

August 1, 2025

## DMG MORI CO., LTD.

- Consolidated orders are regaining momentum, increasing 8% in the 1H from the 2H FY2024 and 6% in the 2Q from the 1Q.
- On top of strong demand in Americas, orders in EMEA are expected to recover from the 2H driven by economic stimulus packages.
- Sales revenue will surge in the 4Q this year backed by growing order backlog. Annual dividend of JPY 105 per share is maintained (JPY 100 in FY2024).

Financial summary (JPY bn.)	FY2024.1H	FY2025.1H	(Y/Y)	FY2024	FY2025E	(Y/Y)
Consolidated orders	266.7	248.6	-6.8%	496.0	530.0	+6.9%
Order backlog for machine tools	273.0	233.2	-	218.0	-	
Sales revenue	263.7	227.5	-13.7%	540.9	510.0	-5.7%
Operating profit	24.1 *	6.5	-73.0%	43.7	38.0	-13.1%
Operating profit margin (%)	9.1%	2.9%		8.1%	7.5%	
Net profit from continued operations	15.3	2.1	-86.1%	23.1	20.0	-13.4%
Loss from deconsolidation of UMT in Russia	-15.1 **	-		-15.1 **	-	
Net profit attributable to owners of parent	-0	2.1		7.7	20.0	2.6x
Net profit margin	-0.0%	0.9%		1.4%	3.9%	
Dividend per share for the year (JPY)	-	-		100	105	

\*Negative goodwill from consolidation of DMG MORI Precision Boring CO., LTD. (former KURAKI Co., Ltd.) during 1Q FY2024 is corrected retroactively.

\*\*EUR 91.8 mil. (EUR/JPY=164: JPY 15.1 bn.) loss from deconsolidation of Russian plant by Russian government was recognized as a onetime loss in 1Q (Jan-Mar) FY2024.

### Summary of Financial Results for the 1st Half of FY2025 (Jan-Jun)

Consolidated orders in the first half totaled JPY 248.6 billion, up 8.4% from the second half of the previous fiscal year (Jul-Dec 2024). We believe that order intake is regaining momentum after bottoming out in the second half of the previous fiscal year 2024. On a quarterly basis, orders increased by 6.0% in the second quarter (Apr-Jun) from the first quarter (Jan-Mar). The average machine order price per unit climbed to JPY 80.8 million / EUR 498K (FY2024: JPY 71.0 million / EUR 433K), driven by large-scale orders related to data centers as well as Machining Transformation (MX) initiatives. Maintenance, repair, and overhaul (MRO), spare parts and engineering businesses remained stable. By region, demand in the Americas remained strong, peaking in the second quarter, while other regions are showing signs of gradual recovery. By industry, demand remained robust for aerospace, medical, defense, power generation, energy, and data handling-related industries. The machine order backlog at the end of June climbed to JPY 233.2 billion (December 2024: JPY 218.0 billion). Lead times from order to delivery are getting slightly longer in response to an increase in medium- and large-sized 5-axis machines. This machine order backlog is expected to contribute to a surge in sales revenue from the fourth quarter onwards.

Sales revenue for the first half totaled JPY 227.5 billion, down 13.7% year-on-year. Operating profit declined by 73.0% to JPY 6.5 billion, with an operating profit margin of 2.9%. While machine order backlog is abundant and consolidated order intake is showing signs of recovery, we expect them to translate into sales revenue only from the fourth quarter onwards. Gross profit margin continues to improve, as we are lowering discount rates through MX initiatives and improving our internal productivity. However, the decline in sales and unfavorable FX effects have caused a significant drop in operating profit for the first half. Net profit attributable to owners of the parent was JPY 2.1 billion. Free cash flow (Operating Cash Flow – Investing Cash Flow) was negative JPY 9.8 billion, although the deficit narrowed from JPY 8.9 billion in the first quarter to JPY 0.9 billion in the second quarter. We forecast a positive free cash flow of JPY 10.0 billion for the full fiscal year 2025. As of the end of June, the equity ratio stood at 39.2%, almost unchanged from the end of last fiscal year. The net debt-to-equity ratio was maintained at a low level of 0.25.

### Forecast for the Full Fiscal Year 2025 (Jan-Dec)

Order intake in the Americas remains strong. In Europe, increased defense budgets, tax incentives, and subsidies are expected to drive future demand. We project consolidated orders to reach JPY 530.0 billion for the full fiscal year 2025, up 6.9% year-on-

year as initially expected. The abundant machine order backlog is expected to contribute to sales revenue in the fourth quarter. With this backlog and steady performance in the MRO business, we maintain our full-year sales revenue forecast at JPY 510.0 billion, a 5.7% decline year-on-year. Operating profit and net profit are both in line with initial projections: operating profit at JPY 38.0 billion (down 13.1% year-on-year, margin: 7.5%), and net profit at JPY 20.0 billion (up 2.6 times year-on-year). As a result of restrained capital investment, free cash flow is expected to amount to approx. JPY 10.0 billion. The annual dividend per share is planned at JPY 105, unchanged from the initial forecast (JPY 100 for FY2024). Regarding the insurance claim for our plant in Russia (approx. EUR 101 million), the amount and timing of receipt remain undefined, though the Company has completed the filing process. This potential income is not included in the current financial guidance.

## **【Results for the 1st Half (Jan-Jun) of FY2025】**

### **<Order Intake and Machine Order Backlog>**

Consolidated order intake reached JPY 248.6 billion, up 8.4% from the second half of FY2024 (Jul–Dec). We believe orders bottomed out in the latter half of FY2024 and are now gradually recovering. In the second quarter (Apr–Jun), consolidated orders rose 6.0% compared to the first quarter (Jan–Mar). Driven by increased orders for medium- and large-sized machines and continued MX initiatives, the average machine order price per unit increased to JPY 80.8 million (EUR 498K), up from JPY 71.0 million (EUR 433K) in FY2024. By region, the Americas performed strongly, with orders reaching a new peak in the second quarter on a quarterly basis. Other regions are also showing signs of gradual recovery. By industry, demand remained strong in aerospace, medical, defense, power generation, and energy sectors. Demand related to AI-driven data centers, satellites for next-generation telecommunication, and power infrastructure is increasing. The MRO, spare parts, and engineering business remained stable, contributing 24% to total consolidated orders at mostly the same level as those in the second half of FY2024. As of the end of June, our machine order backlog increased to JPY 233.2 billion (vs. JPY 218.0 billion at the end of December 2024). With the recovery in order intake and our abundant machine order backlog, we are confident in prospects for recovery in sales revenue going forward. However, the rising share of medium- and large-sized machines in the backlog is extending delivery lead times. As a result, we expect the order backlog to effectively contribute to sales revenue from the fourth quarter (Oct–Dec) onwards.

### **<Profit/Loss Trends and Financial Position>**

Sales revenue for the first half was JPY 227.5 billion, down 13.7% year-on-year. Operating profit declined 73.0% to JPY 6.5 billion, a decrease of JPY 17.6 billion from JPY 24.1 billion in the same period of FY2024. (Note: Operating profit in the first half of FY2024 was revised, because the gain from negative goodwill of JPY 1.7 billion from the acquisition of DMG MORI Precision Boring (former KURAKI Co., LTD.) was retroactively recorded at the time of its consolidation.) The positive effects include JPY 4.2 billion of improved gross profit from reduced discount rates and streamlined production and JPY 1.2 billion from reduced SG&A expenses, amounting to a total positive factor of JPY 5.4 billion. The negative effects consist of JPY 15.7 billion in decline in sales revenue, JPY 4.0 billion of foreign exchange effects, JPY 1.6 billion of increased depreciation charges and others, and JPY 1.7 billion from the disappearance of gain from negative goodwill released to DMG MORI Precision Boring, amounting to a total negative factor of JPY 23.0 billion. Net profit attributable to owners of the parent was JPY 2.06 billion. After deducting JPY 930 million in payments to owners of the hybrid capital, net profit attributable to common shareholders was JPY 1.12 billion.

Operating free cash flow (operating cash flow – investment cash flow) was negative JPY 9.8 billion. However, the deficit shrank from JPY 8.9 billion in the first quarter to JPY 0.9 billion in the second quarter, driven by improved working capital. Capital investment in the first half was JPY 11.8 billion, kept within the planned depreciation & amortization charges of JPY 16.5 billion. With restrained investment, improved profitability in the second half, and an expected increase in down payments from rising order intake, free cash flow is expected to improve in the latter half of this fiscal year. We project operating free cash flow of positive JPY 10 billion for the full fiscal year.

The total balance sheet stood at JPY 789.9 billion, down JPY 7.7 billion from JPY 797.6 billion at the end of December 2024. The stronger euro against JPY increased the total balance sheet by just over JPY 5 billion. Excluding this effect, the total balance sheet remained broadly in line with the previous year-end. Due to negative operating free cash flow, net interest-bearing debt (excluding hybrid capital and calculated as interest-bearing debt minus short-term financial assets) increased to JPY 78.2 billion, up JPY 16.2 billion from JPY 62.0 billion at the end of December 2024. The equity ratio remained stable at 39.2%, and the net debt-to-equity (Net D/E) ratio was maintained at a low level of 0.25. For the full year, we forecast operating free cash flow of JPY 10 billion, leading to the same level of interest-bearing debt of JPY 170 billion (including hybrid capital) as at the end of last fiscal year.

## 【Forecasts for FY2025】

Order intake in the Americas remains strong. Also in Europe, economic stimulus measures with tax incentives and subsidy programs are expected to drive demand in the second half of FY2025. In Germany, we expect an increase in defense spendings and the benefits from accelerated depreciation on capital investments. Italy has introduced a tax credit for capital investments in energy-efficient equipment. Hungary has launched a subsidy for capital investment for small- and medium-sized companies. By industry, stable demand continues in aerospace, medical, defense, and electric power-related industries. Additional growth is expected for energy and data-handling applications. Against this backdrop, we maintain our full-year consolidated order forecast of JPY 530.0 billion, representing a 7% increase year-on-year.

We expect full-year sales revenue to reach JPY 510.0 billion, in line with our initial forecast. With order intake showing signs of recovery and an abundant backlog in place, we anticipate machine sales according to plan. The increasing share of medium- and large-sized machines in the order backlog is extending delivery lead times. As a result, a significant portion of sales is expected to be recognized in the fourth quarter of FY2025. Sales from spare parts, MRO, and group companies are also expected to progress as planned. We anticipate continued improvement in gross profit from reduced discount rates through MX initiatives and enhanced profitability from higher production volumes and sales revenues. Based on current trends, we expect to meet our initial full-year targets: operating profit of JPY 38.0 billion (down 13.1% year-on-year) with an operating profit margin of 7.5%, and net profit attributable to owners of the parent at JPY 20.0 billion, more than 2.6 times the result of FY2024. The annual dividend per share is planned at JPY 105, up from JPY 100 in FY2024.

Starting in FY2025, we plan to keep capital investment within the scope of depreciation expenses. In the first half, we implemented significant investment restraint. Although operating free cash flow was negative during this period, the deficit shrank substantially in the second quarter (Apr–Jun). For the full year, we expect to secure a positive free cash flow of approx. JPY 10.0 billion. Net interest-bearing debt, including hybrid capital, is projected to remain at around JPY 170.0 billion, in line with the year-end result of FY2024.

## 【2030 Targets】

The demand for machine tools is shifting from the adjustment phase of the past two years to a recovery trend. In the medium- to long-term, the demand for process-integration machines and automation is expected to grow against the backdrop of operator shortage and the shift towards more complex and high-precision workpieces. In addition, new areas of demand for machine tools have emerged in the aerospace sector, mainly satellite business for next-generation telecommunication technology, and in the construction of data centers associated with the spread of AI. Furthermore, we expect an increase in machine tool demand for the defense industry alongside increasing defense budgets. We believe that our MX strategy will enable us to maintain our advantage amidst these market trends.

As disclosed at the time of the announcement of the financial results in February 2025, by 2030, based on DMG MORI's organic resources (current management strategy and in-house management resources), we aim to achieve a sales revenue of JPY 800.0 billion, operating profit of JPY 120.0 billion (with 15% operating profit margin), and net profit of JPY 80.0 billion (with 10% net profit margin). We expect growth in sales revenue, driven by higher machine unit prices through MX promotion and expansion of MRO, spare parts, and engineering businesses. By improving profitability, we aim to maximize free cash flow to strengthen our financial position and continuously raise dividends to shareholders. As for financial robustness, we aim to achieve a total asset turnover of about 1 and a shareholders' equity ratio excluding hybrid capital of 50% or more. We will set the Net Debt/Equity ratio (net interest-bearing debt-to-shareholder-equity ratio) at about 0.3 and the net interest-bearing debt balance at about JPY 100.0 billion. Based on the earnings and financial structure, we plan to achieve a ROE (return on equity) of 15% or more. We will continue to focus on raising dividends as shareholders' return. The dividend payout ratio has been set at around 30-40% as a guideline for shareholders' return. DMG MORI aims to pay annual dividends per share of JPY 200 in 2030.

(Disclaimer)

This document contains forward-looking statement about the Company's goals, plans, and other matters.

These forward-looking statements are based on judgements and assumptions made in light of information currently available to the Company.

Actual results may differ materially from these forecasts in the future due to changes in management policies and external factors.

There are a number of factors that could cause uncertainties and volatility, including the following.

- Changes in the demand environment within the markets in which the Group operates
- Exchange rate fluctuations
- Changes in laws, regulations, and government policies within the markets in which the Group operates
- Our ability to develop new products in a timely manner and gain market acceptance
- Political instability within the markets in which the Group operates
- Changes in related laws and regulations, such as the Antimonopoly Act and export control regulations, or changes in their operation by the competent authorities