

October 30, 2025

DMG MORI CO., LTD.

- Orders for the third quarter (July-September) increased by 16% year-on-year, mainly driven by recovery in demand for EMEA market.
- The receipt of insurance proceeds for the seized Russian plant (approximately EUR 102 million) pushes up EAT to 2.9-fold year-on-year for full fiscal year. Annual dividend per share is scheduled to increase to JPY 105 (JPY 100 in 2024) as originally planned.

Financial summary (JPY bn.)	FY2024 Jan-Sep	FY2025 Jan-Sep	(Y/Y) %	FY2024	FY2025E (Revised)	(Y/Y)
Consolidated orders	381.5	381.9	+0.1	496.0	515.0	+3.8
Order backlog for machine tools	249.0	254.0		218.0	225.0	
Sales revenue	388.0	343.1	-11.6	540.9	505.0	-6.6
EBITDA	53.0	36.5	-31.0	75.2	52.0	-30.9
EBITDA margin (%)	13.6%	10.6%		13.9%	10.3%	
EBIT	30.0	11.5	-61.5	43.7	18.0	-58.8
EBIT margin (%)	7.7%	3.4%		8.1%	3.6%	
EAT from continued operations	15.8	4.2		23.1	5.0	
Profit or loss from discontinued operations in the Russian manufacturing company *	-15.1	16.9		-15.1	16.9	
EAT (Net profit attributable to owners of the parent)	0.6	21.0		7.7	22.0	2.9×
EAT margin	0.1%	6.1%		1.4%	4.4%	
Dividend per share (Yen)	50	50		100	105	

*EUR 91.8 mil (JPY15.1 billion, JPY164/EUR) loss from deconsolidation of Russian plant by Russian Government was recognized as a onetime loss in 1Q (January-March) FY2024.

EUR102 mil (JPY16.9 billion, JPY166/EUR) insurance proceeds for the seized Russian plant was recognized in 3Q (July-September) FY2025.

[Summary of financial results for the third quarter of FY2025 (January-September)]

Consolidated orders in the cumulative third quarter totaled JPY381.9 billion, almost flat from the same period last year (January-September 2024). On a quarterly basis, the third quarter consolidate orders (July-September 2025) grew to JPY 133.3 billion, up 16% from the same period last year (July-September 2024) and 4% from the previous quarter (April-June 2025). Order momentum has remained strong following the fourth quarter of 2024. DMG MORI's MX (Machining Transformation) initiative has been further developed. Decline in price discounts and increased orders for large projects raised the average machine order price per unit to JPY79.0 million (JPY 71.0 million in 2024). Orders for MRO (maintenance, repair, and overhaul), spare parts, and engineering business also remained stable. On a quarterly basis, orders in the third quarter (July-September) recorded JPY 33.0 billion, an increase of 11% year-on-year. By region, orders rebounded significantly in EMEA. Orders in the Americas and India performed well. Orders in China were flat, while demands in Japanese and Asian markets remained weak. By industry, orders were robust in the aviation, space, defense, medical, molds, and energy industries. The machine order backlog at the end of September increased to JPY 254.0 billion (end of December 2024: JPY 218.0 billion). This order backlog will contribute to sales in the fourth quarter of this fiscal year and next fiscal year.

Sales revenue decreased by 11.6% year-on-year to JPY 343.1 billion. Following factors disrupted delivery schedules and customer acceptance, resulting in increased inventory: prolonged negotiation with certain U.S customers regarding U.S import tariffs, delay in the delivery of machine tools equipped with newly introduced CNC units from European suppliers, and shipment setbacks caused by prolonged export license examinations due to heightened economic security measures. Although gross profit continued to improve driven by the reduction in price discount, EBITDA and EBIT declined by 31.0% to JPY 36.5 billion and 61.5% to JPY 11.5 billion respectively from the same period last year, mainly due to a decline in sales revenue. DMG MORI received proceeds from foreign trade insurance of JPY 16.9 billion (approximately EUR 102 million) from the German government to cover the loss incurred at our Russian factory, which was seized by the Russian government. As a result, EAT jumped to JPY 21.0 billion (JPY 0.6 billion for the same period last year). Operating free cash flow recorded a deficit of JPY 1.7 billion. Operating free cash flow in the three-month period turned into a surplus of JPY 8.1 billion. Operating free cash flow in the fourth quarter (October-December 2025) is expected to improve further, supported by a decline in inventory levels. Operating free cash flow for the full fiscal year is forecast to reach a surplus of JPY 10.0 billion.

[Summary of FY2025 (January-December) business forecast]

We expect machine tool orders in EMEA, the Americas and India to continue a gaining momentum. The MRO, spare parts, and engineering businesses are expected to remain stable. The consolidated orders for the fiscal year are projected to increase by 4% from the previous fiscal year to JPY 515.0 billion. Machine sales are expected to accelerate, backed by an abundant machine order backlog for the fourth quarter. We expect sales revenue for the fiscal year to decrease by 7% to JPY 505.0 billion. Due to a decline in sales revenue, EBITDA and EBIT are expected to decrease by 31% to JPY 52.0 billion and 59% to JPY 18.0 billion, respectively for the fiscal year. EAT is expected to reach JPY 22.0 billion, a 2.9-fold increase from the last fiscal year due to the receipt of proceeds from a foreign trade insurance for our Russian factory. The dividend per share for the fiscal year is scheduled to increase to JPY 105 (previous year: JPY 100) as originally planned.

[Results for the FY2025 Q3 (January-September)]

< Order Intake and Machine Order Backlog >

Consolidated orders are in a gradual recovery trend after bottoming out in the fourth quarter of 2024 (October-December 2024). Consolidated orders for the first nine months (January-September) amounted to JPY 381.9 billion, almost the same level from the January to September period of 2024. Consolidated orders in the third quarter (October-December) were JPY 133.3 billion, an increase of 16% from the same period of the last year (July-September 2024) and a growth of 4% from the previous quarter (April-June 2025). Our MX (Machining Transformation) initiative has been further advanced to improve the efficiency of our customers' machining processes through process integration, automation, digital transformation (GX), and green transformation (GX). An increased number of large-sized machines and reduced-price discounts continued to contribute to the increase in the average machine price per unit. It climbed to JPY 79.0 million (EUR 477 thousand) from JPY 71.0 million (EUR 433 thousand) the last fiscal year. Orders for MRO (maintenance, repair, and overhaul), spare parts, and engineering remained stable, with total orders reaching JPY 33.0 billion in the third quarter, an increase of 11% year-on-year and 12% quarter-to-quarter. Orders from this business segment accounted for 25% of the company's consolidated orders.

By region, orders in EMEA rebounded significantly in the three-month period (July-September 2025), partially due to EMO, the world's largest machine tool exhibition held in Hanover, Germany, in late September. Orders in Germany is also recovering, driven by a strong demand from the defense sector and the government's investment stimulus package, including an accelerated depreciation method, which was launched in July this year. Orders in the US and India remained strong. Demands in China remained flat, while the Japanese and Asian markets continued to remain sluggish. By industry, orders from aviation, space, defense, medical, mold and energy were robust. Demand from a ship-building industry began to recover in the third quarter.

Machine order backlog climbed to JPY 254.0 billion at the end of September (JPY 218.0 billion at the end of December 2024). The disrupted delivery schedules and customer acceptance contributed to increased inventory to a certain extent. Machine sales revenue for the fourth quarter (October-December 2025) is largely secured by the existing order backlog. The machine order backlog at the end of December this year is expected to be about JPY 225.0 billion, providing a solid foundation for potential top-line growth for the fiscal year 2026.

< Profit or Loss and Financial Position >

Sales revenue decreased by 11.6% year-on-year to JPY 343.1 billion. The following factors caused a disruption in delivery schedule and customer acceptance: 1) following the introduction of the U.S. import tariffs, negotiation with customers to pass on the duties have been ongoing, resulting in suspended machine shipments and delays in customer acceptance; 2) shipment of certain machine tools lagged due to a delay in responding to the newly introduced CNC units supplied by European suppliers; and 3) amid a growing geopolitical risks, export license approvals have taken longer, causing shipment delay.

EBITDA fell 31.0% year-on-year to JPY 36.5 billion and EBIT plunged 61.5% to JPY 11.5 billion, with an EBIT margin of 3.4% (7.7% in the same period last year). EBIT dropped by JPY 18.5 billion from the same period last year. Gross profit increased by JPY 5.7 billion, driven by lower price discounts on high-value-added products, such as process integration machines and automation, as well as contributions from profitable MRO, spare parts, and engineering businesses. We were able to reduce SG&A costs by JPY 1.5 billion by improving operational efficiency. The total positive effect amounted to JPY 7.2 billion. The negative effects totaled to JPY 25.7 billion, which consists of a JPY 21.5 billion from decline in sales revenue, a JPY 2.2 billion increase in depreciation and amortization expenses, and a JPY 2.0 billion rise in personnel expenses mainly for growing number of MRO staff. EAT from continuing operations was JPY 4.2 billion. We received approximately EUR 102 million (JPY 16.9 billion) of proceeds from overseas trade insurance for our Russian factory, which was seized by the Russian government in February 2024. EAT (net profit attributable to owners of the parent) was JPY 21.0 billion (JPY 0.6 billion in the same period last year). The payment of JPY 1.5 billion to owners of hybrid capital was deducted from EAT, resulting in EAT attributable to common shareholders of JPY 19.5 billion.

Operating free cash flow (operating cash flow minus investment cash flow) was a deficit of JPY 1.6 billion. Operating free cash flow for the three months in the third quarter was a surplus of JPY 8.1 billion, an improvement from a deficit of JPY 8.9 billion in the first quarter and JPY 0.9 billion in the second quarter. While inventories increased significantly in the third quarter, these inventories are expected to contribute to higher sales in the fourth quarter. Operating free cash for the three months in the fourth quarter is forecast to improve further, reaching a surplus of around JPY 11.7 billion, bringing full year operating free cash flow to approximately JPY 10.0 billion.

The total balance sheet stood at JPY 827.3 billion, an increase of JPY 29.7 billion from JPY 797.6 billion at the end of December 2024. Due to the depreciation of the yen against the euro, there was an exchange rate impact of about JPY 21.0 billion. Excluding currency effects, the real increase was mainly due to the rise in inventory. The inventory is expected to decrease toward the end of the year, as it will be translated into sales in the fourth quarter. The balance of net interest-bearing debt (interest-bearing debt minus short-term financial assets), including hybrid capital, was JPY 198.4 billion. The shareholders' equity ratio remained at 39.5 %, nearly unchanged from 39.4 % at the end of December 2024. The net D/E ratio, excluding hybrid capital, remained low at 0.27. Interest-bearing debt is forecast to decline to about JPY 190.0 billion at the end of December 2025, supported by improved operating free cash flow in the fourth quarter.

[FY2025 (January-December) business forecast]

We expect consolidated orders for the fiscal year to increase by 4% from the previous year to JPY 515.0 billion. We expect orders from EMEA, the Americas and India to remain robust. By industry, key drivers for an increase in orders include aerospace, defense, medical, power and energy, and mold sectors. Demand for MRO, spare parts, and engineering businesses is also expected to grow steadily.

Sales revenue for full fiscal year is expected to decline by 7% year-on-year to JPY 505.0 billion. Machine shipments are projected to grow substantially in the fourth quarter, driven by a substantial machine order backlog. EBITDA and EBIT are expected to decrease by 31% to JPY 52.0 billion and 59% to JPY 18.0 billion, respectively compared to the last fiscal year. EBIT is expected to decrease by JPY 25.7 billion from the last fiscal year. Positive factors include improved gross profit, brought by reduced price discounts and enhanced in-house production efficiency, and SG&A expense reduction. On the other hand, negative factors consist of a decline in sales, increase in personnel expense, mainly due to the expansion of MRO staff, loss on inventory disposal, resulting from the transition to newly introduced CNC units and the disposal of unnecessary assets, and increase in depreciation and amortization expenses. EAT is expected to surge 2.9-fold to JPY 22.0 billion, thanks to the receipt of proceeds from overseas trade insurance from the German government for the seized Russian factory. From EAT, payments of JPY 2.0 billion to owners of hybrid capital will be deducted, and EAT attributable to common shareholders is projected to be JPY 20.0 billion. The dividend per share is scheduled to increase to JPY 105 (previous fiscal year: JPY 100) as planned at the beginning of the fiscal year.

[FY2026 (January-December) business forecast]

We, at this stage, anticipate sales revenue for fiscal year 2026 to be around JPY 520.0 billion. Provided there will be machine order backlog of around JPY 225.0 billion at the beginning of fiscal year 2026 (JPY 218 billion at the beginning of 2025), we believe that the machine tool segment is positioned for a positive start to fiscal year 2026. The MRO, spare parts and engineering businesses and group companies are also expected to contribute to consolidated sales growth. We continue to make progress in optimizing internally manageable cost structures, such as improvements in gross profit through reduced price discount rates and cost reductions in both manufacturing and SG&A expenses. However, it is difficult to estimate the impact of external cost factors beyond our control, such as exchange rate fluctuations, the impact of steel tariffs on machining centers, and possible impact of U.S-China trade frictions on the global economy. The profit outlook for fiscal year 2026 will be disclosed after careful review at the time of the financial results announcement for the full year 2025.

(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