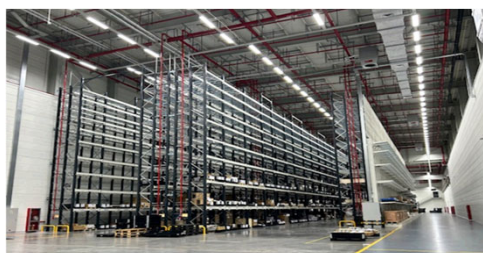
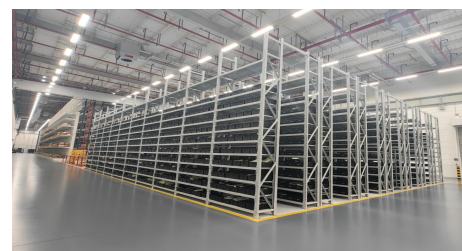
DMG MORI



- + Relocation: **Shanghai → Pinghu**
- + Distance PVG Airport **110km**
- + Operation start: **1st October 2024**
- + Total area: **1850 sqm**
- + Kind of parts **>15.000#**
- + Stock Value: **RMB 80.5 mn (JPY 1.6bn*)**

*Full spectrum parts for Chinese market
(screw to cover, mechanics, hydraulics, electronics)*

*RMB/JPY =20.48



European Headquarters in Munich: Groundbreaking Ceremony

DMG MORI

- ✓ Groundbreaking ceremony held on September 10, 2024. To open in 2026 or later.
- ✓ Global communication hub with easy access to DMG MORI sites in Europe and worldwide
- ✓ 1,500 m² showroom with cutting-edge products & technology to host tours, meetings, and trainings

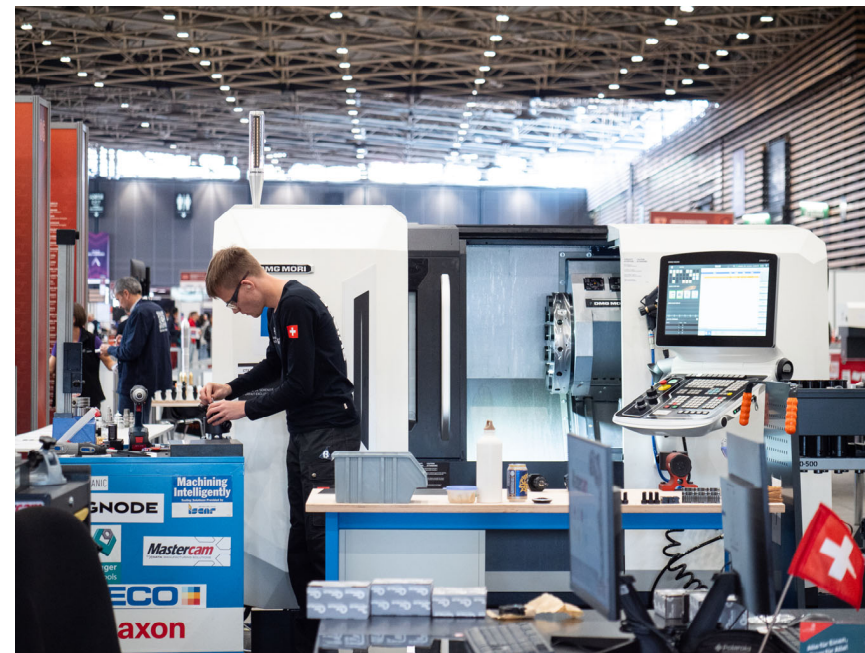


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Support for WorldSkills Competition 2024

DMG MORI

- ✓ Approx. 1,400 young professionals from all over the world gathered in Lyon, France
- ✓ DMG MORI provided preparation courses and 29 machine tools for the competition
- ✓ We are sponsoring the competition since 2007



THE 19TH CUTTING DREAM CONTEST

DMG MORI



All 93 entries to be exhibited at JIMTOF DMG MORI booth

Production Parts Machining

| | | |
|-----------|--|--------------------------------|
| Gold | Thin-film molding die (For circuit board) | Murata Manufacturing Co., Ltd. |
| Silver | Resonance pin | ISHIYAMANEZI CO., LTD. |
| Bronze | Fixture for long rotating part wafer | Koga Denki Corporation |
| Technique | One-touch chucking of multiple analysis samples (medical centrifuge) | Yoshioka Seiko Co., Ltd. |

Academic Research

| | | |
|-----------|---|--|
| Gold | Machined anti-gravity device | Kobe Advanced Institute of Technology |
| Silver | Metal pencil & Pencil stand | Keio University Faculty of Science and Technology |
| Bronze | Logo projection freeform micro-lens array | Keio University |
| Technique | Biomimetic low-noise drone propeller | IWATE UNIVERSITY Advanced Manufacturing and Prototyping Center |
| Technique | 0.2 mm-fine tensegrity | Kindai University Technical College |

Prototype & Test Cut Machining

| | | |
|-----------|--|----------------------------------|
| Gold | Swan | Sekishin Inc. |
| Silver | Honeycomb | KYOCERA Corporation |
| Bronze | World's lightest dumbbell | SAKATA PRECISION CO., LTD. |
| Bronze | Multi-Layer Ceramic Capacitor sand clock | Murata Manufacturing Co., Ltd. |
| Technique | Two-bon ~ Vases with lip diameter $\phi 38$, body diameter $\phi 116$, depth 39 mm ~ | Ohwada carbon Industry Co., Ltd. |
| Technique | Self-standing float | Koga Denki Corporation |

Advanced Machining

| | | |
|--------|----------------------|--------------------------------|
| Gold | Beacon of technology | J•3D Co., Ltd. |
| Silver | Ceramic wristwatch | Fukushima Ceramic Co., Ltd. |
| Bronze | Regular icosahedron | Murata Manufacturing Co., Ltd. |

Artistic Form Machining

| | | |
|-----------|--|-----------------------------|
| Gold | Too small horse | Asuka Industry Ltd. |
| Silver | Net | Seibu Co., Ltd. |
| Bronze | Water droplets and ripples on a water mirror | Circle and Square Co., Ltd. |
| Bronze | Stripe island | Sanei-Kikai Co., Ltd. |
| Technique | To the one who cuts | ASAHI YUKIZAI CORPORATION |
| Technique | Montagna Sacra (Sacred Mountain) | FRASCO CO., LTD. |

Sustainability: Supplier Engagement

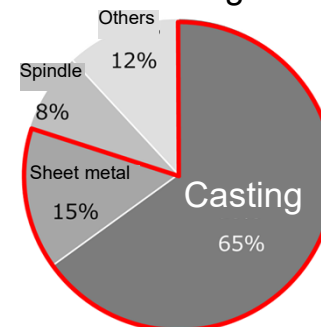
DMG MORI

- ✓ Held workshop with major casting & sheet metal suppliers to reduce CO₂ emissions
- ✓ Introduced Cozero, a platform to measure carbon emissions throughout the supply chain
- ✓ Will use Cozero data to develop & implement action plans to reduce Scope 3 emissions



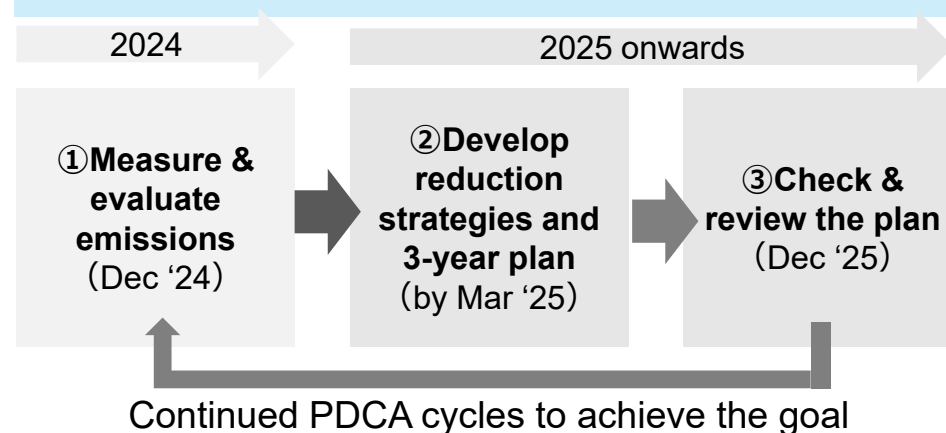
Workshop on Oct 17th, 2024

Machine weight ratio



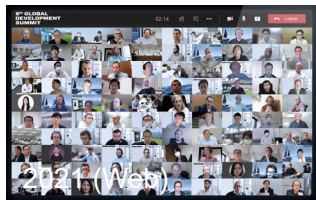
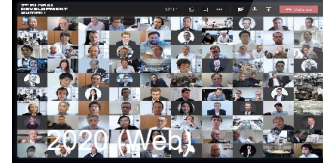
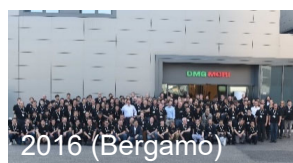
Major **15** casting & sheet metal suppliers at the workshop

Each supplier's goal: -5% per year (-30% by 2030)



11th Global Development Summit

DMG MORI



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