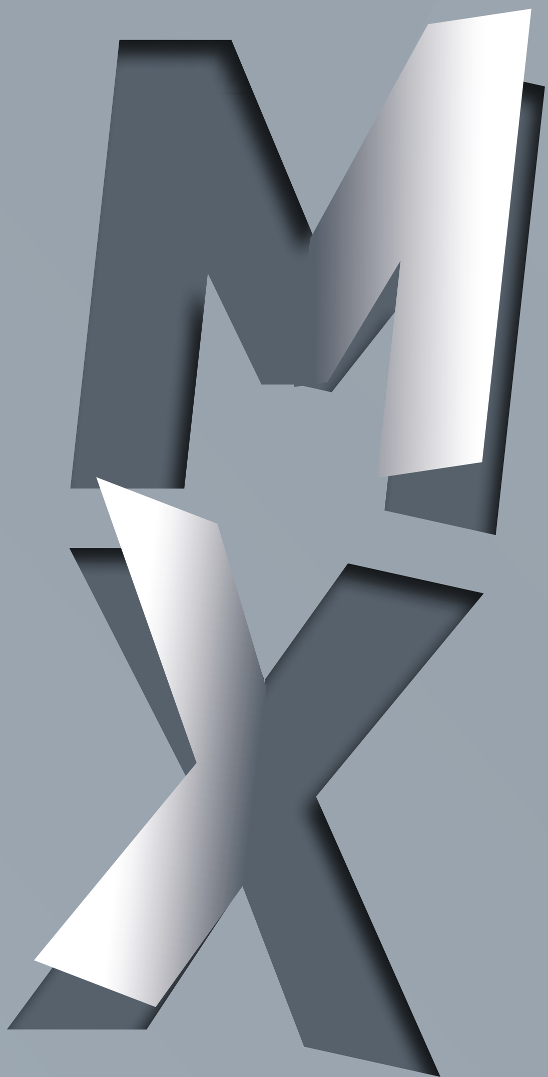
DMG MORI

AKTIENGESELLSCHAFT



MACHINING TRANSFORMATION

Annual Report 2023

KEY FIGURES

The Consolidated Annual Financial Statements of DMG MORI AKTIENGESELLSCHAFT as at 31 December 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS), as they have to be applied in the European Union.

This financial report refers exclusively to DMG MORI AKTIENGESELLSCHAFT and its subsidiaries (hereinafter the group or DMG MORI AG). DMG MORI AG is part of the DMG MORI group (hereinafter DMG MORI or Global One Company) whose group parent company is the DMG MORI COMPANY LIMITED (hereinafter DMG MORI CO. LTD.).

01 // KEY FIGURES

in € million	2023	2022		Changes 2023 against 2022
Order Intake	**2,583.6**	**2,904.2**	**-320.6**	**-11**
Domestic	858.6	894.4	-35.8	-4
International	1,725.0	2,009.8	-284.8	-14
% International	67	69		
Sales Revenues	**2,498.6**	**2,365.7**	**132.9**	**6**
Domestic	901.0	786.5	114.5	15
International	1,597.6	1,579.2	18.4	1
% International	64	67		
Order Backlog*	**1,535.5**	**1,613.4**	**-77.9**	**-5**
Domestic	525.3	567.7	-42.4	-7
International	1,010.2	1,045.7	-35.5	-3
% International	66	65		
EBITDA	**300.5**	**297.8**	**2.7**	**1**
EBIT	**220.0**	**216.5**	**3.5**	**2**
EBT	**228.8**	**216.2**	**12.6**	**6**
EAT	**163.2**	**153.4**	**9.8**	**6**
Free cash flow	**93.5**	**171.7**	**-78.2**	**-46**

Employees	2023	2022		Changes 2023 against 2022
Employees*	**7,515**	**7,266**	**249**	**3**
incl. trainees	294	237	57	24

* reporting date 31 Dec.

CONTENT

SUSTAINABILITY REPORT 2023

Click here for the PDF of the Sustainability Report 2023
dmgmori.com/csr-en-2023

ANNUAL REVIEW 2023

Q1

FOCUS ON TECNOLOGY INTEGRATION

At the successful start to the year with the traditional Open House in Pfronten, DMG MORI presents four world premieres with a strong focus on technology integration. News from the fields of automation and sustainability are also in the foreground.

DMG MORI is the first machine tool manufacturer in Germany to receive the TÜV SÜD EME certificate for the **GREEN**MODE management system.

Q2

CONTINUITY AND STABILITY

The 121st Annual General Meeting takes place – after three virtual Annual General Meetings – for the first time again in person at the Bielefeld town hall.

Alfred Geißler takes over as CEO on 26 May 2023. As a long-standing, experienced manager in the DMG MORI Group, he stands for continuity and stability.

Q3

FOCUS ON PROGRESS

At the 10th Global Development Summit (GDS) with 250 participants in Bielefeld, the focus is on personal exchange. In eleven workshops, experts from different departments discuss new ideas, share their knowledge and jointly develop solutions around the new "MX-Machining Transformation" mission statement with the four pillars of process integration, automation, digital transformation and green transformation.

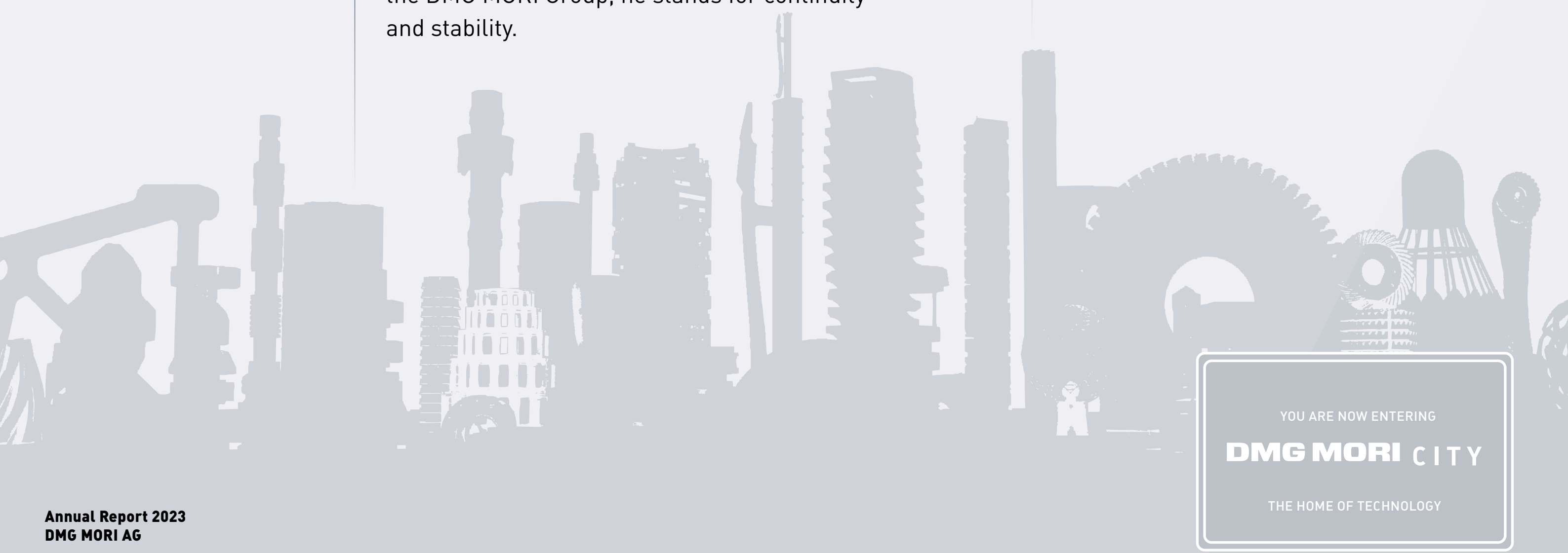
In the approximately 9,000 m^2 "DMG MORI City – The Home of Technology" at EMO Hannover, customers experience a variety of technological highlights: five world premieres, new automation solutions as well as innovations from the areas of digitization and sustainability, such as the improved DMG MORI **GREEN**MODE measures.

Q4

INCREASE IN PRODUCTIVITY

The new training center with an area of around 1,000 m^2 is opened at the Seebach site. At the same time, a new flow assembly line with 30 automated guided vehicles (AGV) is put into operation, increasing productivity by up to 30 %.

DMG MORI AG closes the 2023 financial year on a positive note. All forecasts are achieved and in some cases exceeded.



EMO 2023

5
World Premiere

MX
Focus Topic

9,000
m² Exhibition Space

200,000
Visitors from all over the world

More information on EMO 2023 at:
www.youtube.com/watch?v=mfe5hk-gKbQ

DMG MORI COMPANY PROFILE

DMG MORI is a leading global manufacturer of high-precision machine tools and is represented in 43 countries – with 116 sales and service locations, including 17 production plants.

5
Main Sectors
aerospace, automotive, die & mold, medical and semiconductor

17
Production Plants

116
Sales and Service Locations

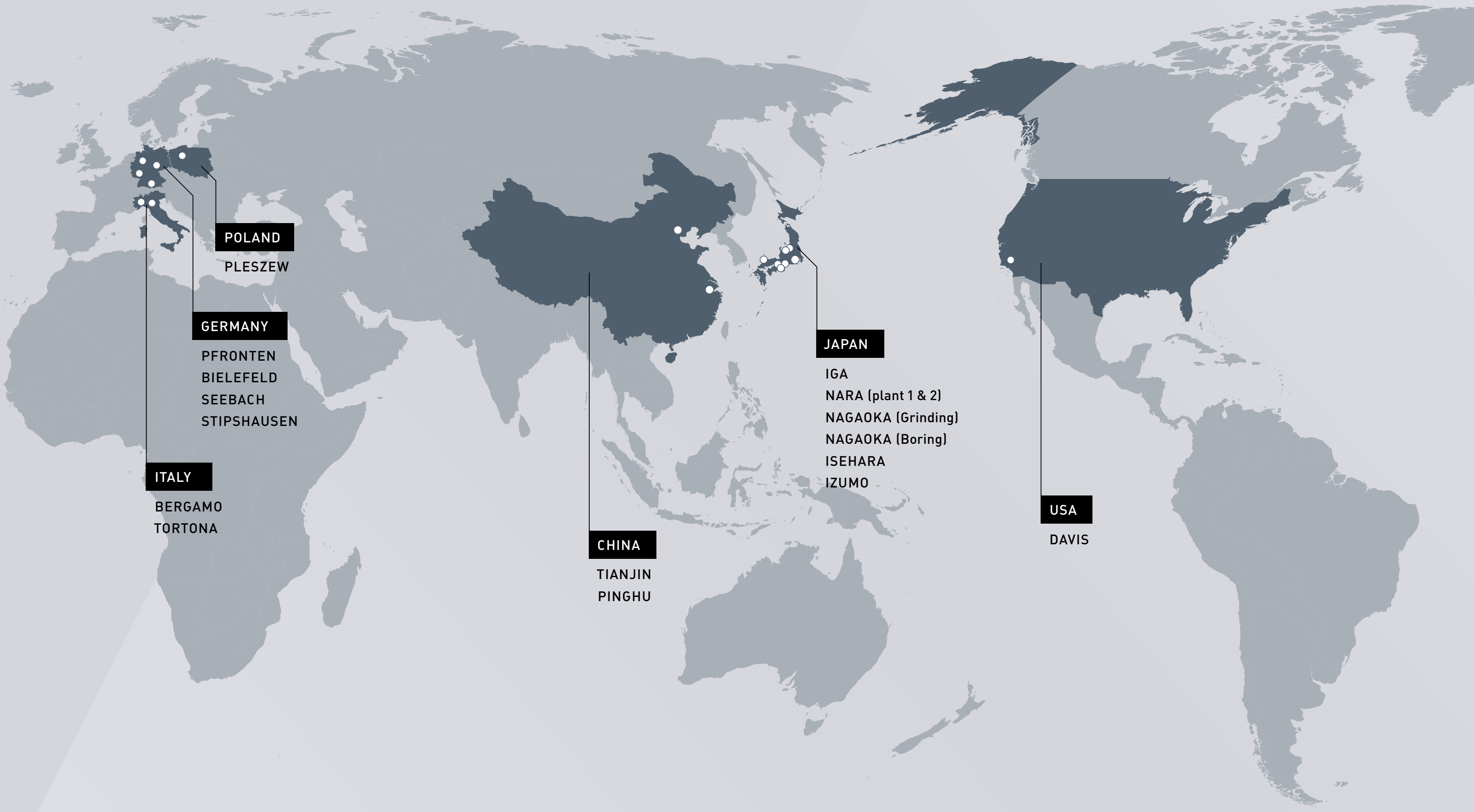
13,000
Employees

In the "Global One Company", more than 13,000 employees are driving the development of holistic solutions in the manufacturing industry. Under the guiding principle of Machining Transformation (MX), DMG MORI combines four pillars for the efficient, sustainable production of the future: Process Integration, Automation, Digital Transformation (DX) and Green Transformation (GX).

DMG MORI stands for innovation, quality and precision. Our portfolio covers sustainable manufacturing solutions based on the technologies Turning, Milling, Grinding, Boring as well as Ultrasonic, Lasertec and Additive Manufacturing. With technology integration, end-to-end automation and digitization solutions we make it possible to increase productivity and resource efficiency at the same time.

At our production sites worldwide, we realize holistic turnkey solutions for the main sectors of aerospace, automotive, die & mold, medical and semiconductor. With the DMG MORI Qualified Products (DMQP) partner program, we offer perfectly matched peripheral products from a single source. Our customer-oriented services cover the entire life cycle of a machine tool – including training, repair, maintenance and spare parts service.

DMG MORI PRODUCTION PLANTS



You can find a detailed overview of all Sales and Service locations online at:
en.dmgmori.com/company/locations

17 Production Plants

116 Sales and Service Locations

DMG MORI Global Headquarters, Tokyo

DMG MORI AG, Bielefeld

Our global presence enables us to produce closer to our customers, optimize transports, ensure short delivery times and meet different local requirements.

MISSION STATEMENT

As a global corporation continually striving to be the world‘s largest and most respected international manufacturer of turning centers, machining centers, mill-turn centers, grinders, additive manufacturing and processing automation,

we will:

- // enable our customers to maximize their potential and excel in their respective markets by continually striving to provide innovative, accurate, and trouble-free machines, automation systems, and digital technology at competitive prices;
- // increase our customers' productivity and efficiency through our latest developments in technology as manifested by our increasingly accurate and progressive manufacturing capabilities;
- // support our customers with our knowledgeable and responsive sales, applications, and service personnel.

As befits a worldwide corporation, we will:

- // foster a fair and open corporate culture, utilizing appropriate management initiatives;
- // play hard and be dynamic to enrich our private lives, study continuously and be open to advance our professional career, and work together and be innovative to bring innovation to workplace;
- // respect each other's opinions and continually develop through fair competition.

As profitability is a goal of all healthy business organizations and in keeping with the true nature of the machine tool industry, we will:

- // work to increase the value of our company, the investment of all shareholders knowledgeable of the true nature of the machine tool industry, and the prosperity of our partners;
- // always remember that the pricing of our products and services is an integral factor of the prosperity and longevity of the corporation;
- // generate suitable profits to ensure the cash flow necessary to provide for the healthy operation of our corporation, research and development, stable customer services, employee training and development, and the maintenance of safe and efficient manufacturing facilities.

As an industry leader and responsible corporate citizen, we will:

- // contribute our fair share to our local community and society;
- // conserve environmental resources at all times to preserve the global environment;
- // incorporate the highest standard of ethics while still encouraging an aggressive approach to our business activities.

OUR FRAMEWORK

MX – MACHINING TRANSFORMATION: holistic Green Transformation (GX) through Process Integration, Automation and Digital Transformation (DX).

PROCESS INTEGRATION

AUTOMATION

DIGITAL TRANS-FORMATION

GREEN TRANS-FORMATION

The butterfly – machined on a DMU 50 – symbolizes the transformation and guides us through the four pillars of Machining Transformation (MX).

More information on MX at: transform.dmgmori.com/en/

A TO OUR SHAREHOLDERS

TO OUR SHAREHOLDERS

Dr. Eng. Masahiko Mori (62)
Chairman of the Supervisory Board
President of DMG MORI COMPANY LIMITED

Dr. Eng. Masahiko Mori has been Chairman of the Supervisory Board since 4 May 2018 and a member since 2009. After studying engineering at Kyoto University in Japan, he received a doctorate from the University of Tokyo. Dr. Eng. Masahiko Mori initially worked for a Japanese trading company before joining the family company, MORI SEIKI, in 1993. Dr. Eng. Masahiko Mori has been President of DMG MORI COMPANY LIMITED since 1999.

REPORT OF THE SUPERVISORY BOARD

In financial year 2023, the Supervisory Board again closely examined the company's business performance, earnings development and business policy, as well as the strategy and sustainability. Risk management and compliance issues were also key focus areas. In particular, the Supervisory Board looked at geopolitical developments, such as the effects of the war in Ukraine and also held in-depth discussions on investments, the company's activities in China and the group-wide roll-out of SAP S/4HANA. Moreover, it also addressed Executive Board matters at several meetings.

The composition of the Supervisory Board remained virtually unchanged in the reporting year. The shareholders re-elected their representatives by a wide majority at the 121st Annual General Meeting. The employees already elected their Supervisory Board representatives on 7 March 2023. All employee representatives were confirmed for another term of office, except for Mario Krainhöfner, who did not stand for re-election. Thomas Reiter, Mario Krainhöfner's successor, is a first-time member of the Supervisory Board.

At the constituent meeting following the 121st Annual General Meeting, the Supervisory Board was reconstituted, and Dr. Eng. Masahiko Mori was unanimously elected Chairman of the Supervisory Board. Tanja Fondel was unanimously elected as first deputy chair of the Supervisory Board and both Ulrich Hocker and Stefan Stetter were unanimously re-elected as further deputies.

There were also changes in the composition of the Executive Board in the reporting year. Christian Thönes resigned from his position as CEO by mutual agreement with effect from the end of 25 May 2023. The Supervisory Board unanimously appointed Alfred Geißler as a member of the Executive Board and CEO with effect from 26 May 2023. As of 31 December 2023, Björn Biermann also resigned from his position as member of the Executive Board by mutual agreement. The Supervisory Board appointed Hirotake Kobayashi as his successor with effect from 1 January 2024.

In financial year 2023, the Supervisory Board held its six meetings in-person at the company's headquarters in Bielefeld, as well as in Munich, at the EMO trade fair in Hanover and at its site in Seebach.

At 91.44 %, the average attendance rate of Supervisory Board members was again encouragingly high. A summary of the meeting attendance of individual Supervisory Board members in financial year 2023 is shown below:

A.01 // PARTICIPATION OF SUPERVISORY BOARD MEMBERS IN SUPERVISORY BOARD AND COMMITTEE MEETINGS

		Supervisory Board Meeting	Finance and Audit Committee	Personnel, Nomination and Remuneration Committee	Nomination Committee	Committee for Transactions with Related Parties (TRP)	Ø-Presence (in %)
Dr. Eng. Masahiko Mori	Supervisory Board Chairman	6 / 6	4 / 5	3 / 3	1 / 1	–	93.33
Mario Krainhöfner	1st Deputy Chairman (until 12 May 2023)	2 / 2	–	1 / 1	–	–	100.00
Tanja Fondel	1st Deputy Chair (since 12 May 2023)	6 / 6	–	3 / 3	–	–	100.00
Ulrich Hocker	Deputy Supervisory Board Chairman	6 / 6	–	3 / 3	1 / 1	2 / 2	100.00
Stefan Stetter	Deputy Supervisory Board Chairman	6 / 6	–	–	–	2 / 2	100.00
Irene Bader		6 / 6	–	–	–	–	100.00
Prof. Dr. Berend Denkena		6 / 6	–	–	–	2 / 2	100.00
Dietmar Jansen		4 / 6	2 / 5	–	–	–	54.55
Prof. Dr. Annette Köhler		5 / 6	5 / 5	–	–	–	90.91
James Victor Nudo		6 / 6	5 / 5	3 / 3	1 / 1	–	100.00
Thomas Reiter	(since 12 May 2023)	3 / 4	–	0 / 2	–	–	50.00
Larissa Schikowski		6 / 6	–	3 / 3	–	–	100.00
Michaela Schroll		6 / 6	5 / 5	–	–	2 / 2	100.00
							Ø 91.44

The Mediation Committee did not hold any meetings in financial year 2023.

During the reporting year, the Supervisory Board always received prompt, regular and extensive updates from the Executive Board on all processes and events essential to the company, not only at meetings, but also by telephone and in writing. Moreover, the Supervisory Board was regularly notified about the company's business development and in particular, the progress of key company performance indicators. The company supported Supervisory Board members in individual training and advanced training programs, with members attending seminars and other events, such as workshops. In particular, it regularly informed the Supervisory Board about relevant regulatory and legal changes. This specifically applied to committee members in their respective roles.

The Supervisory Board performed its duties with great care and high diligence in accordance with the Articles of Association and statutory requirements. It held a total of six meetings in financial year 2023. The chairpersons of the Supervisory Board committees, who regularly prepared the Supervisory Board meetings at a number of meetings, reported to the plenum on the issues and recommendations discussed at the committee meetings and presented recommendations. In the reporting year, there were again no conflicts of interest to report regarding the members of the Supervisory Board.

The annual auditors also attended the **balance sheet meeting on 13 March 2023** in Bielefeld. The Supervisory Board approved the Group Business Report and Consolidated Financial Statements as well as the Business Report and Annual Financial Statements of DMG MORI AKTIENGESELLSCHAFT as of 31 December 2022 and the Sustainability Report 2022. The settlement of investments for 2022 was also approved. Moreover, the chairpersons reported on the previous meetings of the Personnel, Nomination and Remuneration Committee, the Nomination Committee and the Finance and Audit Committee. As proposed by the Personnel, Nomination and Remuneration Committee, the Supervisory Board appointed Björn Biermann as a member of the Executive Board for another five years. Furthermore, the Supervisory Board adopted an amendment to its rules of procedure, whereby the age limit for elections to the Supervisory Board was raised to 75 years. The shareholder representatives on the Supervisory Board approved the selection of candidates to be proposed for election at the 121st Annual General Meeting. The Supervisory Board also discussed the agenda for the 121st Annual General Meeting planned for 12 May 2023 and – as recommended by the Finance and Audit Committee – approved this along with the proposal for the appointment of the annual auditor for DMG MORI AKTIENGESELLSCHAFT and group auditor. In addition, the Executive Board provided the Supervisory Board with a detailed report on the company's current business development, including forecasts for financial year 2023 and the Open House exhibition in Pfronten, as well as the construction of the company's plant in Pinghu and the topic of sustainability. An intra-group merger was also approved. Another key point of discussion was the issue of export controls.

The Supervisory Board meeting on **11 May 2023** in Bielefeld was mainly used to prepare for the Annual General Meeting the following day and to discuss business performance. The Supervisory Board also approved the proposal for the election of the auditor of the Individual and Consolidated Financial Statements.

On **12 May 2023,** following the 121st Annual General Meeting, the Supervisory Board held its constituent meeting and approved the appointments mentioned before. Furthermore, it confirmed the composition of the committees and elected the committee chairs. Thomas Reiter was appointed as a member of the Personnel, Nomination and Remuneration Committee, a position previously held by Mario Krainhöfner. Stefan Stetter replaced Mario Krainhöfner on the Mediation Committee. Otherwise, the composition of the committees remained unchanged as did the committee chairs.

At its meeting in Munich on **25 May 2023,** the Supervisory Board discussed personnel matters relating to the Executive Board and in particular, accepted the resignation of Christian Thönes as a member of the Executive Board, CEO and Labor Director and approved the conclusion of a severance agreement with him. The Supervisory Board also adopted an amendment to its rules of procedure, whereby the age limit for newly appointed members of the Executive Board was raised to 70 years. Finally, it approved the appointment of Alfred Geißler as a member of the Executive Board, the new CEO and Labor Director. Consequently, an adjustment was also made to the allocation of Executive Board responsibilities.

On **20 September 2023,** the Supervisory Board meeting was held on the occasion of the EMO, the world's leading trade fair in Hanover. The Executive Board again provided the Supervisory Board with detailed information about the company's business performance. Other topics included the current EMO trade fair, which was held for the first time since 2019. A report was also provided on previous meetings of the Finance and Audit Committee and the Committee for Transactions with Related Parties.

The meeting on **24 November 2023** focused on business performance 2023, the discussion and adoption of the resolution on corporate and investment planning for 2024 and medium-term planning for 2025 / 2026. In particular, the Supervisory Board also examined the impact of increasingly limited material supplies, rising material, energy and logistics costs. Moreover, the chairpersons reported on the previous meetings of the Personnel, Nomination and Remuneration Committee and the Finance and Audit Committee. As proposed by the Personnel, Nomination and Remuneration Committee, the Supervisory Board approved the updated system for Executive Board remuneration as of 2024 and defined the parameters for variable Executive Board remuneration for 2024. With regard to current Executive Board matters, the Supervisory Board accepted the resignation of Björn Biermann as a member of the Executive Board on 31 December 2023 and agreed on the conclusion of a severance agreement with him.

As proposed by the Finance and Audit Committee, the Supervisory Board approved the following focus areas for the annual audit 2023:

- Recoverability of goodwill
- Impairment of inventories
- Impairment of assets in Russia
- Impairment of shares in affiliated companies and
- ESEF block tagging and the status of trade receivables from third parties

The declaration of compliance in accordance with Section 161 AktG (German Stock Corporation Act) was discussed in detail and approved by the Supervisory Board, as recommended by the Finance and Audit Committee.

Following the meeting on 24 November 2023, the Supervisory Board voted on the appointment of a successor to the position of Chief Financial Officer in a written procedure. The Supervisory Board chairman confirmed the result of this vote on **4 December 2023.** Hirotake Kobayashi was appointed as a member of the Executive Board of DMG MORI AKTIENGESELLSCHAFT for the next three years with effect from 1 January 2024. His appointment will therefore end on 31 December 2026.

A large proportion of the Supervisory Board's work is carried out by different committees:

The **Finance and Audit Committee** held five meetings in financial year 2023. It discussed the company's current financial status based on key figures, including the cash flow trend and investment development. Tax issues were also discussed on a regular basis with particular reference to external audits. The committee's reviews and discussions also focused on the Quarterly Releases for the 1st and 3rd quarters 2023 and the Interim Report for the 1st half-year 2023.

Moreover, the Finance and Audit Committee discussed the risk management, the annual audit and compliance report, as well as the sustainability report. The committee reviewed the Financial Statements and Consolidated Financial Statements and prepared the approval and adoption of the annual financial statements. It monitored the independence of the annual auditor and discussed the quality of the statutory audit.

Further topics covered by the committee included the results from the Corporate Governance Readiness Assessment and the procedure presented by the Executive Board for approving non-audit services provided by the annual auditor. This procedure was adopted following an in-depth review and discussion. The committee also looked at compliance and risk management issues. Moreover, it discussed the effects of the Corporate Sustainability Reporting Directive and also the developments in Russia and their impact on the company.

It also prepared Supervisory Board resolutions on the declaration of conformity in accordance with Section 161 AktG and audit focus areas for 2023, as well as on the investment and lease budget for 2024.

The **Personnel, Nomination and Remuneration Committee** held three meetings in the reporting year. The committee began by focusing on Executive Board target achievement and the related settlement of the variable remuneration payment for 2022. It also held in-depth discussions on several Executive Board personnel matters. The committee also prepared an update of the Executive Board remuneration system as of 2024 and the structure of the variable Executive Board remuneration for 2024 together with a committee draft resolution for the Supervisory Board.

The Nomination Committee held one meeting in 2023 and at this meeting prepared draft resolutions for the election of shareholder representatives at the 121st Annual General Meeting in 2023.

The **Committee on Transactions with Related Parties** held two meetings in the reporting year. In June 2023, the committee was briefed on the reporting of reportable issues, the joint production of a new Japanese-Italian machine and its licensing, as well as on the liquidation of the Egyptian joint venture GEMAS. In December 2023, the committee again discussed the current reporting of reportable issues and the adjustment of the company’s loan amount to the group parent company.

page 33 et seqq.

The ↗ Corporate Governance Report / Group Declaration on Corporate Management section of the Annual Report describes the activities of the Supervisory Board with regard to the declaration of conformity in accordance with Section 161 AktG. Since the last declaration of conformity in November 2022, DMG MORI AKTIENGESELLSCHAFT has complied with the recommendations of the “Government Commission on the German Corporate Governance Code” in the version dated 28 April 2022, but with the following exceptions:

Exception: Recommendation G.10 of the German Corporate Governance Code
In accordance with G.10 of the German Corporate Governance Code, the majority of the Executive Board remuneration is to be paid in the form of company shares or a corresponding share-based arrangement. DMG MORI AG is not implementing this recommendation but is rather basing the long-term remuneration components of the Executive Board on performance indicators the Supervisory Board has found to bear significant relevance on the company’s success over the long term.

Share-based remuneration is not suitable for DMG MORI AG, as DMG MORI AKTIENGESELLSCHAFT, as a result of the domination and profit transfer agreement from 2 June 2016, is a dependent company whose shareholders have been promised compensation and settlement as part of the conclusion of the domination and profit transfer agreement. Thus, the Executive Board's performance does not significantly affect the company's share price performance and the latter is therefore not an appropriate means of measuring Executive Board long-term remuneration at DMG MORI AG.

Exception: Recommendation G.12 and G.13 of the German Corporate Governance Code
If an Executive Board member's contract is terminated, the payment of outstanding remuneration components etc. should be made in accordance with the settlement dates or holding periods specified in the contract. In the event of early termination, no payments should exceed the total value of two years' remuneration.

DMG MORI AG was unable to fully comply with this recommendation in the 2023 financial year, as a higher payment amount was agreed for the termination of the contract as part of an overall settlement with the affected Executive Board members, taking into account the company's interest in terminating the contract and the Executive Board members' entitlements, as well as the long-term executive remuneration component (LTI) being settled in a lump sum as part of such agreements. The severance packages agreed, which included outstanding variable remuneration components, reflected the company's interest in a full and prompt termination of contract.

The company will continue to comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 28 April 2022, but with the following exception:

Exception: Recommendation G.10 of the German Corporate Governance Code
In accordance with G.10 of the German Corporate Governance Code, the majority of the Executive Board remuneration is to be paid in the form of company shares or a corresponding share-based arrangement. DMG MORI AG is not implementing this recommendation but is rather basing the long-term remuneration components of the Executive Board on performance indicators the Supervisory Board has found to bear significant relevance on the company's success over the long term.

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After consulting the annual auditors and following its own review and discussion, the Supervisory Board approved the Annual Financial Statements and Business Report, as well as the Consolidated Financial Statements and Group Business Report of DMG MORI AKTIENGESELLSCHAFT for financial year 2023 at the **balance sheet meeting** on **18 March 2024.** Thus, the Annual Financial Statements of DMG MORI AKTIENGESELLSCHAFT were adopted pursuant to Section 172 AktG. The separate, non-financial group report, which is part of the Sustainability Report and which fulfills statutory requirements in accordance with the CSR Directive Implementation Act implementing Directive 2014 / 95 / EU (Section 289 of the German Commercial Code) of 11 April 2017, was also discussed in detail. Following its audit, the Supervisory Board had no objections. The resolutions were prepared by the Finance and Audit Committee. Both committees also dealt in particular with the effects of the takeover of control of Ulyanovsk Machine Tools ooo by the Russian Federation on 19 February 2024.

The Executive Board prepared the Business Report and Annual Financial Statements for 2023, as well as the Group Business Report 2023 of DMG MORI AKTIENGESELLSCHAFT in accordance with the provisions of the German Commercial Code (HGB). The Consolidated Financial Statements 2023 of DMG MORI AKTIENGESELLSCHAFT were prepared in accordance with International Financial Reporting Standards (IFRS), as applicable within the European Union. Pursuant to the exemption provision in Section 315e HGB, Consolidated Financial Statements in accordance with HGB were not prepared. The annual auditors provided detailed reports on their audit procedures and findings and were available for any further queries. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, issued unqualified audit opinions for both business reports and financial statements.

The annual auditor also stated that the Executive Board has taken all the reasonable steps required under Section 91 (2) AktG. The design and application of the appropriate information and monitoring system in line with company requirements appears suited to its purpose of providing early warning of developments posing a threat to the continued existence of the company. No major weaknesses in the Internal Control System and Early Risk Warning System were reported.

The chairperson of the Finance and Audit Committee provided the Supervisory Board with a detailed report on the findings of the committee as well as on the discussions held with the annual auditors and the Executive Board. The Supervisory Board and the Finance and Audit Committee conducted a detailed discussion and review of the Annual Financial Statements and Consolidated Financial Statements, as well as the Management Report. The Supervisory Board approved the results of the audit based on its own review – as did the Finance and Audit Committee. There were no objections raised by the Supervisory Board or the Finance and Audit Committee.

DMG MORI AG successfully closed financial year 2023, despite continuing difficult global market and economic conditions.

The Supervisory Board wishes to thank the members of the Executive Board for their exceptional commitment and outstanding strategic, but also operational work, especially in these particularly challenging times. Our special thanks go to all employees for their dedication and flexibility throughout the past financial year.

Dr. Eng. Masahiko Mori
Chairman of the Supervisory Board
Bielefeld, 18 March 2024

LETTER FROM THE CEO

Dear shareholders,

As the new CEO of DMG MORI AKTIENGESELLSCHAFT, I am pleased to provide you with an overview of the financial year 2023. 2023 was a year full of challenges, as well as opportunities for us. A year that brought change, but also stability and continuity – something that with my 40 years of service to your company, I stand for personally. We have met every challenge at DMG MORI AG, together and as a team. We have strengthened our ties, consolidated our market position and kept our focus firmly on the future. Here, I would like to express my sincere thanks to all our employees, suppliers, partners, customers, and fellow business associates for their strong and positive collaboration.

We can look back on a successful financial year 2023: The performance of DMG MORI AG remained stable in the reporting year, despite ongoing challenging market conditions. Order intake amounted to € 2,583.6 million (previous year: € 2,904.2 million). Sales revenues increased by +6 % to € 2,498.6 million (previous year: € 2,365.7 million). Strong domestic growth of +15 % particularly contributed to this figure. At € 220.0 million, EBIT was slightly above the previous year's level (€ 216.5 million). The EBIT margin was 8.8 % (previous year: 9.2 %). EAT reached € 163.2 million (previous year: € 153.4 million). Free cash flow amounted to € 93.5 million (previous year: € 171.7 million).

This shows that DMG MORI AG is well positioned. In today's challenging market conditions, DMG MORI is responding to the change and increase in customer expectations with its Machining Transformation (MX) strategy. We gave an impressive demonstration of this strategy at the EMO Hannover in September. Across an area of around 9,000 m^2, "DMG MORI City – The Home of Technology" invited customers and interested visitors to have a first-hand experience of DMG MORI's technological highlights.

MX is based on the four pillars of Process Integration, Automation, Digital Transformation (DX) and Green Transformation (GX). By interlinking these four pillars as closely as possible, we provide our customers with tailored solutions for state-of-the-art, sustainable and efficient production. With MX, DMG MORI is systematically developing from a machine builder to a holistic, sustainable solution provider in the production industry.

And now more than ever, we need to engage in sustainable production and in maximizing efficiency. 2024 will remain a demanding year and will continue to be characterized by high volatility – due to high raw material and energy costs, high interest rates and the effects of inflation, the war in Ukraine and geopolitical conflicts. Just recently, control of our Russian production company in Ulyanovsk was taken away from us by the Russian government – temporarily for the time being. However, we are still confident about the future, as we are well positioned as a company and are working hard towards achieving our goals again this year.

For the financial year 2024, we are planning order intake of around € 2.3 billion. Sales revenues are expected to amount to around € 2.4 billion. We assume EBIT to be around € 200 million. Free cash flow is expected to be around € 150 million.

We have high levels of resilience and innovative strength, a broad product portfolio and a strong network of customers, partners and suppliers. And as the Global One Company, our aim is to utilize synergies on an even greater scale. We have a clear focus on the future. As CEO of DMG MORI AG, my three personal priorities are:

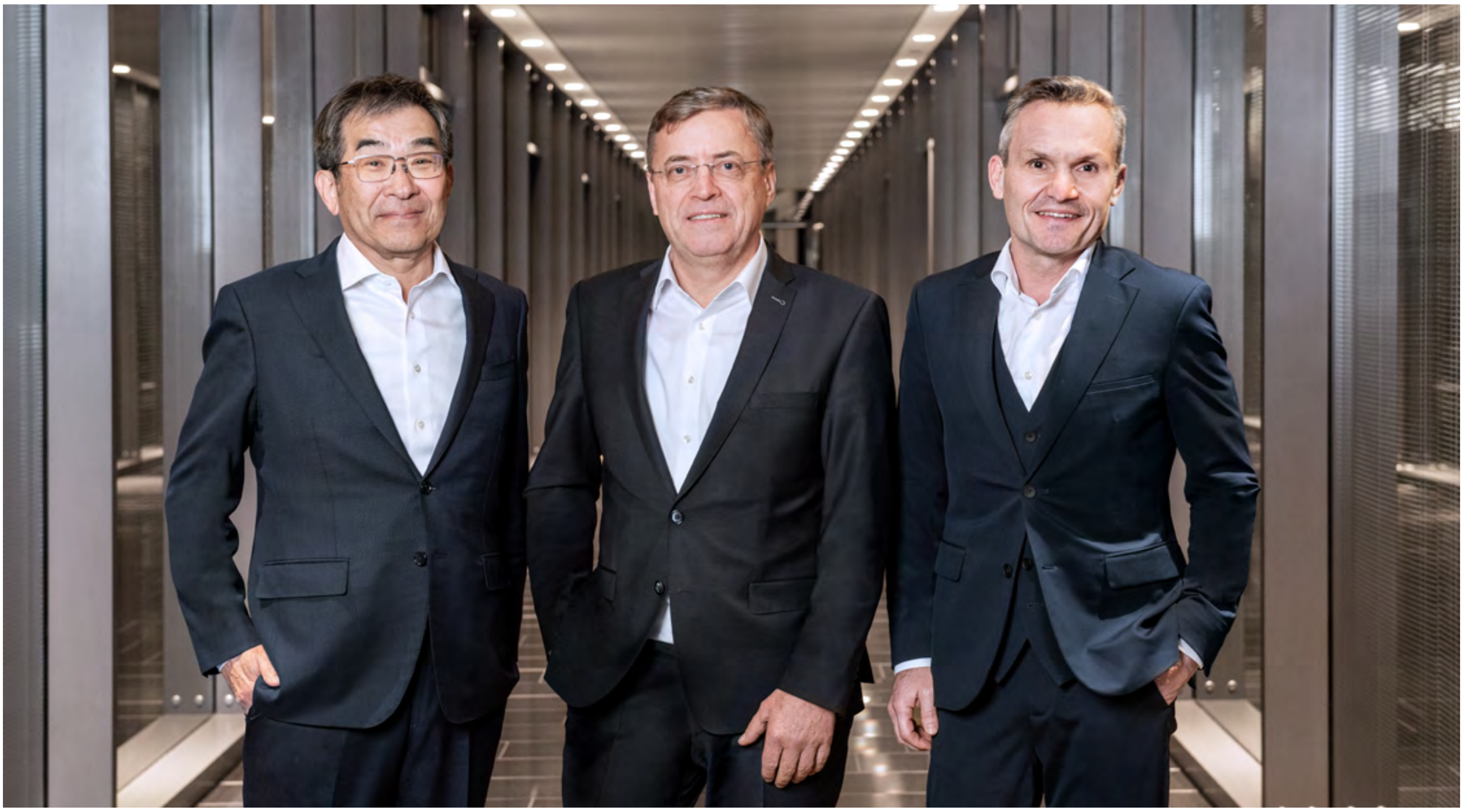
- the further development of our products and technologies,
- the strengthening of our employees and global cooperation, and
- the promotion of sustainability.

Personally, and on behalf of the Executive Board team, I would once again like to thank our loyal customers and partners, our dedicated employees and our owners for their trust and support. Join us on our exciting journey of "Machining Transformation"!

Yours

Alfred Geißler
CEO
Bielefeld, 18 March 2024

THE EXECUTIVE BOARD



Executive Board of DMG MORI AG: Hirotake Kobayashi, Alfred Geißler und Michael Horn (from left to right).

Hirotake Kobayashi (69)
Controlling, finance, accounting, taxes, risk management and compliance

Hirotake Kobayashi has been an Executive Board member of DMG MORI AG since 1 January 2024.

He joined the DMG MORI group in 2015 and has been on the Board of Directors of DMG MORI COMPANY LIMITED as Director of Accounting, Finance and Sales since 2016. In 2017, he was further appointed Executive Vice President.

Alfred Geißler (65), CEO
Product development, strategy, sales and service, procurement, human resources, legal and audit

Alfred Geißler has been CEO and Labor Director since 26 May 2023.

He was previously Managing Director of DMG MORI Pfronten GmbH and DMG MORI Seebach GmbH with a focus on products and development.

Michael Horn (52)
Production, logistics, quality and information technologies

Michael Horn has been a member of the Executive Board since 15 May 2018.

He was previously a member of the Executive Board of Körber AG, Hamburg, and Managing Director of several international mechanical engineering companies.

Process integration is an important pillar for sustainable, resource-saving production.

Workpieces that were previously machined successively by several machines can now be produced on one process-integrated machine, such as a 5-axis machine or a mill-turn center. This single clamping also makes it possible to achieve greater accuracy.

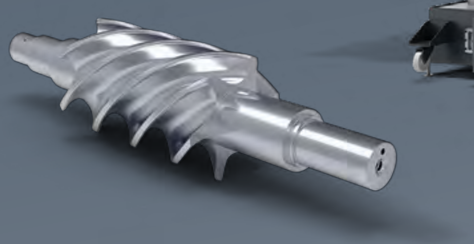
CTX beta TC
Grinding on turn-mill machines

PROCESS INTEGRATION

Up to 300 % more productivity through complete processing instead of partial utilization of several machines.

+ REDUCED NUMBER OF MACHINES
+ HIGHER UTILIZATION OF THE INDIVIDUAL MACHINE
+ INCREASED SPINDLE HOURS
+ REDUCED CYCLE TIMES
+ HIGHER PROCESS ACCURACY

DMU 60 eVo


Worm shaft

More information on DMU 60 eVo at:
en.dmgmori.com/products/machines/milling/5-axis-milling/evo/dmu-60-fd-evo

PROCESS INTEGRATION HIGHLIGHTS

B BUSINESS REPORT

⌜ ⌝ business report information not reviewed for content

BUSINESS REPORT

[Pages 63, 64, 78, 79, 86, 87, 105 and 106 are business report information not reviewed for content]

THE BASIS OF THE GROUP

CORPORATE STRATEGY AND KEY FINANCIAL AND PERFORMANCE INDICATORS

DMG MORI AKTIENGESELLSCHAFT and its subsidiaries form the group (hereinafter group or DMG MORI AG). DMG MORI AG is part of the DMG MORI group (hereinafter DMG MORI or Global One Company), whose group parent company is the Japanese-based DMG MORI COMPANY LIMITED (hereinafter DMG MORI CO. LTD.) with its headquarters in Tokyo.

The operating activities of DMG MORI AG are divided into the "Machine Tools" and the "Industrial Services" segments. "Corporate Services" mainly comprise the group-wide holding functions.

page 8 The ↗ DMG MORI Mission Statement forms the basis for the strategic focus of DMG MORI and thus also for DMG MORI AG. DMG MORI's goal is to become the world's largest and most reputable manufacturer of turning, milling and grinding machines, additive manufacturing and process automation with a constant focus on maximizing customer value. DMG MORI AG consistently aligns its business activities with this goal. Our common objective is to support our customers along the entire value chain with innovative solutions – consisting of machine tools, automation, software, processes, peripherals and service.

We offer a broad product portfolio to provide the entire manufacturing industry with optimized solutions in all areas, from small manufacturing companies to large corporations. Our customers come from a wide range of industries – such as aerospace, semiconductor, medical, automotive, die and mold – and have different requirements. Moreover, external factors, such as high raw material and energy costs, high interest rates and the effects of inflation, the war in Ukraine and geopolitical conflicts, have a severe impact on the global manufacturing industry.

In today's challenging market conditions, DMG MORI is responding to the change and increase in customer expectations with its Machining Transformation (MX) strategy. MX is based on the four pillars of Process Integration, Automation, Digital Transformation (DX) and Green Transformation (GX). By interlinking these four pillars as closely as possible, we provide our customers with tailored solutions for state-of-the-art, sustainable and efficient production. With MX, DMG MORI is systematically developing from a machine builder to a holistic, sustainable solution provider in the production industry. However, the following principle continues to apply: The machine is and remains our key focus! We promise our customers high-performance, high-precision and sustainable machines of outstanding quality and an all-round service.

Thanks to perfect synergies between process integration, automation and digitization, MX supports users in unlocking maximum potential for sustainability and innovative growth. This is how we respond to the changes in our business environment, such as the increasing shortage of skilled workers and raw materials, and aim to provide our customers with a clear competitive advantage at every step of the value chain.

Process integration – i. e. the integration of multiple technologies such as turning, milling, grinding, Ultrasonic, Lasertec and additive manufacturing into one turning or milling machine – means that highly complex workpieces can be produced on a single machine instead of several different ones. This full integration aims to reduce the number of machines and operators required, free operators from simple set-up work, shorten set-up times, save resources and thus lead to higher productivity and lower carbon dioxide emissions. Process integration thus improves the working environment of our customers as a whole.

These benefits can be increased, in particular, by combining the machine tool with automation and digital tools. We always work closely with our customers to find the best tailored solution: We offer a standard or customized **automation solution** for almost every DMG MORI machine or application. The automation of a process-integrated machine tool can allow maximum utilization in day-to-day business via runtime parallel set-up, making unmanned night and weekend shifts possible. This allows existing resources to be used in an effective and sustainable way.

Our aim is to further increase the competitive advantages of an automated, process-integrated machine tool with **digital solutions** along the entire value chain – from CAD-CAM solutions and post-processors to simulation with the DMG MORI Digital Twin and easier programming using DMG MORI technology cycles. In particular, this includes maximizing effective spindle hours through efficient job scheduling, predictive maintenance and error prevention, as well as improving operational workflows on the shop floor and reducing the demands on employees in the workshop.

This is made possible by an integrated and manufacturer-independent networking of all machines and processes interacting with **CELOS X** and **CELOS Xchange**. CELOS X is a digital and data-based ecosystem for the integrated management, planning, control, operation, monitoring and interaction of machines, automation solutions, workflows and processes in the industrial manufacturing sector. With CELOS Xperience, our focus is on user-friendliness, standardized interfaces and optimal energy efficiency. CELOS Xchange provides a data hub to store, analyze and exchange manufacturing data in global production chains. Besides our manufacturing processes, we are also digitizing our range of services via our online customer portal, *my*DMG MORI, with the aim of minimizing machine downtimes and further streamlining communication with our customers.

In combination with Connectivity and AI tools, our DMG MORI Digital Engineering and Digital Twin allow us to optimize systems and processes across the board – from plant planning to virtual commissioning, using the real machine or the automated machining system through to training at our customers' premises.

In short – our products and services in the areas of **Process Integration, Automation** and **Digital Transformation** not only increase productivity, but also help to conserve resources, reduce energy consumption and therefore carbon dioxide emissions, as well as to optimize the deployment and development of staff. Thus, these three pillars are key components of **Green Transformation (GX)**.

GX has the potential to conserve global resources and thus protect the environment, while making lives easier and creating opportunities for further development.

This is why DMG MORI AG takes a holistic approach to corporate responsibility. Sustainability is a key part of our corporate strategy and is integrated into all our structures and processes. Even our product development processes are driven by our commitment to sustainability and resource conservation. Our DMG MORI **GREEN**MODE measures allow us to consistently improve the energy and resource efficiency of our machines (Scope 3 Downstream), when they are later operated by our customers. The use of innovative hardware and software components means potential energy savings of over 30 % can be made during the operation of our machine tools, for example, through the demand-driven operation of machine components, the use of highly efficient cooling units or the adaptive supply of cooling lubricant.

In addition to environmental and climate protection, we also focus on the satisfaction and health of our employees. We promote and encourage diversity and equal opportunities. We ensure compliance in all areas and are committed to the common good. Further information can be found in the ↗ Sustainability Report 2023.

We have always nurtured a people-centered approach to implementing our corporate strategy. Qualified, motivated and satisfied employees are the basis for our success. This is why we work hard to be an attractive employer. Our group-wide “Mission Statement” forms the basis for our corporate culture, business practices and thus for our DMG MORI AG Code of Conduct. In order to accomplish our mission and achieve continuous improvement, we believe in an open feedback culture. Our HR strategy focuses on training, diversity, equal opportunities, flexible and innovative working environments, personnel development, occupational safety and an extensive health management program.

B.01 // GROUP STRUCTURE (as of: March 2024)

DMG MORI COMPANY LIMITED, Tokyo

Group parent company

DMG MORI AKTIENGESELLSCHAFT

CORPORATE SERVICES

DMG MORI AKTIENGESELLSCHAFT, Bielefeld

MACHINE TOOLS

GILDEMEISTER Beteiligungen GmbH, Bielefeld; Development and Production [1]

TURNING	MILLING	ADVANCED TECHNOLOGIES	DIGITAL SOLUTIONS
DMG MORI Bielefeld GmbH (Bielefeld)	DMG MORI Pfronten GmbH (Pfronten)	DMG MORI Ultrasonic Lasertec GmbH (Pfronten, Idar-Oberstein)	DMG MORI Digital GmbH (Bielefeld)
DMG MORI Bergamo S.r.l. (Bergamo / Italy)	DMG MORI Seebach GmbH (Seebach)	DMG MORI Additive GmbH (Bielefeld)	ISTOS GmbH (Düsseldorf)
	DMG MORI Manufacturing Solutions (Pinghu / China) [2]		
DMG MORI Poland Sp. z o. o. [3] (Pleszew / Poland)	DMG MORI Tortona S.r.l. (Tortona / Italy)		

INDUSTRIAL SERVICES

DMG MORI Sales and Service Holding GmbH, Bielefeld

SALES AND SERVICES

DMG MORI DACH [4]	DMG MORI EMEA [5]	DMG MORI China	DMG MORI Services

MARKETS OF DMG MORI COMPANY LIMITED [6]

DMG MORI Japan	DMG MORI Asia [7]	DMG MORI USA	DMG MORI Americas

1) Details on the renaming of the production plants in Germany and Italy in January and February 2024 can be found in chapter Organizaion and Legal Corporate Structure on page 29 et seqq. // Production stop February 2022: Ulyanovsk Machine Tools ooo (Ulyanovsk/Russia)
2) Start of production: 4th quarter 2023
3) previously FAMOT Pleszew Sp. z o.o. / renaming has been applied for
4) Germany, Austria, Switzerland
5) Europe, Middle East, Africa
6) These markets are consolidated by DMG MORI COMPANY LIMITED.
7) incl. India

MANAGEMENT SYSTEM OF DMG MORI AG

The Executive Board of DMG MORI AKTIENGESELLSCHAFT manages the group via a rigidly defined organizational and management structure, as well as by operative goals, the achievement of which is monitored by predefined key figures. We use our internal controlling and management system, as well as our regular reporting, to monitor and manage the attainment of key figures and the efficient use of our capital.

Important internal targets and performance indicators are order intake, sales revenues, earnings before interest and taxes (EBIT), free cash flow, as well as investments and research and development expenses. We manage the activities of the group and its individual companies in a consistent, target-oriented and sustainable way.

The global machine tools market was again marked by global challenges and uncertainties in 2023. The ongoing war in Ukraine, geopolitical conflicts, high raw material and energy costs, multiple interest rate hikes and persistently high inflation rates curbed demand for capital goods, particularly in the second half of the year.

In this still challenging market environment, DMG MORI AG recorded a year of solid business performance. In its core business with machine tools and services, DMG MORI AG achieved a stable order intake of € 2,583.6 million compared to the previous year's record figure of € 2,904.2 million (-11 %). Sales revenues increased by +6 % to € 2,498.6 million (previous year: € 2,365.7 million). In particular, strong domestic growth of +15 % contributed to this figure. At € 220.0 million, EBIT was slightly above the previous year's level (€ 216.5 million). The EBIT margin was 8.8 % (previous year: 9.2 %). EAT reached € 163.2 million (previous year: € 153.4 million). Free cash flow amounted to € 93.5 million (previous year: € 171.7 million).

Investments in property, plant and equipment and intangible assets amounted to € 118.0 million as planned. Our main investment projects in the reporting year were the new flow assembly line and training center at our Seebach site, the Components Center in Pleszew (Poland), the completion of our new plant in Pinghu (China) and the further expansion of our autonomous, green power supply using PV systems. Expenditure on research and development amounted to € 84.3 million (previous year: € 77.0 million). DMG MORI AG achieved all the targets and performance indicators for the financial year 2023 forecast in the Annual Report 2022, and even exceeded some, mainly due to the sustainable optimization of cost structures, the consistent implementation of efficiency measures, and the right strategic orientation. Strong domestic sales growth also had a positive impact on EBIT.

B.02 // KEY FINANCIAL AND PERFORMANCE INDICATORS

	Target				
	Annual Report 2022 (15 March 2023)	Q1 /2023 (26 April 2023)	Q2 /2023 (3 August 2023)	Q3 /2023 (25 October 2023)	Facts 2023
Order intake	around € 2.45 billion	around € 2.45 billion	around € 2.45 billion	around € 2.45 billion	€ 2,583.6 million
Sales revenues	around € 2.35 billion	around € 2.35 billion	around € 2.35 billion	around € 2.35 billion	€ 2,498.6 million
EBIT	around € 170 million	around € 170 million	around € 170 million	around € 170 million	€ 220.0 million
Free cash flow	around € 80 million	around € 80 million	around € 80 million	around € 80 million	€ 93.5 million
Investments (tangible fixed assets / intangible assets)	around € 120 million	around € 120 million	around € 120 million	around € 120 million	€ 118.0 million
Research and Development expenses	around € 80 million [1]	around € 80 million [1]	around € 80 million [1]	around € 80 million [1]	€ 84.3 million [1]

1) including expense for special construction

ORGANIZATION AND LEGAL CORPORATE STRUCTURE

DMG MORI AKTIENGESELLSCHAFT, which has its headquarters in Bielefeld, manages the group centrally and across all functions as a management holding company. It covers all the group's cross-divisional key functions and manages the markets in the regions DACH (domestic market Germany, Austria, Switzerland), EMEA (Europe, Middle East, Africa), and China. As the parent company of the group's production sites, GILDEMEISTER Beteiligungen GmbH assumes further holding functions. DMG MORI Sales and Service Holding GmbH, Bielefeld, assumes further holding functions for sales and service. DMG MORI COMPANY LIMITED manages Japan, North and South America, as well as the Indian market as another part of Asia. Together with DMG MORI COMPANY LIMITED, we have a global presence with 116 sales and service locations around the world – including 17 production plants.

All DMG MORI AG group companies are managed as profit centers and adhere to clear guidelines with the aim of achieving the best possible performance and results. A uniform IT infrastructure standardizes key work processes and work flows, thus forming an integrative framework for the group. The ultimate parent company of DMG MORI AKTIENGESELLSCHAFT is DMG MORI COMPANY LIMITED, which has its headquarters in Tokyo, Japan.

The following changes were made to the group's legal corporate structure:

- With retroactive effect from 1 January 2023, MITIS GVG mbH was merged with DMG MORI AKTIENGESELLSCHAFT, Bielefeld. MITIS GVG mbH & Co. Objekt Bielefeld KG was thus integrated into DMG MORI AKTIENGESELLSCHAFT.

- In April 2023, GILDEMEISTER Beteiligungen GmbH, Bielefeld sold its 50 % interest in DMG MORI Heitec GmbH, Erlangen, to HEITEC AG, Erlangen.

- In September 2023, GILDEMEISTER Beteiligungen GmbH, Bielefeld, reduced its 24.90 % interest in up2parts GmbH, Weiden, to 17.85 % as part of a capital increase. As a result, up2parts GmbH is now recognized in the consolidated financial statements as an associated and not as an equity-accounted company.

- In October 2023, GILDEMEISTER Beteiligungen GmbH, Bielefeld, increased its interest in ISTOS GmbH from 85 % to 100 %.

- In January 2024, DECKEL MAHO Pfronten GmbH was renamed DMG MORI Pfronten GmbH and DECKEL MAHO Seebach GmbH was renamed DMG MORI Seebach GmbH. GRAZIANO Tortona S.r.l. was renamed DMG MORI Tortona S.r.l. and GILDEMEISTER Italiana S.r.l. was renamed DMG MORI Bergamo S.r.l.

- In February 2024, GILDEMEISTER Drehmaschinen GmbH was renamed DMG MORI Bielefeld GmbH. DMG MORI Vertriebs und Service GmbH was renamed DMG MORI Sales and Service Holding GmbH.

The structure of the group is oriented towards all companies making their contribution to further expand its position as a leading global manufacturer of machine tools with digital and sustainable products. The group is represented by a matrix organization – with the production plants on one side and the sales and service companies on the other. The supply plants specialize in business fields and product lines.

The DMG MORI sales and service companies are responsible for the direct sales and services of our products and those of DMG MORI COMPANY LIMITED. In addition, our key account management looks after our major international customers.

DMG MORI AG's financial investments are listed in the notes to the
page 219 et seqq. ↗ Consolidated Financial Statements.

TAKEOVER-RELATED DISCLOSURES

The takeover-related disclosures required by Sections 289a and 315a HGB as at 31 December 2023 are presented below. Facts of Sections 289a and 315a HGB that are not met at DMG MORI AKTIENGESELLSCHAFT are not mentioned.

The following statutory disclosures apply to the group:

// **Composition of the subscribed capital**
The subscribed capital (share capital) of DMG MORI AKTIENGESELLSCHAFT amounts to € 204,926,784.40 and is divided into 78,817,994 no-par value bearer shares. Each share grants the same rights and one vote at the Annual General Meeting. The no-par shares each have a no-par value of € 2.60 in the share capital.

// **Shareholdings in the capital**
As at 31 December 2023, the company had received the following notifications regarding direct or indirect shareholdings exceeding 10 % of the voting rights: DMG MORI COMPANY LIMITED, Nara (Japan), indirectly holds a stake of 88.23 % in the share capital of DMG MORI AKTIENGESELLSCHAFT.

// **Appointment and dismissal of members of the Executive Board, amendments to the Articles of Association**
In accordance with Sections 84, 85 AktG and Section 31 MitbestG in conjunction with Article 7 (2) of the Articles of Association of DMG MORI AKTIENGESELLSCHAFT, the Supervisory Board is responsible for appointing and dismissing members of the Executive Board. This authorization is specified in Article 7 (2) of the Articles of Association of DMG MORI AKTIENGESELLSCHAFT to the effect that the Supervisory Board appoints the members of the Executive Board, determines their number and regulates the allocation of responsibilities. The amendment of the Articles of Association is resolved by the Annual General Meeting with a majority of at least three quarters of the share capital represented at the time of the resolution; Sections 179 et seq. AktG are applicable. According to Article 10 (8) of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect the wording.

Most recently, the Annual General Meeting extended the Articles of Association in Articles 15 para. 10 and 16 para. 3 and resolved to authorize the Executive Board to stipulate that Annual General Meetings held within five years of the amendment to the Articles of Association may be held as virtual Annual General Meetings.

// **Authorization of the Executive Board to issue or buy back shares**
Pursuant to Article 5 (3) of the Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company in the period up to 9 May 2024, by up to a nominal amount of € 102,463,392.20 by issuing up to 39,408,997 new shares on one or more occasions in return for cash and / or non-cash contributions (authorized capital). In this context, the Executive Board is also authorized to issue shares in the value of € 5,000,000 to employees of the company and affiliates of the company, subject to the exclusion of pre-emptive rights.

// Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude the statutory subscription right in specific cases regulated in detail in the Articles of Association (authorized capital).

// **Material agreements of the company that are subject to the condition of a change of control**
The relevant financing agreements of DMG MORI AKTIENGESELLSCHAFT are subject to the condition of a change of control (meaning the acquisition either of (i) 30 % or more of the voting rights in DMG MORI AKTIENGESELLSCHAFT, if the participation interests of DMG MORI COMPANY LIMITED in DMG MORI AKTIENGESELLSCHAFT is or falls below 50 %, or of (ii) 50 % or more of the voting rights in DMG MORI AKTIENGESELLSCHAFT (except by DMG MORI COMPANY LIMITED) or of (iii) 50 % or more of the voting rights in DMG MORI COMPANY LIMITED). Thus, no change of control occurs, if DMG MORI COMPANY LIMITED (indirectly) holds more than 50 % of the voting rights in DMG MORI AKTIENGESELLSCHAFT.

The conditions of a change of control comply with standard agreements. They do not lead to an automatic termination of the aforementioned agreements, but merely allow our contractual partners to terminate them in the event of a change of control.

SHARE

The shares of DMG MORI AKTIENGESELLSCHAFT are listed in the "Prime Standard" and traded on the regulated market on the stock exchanges in Frankfurt / Main, Berlin and Düsseldorf, as well as on the open market stock exchanges in Hamburg, Hanover, Munich and Stuttgart. DMG MORI AKTIENGESELLSCHAFT meets the international transparency requirements in the German Stock Exchange's "Prime Standard".

SHARE PERFORMANCE

In the stock market year 2023, the DMG MORI AG share was initially quoted at € 42.00 (2 January 2023) and closed at € 43.70 on 29 December 2023. In the course of the year, the share showed stable development in a volatile stock market environment and proved to be a solid investment. Market capitalization amounted to € 3.44 billion.

GUARANTEED DIVIDEND

Due to the domination and profit transfer agreement with DMG MORI Europe Holding GmbH – a wholly-owned subsidiary of DMG MORI COMPANY LIMITED – DMG MORI AKTIENGESELLSCHAFT has stopped distributing dividends since financial year 2016. Instead, DMG MORI Europe Holding GmbH has undertaken to pay minority shareholders of DMG MORI AKTIENGESELLSCHAFT compensation ("guaranteed dividend") amounting to € 1.17 gross or € 1.03 net per share – after corporation tax and before personal income tax – for each complete financial year for the term of agreement.

FINANCIAL COMMUNICATION

An active and transparent disclosure policy is a key component in the value-driven management of our company. We value extensive, prompt and reliable communication with others and treat all capital market participants equally. We publish detailed information on our website ↗ **en.dmgmori-ag.com/investor-relations.** In addition to regular financial reporting, it contains current announcements, important dates and details of the annual press conference and Annual General Meeting.

B.03 // KEY FIGURES OF THE SHARE OF DMG MORI AKTIENGESELLSCHAFT | ISIN: DE0005878003

		2023	2022	2021	2020	2019
Registered capital	€ million	204.9	204.9	204.9	204.9	204.9
Number of shares	million shares	78.8	78.8	78.8	78.8	78.8
Closing price [1]	€	43.70	41.90	42.15	41.10	42.35
Annual high [1]	€	43.70	42.85	42.40	42.90	48.35
Annual low [1]	€	41.90	40.30	41.00	38.80	40.90
Market capitalization	€ million	3,444.3	3,302.5	3,322.2	3,239.4	3,337.9
Earnings per share [2]	€	1.95	1.84	1.07	0.66	1.93
Price-to-earnings-ratio [3]		22.4	22.8	39.4	62.3	21.9

1) XETRA-based closing price
2) Pursuant to IAS 33
3) Closing Price / earnings per share

CORPORATE GOVERNANCE REPORT / GROUP DECLARATION ON CORPORATE MANAGEMENT

Business Report information not reviewed for content

The Executive Board and Supervisory Board of DMG MORI AKTIENGESELLSCHAFT always act in accordance with good corporate governance and report on matters concerning corporate governance at DMG MORI AG in adherence to the German Corporate Governance Code. This is reflected in a responsible and transparent business management and corporate governance. Good corporate governance is an essential element of strategic thinking and action on all organizational levels throughout the group.

In November 2023, the Executive Board and Supervisory Board issued a Compliance Statement pursuant to Section 161 of the German Stock Corporation Act (AktG). This statement confirms that DMG MORI AG complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 28 April 2022 following its publication in the Federal Gazette on 27 June 2022, with the following exceptions:

// **Exception: Recommendation G.10 of the German Corporate Governance Code**
In accordance with G.10 of the German Corporate Governance Code, the majority of the Executive Board remuneration is to be paid in the form of company shares or a corresponding share-based arrangement. DMG MORI AG is not implementing this recommendation, but is rather basing the long-term remuneration components of the Executive Board on performance indicators the Supervisory Board has found to bear significant relevance on the company's success over the long term.

Share-based remuneration is not suitable for DMG MORI AG, as DMG MORI AKTIENGESELLSCHAFT, as a result of the domination and profit transfer agreement from 2 June 2016, is a dependent company whose shareholders have been promised compensation and settlement as part of the conclusion of the domination and profit transfer agreement. Thus, the Executive Board's performance does not significantly affect the company's share price performance and the latter is therefore not an appropriate means of measuring Executive Board long-term remuneration at DMG MORI AG.

// **Exception: Recommendations G.12 and G.13 of the German Corporate Governance Code**
If an Executive Board member's contract is terminated, the payment of outstanding remuneration components etc. should be made in accordance with the settlement dates or holding periods specified in the contract. In the event of early termination, no payments should exceed the total value of two years' remuneration.

DMG MORI AG was unable to fully comply with this recommendation in the 2023 financial year, as a higher payment amount was agreed for the termination of the contract as part of an overall settlement with the affected Executive Board members, taking into account the company's interest in terminating the contract and the Executive Board members' entitlements, as well as the long-term executive remuneration component (LTI) being settled in a lump sum as part of such an agreement. The severance packages agreed, which included outstanding variable remuneration components, reflected the company's interest in a full and prompt termination of contract.

In the future, DMG MORI AG will also comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 28 April 2022 following its publication in the Federal Gazette on 27 June 2022, with the exception shown below:

// **Exception: Recommendation G.10 of the German Corporate Governance Code**
In accordance with G.10 of the German Corporate Governance Code, the majority of the Executive Board remuneration is to be paid in the form of company shares or a corresponding share-based arrangement. DMG MORI AG is not implementing this recommendation but is rather basing the long-term remuneration components of the Executive Board on performance indicators the Supervisory Board has found to bear significant relevance on the company's success over the long term.

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DMG MORI AG fully complies with the non-mandatory suggestions of the German Corporate Governance Code. The current declaration of conformity and the corporate governance report, together with the declarations of conformity from previous years, are permanently accessible on our website.
↗ **https://en.dmgmori-ag.com/investor-relations/corporate-governance/corporate-governance-overview**

Pursuant to Section 317 (2) sentence 6 German Commercial Code (HGB), the purpose of the audit of the statements made in the group declaration on corporate governance pursuant to Section 289f (2) and (5) and Section 315d German Commercial Code is limited to determining whether such statements have been made.

Responsible Management of Opportunities and Risks
For us, part of good corporate governance is the comprehensive and systematic management of opportunities and risks within corporate management. Group-wide risk management is based on an integrated governance, risk and compliance model (GRC model). Detailed information on the opportunities and risk management system can be found in the ↗ Opportunities and Risk Report. We are not aware of any material circumstances from our reviews of internal control and risk management or from reports by internal audit that speak against the appropriateness and effectiveness of these systems.

page 92 et seqq.

Cooperation between the Executive Board and Supervisory Board
The Executive Board and Supervisory Board work together closely in the best interest of the company. The Executive Board coordinates the strategic direction of the company with the Supervisory Board and informs the Supervisory Board regularly, timely and comprehensively about all questions pertaining to the strategy, business development, risk position, risk management and compliance that are of relevance for the company. Any deviations in the course of business from the established plans and goals adopted by the group are investigated and explained. The Executive Board forwards the half-year reports and quarterly releases to the Finance and Audit Committee

and discusses these reports and releases with the Finance and Audit Committee before their publication. The Articles of Association and the Rules of Procedure require the Supervisory Board's approval for a wide range of business transactions proposed by the Executive Board.

page 40 et seqq.

The remuneration of both the members of the Supervisory Board and of the Executive Board is presented in detail in the ↗**Remuneration Report** – as part of the Business Report of the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT.

The Supervisory Board and Executive Board work together to ensure long-term succession planning. The Supervisory Board has set an age limit of 70 years for the (re-)appointment of Executive Board members.

Composition Targets of the Supervisory Board
The Supervisory Board adopted specific targets for its composition pursuant to Section C.1 DCGK (German Corporate Governance Code):

- // The Supervisory Board should continue to be composed of the unchanged number of shareholder representatives with experience in the management or governance of companies with global operations;
- // Consideration of employees from important areas of DMG MORI AG on the employee representatives' side;
- // Knowledge about DMG MORI AG and key markets for DMG MORI AG, as well as knowledge about technical contexts and technology management should be taken into consideration;
- // Specialist knowledge and experience in the application of accounting principles, internal monitoring procedures and compliance processes should be given consideration;
- // At least two male and two female Supervisory Board members should be among the shareholder representatives as well as the employees' representatives;
- // A least 50 % of all Supervisory Board members should be independent;
- // Avoiding conflicts of interest;
- // An upper age limit of 75 years at the time of election to the Supervisory Board should be observed; limit of five office terms;
- // Nominations for future composition of the Supervisory Board should also look, in particular, to the interests of the company, while observing the aforementioned objectives.

The re-election of the Supervisory Board in May 2023 meant that the Supervisory Board again met its gender quota targets in financial year 2023. It also complied with recommendation C.7 of the German Corporate Governance Code on the independence of at least 50 % of Supervisory Board members. In the reporting year, the Supervisory Board reviewed the necessary qualifications and also defined the competencies for the entire board. Further details on this competency profile are shown in Table **B.04**.

Taking into account the shareholder structure and the current domination and profit transfer agreement dated 2 June 2016, the shareholder representatives expect at least 3 members of the shareholder side to be independent (Table **B.04**).

B.04 // QUALIFICATION MATRIX OF SUPERVISORY BOARD

in €	Dr. Eng. Masahiko Mori	Ulrich Hocker	Irene Bader	Prof. Dr.-Ing. Berend Denkena	Prof. Dr. Annette Köhler	James Victor Nudo	Mario Krainhöfner (until 2023/05/12)
Tenure							
joined Board in	2009/09/06	2010/05/11	2016/05/24	2013/05/17	2017/05/06	2018/05/04	2011/04/16
elected until	AGM 2027 [2]	AGM 2027 [2]	AGM 2027 [2]	AGM 2027 [2]	AGM 2027 [2]	AGM 2027 [2]	2023/05/12
Personal Suitability							
Independence [1]		•		•	•		•
No Overboarding [1]	•	•	•	•	•	•	•
Diversity							
Gender	male	male	female	male	female	male	male
Nationality	Japanese	German	Austrian	German	German	US-American	German
Date of birth	1961/09/16	1950/11/06	1979/01/01	1959/11/05	1967/01/13	1954/05/30	1964/10/16
Professional Suitability							
Technology and knowledge of mechanical engineering industry	•		•	•			•
Strategy	•	•	•	•	•	•	
Accounting		•			•		
Auditing		•			•		
Law / Regulation		•			•	•	
Personnel / co-determination / remuneration	•	•		•		•	•
Corporate Governance / Internal processes		•		•	•	•	•
Compliance		•			•	•	•
Digitization	•			•			
ESG / Sustainability / Social and labor conditions	•			•	•		•
International Experience							
Germany	•	•	•	•	•		•
Europe	•	•	•	•	•	•	
Asia	•	•	•	•		•	
America	•	•	•	•		•	

1) with the meaning of Corporate Governance Code
2) Annual General Meeting on the financial year 2027

• Criterion met, based on a self-assessment by the Supervisory Board. One point means at least "good knowledge" and thus the ability to understand the relevant issues well and make informed decisions based on existing qualifications, the knowledge and experience acquired in the course of work as a member of the Supervisory Board (for example, many years of service on the Audit Committee) or the training measures regularly attended by all members of the Supervisory Board.

B.04 // QUALIFICATION MATRIX OF SUPERVISORY BOARD

in €	Stefan Stetter	Tanja Fondel	Dietmar Jansen	Larissa Schi-kowski	Michaela Schroll	Thomas Reiter (since 2023/05/12)
Tenure						
joined Board in	2018/05/04	2018/01/19	2013/05/17	2018/05/04	2018/05/04	2023/05/12
elected until	AGM 2027 [2]	AGM 2027 [2]	AGM 2027 [2]	AGM 2027 [2]	AGM 2027 [2]	AGM 2027 [2]
Personal Suitability						
Independence [1]	•	•	•	•	•	
No Overboarding [1]	•	•	•	•	•	
Diversity						
Gender	male	female	male	female	female	male
Nationality	German	German	German	German	German	German
Date of birth	1968/12/30	1976/07/27	1965/08/23	1969/08/19	1976/02/16	1969/08/25
Professional Suitability						
Technology and knowledge of mechanical engineering industry	•	•	•		•	•
Strategy	•				•	
Accounting	•			•		
Auditing	•		•			
Law / Regulation						
Personnel / co-determination / remuneration	•	•	•	•	•	•
Corporate Governance / Internal processes	•		•			
Compliance	•			•		•
Digitization		•	•		•	•
ESG / Sustainability / Social and labor conditions	•	•	•	•	•	•
International Experience						
Germany	•	•	•	•	•	•
Europe	•	•				
Asia	•					
America						

1) with the meaning of Corporate Governance Code
2) Annual General Meeting on the financial year 2027

• Criterion met, based on a self-assessment by the Supervisory Board. One point means at least "good knowledge" and thus the ability to understand the relevant issues well and make informed decisions based on existing qualifications, the knowledge and experience acquired in the course of work as a member of the Supervisory Board (for example, many years of service on the Audit Committee) or the training measures regularly attended by all members of the Supervisory Board.

Diversity

The diversity culture lived out at DMG MORI AG allows our employees to become involved e. g. in the group's international projects. This cultural exchange promotes personnel diversity and improves performance. At DMG MORI AG, all employees and applicants are treated and valued equally, regardless of nationality or ethnic origin, gender, age, religion, sexual orientation or physical impairment. The Executive Board has manifested this equal opportunity through the Code of Conduct of DMG MORI AG.

Statutory Gender Quota Requirements
Taking into account the Act on Equal Participation of Men and Women in Executive Positions in Private Business and the Public Sector, the Supervisory Board passed a resolution on 5 May 2022 specifying that a quota of 20 % of the Executive Board of DMG MORI AKTIENGESELLSCHAFT is to be occupied by female members of staff by 30 June 2027.

As a result of flat hierarchies, there is only one management level below that of the Executive Board at DMG MORI AKTIENGESELLSCHAFT. On 13 June 2022, the Executive Board agreed on a target female quota of 15 % for this management level. This target is to be achieved by 30 June 2027.

With regard to the Supervisory Board, the statutory quota of 30 % has been met consistently since the Supervisory Board elections in 2023. The shareholders' and employees' representatives have decided to meet the legal requirements separately from each other. Two female members have been among the shareholder representatives of the Supervisory Board since the Supervisory Board's election. Three female Supervisory Board members have been among the employees' representatives since the Supervisory Board's elections.

Prevention of Conflicts of Interest
Members of the Executive Board and Supervisory Board are obliged to act in the best interests of the company. The members of the Executive Board and of the Supervisory Board are prohibited from pursuing personal interests in their decisions and in connection with their office, from pursuing business opportunities the company is entitled to for their own interests, and from granting undue advantages to other persons. Any conflicts of interest that may arise from these and other situations must be immediately disclosed to, assessed by and if necessary, authorized by the Supervisory Board. The Supervisory Board reports to the Annual General Meeting on any conflicts of interest and how they are dealt with.

Shareholders and Annual General Meeting
Our shareholders exercise their rights at the occasion of the Annual General Meeting. The Annual General Meeting adopts resolutions, among others, on the granting of discharge to the Supervisory Board and Executive Board, as well as on the election of the auditor of the annual financial statements and proposed amendments of the Articles of Association. In the reporting year, shareholders were able to personally exercise their voting rights at an in-person Annual General Meeting. Shareholders who are unable to personally attend an in-person Annual General Meeting are offered the option of appointing an authorized representative of their choosing to exercise their voting rights on their behalf, or to assign them to a proxy who must exercise them in accordance with their instructions. It is also possible to obtain timely information about the Annual General Meeting online. All documents and information are made available to our shareholders online well ahead of the meeting date.

Transparency
We aspire to ensure corporate communications that offer the greatest possible transparency and currency for all target groups, including shareholders, investors, business partners, employees and the general public. Our website is continuously updated with information on the company's current affairs. Press releases, quarterly releases, financial reports and a detailed financial calendar are also published on the website.

Compliance

We are aware of our responsibility towards our business partners, shareholders and employees, as well as to the environment and to the society. With their best interest in mind, we are firmly committed to clear principles and values. This particularly includes the adherence to and compliance with statutory requirements and regulatory standards, voluntary commitments and our internal policies. Our compliance management system is tasked with warranting our continued alignment with our principles and values. Further information about our compliance management system can be found in the Sustainability Report 2023 and on our website.

Accounting and Annual Audit

For the reporting year, it was agreed with the financial auditing firm, PwC PricewaterhouseCoopers GmbH, Frankfurt am Main, that the Chairman of the Supervisory Board and the Chairwoman of the Finance and Audit Committee are to be immediately informed of any reasons for exclusion or bias that arise during the audit and cannot be remedied. In addition, the auditor shall also immediately report any findings and events that arise during the audit of the financial statements and consolidated financial statements that have a significant bearing on the work of the Supervisory Board. Moreover, the auditor informs the Supervisory Board, or points out in the audit report, any circumstances that are inconsistent with the declaration of conformity issued by the Executive Board and Supervisory Board under the Corporate Governance Code.

Insurance for members of the Supervisory Board and the Executive Board of DMG MORI AG

The group has taken out D&O insurance policies (management liability insurance) and legal expenses insurance policies for members of the Supervisory Board, Executive Board members and Managing Directors. The D&O insurance contains the deductible provided for in the code or in the pertinent statutory provisions.

Shareholdings of the Executive Board and Supervisory Board members

Only one member of the Supervisory Board holds a significant indirect interest in DMG MORI AKTIENGESELLSCHAFT. Dr. Eng. Masahiko Mori holds shares in DMG MORI COMPANY LIMITED (Nara, Japan). DMG MORI COMPANY LIMITED indirectly holds an 88.23% interest in the share capital of DMG MORI AKTIENGESELLSCHAFT. Hence, Dr. Eng. Masahiko Mori is holding an indirect interest in DMG MORI AKTIENGESELLSCHAFT.

Pursuant to Section 19 MMVO (German Market Abuse Regulations), members of the Supervisory Board and Executive Board, as well as other individuals, who are subject to reporting requirements, must notify both the company and the Federal Financial Supervisory Authority whenever they buy or sell, among others, shares or other securities of the company. The company is then required to immediately publish a corresponding notification. The relevant notices made by DMG MORI AKTIENGESELLSCHAFT can be accessed at any time on the company's website.

REMUNERATION REPORT

The remuneration system and remuneration of the Supervisory Board and the Executive Board for financial year 2023 are presented in the following report. The Executive Board and the Supervisory Board are responsible for the annual preparation of the remuneration report according to Section 162 of the German Stock Corporation Act (AktG). In accordance with Section 162 (1) sentence 2 no. 1 AktG, remuneration is reported in the financial year in which the activity on which the remuneration is based was completed in full.

Approval of the remuneration report by the Annual General Meeting 2023
At the Annual General Meeting on 12 May 2023, the remuneration report for financial year 2022, prepared and audited in accordance with Section 162 AktG, was approved by 99.87 %. There were no aspects to be considered with regard to the remuneration system or its implementation in the remuneration report.

Supervisory Board remuneration
The Supervisory Board's remuneration is determined by the Annual General Meeting and governed by Section 12 of the Articles of Association of DMG MORI AKTIENGESELLSCHAFT. The remuneration system for the Supervisory Board was approved by the Annual General Meeting 2021 in accordance with Section 113 AktG. The components of the Supervisory Board remuneration include the fixed remuneration that each member of the Supervisory Board receives, compensation for committee work, as well as attendance fees for meetings.

In financial year 2023, the fixed remuneration entitlement of each individual Supervisory Board member amounted to € 60,000. The chairman is entitled to the 2.5 times this amount (€ 150,000). The Chairman of the Supervisory Board Dr. Eng. Masahiko Mori as well as James V. Nudo and Irene Bader have waived their complete Supervisory Board remuneration. The vice chairman is entitled to 1.5 times this amount (€ 90,000). The entitlement from the base remuneration amounted to € 630,000 in total (previous year: € 630,000).

The remuneration entitlements for committee work totaled € 252,000 (previous year: € 252,000) and took into consideration the work performed in the Finance and Audit Committee, in the Personnel, Nomination and Remuneration Committee and in the Committee for Transactions with Related Parties. The individual committee members were entitled to € 18,000. The committee chairpersons received an additional fixed remuneration of € 18,000.

The members of the Supervisory Board and its committees receive an attendance fee of € 1,500 for each Supervisory Board and committee meeting they attend as a member.

In financial year 2023, the total remuneration paid to the Supervisory Board amounted to € 1,009,500 (previous year: € 1,003,500). The total base remuneration and committee remuneration amounted to € 882,000 (previous year: € 882,000). The meeting attendance fees amounted to € 127,500 (previous year: € 121,500).

B.05 // REMUNERATION GRANTED AND PAYABLE TO THE SUPERVISORY BOARD

in €	Base remuneration	Committee remuneration: Finance and Audit Committee (F&A)	Committee remuneration: Personnel, Nomination and Remuneration Committee (PNR)	Committee remuneration: Committee for Transactions with Related Parties (TRP)	Base remuneration and committee remuneration total	Meeting attendance fees	Total remuneration
Dr. Eng. Masahiko Mori [1] Chairman of the Supervisory Board Chairman PNR	–	–	–	–	–	–	0
Ulrich Hocker [2] Deputy chairman SB Chairman TRP	90,000	0	18,000	36,000	144,000	16,500	160,500
Irene Bader [3]	–	–	–	–	–	–	0
Prof. Dr.-Ing. Berend Denkena [4]	60,000	0	0	18,000	78,000	12,000	90,000
Prof. Dr. Annette Köhler Chairwoman F&A	60,000	36,000	0	0	96,000	15,000	111,000
James Victor Nudo [5]	–	–	–	–	–	–	0
Mario Krainhöfner [6] 1st Deputy chairman SB (until 12 May 2023) SB member (until 12 May 2023)	32,548	0	6,510	0	39,058	4,500	43,558
Stefan Stetter [7] Deputy chairman SB	90,000	18,000	0	18,000	126,000	19,500	145,500
Tanja Fondel [8] [13] 1st Deputy chair (since 12 May 2023)	79,151	0	18,000	0	97,151	13,500	110,651
Dietmar Jansen [9] [13]	60,000	18,000	0	0	78,000	9,000	87,000
Larissa Schikowski [10]	60,000	0	18,000	0	78,000	13,500	91,500
Michaela Schroll [11] [13]	60,000	18,000	0	18,000	96,000	19,500	115,500
Thomas Reiter [12] [13] SB member (since 12 May 2023)	38,301	0	11,490	0	49,792	4,500	54,292
Total amount	**630,000**	**90,000**	**72,000**	**90,000**	**882,000**	**127,500**	**1,009,500** [14]

1) Dr. Eng. Masahiko Mori is also a member of the F&A, Nomination and Mediation Committees. Dr. Eng. Masahiko Mori waives his Supervisory Board remuneration in full. Thus, Dr. Eng. Masahiko Mori has not received any Supervisory Board remuneration for 2023.
2) Ulrich Hocker is also a member of the PNR as well as of the Nomination and the Mediation Committee.
3) Irene Bader waives her Supervisory Board remuneration in full. Thus, Irene Bader has not received any Supervisory Board remuneration for 2023.
4) Prof. Dr.-Ing. Berend Denkena is a member of the TRP.
5) James Victor Nudo is a member of the F&A, PNR and Nomination Committee. James Victor Nudo waives his Supervisory Board remuneration in full. Thus, James Victor Nudo has not received any Supervisory Board remuneration for 2023.
6) Mario Krainhöfner was a member of the Supervisory Board as well as the PNR and Mediation Committees until 12 May 2023
7) Stefan Stetter is a member of the F&A and TRP Committees. Mr. Stetter transfers part of his remuneration for his Supervisory Board activities to various charitable organizations.
8) Tanja Fondel is a member of the PNR and the Mediation Committee.
9) Dietmar Jansen is a member of the F&A.
10) Larissa Schikowski is a member of the PNV and transfers part of her remuneration for her Supervisory Board activities to various charitable organizations.
11) Michaela Schroll is a member of the F&A and TRP Committees.
12) Thomas Reiter has been a member of the Supervisory Board and the PNR Committee since 12 May 2023.
13) These employee representatives transfer the majority of their remuneration for their Supervisory Board activities to the Hans Böckler Foundation, Düsseldorf.
14) The total amount corresponds to the expenses of DMG MORI AKTIENGESELLSCHAFT for 2023.

As the remuneration of the members of the Supervisory Board is not composed of variable but solely of fixed components, it is not necessary to determine a maximum total remuneration for the members of the Supervisory Board.

In the reporting year, no loans and advances were granted to members of the Supervisory Board of DMG MORI AKTIENGESELLSCHAFT.

Comparison of annual change in Supervisory Board remuneration

The Table **B.06** shows a comparison of the percentage change in the remuneration of Supervisory Board members with the earnings performance (EAT) of DMG MORI AKTIENGESELLSCHAFT and the average remuneration of the employees on a full-time basis compared to the previous year.

B.06 // COMPARISON OF ANNUAL CHANGE IN SUPERVISORY BOARD REMUNERATION

in %	2021 against 2020	2022 against 2021	2023 against 2022
Dr. Eng. Masahiko Mori [1]	–	–	–
Ulrich Hocker	+8.5 %	+8.2 %	+0.9 %
Irene Bader [2]	–	–	–
Prof. Dr.-Ing. Berend Denkena	+4.4 %	+13.2 %	+/-0.0 %
Prof. Dr. Annette Köhler	+3.6 %	+4.3 %	+1.4 %
James Victor Nudo [3]	–	–	–
Mario Krainhöfner (until 12 May 2023)	+1.7 %	+8.3 %	-62.3 %
Stefan Stetter	+5.2 %	+8.9 %	-1.0 %
Tanja Fondel	+2.3 %	+9.3 %	+25.0 %
Dietmar Jansen	+0.4 %	+5.3 %	-3.3 %
Larissa Schikowski	+2.3 %	+9.3 %	+3.4 %
Michaela Schroll	+6.6 %	+5.6 %	+1.3 %
Thomas Reiter (since 12 May 2023)	–	–	–
EAT (DMG MORI AG group) [4]	+64 %	+79 %	+6 %
EAT (DMG MORI AKTIENGESELLSCHAFT) [5]	+8 %	+400 %	+1 %
Average employee remuneration [6]	+2 %	+3 %	+4 %

1) Dr. Eng. Masahiko Mori has not received any Supervisory Board remuneration for 2023.
2) Irene Bader has not received any Supervisory Board remuneration for 2023.
3) James Victor Nudo has not received any Supervisory Board remuneration for 2023.
4) 2023: € 163.2 million / 2022: € 153.4 million / 2021: € 85.6 million / 2020: € 52.1 million
5) 2023: € 147.5 million (under HGB) / 2022: € 146.5 million (under HGB) / 2021: € 29.3 million (under HGB) / 2020: € 27.1 million (under HGB)
6) Employee remuneration in Germany in the respective financial year.

Executive Board remuneration

The remuneration system for the Executive Board is determined by the Supervisory Board. The Personnel, Nomination and Remuneration Committee develops recommendations for the Executive Board remuneration system, which the Supervisory Board also discusses and decides on in detail.

The Personnel, Nomination and Remuneration Committee regularly reviews the Executive Board's remuneration system and presents relevant proposals to the Supervisory Board. The remuneration system is resubmitted to the Annual General Meeting for approval after significant changes, and in any case every four years.

The remuneration system for the Executive Board of DMG MORI AKTIENGESELLSCHAFT is geared to promoting implementation of the company's business strategy and the sustainable and long-term development of the company. This is achieved in compliance with the statutory requirements and in consideration of competitive aspects. The remuneration system was prepared by the Supervisory Board by resolution of 28 November 2019 on the legal basis of the Implementation of the Shareholders' Rights Directive (ARUG II) and approved by the 118th Annual General Meeting on 15 May 2020.

Essential elements of the remuneration system
The system's fundamental structure abides by the following guiding principles:

a// Extraordinary performances and successes should be rewarded adequately, while target shortfalls should result in a substantial reduction in remuneration ("pay-for-performance-orientation").

b// The collective performance of the Executive Board members should be promoted without constraining the entrepreneurial discretion of the individual members in their respective portfolio remits. Since important strategic goals can only be achieved in an interdisciplinary approach with the collaboration of all Executive Board members, short and long-term remuneration components result from different performance indicators to which the Executive Board members contribute.

c// The remuneration system for the Executive Board members is consistently adaptable to the remuneration systems for other management and staff levels within the group.

d// The remuneration of the Executive Board members should conform with market standards and reflect the size, complexity and strategic direction as well as economic situation of the company.

This forms the basis on which Executive Board members are offered a competitive and market value remuneration package that keeps within the regulatory requirements and promotes the sustainable work of the Executive Board. This is intended to secure the best possible candidates for the Executive Board of DMG MORI AG, both now and in the future.

The remuneration system adopted by the Supervisory Board conforms with the current requirements under the German Stock Corporation Act and in all essential aspects with the recommendations made in the German Corporate Governance Code (DCGK), with the exception that the long-term remuneration component is not share-based. In view of both the current domination and profit transfer agreement between DMG MORI AKTIENGESELLSCHAFT and DMG MORI Europe Holding GmbH, a wholly-owned subsidiary of DMG MORI COMPANY LIMITED and the low free float of the company's share, it was decided not to implement a remuneration component paid in shares or a share-based remuneration component.

Adequacy of the Executive Board remuneration
Following preparation by the Personnel, Nomination and Remuneration Committee, the Supervisory Board determines the amount of total target remuneration for the upcoming financial year for each Executive Board member based on the remuneration system. The total target remuneration for each Executive Board member is the sum of the base remuneration, the STI for 100 % target achievement, the LTI for 100 % target achievement and the pension contribution.

In addition to being reasonably proportionate to the duties and performances of the Executive Board members, this in particular gives consideration to the economic position, the market environment, the success and the future prospects of the company. The Supervisory Board pays particular attention to assuring that the total target remuneration conforms with market standards. Market conformity is assessed on the basis of the following points:

External benchmarking (horizontal conformity): The market conformity of the total remuneration is assessed on the basis of remuneration data from the 90 largest listed companies in Germany with DAX and MDAX listings. This horizontal market benchmarking considers the market position, size and complexity of DMG MORI AG with special emphasis on the position of the company within the comparison group (e. g., on the basis of performance indicators such as sales revenues, number of employees and earnings per share).

Internal benchmarking (vertical conformity): In addition to the above, the development of the Executive Board's remuneration in proportion to the remuneration of the employees of DMG MORI AG is considered in an internal (vertical) benchmarking process. This comparison determines the proportion of the Executive Board's remuneration to the remuneration paid to the upper management and other employees and subjected to a market comparison.

The determination of the total target remuneration gives special credit to the individual Executive Board member's function. The chairperson of the Executive Board, in particular, is awarded a higher total remuneration than the other Executive Board members.

Malus and clawback provisions

The Supervisory Board may withhold or demand repayment of the short-term and the long-term variable remuneration in the case of serious breaches of duty or compliance infringements. The same applies in cases of serious unethical conduct.

In cases of grossly negligent or intentional breaches of a duty of care by a diligent business manager pursuant to Section 93 (1) AktG the company is further authorized to demand the Executive Board member repay all or part of the variable remuneration components (STI and / or LTI) paid for the relevant assessment period in which the breach of duty took place, or to withhold such payment before its remittance.

A claim for repayment also arises if the Executive Board member's office tenure or employment has already ended at the time repayment is demanded. This is without prejudice to claims for damages against the Executive Board member.

Early resignation of Executive Board members

If an Executive Board member resigns upon request by the Supervisory Board due to reasons not attributable to the Executive Board member's person or conduct, all outstanding LTI tranches will be paid to the member at the end of the initially agreed performance period. The same applies if an Executive Board member resigns from the Executive Board for other reasons outside of his responsibility (e. g. regular expiry or mutually agreed termination of the employment contract, or other contractually recognized reasons for resignation). This also includes the transition into early retirement and the Executive Board member's rejection of an offer of reappointment.

If the company terminates an Executive Board member's employment for good cause, or if the Executive Board member terminates his employment contract without proper cause ("bad leaver"), all outstanding LTI allocations where the three-year reference period has not yet ended will be forfeited.

Components of the remuneration system

The remuneration of the Executive Board members of DMG MORI AKTIENGESELLSCHAFT consists of fixed and variable remuneration components. The fixed, non-performance-based remuneration consists of a base remuneration ("fixed amount"), fringe benefits and pension entitlements (in particular to the contribution-based retirement provisions). The short-term variable remuneration (STI) and the long-term variable remuneration (LTI) are performance-based variable amounts that depend on the achievement of specific measurable targets.

a) Fixed remuneration components

The fixed remuneration forms the basis for recruiting and retaining the highly qualified Executive Board members needed for the group's further development and implementation of its corporate strategy.

The fixed remuneration consists of the base remuneration, fringe benefits and pension entitlements (contribution-based retirement provisions).

Base remuneration: Each Executive Board member receives a fixed base remuneration. This is paid in twelve monthly installments.

Fringe benefits: Fringe benefits and their maximum amounts are determined for each Executive Board member. These fringe benefits mainly include non-cash benefits from the company and other fringe benefits, particularly the provision of a company car but also insurance coverage.

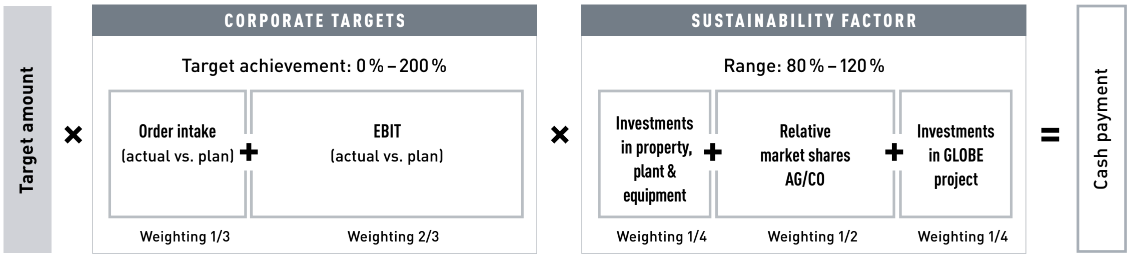
Retirement provisions: Each Executive Board member is granted a payment that must be used to add to his personal retirement provisions. The payment is for a certain amount to be invested in an external pension scheme (contribution-based retirement provision).

b) Short-term variable incentive (STI)

The STI is intended to motivate Executive Board members to achieve challenging and demanding financial, operational and strategic targets in the financial year. These targets reflect the corporate strategy of DMG MORI AG and aim at increasing the earnings and market position of the company. The one-year variable remuneration is linked to the achievement of key group figures in the respective financial year, particularly as it is connected to order intake and EBIT. An individual target amount is set for each member of the Executive Board. The target amount represents the initial value for determining performance-related payment after the end of the assessment period. A payment claim only arises at the end of the one-year assessment period and depends on if and how the targets have been achieved.

The STI system is based on two target dimensions, which are assigned different weightings and can be adjusted through so called sustainability factors ("modifiers"). This considers both the market position (measured by the performance indicator "order intake"), as well as the earnings position (measured by the performance indicator "EBIT"). These company-specific targets are modified by a sustainability factor ("modifier"), which moves within a bandwidth from 80 % to 120 %. The sustainability factor is intended to reward the Executive Board's actions and successes that have made a contribution to sustainably securing the company's success.

B.07 // SHORT-TERM-INCENTIVE (STI) DIAGRAM

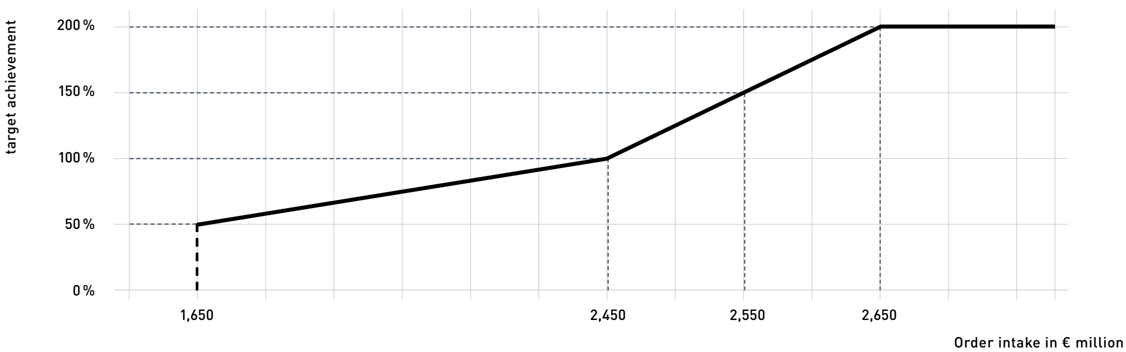


The target achievement levels for the STI 2023 result from the following key figures and factors for 2023 and are determined using the same criteria for all Executive Board members:

Order intake is weighted at 1/3. This means that the STI includes one of the key financial figures of DMG MORI AG. The order intake component of the STI must reach a floor before it becomes relevant to bonus payments. This floor is a target achievement of 50 %. Reaching the target amount corresponds to a target achievement of 100 %. The component does not increase any further once a cap has been reached. This cap is a target achievement of 200 %.

The following figure shows further target achievement details:

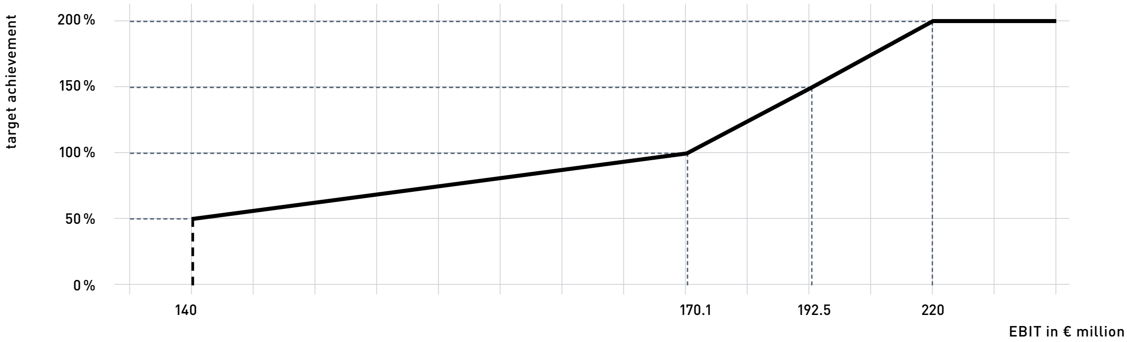
B.08 // TARGET ACHIEVEMENT ORDER INTAKE 1/3



EBIT is weighted at 2/3. This means that the STI includes another key financial figure of DMG MORI AG. The EBIT component of the STI must reach a floor before becoming relevant to bonus payments. This is a target achievement of 50 %. Reaching the target amount corresponds to a target achievement of 100 %. The consideration of a bonus ends once a cap has been reached. This is a target achievement of 200 %.

The following figure shows further target achievement details:

B.09 // TARGET ACHIEVEMENT EBIT 2/3



The remuneration resulting from the achievement of targets is adjusted by three sustainability factors ("modifiers") defined as part of the bonus payment (80 %-120 %). These goals, on which the sustainability factor is based, include investments in property, plant and equipment, investments for the GLOBE project (SAP implementation) and the development of internal market shares and positions (order intake ratio for the DMG MORI AG group and DMG MORI COMPANY LIMITED). All sustainability factors can reach a level of 80 %-120 %. The factors, investments in property, plant and equipment and investments for the GLOBE project are each weighted at 25 %. The factor, development of internal market shares and positions is weighted at 50 %. They are intended to boost the Executive Board's efforts aimed at a sustainable management that delivers future growth.

c) Long-term variable incentive (LTI)

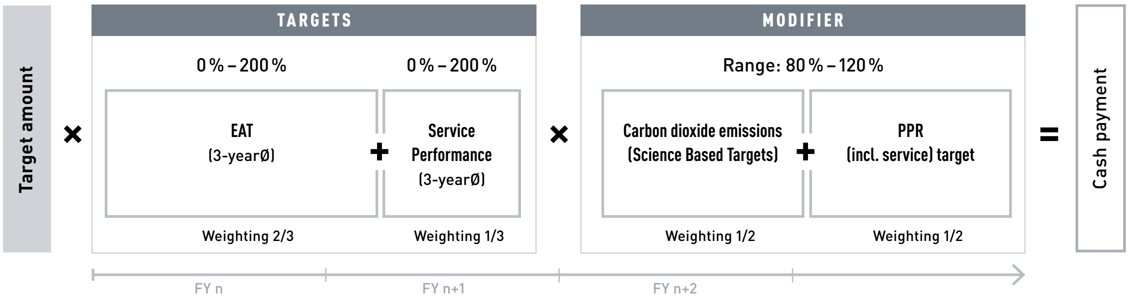
The Executive Board's work is focused on a long-term, sustainable commitment to DMG MORI AG. It is the only way to promote sustainable growth and achieve a permanent increase in value. The three-year performance period helps to ensure that the Executive Board's decisions in the current financial year are also focused on the company's long-term development.

Benefits from the LTI program are paid in cash on the basis of a indicator-based remuneration determined over an assessment period of three years ("performance period"). These benefits are paid in annual tranches.

The LTI is based on two financial targets as well as measurable sustainability targets that are expressed in the form of a "modifier". The financial performance criteria represent the key management ratios of DMG MORI AG (Earnings After Tax – EAT – and service performance). In addition to that, the "modifier" with a bandwidth of 80 % to 120 % also incorporates the sustainability targets.

An individual target amount is set for each member of the Executive Board. The target amount represents the initial value for determining performance-related payment after the end of the assessment period. A claim for payment only arises at the end of the three-year assessment period and depends on whether and to what degree the targets were achieved.

B.10 // LONG-TERM-INCENTIVE (LTI) DIAGRAM

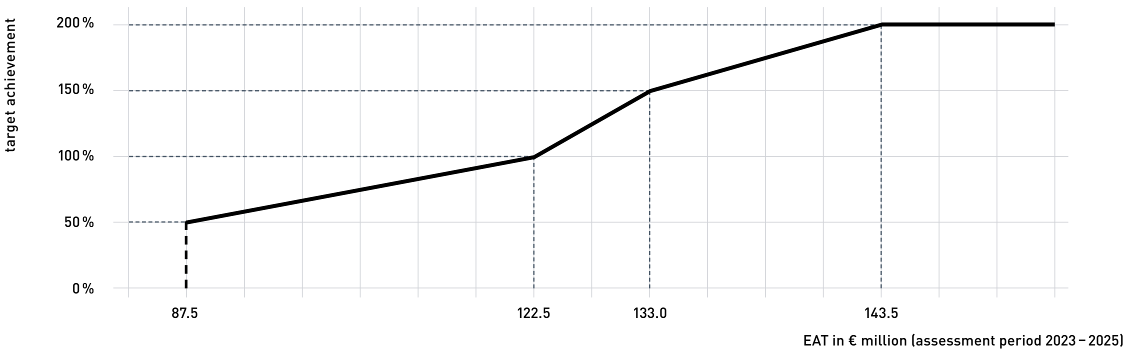


The levels of target achievement result from the following key figures and factors and are determined using the same criteria for all Executive Board members:

EAT is weighted at 2/3. This means that the LTI includes one of the key financial figures of DMG MORI AG. The EAT component of the LTI must reach a floor before becoming relevant to bonus payments. This floor is a target achievement of 50 %. Reaching the target amount corresponds to a target achievement of 100 %. The component does not increase any further once a cap has been reached. This cap is a target achievement of 200 %.

The following figure shows further target achievement details:

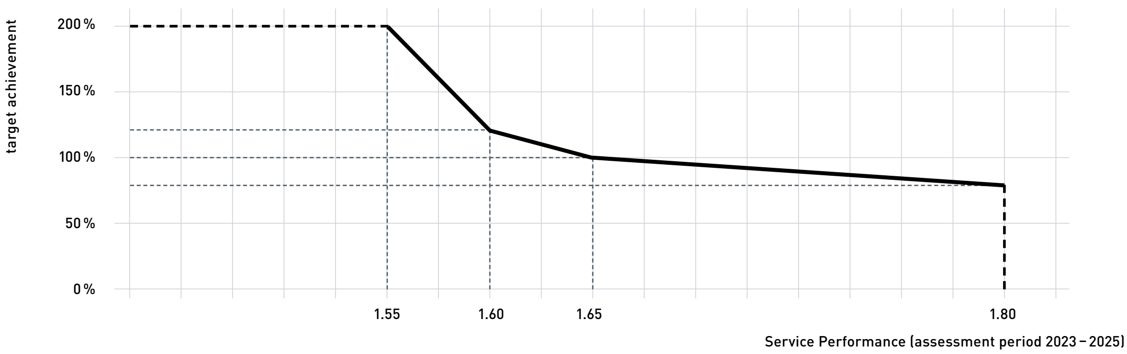
B.11 // TARGET ACHIEVEMENT EAT 2/3



Service performance over a period of three years is weighted at 1/3. This means the LTI includes a key performance indicator of DMG MORI AG. The service performance is the average number of service calls per machine under warranty over the last 12 months. The service performance component of the LTI must fall below a threshold value before becoming relevant to bonus payments. This threshold value is a target achievement of 80 %. Reaching the target figure corresponds to a target achievement of 100 %. It does not increase further after reaching the minimum value. This minimum value is a target achievement of 200 %.

The following figure shows further target achievement details:

B.12 // SERVICE PERFORMANCE (1/3)



The remuneration resulting from the targets achieved is adjusted (80 %-120 %) by two sustainability factors ("modifiers"), which are defined as part of the bonus payment. These sustainability targets include the reduction of carbon dioxide emissions (carbon dioxide emissions as defined by science-based targets) and the development of the PPR indicator (number of "Product Problem Reports" in the last twelve months with status completed and final adjusted divided by the number of "Product Problem Reports" issued in the last twelve months). A "product problem report" describes a customer complaint. Both sustainability factors can reach a level of 80 % – 120 % and are weighted at 50 % each. To secure the long-term and sustainable development, the targets are selected in consideration of the strategy.

Target and maximum amounts of remuneration

The payment from the STI and LTI is limited in each case to a total of 200 % of the target amount.

The maximum total remuneration of an Executive Board member is determined annually by the Supervisory Board on the basis of their target total remuneration and is the maximum amount of total remuneration for the respective bonus payment year, taking into account their fixed remuneration, short-term variable remuneration (STI), long-term variable remuneration (LTI) and retirement provisions.

The maximum total remuneration for financial year 2021 was set at € 4,800 K for the CEO and € 2,400 K each for Executive Board members (Table **B.13**).

B.13 // TARGET AND MAXIMUM REMUNERATION (REMUNERATION COMPONENTS 2021)

	Christian Thönes		Björn Biermann		Michael Horn	
in €	2021 (Actual)	2021 (MAX)	2021 (Actual)	2021 (MAX)	2021 (IST)	2021 (MAX)
Base remuneration	1,080,000	1,200,000	540,000	600,000	540,000	600,000
STI	1,600,000	1,600,000	800,000	800,000	800,000	800,000
LTI 2021-2023 [1) 2)]	805,000	2,300,000	428,750	1,225,000	860,000	1,225,000
Pension	450,000	450,000	200,000	200,000	200,000	200,000
Total remuneration [3)]	**4,055,000**	**4,800,000**	**2,400,000**	**2,400,000**	**2,400,000**	**2,400,000**

1) Amounts of € 805,000 for Christian Thönes and € 428,750 for Björn Biermann are only an advance payment.
LTI 2021-2023 payment for Christian Thönes and Björn Biermann settled with termination agreement.
2) Amount of € 860,000 for Michael Horn is the total amount for LTI 2021-2023 including an advance payment.
3) The total remuneration is a CAP value. The CAP value is not necessarily the sum of the individual remuneration components.

The maximum total remuneration for financial year 2023, including a pension, is € 1,567 K for the CEO, Alfred Geißler and € 2,950 K each for the Executive Board members, Björn Biermann and Michael Horn (Table **B.14**). The maximum total remuneration for financial year 2023 is € 5,000 K for Christian Thönes. The maximum total remuneration threshold in 2023 was exceeded for Christian Thönes and Björn Biermann as a result of their agreed severance payments (Table **B.14**).

B.14 // TARGET AND MAXIMUM REMUNERATION (REMUNERATION COMPONENTS 2023)

	Alfred Geißler (since 26 May 2023) 1)		Christian Thönes		Björn Biermann		Michael Horn	
in €	2023 (Target)	2023 (MAX)	2023 (Target)	2023 (MAX)	2023 (Target)	2023 (MAX)	2023 (Target)	2023 (MAX)
Base remuneration	538,043	538,043	1,200,000	1,200,000	600,000	600,000	600,000	600,000
STI	361,644	723,288	800,000	1,600,000	400,000	800,000	400,000	800,000
LTI 2023-2025	538,043	1,076,087	1,150,000	2,300,000	612,500	1,225,000	612,500	1,225,000
Pension	175,000	175,000	450,000	450,000	200,000	200,000	200,000	200,000
Total remuneration 2)	**1,612,730**	**1,567,123**	**3,600,000**	**5,000,000**	**1,812,500**	**2,950,000**	**1,812,500**	**2,950,000**

1) Pro rata salary due to appointment as CEO during the year
2) The total remuneration is a CAP value. The CAP value is not necessarily the sum of the individual remuneration components.

Retirement provisions
The retirement provisions are a further foundation for recruiting and retaining the highly qualified Executive Board members required for the group's further development and implementation of the corporate strategy. The retirement provisions should be competitive on the market for highly qualified Executive Board members and provide an appropriate level of benefits. Retirement benefits were paid for the financial year in the form of a defined contribution-based retirement provisions for the following active and former members of the Executive Board:

// Alfred Geißler: € 175 K (pro rata as of 26 May 2023)

// Christian Thönes: € 450 K p.a.

// Björn Biermann: € 200 K p.a.

// Michael Horn: € 200 K p.a.

The expenses for the contribution-based retirement provisions for all members of the Executive Board amounted to € 1,025 K in financial year 2023 (previous year: € 850 K).

Remuneration for former members of the Executive Board
In the reporting year, as part of direct pension obligations € 1,187 K (previous year: € 1,087 K) was paid to former members of the Executive Board and their surviving dependents, of which € 775 K went to Dr. Rüdiger Kapitza who left the Executive Board in 2016.

Remuneration of the Executive Board for financial year 2023
The target achievement for the short-term variable remuneration (STI) was 200 % for the performance indicator EBIT, and 166.8 % for order intake. The target achievement for the sustainability factor relating to the budget for investments in property, plant and equipment was 102 %, for the

GLOBE project 120 % and for the relative market shares AG / CO 107 %, resulting in a weighted modifier of 109 % in total. The target achievement for short-term variable remuneration (STI) for 2023 was 206 %. The STI payment was limited to a total of 200 % of the target amount (cap).

Target achievement for the long-term remuneration component (LTI tranche 2021-2023) was 200 % for the EAT indicator (3-year average 2021-2023) and 200 % for the service performance indicator. The target achievement for the sustainability factor for the adherence to the R&D and marketing budet was 120 % and for the development of the PPR indicator also 120 %, resulting in a weighted modifier of 120 % in total. The target achievement for the LTI tranche 2021-2023 was 240 %. The payment from the LTI tranche 2021-2023 was limited to a total of 200 % of the target amount (cap).

Christian Thönes left the company with effect from 25 May 2023. As an exception to the normal remuneration system, Christian Thönes received a severance payment of € 20,000 K. All contractual payments for the future, including future STI and LTI tranches, have been settled with the agreed severance payment. Advance payments already made (LTI tranche 2021-2023: € 805 K, LTI tranche 2022-2024: € 805 K) cannot be recovered.

Björn Biermann left the company with effect from 31 December 2023. As an exception to the normal remuneration system, Björn Biermann received a severance payment of € 7,500 K. With the exception of the STI 2023 all contractual payments for the future, including future STI and LTI tranches, have been settled with the agreed severance payment. Advance payments already made (LTI tranche 2021-2023: € 429 K, LTI tranche 2022-2024: € 429 K) cannot be recovered.

The total remuneration of the Executive Board for financial year 2023, excluding advance payments, amounted to € 33,560 K (previous year: € 9,753 K). This includes € 29,781 K (previous year: € 2,461 K) in fixed, non-performance-related remuneration (base remuneration and fringe benefits as well as severance payments) and € 2,323 K (previous year: € 3,200 K) in short-term variable remuneration (STI) as well as € 1,025 K in contribution-based retirement provisions (previous year: € 850 K).

Only Michael Horn will receive a payment from the LTI Tranche 2021-2023, which was allocated on 31 December 2023 and will be paid in 2024. The LTI Tranche 2021-2023 results in an amount for Michael Horn totaling € 1,225 K. After deduction of the advance payment, this amounts to € 796 K. Taking into account the maximum remuneration for 2021, the payment from the 2021-2023 LTI tranche amounts to € 431 K.

For the LTI Tranche 2022-2024, Christian Thönes, Björn Biermann and Michael Horn were paid recoverable advance payments in 2023 totaling € 1,663 K (LTI 2021-2023: € 1,663 K), which are a remuneration component under Section 162 (1) sentence 1 AktG.

As part of the severance agreements with Christian Thönes and Björn Biermann, DMG MORI AG waives the repayment of advance payments on LTI tranches not yet due for payment.

No loans were granted to members of the Executive Board of DMG MORI AKTIENGESELSCHAFT in the reporting year.

The companies belonging to the DMG MORI AKTIENGESELLSCHAFT group did not pay any remuneration directly to members of the Executive Board for services provided personally, in particular consulting and mediation services.

No Executive Board members were requested to repay any remuneration components. Malus and clawback provisions were not invoked.

Table **B.15** shows the granted and payable remuneration components for active and former Executive Board members in the respective financial year, including the corresponding relative share pursuant to Section 162 (1) sentence 1 AktG. The figures represent the base remuneration, fringe benefits and retirement provisions paid in the financial year. The table shows the STI 2023 and the LTI tranche 2021-2023 that will be paid in financial year 2024, but whose underlying activities were fully performed by the end of financial year 2023. The recoverable advance payment for the LTI tranche 2022-2024 is also shown.

B.15 // REMUNERATION AS GRANTED AND PAYABLE (SECTION 162 (1) SENT. 1 AKTG)

	Alfred Geißler CEO (since 26 May 2023)				Christian Thönes CEO (until 25 May 2023)			
in € K	2022	2022 [4]	2023	2023 [4]	2022	2022 [4]	2023	2023 [4]
Base remuneration	–		538		1,200		483	
Fringe benefit	–		8		11		4	
Severance payment			–		–		20,000	
Total	**–**	**–**	**546**	**38 %**	**1,211**	**25 %**	**20,487**	**98 %**
STI	–	–	723	50 %	1,600	33 %	–	
LTI 2020 – 2022	–	–	–	–	1,650	33 %	–	
LTI 2021 – 2023 [1]	–	–	–	–	–	–	–	
Total	**–**	**–**	**723**	**50 %**	**3,250**	**66 %**	**–**	
Pension [2]	–	–	175	12 %	450	9 %	450	2 %
Total remuneration without advance payment	**–**	**–**	**1,444**	**100 %**	**4,911**	**100 %**	**20,937**	**100 %**
Recoverable advance payment LTI 2021 – 2023 [3]	–		–		805		–	
Recoverable advance payment LTI 2022 – 2024 [3]	–		–		–		805	
Total inflow with advance payment (Remuneration pursuant to Section 162 (1) sent. 1 AktG)	**–**		**1,444**		**5,716**		**21,742**	

	Björn Biermann Executive Board Member (until 31Dec. 2023)				Michael Horn Executive Board Member			
	2022	2022 [4]	2023	2023 [4]	2022	2022 [4]	2023	2023 [4]
Base remuneration	600		600		600		600	
Fringe benefit	8		8		42		40	
Severance payment	–		7,500		–		–	
Total	**608**	**26 %**	**8,108**	**89 %**	**642**	**26 %**	**640**	**31 %**
STI	800	33 %	800	9 %	800	33 %	800	38 %
LTI 2020 – 2022	796	33 %	–	–	796	33 %	–	–
LTI 2021 – 2023 [1]	–		–	–	–	–	431	21 %
Total	**1,596**	**66 %**	**800**	**9 %**	**1,596**	**66 %**	**1,231**	**59 %**
Pension [2]	200	8 %	200	2 %	200	8 %	200	10 %
Total remuneration without advance payment	**2,404**	**100 %**	**9,108**	**100 %**	**2,438**	**100 %**	**2,071**	**100 %**
Recoverable advance payment LTI 2021 – 2023 [3]	429		–		429	–	–	
Recoverable advance payment LTI 2022 – 2024 [3]	–		429		–	–	429	
Total inflow with advance payment (Remuneration pursuant to Section 162 (1) sent. 1 AktG)	**2,833**		**9,537**		**2,867**	**–**	**2,500**	

	Executive Board total			
	2022	2022 [4]	2023	2023 [4]
Base remuneration	2,400		2,221	
Fringe benefit	61		60	
Severance payment	–		27,500	
Total	**2,461**	**25 %**	**29,781**	**89 %**
STI	3,200	33 %	2,323	7 %
LTI 2020 – 2022	3,242	33 %	–	–
LTI 2021 – 2023 [1]	–	–	431	1 %
Total	**6,442**	**66 %**	**2,754**	**8 %**
Pension [2]	850	9 %	1,025	3 %
Total remuneration without advance payment	**9,753**	**100 %**	**33,560**	**100 %**
Recoverable advance payment LTI 2021 – 2023 [3]	1,663	–	–	–
Recoverable advance payment LTI 2022 – 2024 [3]	–	–	1,663	–
Total inflow with advance payment (Remuneration pursuant to Section 162 (1) sent. 1 AktG)	**11,416**	**–**	**35,223**	**–**

1) Amount less prepayments and including maximum remuneration for 2021
2) Payments for defined contribution pension plans
3) LTI 2021 – 2023: Advance payment made in 2022, LTI 2022 – 2024: Advance payment made in 2023
4) The relative percentages stated here relate to the remuneration components "granted and payable" in the respective financial year pursuant to Section 162 (1) sentence 1 AktG.

Table **B.16** shows a comparison of the percentage change in the remuneration of Executive Board members with the earnings performance of DMG MORI AKTIENGESELLSCHAFT and the average remuneration of employees on a full-time equivalent basis compared to the previous year. These figures for the reporting year correspond to the total remuneration figures specified in the table "Remuneration granted and payable" pursuant to Section 162 (1) sentence 1 AktG. Earnings performance is generally presented on the basis of the development of the key figure EAT.

B.16 // COMPARISON OF ANNUAL CHANGE IN EXECUTIVE BOARD'S REMUNERATION (SECTION 162 (1) NO. 2 AKTG)

	2021 against 2020	2022 against 2021	2023 against 2022
Alfred Geißler	–	–	–
Christian Thönes [4]	+47.7 %	+37.7 %	+280.4 %
Björn Biermann [4]	+35.4 %	+27.8 %	+236.6 %
Michael Horn	+49.8 %	+27.0 %	-12.7 %
EAT (DMG MORI AG group) [1]	+64 %	+79 %	+6 %
EAT (DMG MORI AKTIENGESELLSCHAFT) [2]	+8 %	+400 %	+1 %
Average employee remuneration [3]	+2 %	+3 %	+4 %

1) 2023: € 163.2 million / 2022: € 153.4 million / 2021: € 85.6 million / 2020: € 52.1 million
2) 2023: € 147.5 million (under HGB) / 2022: € 146.5 million (under HGB) / 2021: € 29.3 million (under HGB) / 2020: € 27.1 million (under HGB)
3) Employee remuneration in Germany in the respective financial year
4) Reason for the high percentage increase is a severance payment

RESEARCH AND DEVELOPMENT

The purpose of research and development at DMG MORI AG is to sustainably increase the value of our products for our customers. As a technology company, we are responding to the change and increase in customer expectations with our Machining Transformation (MX) strategy. MX is based on the four pillars of Process Integration, Automation, Digital Transformation (DX) and Green Transformation (GX). By interlinking these four pillars as closely as possible, we provide our customers with tailored solutions for state-of-the-art, sustainable and efficient production. In the reporting year, together with DMG MORI COMPANY LIMITED, we presented 30 innovations – including 9 world premieres focusing on process integration, 2 automation products, 5 digital innovations, 4 technology cycles, 4 DMG MORI Components and 6 innovations for a reduced energy consumption of our machines.

In the reporting year, we expanded our diversified product portfolio, which then comprised 159 different machine models, as follows:

// **CTX 350, CTX 450, CTX 550 –** The universal turning machines from the 6th generation of our CTX series allow a high precision for 6-sided complete machining by main and counter spindles thanks to liquid-cooled spindle drives and direct measuring systems. With a better cutting performance of up to 45 % and a larger turning diameter of up to 20 % on a smaller footprint, as well as a wide range of equipment options, such as the integrated robot for loading and unloading workpieces with a diameter of up to 100 mm, our new CTX machines can be tailored to the individual needs of our customers.

- // **CTX beta 450 TC –** The high-tech turn & mill center combines 6-sided complete machining with 5-axis simultaneous milling as standard and if required, provides 5-in-1 process integration: turning, milling, grinding, gearing and measurement. This makes it ideal for complex components as well as for fast and precise machining on identical main and counter spindles, and with the compactMASTER milling spindle with up to 20,000 rpm.

- // **INH 63 & INH 80 –** The high-productivity 5-axis horizontal machining centers from our new INH series convince with their large working area, high dynamic performance and acceleration of up to 1.2 g. Their high performance coupled with innovative solutions, such as the new DMG MORI Component *zero-sludge*COOLANT pro, provide ideal conditions for automated production, e.g. with our linear pallet storage automation system LPP or CPP and our robot automation system MATRIS.

- // **DMU 40 –** The DMU 40 is an excellent entry-level solution for 5-axis simultaneous machining and can be flexibly automated, for example with the Robo2Go Milling, PH 150 or PH Cell. With a footprint of less than 5.1 m^2, the 5-axis universal machine is one of the most compact on the market. With direct drives and a one-piece machine bed, among others, it offers high precision of up to 5 μm, as well as outstanding dynamic performance and productivity with rapid traverse rates of up to 30 m/min.

- // **DMU 65/75 monoBLOCK 2nd Generation –** The compact and easy-to-automate second generation DMU 65 and 75 monoBLOCK are a combination of the experience gained from supplying over 6,000 machines of the monoBLOCK series with 30% higher volumetric accuracy, 20% greater temperature stability and high productivity through the integration of milling, turning, grinding, gearing and measurement on a single machine. With their high-level process integration, monoBLOCK series machines help to achieve resource-saving and efficient production processes.

- // **DMF 300|11 –** The DMF 300|11, which we presented at our Open House exhibition in Pfronten at the beginning of the reporting year, is based on a modular system providing maximum flexibility and is a new addition to our series of innovative traveling column machine centers. Its large machining area with a travel distance of 3,000 mm can be divided into two separate areas by an easy-to-install partition wall. Together with our innovative, patented tool changer and flexible automation solutions, the machine can be used with high efficiency via runtime parallel setup in both working areas. High rigidity and precision are achieved by three X-axis linear guides.

In the reporting year, over 30,000 visitors at the Formnext trade fair in Frankfurt had a chance to see our new generation LASERTEC 30 *SLM* for the first time. We will be expanding our portfolio in the area Additive Manufacturing with, among others, the presentation of this machine in the current financial year.

As part of our MX strategy, **Automation** is the key to more efficiency, productivity, and even faster amortization – resulting in greater competitiveness and sustainability for our customers. Our innovative and broad automation portfolio includes workpiece, pallet and tool handling, as well as digital solutions, such as the DMG MORI Cell Controller LPS 4. In a production line with multiple machines, the DMG MORI Cell Controller is a master computer that ensures efficient workpiece, pallet and tool management. In the reporting year, we expanded our automation portfolio with the following products:

// **PH Cell 800 –** The latest solution from our PH Cell series is designed for workpieces with a diameter of up to 800 mm and a maximum transfer weight of 800 kg. Its modular design allows handling of up to 30 pallets with a footprint of less than 16.5 m². The PH Cell 800 can be retrofitted and the machine tool remains easily accessible at all times.

// **AMR 2000 –** This modular system features various automation solutions that move together with people in one and the same system and are able to bypass obstacles independently. AMR 2000 platform products can transport workpieces, pallets, tools and chip carts weighing up to 2,000 kg between machines and other locations. At the EMO in September 2023, customers and interested visitors were given a live demonstration of how these innovative AMRs (Autonomous Mobile Robots) work and discovered other technological highlights in our "DMG MORI City – The Home of Technology" across an area of around 9,000 m².

As one of four pillars, **Digital Transformation (DX)** supports the implementation of our MX strategy. With digital solutions along the entire value chain of our customers, we aim to increase productivity in production and enable Green Transformation (GX). With the machine as our focus, we presented the following digitization solutions and technology cycles in the reporting year:

// **3D Shopfloor Programming –** Thanks to innovative part recognition and the generation and simulation of the part-specific machining program, the process of creating NC codes is up to 80 % faster.

// **4 new DMG MORI Technology Cycles –** Our new programs for monitoring, measuring, or creating machining cycles, such as our new gearSKIVING AI technology cycle for grinding, allows us to support our customers with easy programming of their machine on the shop floor.

// ***my*DMG MORI –** Our online customer portal *my*DMG MORI digitizes service processes and sets new standards for transparent communication. Continuously enhanced functions such as the easy returns option via instant messaging mean that we are always within easy reach of our customers.

// **DMG MORI gearMILL 2nd Gen. –** Technology integration combined with our unique DMG MORI gear cutting solutions, such as the new DMG MORI gearMILL make it possible to program a wide variety of gearings directly on the machine and to manufacture them without special gear cutting machines. The resulting increase in capacity utilization and efficiency makes another contribution to greater sustainability for our customers.

The new **CELOS X** is a digital and data-based ecosystem for the integrated management, planning, control, operation, monitoring and interaction of machines, automation solutions, workflows and processes in the industrial manufacturing sector. CELOS Xchange provides a trusted data hub to securely store, analyze and exchange manufacturing data in global production chains. CELOS Xperience and the new panel **ERGOline X** demonstrate our focus on user-friendly functions e. g. by standardized interfaces.

Our product development processes are also driven by our commitment to sustainability and resource conservation. Our MX strategy enables our customers to achieve efficient and thus energy-saving parts production processes via process integration, automation and digital solutions. We also combine a range of options for resource-saving machine operation under the name of

DMG MORI **GREEN**MODE. We use innovative technologies for the demand-oriented operation of machine components and focus on using components of high efficiency. For example, the adaptive coolant flow introduced in the reporting year means only as much coolant is supplied to the process as is actually required for each process step. This has reduced the coolant pump's power consumption by up to 80 %. We also use the energy from braking processes of drives wherever possible and support users in achieving energy-efficient machine operation by creating transparency about energy consumption. With our **GREEN**MODE measures, we can thus consistently increase the energy and resource efficiency of our machines (Scope 3 Downstream) through the use of innovative hardware and software components. Energy savings of over 30 % are possible in the operation of our machine tools. The effectiveness of our energy efficiency measures and our calculation methods has also been confirmed by the renowned TÜV SÜD Industrie Service GmbH: DMG MORI was the first machine tool manufacturer in Germany to be awarded the TÜV SÜD EME certificate in January 2023 for its **GREEN**MODE management system.

Our research and development activities are decentralized and coordinated by a central product development committee. This structure allows the development of high-level market and product competence, while at the same time opening up synergy effects through cross-plant cooperation. We are creating synergies through our annual worldwide development conference. At our already 10th "Global Development Summit" in September 2023, around 250 international experts came together in Bielefeld and virtually to develop and promote future concepts for our MX strategy.

B.17 // RESEARCH AND DEVELOPMENT IN A YEAR BY YEAR VIEW

		2023	2022	2021	2020	2019	2018	2017
R&D employees	number	691	604	599	560	583	581	525
R&D employees [1]	in %	15	15	15	15	15	15	15
R&D expense [2]	€ million	84.3	77.0	72.9	66.7	72.0	70.9	60.9
Innovation ratio [3]	in %	6.1	6.0	6.6	6.4	5.0	4.9	4.7
Capitalization quote [4]	in %	6.3	6.4	6.3	6.1	6.4	6.4	10.5

1) R&D employees in relation to the number of employees in the "Machine Tools" segment
2) R&D expenses including custom engineering expenses
3) R&D expense in relation to sales revenues in the "Machine Tools" segment
4) capitalized development costs in relation to R&D expenses

PURCHASING

At DMG MORI AG, the main task of Purchasing is to secure supplies in the short and medium term using optimized cost structures and to ensure the development of resilient, agile and sustainable supply chains. Purchasing is globally organized and represented in key purchasing markets worldwide. Three regional purchasing units in India, China and Taiwan identify additional growth markets and qualify local suppliers to realize cost benefits for all production sites in the group.

By using material group management with DMG MORI COMPANY LIMITED, both companies benefit from improved cost structures and synergy effects generated by multiple group-wide projects.

The cost of materials and purchased services for DMG MORI AG amounted to € 1,369.3 million (previous year: € 1,329.1 million). Of this, € 1,174.5 million was attributable to raw materials, consumables and supplies (previous year: € 1,150.9 million). The share of material expenses in total operating performance (materials ratio) was 52.9 % (previous year: 55.4 %). Accordingly, our success largely depends on the performance of our partners and suppliers.

While pressure on supply chains eased in the reporting year, global uncertainties and the war in Ukraine still had a negative impact on the supply of materials. This is why purchasing remains a key factor to success. DMG MORI AG continues to pursue a clear double-sourcing strategy worldwide with a high level of diversification and regionalization in the markets. For key components as well as strategic product groups, production is realized internally through DMG MORI Components. We are in constant, personal contact with our suppliers and involve them in our machine development process at an early stage. The Product Cost Optimization (PCO) department is thus an integral part of every product development and supports our project managers with extensive manufacturing expertise in identifying potential cost reductions. A total of 50 projects were initiated in the reporting year which can generate savings potential in subsequent years.

The measures we implemented enabled us to secure a sustainable supply of materials in the reporting year. We are continuing our work to digitize all relevant processes in order to consistently increase efficiency, identify group-wide synergies and further increase security of supply. To do this, we create a common database and use innovative technologies that enable networked collaboration in real time – within the group and with our delivery partners.

In the future, transactions with our suppliers are to be further standardized and, wherever possible, automated. Our aim is to reduce transaction costs and accelerate business processes. In the future, we will place a greater focus on cloud-based software applications and robotic process automation (RPA) to automatically process data in repetitive administrative processes.

Sustainability criteria also play an increasingly important role in the evaluation and selection of our partners and suppliers. In accordance with the Supply Chain Due Diligence Act, which came into effect on 1 January 2023, we expect them to follow our voluntary commitment to sustainability and also pass on these requirements across their entire supply chain. This enables us to purchase production material as well as material and services worldwide in the required quality, at the best possible conditions and in a sustainable way. Sustainable procurement, the careful use of natural resources and energy-saving, environmentally friendly procedures are also defined in our purchasing guidelines and terms and conditions. With the platforms “Integrity Next” and “SAP Ariba”, our sustainability criteria are uniformly integrated into the purchasing and supplier organization throughout the group. Of particular relevance here are the active suppliers for our core machine tool and service business, with whom we have been working for at least two years. All of these suppliers – i. e. 3,723 – are actively involved in "Integrity Next" monitoring.

Reducing our carbon dioxide emissions is a core objective of DMG MORI AG. As around 54 % of the emissions currently recorded in our carbon footprint report are attributable to upstream processes in our supply chain, partner and supplier management plays a key role here. Our own targets, which have been reviewed and approved by the Science Based Targets initiative (SBTi), are used to define sub-targets for our supply chain, which have also been reviewed by the SBTi:

1 // by 2030, we will reduce carbon dioxide emissions within our supply chain by at least 27.5 %.

2 // by 2050 at the latest, we will reduce carbon dioxide emissions in our supply chain to net zero.

This is why we are asking our suppliers to be proactive and more transparent to us about their carbon dioxide emissions. Through active dialogue, our aim is to help them at an early stage and raise their awareness of the fact that we also maintain a sustainable and low-emission supply chain and expect the same from our partners. Using the "Integrity Next" digital platform, we support them by providing questionnaires for reporting and developing corresponding mitigation measures.

In order to provide our partners with the best possible support in implementing these measures and also to record our own emissions even more accurately, we have introduced a software solution that ensures the carbon dioxide emissions of the items procured for our machine tools are transparent. An automated comparison with various secondary databases allows us to determine the correct carbon dioxide emission factors for the materials used at product level. The software is used to calculate accurate results and works with a number of recognized calculation methods. This high level of transparency enables us to provide our suppliers of production materials with specific improvement recommendations and carbon dioxide reduction targets. Further details can be found in the separate ↗ Sustainability Report 2023.

page 19 et seq.

We respond to sustainability risks and violations by systematically implementing measures. For example, supply partners are informed about any breaches and actively requested to address them within a certain period of time. Serious violations can lead to the dissolution of the cooperation and to the delivery partner being blocked by the system.

To further strengthen the resilience of our supply chains, our purchasing departments are always looking for new, high-performance suppliers. The initial selection of suitable suppliers takes place via the digital platform, Matchory. Matchory allows users to search for group-wide standardized criteria in real time through AI and big data-supported concepts as well as machine learning. This enables us to compare 100 times more suppliers worldwide per sourcing request and saves up to 85 % more time, ensures transparent, global supply chains from the outset, increases our flexibility and enables much faster response times.

Our supplier requirements include:

// **Meeting deadlines:** high flexibility, reliability and problem-solving skills,

// **Responsibility for costs:** transparent pricing,

// **Quality responsibility:** modern and efficient quality management systems,

// **Environmental protection:** responsible use of all resources,

// **Energy and emissions:** transparency and commitment to implementing reduction measures,

// **Collaboration:** expanding technology leadership through innovation,

// **Compliance:** the observance of applicable laws and regulations, social standards and human rights are minimum requirements.

PRODUCTION AND LOGISTICS

DMG MORI AG is committed to highly efficient, digitized and sustainable production and logistics. Our goal is to ensure the prompt delivery of top-quality products to our more than 100,000 customers worldwide. Innovative technology solutions along the entire value chain and our "First Quality" strategy ensure that our processes are always tailored to the highest quality and maximum customer benefit. Our regular satisfaction analyses confirm that we are meeting these high standards. In the current reporting year, 97 % of our customers said they were satisfied.

Our high quality standards are also reflected in our production strategy. Our focus is on the transfer of best-practice solutions, standards and the results of our lighthouse projects between sites, a process that we continue to promote systematically with the help of the TAKT production model. At the same time, our component strategy helps us to increase the resilience of our supply chains while ensuring compliance with our quality standards.

The DMG MORI TAKT Academy plays a key role in effectively optimizing our internal processes and at the same time provides our employees with further training in the renowned "Digital Lean Six Sigma" methodology. By the end of 2023, at total of 680 certifications had been successfully completed at our TAKT Academy since it was founded in 2019. In 2023, certification projects focused on securing resilient supply chains, reducing inventories and lead times as well as lowering quality and warranty costs. In the reporting year, 11 "Black Belt" projects were successfully completed, with first-year benefits, i. e. the calculated savings in the first year less relevant costs, amounting to around € 2.5 million.

We conduct regular workshops at all our sites on continuous improvement processes (CIP) to consistently refine internal workflows. The calculated first-year benefits resulting from the CIP projects carried out in the reporting year can be put at around € 1.6 million. All our employees can also submit individual improvement ideas via our employee suggestion scheme platform, DMG MORI Improve. In 2023, 21,271 ideas were submitted. In addition, 16,845 ideas with calculated first-year benefits of € 3.9 million were implemented in the reporting year. The initiatives and projects carried out in the reporting year from the TAKT ITO (Improve Together Organization) division – which includes the TAKT Academy, CIP and idea management – amounted to resulting calculated first-year benefits of around € 8 million.

We continue to forge ahead with the end-to-end digitization of our own value chain with our own software solutions. For example, using our TULIP no-code platform, our employees have already developed and programmed over 300 TULIP apps that are permanently used at over 2,300 workstations in all our plants. Data can then be processed automatically by different work steps in the ERP system using Robotic Process Automation (RPA). This reduces manual work, particularly for repetitive administrative processes.

The global logistics situation improved in the reporting year, particularly with regard to air and sea freight capacity bottlenecks. Together with our partners and suppliers, we continue to work on the stabilization and resilience of our supply chains and logistics processes. Our greatest challenge is currently overland transport, particularly with regard to the heavy goods transport of larger machine tools.

Our global production network, which we organize in close cooperation with DMG MORI COMPANY LIMITED, gives us greater flexibility. By coordinating the use of global production capacities, we can also optimize delivery capacity and transport times for our customers.

In the reporting year, we expanded our production network through the completion and start of production of our new plant in Pinghu near Shanghai (China), with the goal of producing machine tools for the local market in China.

In the reporting year, the focus of our Pfronten site included holding "Production Dojos" to improve assembly – i.e. analysis of machine assembly under laboratory conditions. This helped, for example, to optimize assembly processes for the DMU 65 2nd generation and also achieve a productivity increase of around 30 %. It also enabled us to reduce lead times by about 20 % for the PH Cell automation solution.

As part of our digitization process, we prepared the rollout of SAP S/4HANA at DMG MORI Pfronten GmbH and DMG MORI Ultrasonic Lasertec GmbH, which took place in January 2024. We also successfully completed planning and optimization projects for production plants using simulation and virtual reality.

In the reporting year, we commissioned a new production line, the "FlowLine", at our Seebach site. This involved completely renovating the assembly hall and equipping it with new technical infrastructure. Since January 2024, machines including the DMU 50 3rd generation and DMU 40 have been built here on 30 automated guided vehicles (AGVs), with a capacity of up to 600 machines a year and a complete mixed-model assembly on a single shift basis. Compared to the previous production line, the FlowLine has helped us achieve an increase in productivity of up to 30 % and a reduction in lead times of around 40 %.

In Bielefeld, following the go-live of SAP S/4HANA in 2022, we also focused on increasing our process efficiency. To do this, we implemented a PDA system, among others, which reduced down-times and increased productivity. During development of our new CTX beta 450 TC, we implemented a streamlined platform strategy that allows an assembly time reduction of around 20 % compared to the predecessor model. We also expanded the production network between our Bielefeld and Pleszew (Poland) sites, in order to be able to respond even more flexibly to high demand in the future.

To further consolidate our components strategy, we commissioned a new Components Center at our Pleszew (Poland) site in October 2023. Here, across an area of around 5,200 m^2, we manufacture mechanical components and assemblies to supply our European production sites. We are also planning to build a switch cabinet assembly here in 2024 – also to cover our internal demands.

In the reporting year, we launched another vertical integration project at our Brembate di Sopra (Italy) site. As early as the current financial year, tool turrets are to be built here to ensure availability for our production in Europe.

We are modernizing and expanding the production facility at our site in Tortona (Italy). Our focus is on building a new assembly hall and implementing a state-of-the-art assembly concept based on automated guided vehicles (AGVs) for efficient and flexible assembly. This should be completed at the end of 2024.

As part of a black belt project at DMG MORI Ultrasonic Lasertec in Stipshausen, we managed to significantly improve the product quality of the ULTRASONIC 20, which led to a reduction in servicing costs for this series.

At DMG MORI Additive in Bielefeld, we introduced an innovative DTP (Digital Test Protocol) machine commissioning app based on TULIP. The DTP app ensures that the test program runs more efficiently and provides seamless documentation.

PH Cell 800
for up to 30 pallets

For additional unattended shifts or night and weekend shifts with just a few operators.

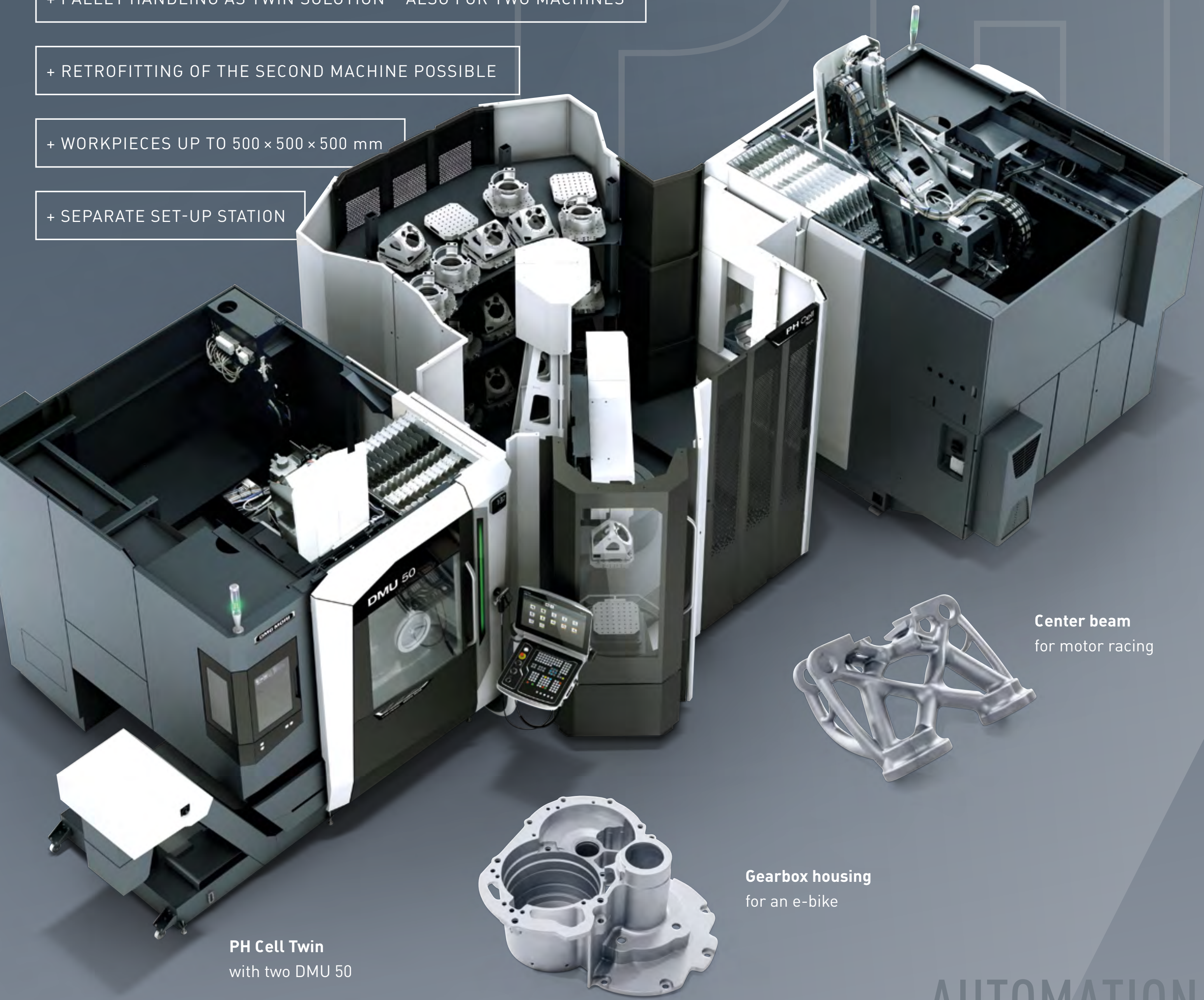
DMG MORI's automation portfolio includes systems for workpiece handling and the handling of pallets loaded with workpieces.

The spectrum ranges from automation solutions for individual machines to the integrated automation of complete production lines.

AUTOMATION

Modular and compact pallet handling for two machines.

+ PALLET HANDLING AS TWIN SOLUTION – ALSO FOR TWO MACHINES
+ RETROFITTING OF THE SECOND MACHINE POSSIBLE
+ WORKPIECES UP TO 500 × 500 × 500 mm
+ SEPARATE SET-UP STATION



PH Cell Twin
with two DMU 50

Center beam
for motor racing

Gearbox housing
for an e-bike

AUTOMATION
HIGHLIGHTS

More information on pallet handling at:
https://en.dmgmori.com/products/automation/pallet-handling

ECONOMIC REPORT

BUSINESS ENVIRONMENT

OVERALL ECONOMIC DEVELOPMENT

The global economy showed only little momentum in 2023. Ongoing geopolitical uncertainties and conflicts and the resulting high costs for energy and raw materials, multiple interest rate hikes and the sharp tightening of monetary policy by international central banks to curb inflation dampened economic growth, particularly in the second half of the year. In the Eurozone and China in particular, economic momentum fell short of expectations, while the US economy proved to be surprisingly robust. According to preliminary calculations by the Institute for the World Economy (IfW) at the University of Kiel, the global economy grew by +3.1 % (previous year: +3.3 %).

In the Eurozone in particular, the effects of the war in Ukraine and geopolitical conflicts had a significantly negative impact on the economy. Here the economy only grew by +0.5 % (previous year: +3.5 %). According to the IfW, Germany's gross domestic product (GDP) fell by -0.1 % (previous year: +1.9 %). The other major European economies – led by Spain with an increase in GDP of +2.4 % (previous year: +5.8 %), France of +0.8 % (previous year: +2.5 %) and Italy of +0.7 % (previous year: +3.9 %) – were still able to marginally compensate for the recession in the second half of the year due to the slightly more positive development in the first half of the year. At +0.6 %, GDP growth in the UK was significantly lower than in the previous year (+4.3 %).

China recorded a GDP growth rate of +5.4 % (previous year: +3.0 %). Problems in the real estate sector, subdued private consumption and weak international trade nevertheless had a dampening effect on the economy. In Japan, economic development was positive with growth of +2.0 % (previous year: +0.9 %). India again recorded a strong rise with +7.3 % (previous year: +6.7 %). The Southeast Asia region grew by +4.5 % (previous year: +5.6 %).

The US economy grew in the first half of the year but lost momentum at the end of the year. GDP increased by a stable +2.4 % for the year as a whole (previous year: +1.9 %). Latin America recorded a modest rise of +2.1 % (previous year: +3.9 %).

DEVELOPMENT OF THE MACHINE TOOL INDUSTRY

International development

The global market for machine tools again faced major challenges in 2023. The war in Ukraine, the geopolitical conflicts, multiple interest rate hikes and continued high raw material and energy costs curbed demand for capital goods, particularly in the second half of the year. According to preliminary figures from the German Machine Tool Builders' Association (VDW) and the British economic research institute, Oxford Economics, global consumption in 2023 fell for the first time since the pandemic year, 2020, by -2.0 % to € 78.8 billion (2022: € 80.4 billion).

According to preliminary information from the VDW, machine tool consumption in Europe increased by +3.5 % (previous year: +19.6 %). Asia recorded a sharp decline of -8.8 % (previous year: +11.0 %). In North and South America, consumption decreased by -2.6 % (previous year: +15.9 %).

In China, the world's largest market, machine tool consumption saw a significant drop of -8.5 % to € 23.8 billion (2022: € 26.0 billion). The USA, the second most important market for machine tools, experienced a decline of -6.9 % to € 9.0 billion (2022: € 9.7 billion). In Germany, the third largest market, consumption rose by only +0.3 % to € 5.3 billion (2022: € 5.2 billion) and was still well below its pre-pandemic level in 2019 (€ 7.1 billion). Italy remained in fourth place as in the previous year. Consumption rose by +5.8 % to € 5.0 billion (2022: € 5.3 billion). Japan's consumption fell by -10.2 % to € 3.2 billion (2022: € 3.6 billion), maintaining its position as the fifth-strongest market ahead of India with € 3.1 billion (2022: € 2.8 billion). The ten key consumer markets represented around 76 % of global machine tool consumption as in the previous year.

For global production, the VDW calculated a volume of € 78.8 billion (2022: € 80.4 billion). According to preliminary estimates, China remained the world's largest producer of machine tools with a volume of € 25.4 billion (2022: € 25.7 billion). Germany with € 10.5 billion (2022: € 9.7 billion) and Japan with € 8.7 billion (2022: € 9.9 billion) changed places and followed in second and third place. The ten key production countries represented a total of 87 % (previous year: 88 %) of machine tool production worldwide.

German machine tool industry

The German machine tool industry started 2023 at a moderate pace but was unable to maintain this trend over the course of the year and lost significant momentum at the end of 2023. Multiple interest rate hikes and high costs for raw materials and energy curbed machine tool investments. Orders in Germany fell by a sharp -10.5 % to € 14.1 billion (2022: € 15.8 billion). Both domestic demand, which was down -14.2 % (previous year: +17.8 %) and international orders, which were down -9.0 % (previous year: +15.8 %) saw a significant decline. Order intake for metal-cutting machines also fell by -11.0 % (previous year: +18.0 %). Domestic orders for metal-cutting machines were down by -15.0 % (previous year: +23.0 %). International orders fell by -9.0 % (previous year: +16.0 %). In the forming machines area, order intake fell by -9.0 % (previous year: +12.0 %). Order intake at the international plants of German manufacturers is not included in these figures.

The sales of German machine tool manufacturers experienced a strong upward trend due to the easing of supply chains. They grew by +7.6 % to € 15.2 billion but were still -10.4 % below their high pre-pandemic levels in 2019 (€ 17.0 billion). The production of machinery, parts and accessories reached a total volume of € 13.7 billion and was up +7.6 % on the previous year (€ 12.7 billion).

German machine tool exports rose by +9.0 % to € 9.5 billion (previous year: € 8.7 billion). The export ratio rose by about one percentage point to 69.5 %. The most important export market for German machine tools was again China with an increase of +7.2 % to € 1.7 billion (previous year: € 1.6 billion). This corresponds to a share of 17.5 % of machine tool exports (previous year: 17.8 %).

As in the previous year, the USA took second place with an export volume of € 1.5 billion (export share: 15.6 %). Italy was the third most important export market with € 0.6 billion and an export share of 6.7 %, followed by Switzerland and France. Imports of machine tools to Germany fell by -1.0 % to € 3.6 billion (previous year: € 3.7 billion). With an import share of 24.9 %, almost one in four imported machine tools came from Switzerland, followed by Japan (10.6 %) and Italy (8.5 %).

The domestic consumption of machines, parts and accessories increased by +2.0 % to € 7.8 billion. Over the course of the year, the capacity utilization of German machine tool manufacturers rose by around 2 percentage points to 89.6 % (previous year: 87.7 %).

The number of employees in German machine tool companies rose by an annual average of +1.4 % to around 65,200 (previous year: 64,264).

The ifo business climate index is one of the leading indicators of economic development in Germany. According to the ifo publication of January 2024, sentiment in the German economy continued to deteriorate overall at the start of the year. However, the business climate index rose slightly in almost all key manufacturing industries (mechanical engineering, manufacture of metal products and electrical equipment). Companies were somewhat more satisfied with their current business activities. Expectations also improved, but remained pessimistic. The order backlog continues to decline, however less sharply than at the end of 2023, and is still at a high level. Capacity utilization also fell and, at 81 %, was around two and a half percentage points below the long-term average.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET WORTH

ORDER INTAKE

The global machine tools market was again marked by global challenges and uncertainties in 2023. The war in Ukraine, geopolitical conflicts, multiple interest rate hikes and continued high raw material and energy costs curbed demand for capital goods, particularly in the second half of the year.

Despite these challenging market conditions, in its core business with machine tools and services, DMG MORI AG achieved a stable order intake of € 2,583.6 million compared to the previous year's record figure of € 2,904.2 million (-11 %). Orders reached € 523.0 million in the fourth quarter (-7 %; previous year: € 564.1 million).

In the "Machine Tools" segment, order intake amounted to € 1,438.5 million (-11 %; previous year: € 1,622.7 million). In the fourth quarter, orders amounted to € 273.9 million (previous year: € 269.4 million). The "Industrial Services" segment recorded order intake of € 1,144.9 million (-11 %; previous year: € 1,281.3 million). This includes orders from our original service business amounting to € 779.2 million (+1 %; previous year: € 771.0 million), as well as orders for machines from DMG MORI COMPANY LIMITED in the amount of € 365.7 million (-28 %; previous year: € 510.3 million). In the fourth quarter, order intake for "Industrial Services" amounted to € 249.1 million (previous year: € 295.2 million).

Domestic orders were € 858.6 million (-4 %; previous year: € 894.4 million). International orders amounted to € 1,725.0 million (-14 %; previous year: € 2,009.8 million). The international share thus amounted to 67 % (previous year: 69 %). At 4,594, the number of new machines sold was below the previous year (6,103), but the average order value continued to grow significantly due to the high-tech equipment of the machines. Selling prices were also successively raised across the entire product range due to increased material prices worldwide.

SALES REVENUES

Sales revenues increased by +6 % to € 2,498.6 million (previous year: € 2,365.7 million). In the fourth quarter, sales revenues rose to € 699.8 million (+5 %; previous year: € 668.6 million).

There was an over-proportional growth in domestic sales revenues of +15 % to € 901.0 million (previous year: € 786.5 million). International sales revenues amounted to € 1,597.6 million (+1 %; previous year: € 1,579.2 million). The export share was 64 % (previous year: 67 %).

The measures we implemented to increase efficiency and productivity at our production plants made a positive contribution to the growth in sales revenues. The pressure on global supply chains also eased in the reporting year, while our proven double sourcing strategy and increase in localized procurement continued to reap the benefits.

In the “Machine Tools” segment, orders went up to € 1,373.8 million (+7 %; previous year: € 1,282.8 million). Sales revenues increased to € 402.6 million in the fourth quarter (+4 %; previous year: € 387.8 million). In the “Industrial Services” segment, sales revenues throughout the year rose to € 1,124.6 million (+4 %; previous year: € 1,082.7 million). Of this, € 724.8 million was attributable to our original service business (+24 %; previous year: € 585.2 million) and € 399.6 million to trading sales of products from DMG MORI COMPANY LIMITED (previous year: -20 %; € 496.5 million). In the fourth quarter, sales revenues in the “Industrial Services” segment reached € 297.2 million (+6 %; previous year: € 281.3 million).

ORDER BACKLOG

As of 31 December 2023, order backlog amounted to € 1,535.5 million (31 Dec. 2022: € 1,613.4 million). Domestic order backlog was € 525.3 million (31 Dec. 2022: € 567.7 million). International order backlog totaled € 1,010.2 million (31 Dec. 2022: € 1,045.7 million). International orders accounted for 66 % of the current orders (31 Dec. 2022: 65 %).

The order backlog for the individual segments developed as follows: In the “Machine Tools” segment, order backlog was € 832.6 million (31 Dec. 2022: € 913.1 million). In the “Industrial Services” segment, order backlog totaled € 702.9 million as of 31 December 2023 (31 Dec. 2022: € 700.3 million).

As in the previous year, the order backlog for “Machine Tools” results in a calculated production range of around 8 months on average – this forms a good basis for the financial year 2024. The individual production companies have different levels of capacity utilization. We are constantly optimizing our assembly and production capacities to further increase efficiency and productivity. In the reporting year, for example, a new FlowLine was completed and commissioned at our production plant in Seebach. This new assembly line helps increase productivity by up to 30 % and reduce lead times by around 40 % using a complete mixed model system.

RESULTS OF OPERATIONS

The global machine tools market again faced major challenges in 2023. The war in Ukraine, geopolitical conflicts, multiple interest rate hikes and continued high raw material and energy costs curbed demand for capital goods, particularly in the second half of the year. Despite the continued challenging market and business environment, the performance of DMG MORI AG remained stable in the reporting year and it looks back on a successful financial year 2023.

EBITDA grew by +0.9 % to € 300.5 million (previous year: € 297.8 million). EBIT increased by +1.6 % to € 220.0 million (previous year: € 216.5 million). The EBIT margin related to sales revenues was 8.8 % (previous year: 9.2 %). EBT rose by +5.8 % to € 228.8 million (previous year: € 216.2 million). As at 31 December 2023, the group reported EAT of € 163.2 million (previous year: € 153.4 million).

The individual income statement items are discussed in more detail below. Sales revenues increased by +5.6 % to € 2,498.6 million (previous year: € 2,365.7 million), which was mainly due to the strong growth in domestic sales of +15 %. Total operating income rose to € 2,587.6 million (+7,8 %; previous year: € 2,400.1 million).

The materials ratio improved to 52.9 % (previous year: 55.4 %). The change was mainly due to a product and country mix. The cost of materials grew by € 40.2 million to € 1,369.3 million (previous year: € 1,329.1 million), mainly due to the rise in total operating income and higher prices for materials.

The personnel quota increased to 24.4 % (previous year: 23.6 %). Personnel expenses rose to € 632.0 million (previous year: € 566.3 million). This increase is the result of a rise in the number of employees and higher personnel costs due to ongoing inflation as well as the expense effect from the severance agreements with former members of the Executive Board in the amount of € 24.7 million.

With a significant increase in total operating income, the balance of other income and expenses rose to € -285.8 million (previous year: € -206.9 million). The share of total operating income rose to 11.1 % (previous year: 8.6 %). Other operating income fell by € -51.8 million to € 63.1 million (previous year: € 114.9 million). This figure mainly comprises exchange rate gains of € 24.4 million (previous year: € 50.1 million), which relate to the exchange rate losses of € 27.8 million (previous year: € 45.3 million) in other operating expenses. In financial year 2023, there was a net exchange rate loss of € -3.4 million (previous year: exchange rate gain of € 4.8 million). In addition, other operating income includes recharges of € 14.2 million (previous year: € 12.3 million). Other operating expenses increased by € 27.1 million to € 348.9 million (previous year: € 321.8 million). In other operating expenses, expenses for outbound freight and packaging rose to € 58.8 million (previous year: € 50.6 million) and sales commissions to € 45.0 million (previous year: € 31.1 million), which were mainly due to a rise in the volume of sales. Expenses for exhibitions and trade fairs amounted to € 39.6 million (previous year: € 30.7 million) and travel and entertainment expenses were € 35.7 million (previous year: € 29.4 million). Expenses for temporary employment and contractors amounted to € 12.8 million (previous year: € 11.4 million).

B.18 // INCOME STATEMENT

in € million	2023		2022		Changes against previous year	
Sales revenues	**2,498.6**	**96.6%**	**2,365.7**	**98.6%**	**132.9**	**5.6%**
Changes in finished goods and work in progress	75.8	2.9%	23.6	1.0%	52.2	221.2%
Own work capitalized	13.2	0.5%	10.8	0.4%	2.4	22.2%
Total operating income	**2,587.6**	**100.0%**	**2,400.1**	**100.0%**	**187.5**	**7.8%**
Cost of materials	-1,369.3	-52.9%	-1,329.1	-55.4%	-40.2	3.0%
Personnel costs	-632.0	-24.4%	-566.3	-23.6%	-65.7	11.6%
Other expenses and income	-285.8	-11.1%	-206.9	-8.6%	-78.9	38.1%
EBITDA	**300.5**	**11.6%**	**297.8**	**12.4%**	**2.7**	**0.9%**
Depreciation	-80.5	-3.2%	-81.3	-3.4%	0.8	1.0%
EBIT	**220.0**	**8.4%**	**216.5**	**9.0%**	**3.5**	**1.6%**
Financial result	8.5	0.4%	-0.6	-0.1%	9.1	1,516.7%
Impairment of shares in equity-accounted companies	-1.1	0.0%	0.0	0.0%	-1.1	100.0%
Share of profits and losses from equity-accounted companies	1.4	0.1%	0.3	0.0%	1.1	366.7%
EBT	**228.8**	**8.9%**	**216.2**	**8.9%**	**12.6**	**5.8%**
Income taxes	-65.6	-2.5%	-62.8	-2.6%	-2.8	4.5%
EAT	**163.2**	**6.4%**	**153.4**	**6.3%**	**9.8**	**6.4%**

Depreciation fell slightly to € 80.5 million (previous year: € 81.3 million). The depreciation includes impairments of assets in Russia of € 10.3 million (previous year: € 10.8 million). Amortization of rights of use in accordance with IFRS 16 amounted to € 15.9 million (previous year: € 17.0 million).

The financial result was € 8.5 million (previous year: € -0.6 million). This was due to a rise in interest income of € 25.6 million (previous year: € 6.8 million) resulting from higher interest rates and interest expenses of € 17.1 million (previous year: € 7.4 million). Tax expenses amounted to € 65.6 million (previous year: € 62.8 million). The tax ratio improved to 28.7% (previous year: 29.1%). Further information can be found in the notes to the Consolidated Financial Statements.

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FINANCIAL POSITION

The financial position also remained stable in financial year 2023. Free cash flow reached € 93.5 million (previous year: € 171.7 million). Cash flow from operating activities (cash inflow) fell to € 190.5 million (previous year: € 276.8 million). Substantial contributions to this cash flow came from earnings before taxes (EBT) in the amount of € 228.8 million (previous year: € 216.2 million) and depreciation of € 80.5 million (previous year: € 81.3 million). Advance payments received decreased by € -71.8 million due to a decline in order intake and lead to a reduction in cash flow. A further reduction in cash flow resulted from an increase in inventories of € 104.6 million and a decline in provisions of € -14.9 million. The fall in third party trade debtors of € -37.7 million, the rise in trade creditors of € 29.4 million and in interests received by € 19.9 million improved cash flow. Payments for income taxes (€ 46.3 million) and interest (€ 7.7 million) reduced cash flow.

B.19 // CASH FLOW

in € million	2023	2022
Cash flow from operating activities	190.5	276.8
Cash flow from investment activities	-61.7	-304.5
Cash flow from financing activities	-138.3	-33.3
Changes in cash and cash equivalents	-18.7	-64.5
Liquid funds at the start of the reporting period	177.4	241.9
Liquid funds at the end of the reporting period	158.7	177.4

The cash flow from investment activities (cash outflow) amounted to € -61.7 million (previous year: € -304.5 million). The cash outflow for investments in property, plant and equipment amounted to € 70.6 million (previous year: € 75.7 million) and for intangible assets to € 29.0 million (previous year: € 29.5 million). Investments in financial assets resulted in cash outflow of € 3.5 million (previous year: € 0.9 million). The partial repayment of the loan granted to DMG MORI Europe Holding GmbH resulted in cash inflow of € 40.0 million (previous year: cash outflow € -200.0 million).

Free cash flow amounted to € 93.5 million (previous year: € 171.7 million). Free cash flow is defined as the balance of cash flow from operating activities and cash flow from investment activities. This does not include outflow and inflow relating to the sale and acquisition of subsidiaries (€ +0.0 million; previous year: € +1.7 million) and financial fixed assets (€ -3.4 million; previous year: € -0.4 million) nor amounts paid out and repayments for granted loans (€ +38.7 million; previous year: € -200.7 million).

B.20 // FREE CASH FLOW

in € million	2023	2022
Free cash flow from operating activities	190.5	276.8
Free cash flow from investment activities	-97.0	-105.1
Free cash flow	93.5	171.7

The cash flow from financing activities (cash outflow) amounted to € -138.3 million (previous year: € -33.3 million). The cash flow resulted from the payment of the profit transfer to DMG MORI Europe Holding GmbH for 2022 in the amount of € 146.5 million (previous year: € 29.3 million). Due to the adoption of IFRS 16 "Leases", lease payments of € 15.7 million (previous year: € 15.7 million) are included in cash flow from financing activities. For loans taken out to partially finance our production plant in China, payments of € 24.2 million were received (previous year: € 11.7 million).

The change in cash flow resulted in cash and cash equivalents of € 158.7 million as of 31 December 2023 (previous year: € 177.4 million). DMG MORI AG has a cash surplus of € 129.7 million as of 31 December 2023 (previous year: € 171.7 million).

DMG MORI AG covers the capital requirements from operating cash flow, cash and cash equivalents as well as from raising short- and long-term financing. The amount of agreed financing lines totaled € 781.0 million in financial year 2023 (previous year: € 772.4 million). These consist of a cash tranche of € 200.0 million, a guarantee tranche of € 300.0 million, bilateral guarantee lines of € 58.6 million, the financing framework for the production plant in Pinghu of € 57.4 million as well as factoring agreements amounting to € 165.0 million.

A key component of the financing lines is an existing syndicated credit line of € 500.0 million, which was already extended early in April 2020 at improved conditions until February 2025 and again in April 2022 until February 2027. The syndicated credit line consists of a usable revolving cash tranche of € 200.0 million and a guarantee tranche of € 300.0 million. The syndicated loan bears interest at the current money market rate (1- to 6-month Euribor) plus a premium. This interest mark-up may change depending on group key figures. The cash tranche has not been used as of 31 December 2023. The financing framework for the production plant in Pinghu was utilized in the amount of € 29.0 million.

Factoring is a standard financial instrument in the industry and an additional component of the financing mix. Within the scope of factoring agreements, selected trade debtors are sold on a revolving basis to banks. The sale of trade debtors always results in an increase in liquidity and a reduction in trade debtors. In addition to the financing effect, this also allows us to optimize our debtor management process. These transactions only have a minor impact on earnings. As of 31 December 2023, factoring agreements were concluded with a total volume of € 165.0 million (previous year: € 160.0 million). As of the balance sheet date, receivables with a volume of € 104.8 million had been sold (previous year: € 76.4 million).

Selected suppliers of the DMG MORI AG Group pre-finance trade receivables from individual subsidiaries on the basis of a reverse factoring agreement concluded with a factoring company. This measure generally enables the subsidiaries to achieve longer payment terms in order to improve the group's liquidity position. As at 31 December 2023, trade payables totaling € 9.4 million (previous year: € 6.7 million) had been purchased by the respective factoring company.

DMG MORI AG further requires guarantee lines for its operating business in order to issue sureties and guarantees for prepayments and warranties.

Thanks to this financing mix, we have sufficient financing lines that allow us to provide the liquidity required for our business activities. Our syndicated loan agreement requires us to observe a market-standard covenant. The group complied with this covenant on a quarterly basis and as of 31 December 2023. Our financing is supplemented by lease agreements. The total of future obligations from lease liabilities amounts to € 43.2 million (previous year: € 40.3 million).

NET WORTH

As of 31 December 2023, the balance sheet total fell to € 2,767.7 million (previous year: € 2,826.5 million). Equity fell by -2.8 % to € 1,382.2 million (previous year: € 1,422.5 million). The equity ratio was 49.9 % (previous year: 50.3 %).

On the assets side, long-term assets amounted to € 926.7 million (previous year: € 931.1 million). Intangible assets grew by € 13.2 million to € 247.2 million (previous year: € 234.0 million), mainly due to the investments in our ERP project. Property, plant and equipment rose by € 13.2 million to € 509.9 million (previous year: € 496.7 million). Due to the lower fair value measurement of investments, financial assets fell by € -27.5 million to € 124.8 million (previous year: € 152.3 million). An explanation of the key investments is provided in the Investments chapter.

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Other long-term assets decreased by € -3.3 million to € 44.8 million (previous year: € 48.1 million). Deferred tax assets amounted to € 31.6 million (previous year: € 30.8 million).

Short-term assets fell by -2.9 % or € -54.4 million to € 1,841.0 million (previous year: € 1,895.4 million). Inventories grew by 13.9 % or € 95.7 million to € 782.0 million (previous year: € 686.3 million). Inventories of raw materials and consumables fell by € -34.2 million to € 334.5 million (previous year: € 368.7 million). Work in progress increased by € 11.9 million to € 163.6 million (previous year: € 151.7 million) and finished goods by € 118.0 million to € 283.9 million (€ 165.9 million). The increase is due on the one hand to advance payments for the continued high order backlog and on the other hand to delays in deliveries on the balance sheet date. The share of inventories in the balance sheet total amounted to 28.3 % (previous year: 24.3 %).

Trade debtors decreased by € -40.9 million to € 119.6 million (previous year: € 160.5 million) despite an increase in sales due to our consistent receivables management. A € 28.4 million increase in the utilization of the factoring volume also had a positive effect. The turnover rate of trade debtors improved to 20.9 (previous year: 14.7). Receivables from related parties fell to € 624.5 million (previous year: € 655.0 million). This change was mainly due to the € 40.0 million loan repayment to DMG MORI Europe Holding GmbH. At € 156.2 million (previous year: € 216.2 million), other assets were below the previous year's level. This mainly resulted from a decline in advances paid.

B.21 // BALANCE SHEET OF DMG MORI AG

in € million	31 Dec. 2023		31 Dec. 2022		Changes against previous year	
ASSETS						
Long-term assets	**926.7**	**33.5 %**	**931.1**	**32.9 %**	**-4.4**	**0.5 %**
Intangible assets	247.2	8.9 %	234.0	8.3 %	13.2	5.6 %
Tangible assets	509.9	18.5 %	496.7	17.5 %	13.2	2.7 %
Financial assets	124.8	4.5 %	152.3	5.4 %	-27.5	18.1 %
Other long-term assets	44.8	1.6 %	48.1	1.7 %	-3.3	6.9 %
Short-term assets	**1,841.0**	**66.5 %**	**1,895.4**	**67.1 %**	**-54.4**	**2.9 %**
Inventories	782.0	28.3 %	686.3	24.3 %	95.7	13.9 %
Trade debtors	119.6	4.3 %	160.5	5.7 %	-40.9	25.5 %
Receivables from related companies	624.5	22.6 %	655.0	23.2 %	-30.5	4.7 %
Other short-term assets	156.2	5.6 %	216.2	7.6 %	-60.0	27.8 %
Liquid funds	158.7	5.7 %	177.4	6.3 %	-18.7	10.5 %
Balance sheet total	**2,767.7**	**100.0 %**	**2,826.5**	**100.0 %**	**-58.8**	**2.1 %**
EQUITY AND LIABILITIES						
Long-term financing resources	**1,520.5**	**54.9 %**	**1,542.7**	**54.6 %**	**-22.2**	**1.4 %**
Equity	1,382.2	49.9 %	1,422.5	50.3 %	-40.3	2.8 %
Debt capital	138.3	5.0 %	120.2	4.3 %	18.1	15.1 %
Long-term provisions	64.3	2.3 %	71.3	2.5 %	-7.0	9.8 %
Long-term liabilities	74.0	2.7 %	48.9	1.8 %	25.1	51.3 %
Short-term financing resources	**1,247.2**	**45.1 %**	**1,283.8**	**45.4 %**	**-36.6**	**2.9 %**
Short-term provisions	267.8	9.7 %	274.4	9.7 %	-6.6	2.4 %
Advance receipts	355.4	12.8 %	433.6	15.3 %	-78.2	18.0 %
Trade creditors	185.7	6.7 %	176.5	6.2 %	9.2	5.2 %
Liabilities to other related parties	268.1	9.7 %	239.5	8.5 %	28.6	11.9 %
Other short-term liabilities	170.2	6.2 %	159.8	5.7 %	10.4	6.5 %
Balance sheet total	**2,767.7**	**100.0 %**	**2,826.5**	**100.0 %**	**-58.8**	**2.1 %**

On the balance sheet date, liquid funds amounted to € 158.7 million (previous year: € 177.4 million). This is a 5.7 % share of the reduced balance sheet total (previous year: 6.3 %). On the liabilities side, equity fell by € -40.3 million or -2.8 % to € 1,382.2 million (previous year: € 1,422.5 million). The equity ratio was 49.9 % (previous year: 50.3 %). As at the last year-end date, we had a cash surplus and therefore no gearing.

Long-term debt rose slightly by € 18.1 million to € 138.3 million (previous year: € 120.2 million). This was 5.0 % (previous year: 4.3 %) of the balance sheet total. Long-term provisions amounted to € 64.3 million (previous year: € 71.3 million). Long-term liabilities included € 22.3 million (previous year: € 0.0 million) in long-term financial debts for the partial financing of the company's production plant in China and € 8.5 million in deferred tax liabilities (previous year: € 6.5 million). Long-term financing resources, comprising equity and long-term debt, fell by € -22.2 million or -1.4 % to € 1,520.5 million in the reporting year (previous year: € 1,542.7 million).

Short-term financial resources amounted to € 1,247.2 million (previous year: € 1,283.8 million). Other short-term provisions amounted to € 267.8 million (previous year: € 274.4 million). Trade creditors grew by € 9.2 million to € 185.7 million (previous year: € 176.5 million). The increase is partly due to advance payments for the continued high order backlog and delays in delivery as at the balance sheet date. Advances received fell by € -78.2 million to € 355.4 million in line with a lower order intake (previous year: € 433.6 million). Liabilities to other related parties increased by € 28.6 million to € 268.1 million (previous year: € 239.5 million) and include the profit transfer to DMG MORI Europe Holding GmbH (2023: € 147.5 million; 2022: € 146.5 million). This item in liabilities to other related parties is recognized in cash flow from financing activities when paid.

INVESTMENTS

Investments in property, plant and equipment and intangible assets amounted to € 118.0 million as planned (previous year: € 118.5 million). This included additions from right of use assets pursuant to IFRS 16 "Leases" in an amount of € 18.4 million (previous year: € 13.3 million). Investments in financial assets amounted to € 5.7 million (previous year: € 0.9 million). Investments thus totaled € 123.7 million (previous year: € 119.4 million).

At our production site in Seebach, we opened our new training center as part of the open house exhibition in November 2023. Across an area of around 1,000 m², we offer creative space for learning about a wide range of professions and forward-looking topics such as automation, digitization and additive manufacturing. At the same time, we commissioned the so-called FlowLine, a new production line. Since January 2024, machines including the DMU 50 3rd generation and DMU 40 have been built on 30 automated guided vehicles (AGVs). Compared to the previous production line, the FlowLine has helped us achieve an increase in productivity up to 30 % and a reduction in lead times of around 40 %.

In October 2023, we commissioned a new Components Center at our production site in Pleszew (Poland). Here, across an area of around 5,200 m², we manufacture mechanical components and assemblies to supply our European production sites. In Pleszew, we also added a Portal series machine to our mechanical production that is equipped with our RPS automation solution, a rotary pallet storage system.

We have continued work on the expansion and modernization of the production area at our site in Tortona (Italy). Our focus is on building a new assembly hall and implementing a state-of-the-art assembly concept based on automated guided vehicles (AGVs) for efficient and flexible assembly. This should be completed in 2024.

In addition, we continue to invest in an autonomous and sustainable power supply for our production plants. In the reporting year, we were able to commission more photo-voltaic systems at our German sites in Pfronten, Seebach and Stipshausen. These new systems enabled us to increase our self-sufficiency level at these sites.

In the reporting year, we expanded our production network through the completion and start of production of our new plant in Pinghu near Shanghai (China), where we aim to produce machine tools for the local market in China.

We continued to invest in our "GLOBE – Global One Business Excellence" ERP project to harmonize and optimize systems and processes.

Depreciation of fixed assets, taking capitalized development costs and leases into account, amounted to € 80.4 million (previous year: € 81.3 million). Depreciation of capitalized development costs amounted to € 3.7 million (previous year: € 4.1 million).

ANNUAL FINANCIAL STATEMENTS OF DMG MORI AKTIENGESELLSCHAFT (summary)

The following tables are a summary of the Annual Financial Statements of DMG MORI AKTIENGESELLSCHAFT according to HGB (German Commercial Code). The complete Annual Financial Statements and Business Report are set out in a separate report. The income of DMG MORI AKTIENGESELLSCHAFT is largely determined by income from financial assets amounting to € 220.1 million (previous year: € 200.8 million).

B.22 // INCOME STATEMENT OF DMG MORI AKTIENGESELLSCHAFT (GERMAN COMMERCIAL CODE – HGB)

in € million	2023	2022
Sales revenues	13.4	11.8
Other operating income	22.7	33.3
Other expenses	-85.9	-73.5
Income from financial assets	220.1	200.8
Financial result	15.6	4.6
Income taxes	-38.4	-30.5
Earnings after tax	147.5	146.5
Transfer of profits to DMG MORI Europe Holding GmbH	-147.5	-146.5
Annual result	0	0
Net income	0	**0**

Other operating income decreased to € 22.7 million (previous year: € 33.3 million). This mainly includes currency exchange gains of € 18.6 million (previous year: € 27.3 million). Other expenses amounted to € 85.9 million (previous year: € 73.5 million). Other operating expenses fell to € 29.6 million (previous year: € 39.9 million). These are primarily due to currency losses of € 5.6 million (previous year: € 19.7 million). The net result was a currency gain of € 13.0 million (previous year: € 7.6 million). Personnel expenses rose to € 51.5 million (previous year: € 29.2 million). This increase was mainly a result of the expense effect from severance agreements with former Executive Board members.

The financial result improved to € 15.6 million (previous year: € 4.6 million) and was due to a rise in interest income from the loan to DMG MORI Europe Holding GmbH. Tax expenses amounted to € 38.4 million (previous year: € 30.5 million). Income taxes include the taxes charged by DMG MORI Europe Holding GmbH due to fiscal unity and a tax allocation agreement. As per the domination and profit transfer agreement, earnings after taxes (EAT) of € 147.5 million are transferred to DMG MORI Europe Holding GmbH (previous year: € 146.5 million).

The balance sheet total of DMG MORI AKTIENGESELLSCHAFT amounted to € 2,132.5 million (previous year: € 2,142.8 million). Fixed assets fell slightly to € 750.8 million (previous year: € 752.8 million).

Current assets and other declined slightly to € 1,381.7 million (previous year: € 1,390.0 million). In this context, receivables from associated companies increased by € 35.1 million to € 1,303.7 million (previous year: € 1,268.6 million), while cash and cash equivalents fell by € -35.3 million to € 58.7 million (previous year: € 94.0 million).

B.23 // BALANCE SHEET OF DMG MORI AKTIENGESELLSCHAFT (GERMAN COMMERCIAL CODE – HGB)

in € million	2023	2022
ASSETS		
Fixed assets	**750.8**	**752.8**
Shares in affiliated companies	717.6	717.8
Equity investments	6.7	6.7
Other fixed assets	26.5	28.3
Current and other assets	**1,381.7**	**1,390.0**
Receivables from affiliated companies	1,303.7	1,268.6
Other current assets and other assets	78.0	121.4
Balance sheet total	**2,132.5**	**2,142.8**
EQUITY AND LIABILITIES		
Equity	**921.2**	**921.2**
Provisions	**29.8**	**32.7**
Liabilities	**1,181.5**	**1,188.9**
Liabilities to affiliated companies	1,174.5	1,184.4
Other liabilities	7.0	4.5
Balance sheet total	**2,132.5**	**2,142.8**

On the liabilities side, equity remained unchanged from the previous year at € 921.2 million. The equity ratio was 43.2 % (previous year: 43.0 %). Liabilities to affiliated companies were at € 1,174.5 million (previous year: € 1,184.4 million). This item includes the profit transfer to DMG MORI Europe Holding GmbH for financial year 2023 in the amount of € 147.5 million, income taxes of € 38.4 million, which are charged by DMG MORI Europe Holding GmbH due to fiscal unity and a tax allocation agreement, as well as financial and cost allocations for affiliated companies.

CAD/ CAM

From CAD-CAM solutions and post-processors through simulation with Digital Twin to fast programming with DMG MORI technology cycles – digital solutions support all process steps.

CELOS X

DIGITAL TWIN

TECHNOLOGY CYCLES

DIGITAL TRANSFORMATION

DMG MORI DIGITAL TWIN – complete simulation of the entire system including all interactions and control functions.

DX

- + 40 % FASTER PRODUCTION RAMP-UP
- + UP TO 80 % FASTER PRODUCTION START
- + FASTER ON THE MARKET AND TO THE CUSTOMER
- + 100 % COLLISION-FREE COMMISSIONING
- + FASTER TO THE OPTIMUM

Digital Engineering
from DMG MORI

DIGITAL TRANSFORMATION

HIGHLIGHTS

More information on Digital Twin at:
youtu.be/n0OQkRUzVZY

SEGMENT REPORT

Our business activities comprise the "Machine Tools" and "Industrial Services" segments. "Corporate Services" mainly comprises DMG MORI AKTIENGESELLSCHAFT with its group-wide holding functions. The selected machines of DMG MORI COMPANY LIMITED, which we produce under license, are included in "Machines Tools". The trade and services for these machines are recognized under "Industrial Services".

B.24 // SEGMENT KEY FIGURES DMG MORI AG

in € million	2023	2022	Changes against previous year	
Order Intake	**2,583.6**	**2,904.2**	**-320.6**	**-11 %**
Machine Tools	1,438.5	1,622.7	-184.2	-11 %
Industrial Services	1,144.9	1,281.3	-136.4	-11 %
Corporate Services	0.2	0.2	0	0 %
Sales revenues	**2,498.6**	**2,365.7**	**132.9**	**6 %**
Machine Tools	1,373.8	1,282.8	91.0	7 %
Industrial Services	1,124.6	1,082.7	41.9	4 %
Corporate Services	0.2	0.2	0	0 %
EBIT	**220.0**	**216.5**	**3.5**	**2 %**
Machine Tools	70.0	56.5	13.5	24 %
Industrial Services	207.3	184.7	22.6	12 %
Corporate Services	-57.4	-24.8	-32.6	-131 %

MACHINE TOOLS

The "Machine Tools" segment includes the group's new machine business with the Turning and Milling, Advanced Technologies (Ultrasonic / Lasertec), Additive Manufacturing and Digital Solutions divisions. As part of the standardization of our brand identity and external communication in Europe, we renamed our production plants in Germany and Italy in January and February 2024. Further information can be found in the chapter ↗ Organization and Legal Corporate Structure. The Turning division comprises DMG MORI Bielefeld GmbH and DMG MORI Bergamo S.r.l. Our turning machine portfolio covers the full range from universal turning machines through to turn-mill centers, production turning and multi-spindle machining centers. The Milling division includes DMG MORI Pfronten GmbH and DMG MORI Seebach GmbH. Our range includes vertical and horizontal machining centers and 5-axis milling. In the reporting year, we started production at DMG MORI Manufacturing Solutions in Pinghu (China). This expansion of our production capacities allows us permanent local access to the world's largest machine tool market. Our universal turning and milling machines belonging to the CLX and CMX series are built at our plants, FAMOT Pleszew Sp. z o.o. and DMG MORI Tortona S.r.l. In production, we are also cooperating closely with DMG MORI COMPANY LIMITED. By utilizing global production capacities, we can reduce delivery times and transport costs – to the benefit of our customers.

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The Advanced Technologies division comprises DMG MORI Ultrasonic Lasertec GmbH and DMG MORI Additive GmbH. This includes ultrasonic milling and grinding (Ultrasonic), as well as laser processing technology (Lasertec) and Additive Manufacturing. In this future field, DMG MORI Additive GmbH offers selective laser melting in powder bed and DMG MORI Ultrasonic Lasertec GmbH provides laser build-up welding technology using powder nozzles.

In the Digital Solutions division, DMG MORI Digital GmbH bundles the digitization expertise in the group and is thus the central point of contact for our customers on all topics relating to digitization. This includes the control and software development of DMG MORI Digital GmbH as well as our customer portal *my*DMG MORI and DMG MORI Connectivity as the solution for connectivity on the entire shop floor – including third-party machines.

DMG MORI Digital GmbH also supports our sales and service companies with customer-oriented implementation and qualification services.

TULIP Interfaces Inc. makes it easier for our customers to gain entry-level access to manufacturing digitization processes. The no-code manufacturing platform enables users to create apps themselves – without any programming knowledge – and digitally image work flows on machines and throughout the shop floor.

In our future field of automation, we are focusing on the intelligent automation of machines and systems with machine-specific, universal and scalable solutions, the DMG MORI CELL CONTROLLER LPS 4 as well as central tool management. Our production plants are responsible for automation solutions. This means our customers receive perfectly coordinated machines and automation solutions from a single source.

The global machine tools market was again marked by global challenges and uncertainties in 2023. The war in Ukraine, geopolitical conflicts, multiple interest rate hikes and continued high raw material and energy costs curbed demand for capital goods, particularly in the second half of the year.

Despite these challenging market conditions, in its core business with machine tools and services, DMG MORI AG achieved stable order intake compared to the previous year's record figure.

In the "Machine Tools" segment, order intake amounted to € 1,438.5 million (-11%; previous year: € 1,622.7 million). In the fourth quarter, order intake increased slightly to € 273.9 million (previous year: € 269.4 million). Domestic order intake amounted to € 469.9 million for the financial year (previous year: € 507.4 million). International orders totaled € 968.6 million (previous year: € 1,115.3 million). The international business share was 67% (previous year: 69%). As in the previous year, the "Machine Tools" segment accounted for 56% of all orders.

B.25 // KEY FIGURES "MACHINE TOOLS" SEGMENT

in € million	2023	2022	Changes against previous year	
Order Intake	**1,438.5**	**1,622.7**	**-184,2**	**-11 %**
Domestic	469.9	507.4	-37.5	-7 %
International	968.6	1,115,3	-146.7	-13 %
% International	67	69		
Sales revenues	**1,373.8**	**1,282.8**	**91.0**	**7 %**
Domestic	545.4	445.1	100.3	23 %
International	828.4	837.7	-9.3	-1 %
% International	60	65		
Order backlog*	**832.6**	**913.1**	**-80.5**	**-9 %**
Domestic	148.2	223.7	-75.5	-34 %
International	684.4	689.4	-5.0	-1 %
% International	82	76		
Investments	103.0	101.9	1.1	1 %
EBITDA	123.3	107.6	15.7	15 %
EBIT	70.0	56.5	13.5	24 %
EBT	49.5	52.4	-2.9	-6 %

	2023	2022	Changes from previous year	
Employees*	**4,616**	**4,455**	**161**	**4 %**
Thereof trainees	244	189	55	29 %

* reporting date 31 Dec.

Sales revenues rose to € 1,373.8 million (+7 %; previous year: € 1,282.8 million). In the fourth quarter, sales revenues amounted to € 402.6 million (previous year: € 387.8 million). Domestic sales revenues for the financial year increased over-proportionally by +23 % to € 545.4 million (previous year: € 445.1 million). At € 828.4 million, international sales revenues were at the previous year's level (€ 837.7 million). The export share was 60 % (previous year: 65 %). The "Machine Tools" segment accounted for 55 % of sales revenues (previous year: 54 %).

On 31 December 2023, order backlog was € 832.6 million (previous year: € 913.1 million). Domestic order backlog fell to € 148.2 million (previous year: € 223.7 million). At € 684.4 million, international orders had a share of 82 % (previous year: € 689.4 million; 76 %). EBITDA reached € 123.3 million (previous year: € 107.6 million). EBIT increased to € 70.0 million (previous year: € 56.5 million). EBT was € 49.5 million (previous year: € 52.4 million).

Investments in property, plant and equipment and intangible assets amounted to € 97.3 million as planned (previous year: € 101.0 million). This also includes additions from rights of use assets pursuant to IFRS 16 amounting to € 3.0 million (previous year: € 2.1 million). Investments in financial assets amounted to € 5.7 million (previous year: € 0.9 million). Investments thus totaled € 103.0 million (previous year: € 101.9 million). Capitalized development costs amounted to € 5.4 million (previous year: € 4.9 million).

We commissioned a new flow assembly line at our production site in Seebach. Since January 2024, machines including the DMU 50 3rd generation and DMU 40 have been built on 30 automated guided vehicles (AGVs). Compared to the previous production line, the FlowLine enabled us to achieve an increase in productivity of up to 30 % and a reduction in lead times of around 40 %.

In October 2023, we commissioned a new Components Center at our production site in Pleszew (Poland). Here, across an area of around 5,200 m², we manufacture mechanical components and assemblies to supply our European production sites.

We have continued the work on the expansion and modernization of the production area at our site in Tortona (Italy). Our focus is on building a new assembly hall and implementing a state-of-the-art assembly concept based on automated guided vehicles (AGVs) for efficient and flexible assembly. This should be completed in 2024.

In addition, we continue to invest in an autonomous and sustainable power supply for our production plants. In the reporting year, we were able to commission more photo-voltaic systems at our German sites in Pfronten, Seebach and Stipshausen. These new systems enabled us to increase our self-sufficiency level at these sites to 30 % on average.

In the reporting year, we expanded our production network through the completion and start of production at our new plant in Pinghu near Shanghai (China), where we plan to produce machine tools for the local market in China.

We also continued to invest in our "GLOBE – Global One Business Excellence" ERP project to harmonize and optimize systems and processes.

The "Machine Tools" segment had 4,616 employees at year-end (previous year: 4,455 employees). The share of employees working in this segment was 61 % (previous year: 59 %). These figures – including the reference values from earlier dates – are based on the revised counting method which was introduced at DMG MORI AG on 30 September 2023 and are therefore not comparable with previous publications. Every employee is now recorded in full.

The personnel quota was 22.7 % (previous year: 22.0 %). Personnel expenses amounted to € 311.2 million (previous year: € 282.0 million).

INDUSTRIAL SERVICES

In the reporting period, the 'Industrial Services' segment mainly comprised the business activities of the Services division. Here we bundle the marketing activities and LifeCycle services for both our machines and those of DMG MORI COMPANY LIMITED. With the help of DMG MORI LifeCycle Services, our customers maximize the productivity of their machine tools over their entire life cycle – from commissioning, maintenance and repair to trade-in as a used machine. The wide range of service agreements, maintenance and training services offered, enables our customers to achieve maximum cost-effectiveness for their machine tools. Our online customer portal *my* DMG MORI digitizes service processes.

DMG MORI AKTIENGESELLSCHAFT is responsible for the German domestic market, Austria and Switzerland (DACH) as well as the EMEA region (Europe, Middle East, Africa) and the Chinese market. Thanks to DMG MORI COMPANY LIMITED, we also have a successful presence in Japan, North and South Americas well as in India and other parts of Asia.

DMG MORI AG also showed stable growth in the “Industrial Services” segment, despite the global challenges facing markets and businesses. Order intake amounted to € 1,144.9 million (previous year: € 1,281.3 million). This figure comprises order intake from our original Service business of € 779.2 million, which includes LifeCycle Services (including spare parts, maintenance and repair), and sales commissions (previous year: € 771.0 million). Orders for machines from DMG MORI COMPANY LIMITED were € 365.7 million (previous year: € 510.3 million). Order intake in the fourth quarter amounted to € 249.1 million (previous year: € 295.2 million). Domestic orders for the full year were € 388.5 million (previous year: € 386.8 million). International orders fell to € 756.4 million (previous year: € 894.5 million). 66 % of all orders came from abroad (previous year: 70 %). As in the previous year, “Industrial Services” accounted for 44 % of all orders.

B.26 // KEY FIGURES “INDUSTRIAL SERVICES” SEGMENT

in € million	2023	2022	Changes against previous year	
Order Intake	**1,144.9**	**1,281.3**	**-136.4**	**-11 %**
Domestic	388.5	386.8	1.7	0 %
International	756.4	894.5	-138.1	-15 %
% International	66	70		
Sales revenues	**1,124.6**	**1,082.7**	**41.9**	**4 %**
Domestic	355.4	341.2	14.2	4 %
International	769.2	741.5	27.7	4 %
% International	68	68		
Order backlog *	**702.9**	**700.3**	**2.6**	**0 %**
Domestic	377.1	344.0	33.1	10 %
International	325.8	356.3	-30.5	-9 %
% International	46	51		
Investments	19.0	16.1	2.9	18 %
EBITDA	231.1	211.5	19.6	9 %
EBIT	207.3	184.7	22.6	12 %
EBT	221.1	183.5	37.6	20 %

	2023	2022	Changes against previous year	
Employees *	**2,789**	**2,675**	**114**	**4 %**
Thereof trainees	50	48	2	4 %

* reporting date 31 Dec.

Sales revenues rose by +4 % to € 1,124.6 million (previous year: € 1,082.7 million). Of this, € 724.8 million was attributable to our original Service business (+24 %; previous year: € 585.2 million) and € 399.6 million to trading revenues with products from DMG MORI COMPANY LIMITED (-20 %;previous year: € 496.5 million). In the fourth quarter, sales revenues reached € 297.2 million (previous year: € 281.3 million). Domestic sales revenues for the full year amounted to € 355.4 million (previous year: € 341.2 million). International sales revenues amounted to € 769.2 million (previous year: € 741.5 million). As in the previous year, this was a share of 68 %. “Industrial Services” accounted for 45 % of sales revenues (previous year: 46 %).

As of 31 December 2023, order backlog amounted to € 702.9 million (previous year: € 700.3 million). EBITDA in the “Industrial Services” segment was € 231.1 million in the reporting year (previous year: € 211.5 million). EBIT improved to € 207.3 million (previous year: € 184.7 million). EBT rose significantly to € 221.1 million (previous year: € 183.5 million).

Investments in property, plant and equipment and in intangible assets amounted to € 19.0 million (previous year: € 16.1 million) and mainly resulted from rights of use in accordance with IFRS 16 (€ 14.7 million; previous year: € 11.0 million). We also invested in equipping our service employees with state-of-the-art tools, measuring equipment and diagnostic tools.

In the "Industrial Services" segment, the number of employees at the end of the reporting year rose to 2,789 (previous year: 2,675 employees). This increase is primarily a result of the strategic expansion of our local sales companies. The share of employees working in this segment was 37 % (previous year: 39 %). These figures – including the reference values from earlier dates – are based on the revised counting method which was introduced at DMG MORI AG on 30 September 2023 and are therefore not comparable with previous publications. Every employee is now recorded in full.

The personnel expenses ratio was 24.0 % (previous year: 25.9 %). Personnel expenses amounted to € 270.2 million (previous year: € 245.4 million).

CORPORATE SERVICES

The "Corporate Services" segment mainly comprises DMG MORI AKTIENGESELLSCHAFT with its group-wide holding functions.

Order intake and sales revenues of € 0.2 million respectively mainly comprised rental income (previous year: € 0.2 million). As in the previous year, the "Corporate Services" segment accounted for less than 0.1 % of sales revenues in the group. EBIT was € -57.4 million (previous year: € -24.8 million). The change against the previous year is mainly due to higher personnel expenses. The financial result was positive and amounted to € 15.6 million (previous year: € 3.9 million). EBT was € -41.9 million (previous year: € -19.8 million).

Investments in property, plant and equipment and intangible assets were € 1.7 million (previous year: € 1.4 million). Investments also included additions from rights of use pursuant to IFRS 16 amounting to € 0.6 million (previous year: € 0.2 million).

As of 31 December 2023, the "Corporate Services" segment had 110 employees (previous year: 136). This corresponds to 1 % of the group's workforce (previous year: 2 %). These figures – including the reference values from earlier dates – are based on the revised counting method which was introduced at DMG MORI AG on 30 September 2023 and are therefore not comparable with previous publications. Every employee is now recorded in full.

B.27 // KEY FIGURES "CORPORATE SERVICES" SEGMENT

in € million	2023	2022	Changes against previous year
Order intake	0.2	0.2	0
Sales revenues	0.2	0.2	0
Investments	1.7	1.4	0.3
EBITDA	-54.0	-21.4	-32.6
EBIT	-57.4	-24.8	-32.6
EBT	-41.9	-19.8	-22.1

	2023	2022	Changes against previous year
Employees *	110	136	-26

* reporting date 31 Dec.

GX has the potential to conserve global resources and thus protect the environment, relieve the workload of people and create opportunities for further development.

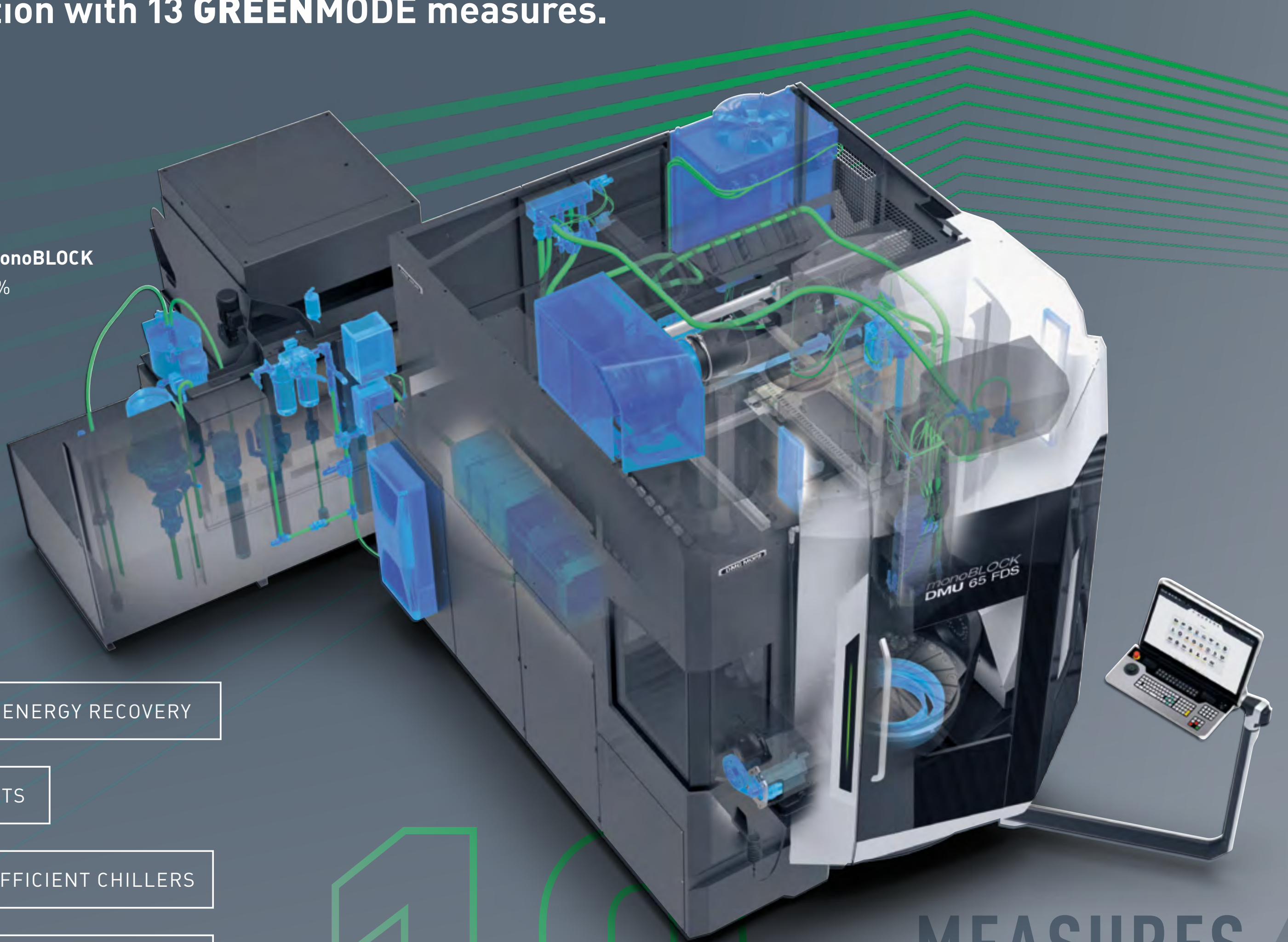
The GX approach is more than just reducing carbon emissions. Every process is optimized for sustainability – from development, procurement and production to recycling at the end of the machine life cycle.

DMU 65 monoBLOCK

GREEN TRANSFORMATION

DMG MORI is redefining energy efficiency in production with 13 **GREENMODE** measures.

DMU 65 FDS monoBLOCK
uses up to -36 %
less energy



13 MEASURES

1. BRAKING ENERGY RECOVERY
2. LED LIGHTS
3. HIGHLY EFFICIENT CHILLERS
4. ADVANCED AUTO SHUTDOWN
5. ADAPTIVE FEED CONTROL
6. ADVANCED ENERGY MONITORING
7. AIR LEAKAGE MONITORING
8. FREQUENCY-CONTROLLED PUMPS
9. *zero sludge***COOLANT**
10. ADAPTIVE COOLANT FLOW
11. *zero***FOG** MIST COLLECTOR
12. AI CHIP REMOVAL
13. BUSINESS BENEFIT OPTIMIZER (BBO)

GREEN TRANSFORMATION HIGHLIGHTS

More information on **GREENMODE** at:
www.youtube.com/watch?v=iApUrSA5KNA

⌜NON-FINANCIAL KEY PERFORMANCE INDICATORS⌝

Business report information not reviewed for content

SUSTAINABILITY

Sustainability is an essential part of our corporate strategy and global mission. We are committed to acting responsibly and contributing towards this goal. The United Nations' Agenda 2030 provides guidance with 17 Sustainable Development Goals (SDGs). Besides environmental and climate protection, we at DMG MORI AG also place focus on the satisfaction and well-being of our employees. We promote and encourage diversity and equal opportunities. We ensure compliance in all areas and are committed to the common good with donations and various campaigns.

Since 2017, the Sustainability Report of DMG MORI AG has included issues that according to our materiality analysis, are of key importance, such as environment, climate, employees and compliance. Our Sustainability Report 2023, which also contains the separate, Non-Financial Group Report 2023, shows we are complying with:

- // the statutory requirements as per the CSR Directive Implementation Act for implementing Directive 2014/95/EU (Section 315b HGB (German Commercial Code)) dated 11 April 2017 and
- // the reporting requirements pursuant to Article 8 of Regulation 2020/852/EU of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation 2019/2088/EU.

For this reason, the separate Non-Financial Group Report is not part of the Group Management Report. DMG MORI AG also prepares the Sustainability Report in accordance with the international reporting guidelines "GRI Standards" of the Global Reporting Initiative (GRI) and thus provides a large number of voluntary disclosures. The Sustainability Report 2023 is available on our website at: ↗ **en.dmgmori-ag.com/sustainability.**

When it comes to climate protection, we place equal emphasis on both preventing and reducing emissions. We optimize our processes, consistently reduce emissions and maximize the benefit of the resources we use and our energy and environmental policy reflects our commitment to these goals. Our innovative products and services ensure high resource efficiency when later used by our customers. Here, we also focus on reducing energy consumption and emissions in all stages of a machine's life cycle.

With clearly defined targets and specific measures, we are helping to achieve the Paris Climate Agreement. Since 2021, DMG MORI has committed itself to the goals of the "Science Based Targets" initiative, which is aimed at limiting global warming to a maximum of 1.5°C. To achieve this, we plan on reducing our emissions in Scope 1 and 2 by 46.2 % and in Scope 3 by at least 27.5 % by 2030 (base year: 2019). In 2021, we also pledged to implement the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), thus following the recommendations for a voluntary and consistent disclosure of climate-related risks and opportunities.

DMG MORI AG avoids and reduces emissions in all areas of its own value creation, e.g. through software-supported heating, air, lighting and cooling systems. We have been producing regenerative energy for our own consumption at almost all our production plants and selected sales and service locations for years – mainly via photovoltaic systems. In addition, wherever possible, only green electricity is used. We use heat recovery and modern combined heat and power units for co-generation.

Our **Company Carbon Footprint** and **Product Carbon Footprint** are calculated on the basis of the group-wide carbon footprint in accordance with the GHG Protocol. This is not a Product Carbon Footprint according to ISO 14067, which is based on a "Life Cycle Assessment" according to ISO 14040 and ISO 14044, but a summary of scope 3 categories that are not related to our production. You can find details on the calculation of the carbon footprint in the ↗Sustainability Report 2023.

page 19 et seqq.

Since 2021, we have been offsetting the still unavoidable emissions from our **Company Carbon Footprint** and **Product Carbon Footprint** by investing in sustainable, certified projects. These are ex-post certificates, meaning that carbon savings have already taken place and have been verified as such. The projects are aimed exclusively at green infrastructure and are certified to high standards, including by the UN or WWF (World Wide Fund For Nature), and their effectiveness is confirmed. Their function and the amount of carbon saved are regularly checked by independent auditors.

At the same time, we are asking our suppliers to be proactive and more transparent to us about their carbon dioxide emissions. Using the "Integrity Next" digital platform, we support them by providing questionnaires for reporting and developing corresponding mitigation measures.

Our **GREEN**MODE measures allow us to consistently increase the energy and resource efficiency of our machines (scope 3 downstream). At the EMO in Hanover, we demonstrated that energy savings of over 30 % are possible during operation of our machine tools thanks to the use of innovative hardware and software components. Examples of the **GREEN**MODE measures presented include the needs-based operation of machine components, the use of highly efficient cooling units and the adaptive supply of cooling lubricant.

DMG MORI products also conserve resources and the environment during operation at the customer's site. The effectiveness of our energy efficiency measures and our calculation methods has also been confirmed by the renowned TÜV SÜD Industrie Service GmbH: For the **GREEN**MODE management system, DMG MORI was the first machine tool manufacturer in Germany to be awarded the TÜV SÜD EME certificate in January 2023.

We also increase our resource efficiency with high-level technology integration coupled with the outstanding quality and precision of our machines to maximize service life and minimize waste. With extensive automation and digitization solutions, our machines can run 24/7 with maximum efficiency – saving our customers even more resources.

As a global innovation leader, DMG MORI is forging ahead with the production and further development of green technologies. Many of our customers manufacture highly innovative components on DMG MORI machines e.g. for wind turbines, hydropower plants, hydrogen electrolysis or electric mobility. With modern manufacturing processes, such as additive manufacturing, products can also be manufactured with reduced weight, without any scrap as well as short transport routes, while conserving resources. At our DMG MORI Excellence Centers worldwide, we support customers with our combined know-how from the initial concept to the finished product.

EMPLOYEES

Qualified, motivated and satisfied employees are the basis for our success at DMG MORI AG.

As at 30 September 2023, we standardized our procedure for measuring headcount across the entire "Global One Company". Every employee is now recorded in full, which led to an adjustment in the number of employees at DMG MORI AG. All figures in the Annual Report 2023 – including the reference values from earlier dates – are based on this revised counting method and are therefore not comparable with previous publications.

As of 31 December 2023, the group had 7,515 employees, including 294 trainees (previous year: 7,266 employees, including 237 trainees). The number of employees increased by 249. In comparison – based on the previous calculation method, the headcount as of 31 December 2022 was 6,833 employees, including 237 trainees. The number of agency workers employed within the group was 212 persons (previous year: 196).

Personnel costs amounted to € 632.0 million (previous year: € 566.3 million). Of this amount, wages and salaries accounted for € 538.2 million (previous year: € 480.0 million), and social security contributions and expenses for pensions and other benefits for € 93.8 million (previous year: € 86.3 millon). Expenses for agency workers amounted to € 12.8 million (previous year: € 11.4 million). The personnel expenses ratio improved to 24.4 % (previous year: 23.6 %).

The qualification, satisfaction, well-being and thus the motivation of our employees form the basis of our success. Our qualification structure at DMG MORI AG remains on a high level: 97 % of employees have a qualified education or are in training (previous year: 97 %). In total, expenses for vocational and continued training amounted to € 13.8 million (previous year: € 11.7 million). Our workforce has a well-balanced age structure.

page 47 et seqq. ↗ Sustainability Report 2023

The employee sickness absence rate was 4.4 % (previous year: 4.5 %) and was again below the recent industry average of 7.0 %. The fluctuation rate amounted to 9.4 % (previous year: 10.6 %). The proportion of employees in key positions or of high potentials who left our company (dysfunctional fluctuation) was 0.4 % (previous year: 0.6 %).

Our group-wide DMG MORI Mission Statement reflects our pledge of responsibility towards the environment, society and our employees.

In order to accomplish our mission and achieve continuous improvement, we believe in an open feedback culture. This requires ongoing and transparent communication.

As an attractive employer, DMG MORI AG focuses on diversity and equal opportunities, flexible and innovative working environments as well as training and personnel development. A good training program is the foundation for long-term success. From the very beginning, we have been committed to an attractive global concept with a digital focus.

To further develop our training concept, in the reporting year, we opened a new, state-of-the-art training center at our site in Seebach. In 2024, we will also start designing a new training center in Pfronten.

We promote potential managers and talented junior staff in particular through our "High Potential Program". In the reporting year, participants were able to benefit from modern training courses, carry out their own projects and present their results to the Executive Board.

For years, DMG MORI AG has been considered an attractive employer in the industry and far beyond our region. In the reporting year, for example, we received e. g. the "Company with a Future" award from Stern magazine and the Deutschlandtest seal from FOCUS magazine for "Best Work-Life Balance". In addition, we were once again honored by the renowned business magazine "CAPITAL" and the portal "Ausbildung.de" as one of "Germany's best trainers 2023" and received 5 out of 5 stars in the areas of training and co-op programs.

OVERALL STATEMENT OF THE EXECUTIVE BOARD ON FINANCIAL YEAR 2023

The global market for machine tools again faced major challenges in 2023. The war in Ukraine, geopolitical conflicts, multiple interest rate hikes and continued high raw material and energy costs curbed demand for capital goods, particularly in the second half of the year. According to preliminary figures from the German Machine Tool Builders' Association (VDW) and the British economic research institute, Oxford Economics, global consumption in 2023 fell for the first time since the pandemic year 2020 by -2.0 % to € 78.8 billion (2022: € 80.4 billion).

The performance of DMG MORI AG remained stable in the reporting year, despite ongoing challenging market conditions. Order intake amounted to € 2,583.6 million (previous year: € 2,904.2 million). Sales revenues increased by +6 % to € 2,498.6 million (previous year: € 2,365.7 million). Strong domestic growth of +15 % particularly contributed to this figure. At € 220.0 million, EBIT was slightly above the previous year's level (€ 216.5 million). The EBIT margin was 8.8 % (previous year: 9.2 %). EAT reached € 163.2 million (previous year: € 153.4 million). Free cash flow amounted to € 93.5 million (previous year: € 171.7 million).

DMG MORI AG achieved all the target and key performance figures for the financial year 2023 forecast in the Annual Report 2022 and even exceeded some, mainly due to the sustainable optimization of cost structures, the consistent implementation of efficiency measures, and the right strategic fit
page 28 Table ↗ B.02.

In 2023, DMG MORI AG again confirmed its status as a stable and reliable partner. Our strong long-standing network with customers, partners and suppliers, the innovative product portfolio as well as our highly qualified employees are the backbone of our success. In today's challenging market conditions, DMG MORI is responding to the change and increase in customer expectations with its Machining Transformation (MX) strategy. MX supports the user in unlocking the highest potential for sustainability and innovative growth by leveraging optimal synergies from process integration, automation and digitization. This is how we respond to the changes in our business environment, such as the increasing shortage of skilled workers and raw materials, providing our customers with a clear competitive advantage at every step of the value chain.

With MX, DMG MORI is consistently developing from a machine builder to a holistic, sustainable solution provider in the production industry – true to our DMG MORI Mission Statement.

OPPORTUNITIES AND RISK REPORT

OPPORTUNITIES MANAGEMENT SYSTEM (OMS)

Opportunities at DMG MORI AG are systematically identified, analyzed and managed. Alongside annual and medium-term planning, we prepare "Rolling Forecasts" (RFCs) on an ongoing basis. Potential positive deviations from the current RFC that may materialize over a horizon of twelve months are defined as operational opportunities. We further analyze existing strategic opportunities over the next five years against the background of current and expected future fundamental conditions.

Our global customer relationship management system (CRM) documents and analyzes our sales and service activities in the areas of machine tools and industrial services. Our CRM is based on a number of operational early indicators, such as market potential, order intake or trade fair evaluations. This allows for the targeted management of our sales and service activities and focused exploitation of opportunities. We also continuously monitor our markets and thereby recognize macroeconomic and industry-specific opportunities at an early stage.

Our focused and comprehensive activities in all established market regions and current growth markets assist us in identifying and using macroeconomic opportunities. We benefit from our international presence as a Global One Company with 116 sales and service companies. Our innovative product portfolio and consistent automation and digitization strategy allow us to seize industry-specific opportunities. In order to meet the technological requirements, our broad product portfolio contains various machine models at different price levels. We are involved in our customer's development processes at an early stage – especially in the key industries of aerospace, automotive, die & mold, medical and semiconductor. We pool our expert know-how from decades of experience in our Technology Excellence Centers.

Company strategic opportunities for DMG MORI AG arise through continuous product innovations and integrated technology solutions. Our key focus here is on the four pillars of our "Machining Transformation" (MX) strategy: Process integration, Automation, Digital Transformation (DX) and Green Transformation (GX). Our innovations allow us to position ourselves for a successful future. Our focus is always on our customers and their needs respectively.

As part of the "Global One Company" with clearly organized global sales and service structures, we operate directly in our German domestic market, Austria and Switzerland (DACH) as well as the EMEA region (Europe, Middle East, Africa) and the Chinese market. Through DMG MORI COMPANY LIMITED, we also have a successful local presence in Japan, North and South America, and other parts of Asia.

Performance-related opportunities arise from the constant optimization of our processes in the areas of production, technology, quality, purchasing and logistics. We are gradually introducing fully digitized processes in our manufacturing factories, particularly in the areas of production and logistics. We also take action to assure that our services are sustainable for the environment and the society. We believe that our sustainability strategy opens up opportunities as an ecologically responsible and sustainable manufacturer of capital goods and provider of integrated technology solutions. Other key potential opportunities arise from the growing number of ways artificial intelligence can be used in the machine environment as a whole, e. g. in process optimization.

RISK MANAGEMENT SYSTEM (RMS)

Our international business activities as a worldwide leading manufacturer of machine tools and supplier of integrated and sustainable technologies, automation and digitization solutions expose us to potential risks. Active risk management is therefore vital for DMG MORI AG. It serves the purpose of early risk identification and assessment as well as active risk minimization and extends across all organizational levels. The early risk identification system, the internal control system (ICS), and the central insurance management are some of the components of our risk management system. In the 2021 financial year, we already made a commitment to implementing the "Task Force on Climate-related Financial Disclosure" (TCFD), thus following the recommendations for voluntary and consistent disclosure of climate-relevant information. This forms the framework of our reporting on climate-related opportunities and risks for DMG MORI AG. The corresponding report is available on our website ↗ **en.dmgmori-ag.com/corporate-responsibility/climate-and-environmental-protection**

Risk early warning system
Our risk early warning system is based on the COSO II concept and allows us to ascertain and control risks that affect future development. We define operational risk as being a negative deviation from our planned earnings target (EBIT) within the next twelve months when compared with the current RFC. In addition, we also take tax and interest rate risks into account. Our risk early warning system consists of five elements:

1// the company-specific Risk Management Manual that defines the system,

2// a central risk management officer who develops, implements and monitors the current risk management concept, and who coordinates the measures for risk reduction or risk elimination,

3// local risk officers in any group company, who are responsible for the decentralized recording, analysis and communication of existing risks,

4// area-specific risk ascertainment for specified risk fields and review of the associated measures aimed at risk reduction and elimination, including a quantitative assessment taking into account the risk-bearing capacity of the group and its individual subsidiaries,

5// the risk reporting at the level of the group and individual subsidiaries, including ad-hoc reporting on existential risks, as well as additional risk quick-checks performed by selected executives.

DMG MORI AG determines risks as the result of the reported maximum risk potentials and their probability of occurrence (gross risks), and then subtracting the effect of the risk minimization and elimination measures (net risks). All subsidiaries report to the Risk Management Unit on the basis of the existing net risks, with the reported risks broken down into three categories: current risks, catalog risks and other risks. The risks listed in the catalog are subject to compulsory assessment and reporting. Additional risks are assigned to the other risks. The risk early warning system is structured in a way that allows us to determine the individual local and central risks as well as group effects and, on that basis, present the overall risk situation.

// Local risks are individual risks the group companies are exposed to but can be assessed locally.

// Central risks are risks that can, at least in part, only be assessed centrally. They include, for example, risks arising from the group's financing circumstances.

// Group effects usually arise from consolidation requirements. This includes, for example, the double counting of risks, which then have to be adjusted correspondingly.

We use the following categories of risk occurrence in our risk assessment:

B.28 // PROBABILITY OF OCCURRENCE

in %	
No risk	0
Very low	5
Unlikely	25
Possible	50

Risks with a probability of occurrence of over 50 % are directly recognized at their net risk value in regular corporate planning, or as a risk provision. Any risks that could jeopardize the company as a going concern are reported without delay, including outside of the regular reporting schedule. In addition to the potential financial effects, the risk-bearing capacity – defined as the proportion of the total consolidated equity to the cumulative expected amount of all identified risks after elimination of relevant group effects – is an important risk management indicator.

B.29 // POSSIBLE FINANCIAL EFFECT

in € million	
Low	0 – 10
Moderate	> 10 – 25
High	> 25

The categories of possible financial effects were determined on the basis of the prevailing risk strategy in consideration of sales, EBIT, equity, as well as risk-bearing capacity. The Supervisory Board and the Executive Board are informed at regular intervals of the current total risk situations of the group and the individual business units. The risk early warning system set up by the Executive Board pursuant to Section 91 (2) German Stock Corporation Act (AktG) is reviewed by the auditors in accordance with Section 317 German Commercial Code (HGB).

Internal control system (ICS)
The ICS of DMG MORI is an additional key component of the group-wide risk management system. It complies with German statutory requirements from the German Stock Corporation Act (AktG) as well as the necessary Japanese legal requirements of the 'Japanese Financial Instruments and Exchange Act' in the form of documentation in accordance with the J-SOX/Naibutousei.

The ICS of DMG MORI AG records the controllable risks on the basis of the information from an annually updated analysis and documentation of the essential business processes. We eliminate or reduce these risks to an appropriate level by optimizing our structural and procedural organization, as well as by suitable control activities. Our ICS is comprised of our existing internal guidelines and instructions, as well as preventative and detecting control activities, such as authorizations and releases, plausibility checks, reviews and the four-eyes principle. Our transparent organizational and procedural structure assures an adequate functional separation of business processes.

The ISC covers the principles, procedures and measures for ensuring the regularity of the group's financial reporting. Rules that bear group-wide relevancy are codified in accounting-related guidelines, such as the Accounting Manual. These guidelines and the group-wide financial reporting calendar form the basis for preparing the financial statements. The local companies are responsible for compliance with the relevant rules and regulations. They are supported by Group Accounting. There are also local regulations that are coordinated with Group Accounting, such as compliance with local accounting requirements. The consolidation is carried out centrally by the group accounting department. DMG MORI AG engages external service providers, for example for the valuation of pension obligations. Employees who have been assigned financial reporting duties receive regular internal and external training.

The appropriateness and effectiveness of the ICS is evaluated based on an annual management testing at the group affiliates and central departments of DMG MORI AG. This is carried out by the internal audit department on the basis of random samples. The results are reported to the Supervisory Board and the Executive Board. The appropriateness and effectiveness of the internal control system is also reviewed and evaluated on the basis of random samples, with the results reported to the Supervisory Board and Executive Board.

Insurance management
Another part of risk management is the central insurance management of DMG MORI AG, which, in close coordination with DMG MORI CO. LTD., strategically identifies and hedges economically feasible insurable risks across the group.

Overview of significant risk fields

B.30 // OVERVIEW OF SIGNIFICANT RISK FIELDS

Type of risk	Possible financial impact
Overall economic, industry-specific and sales-related	High
Corporate strategy risks	Moderate
Production risks	Moderate
Procurement and purchasing risks	High
Research & development risks	Low
Personnel risks	Low
IT risks	Moderate
Financial risks	Low
Legal risks	Low
Tax risks	Low
Other risks	High

Presentation of the individual risk fields

Macroeconomic risks mainly arise from uncertainty about the future development of material sourcing problems, existing logistics bottlenecks as well as rising inflation and interest rates, which have a negative effect on the willingness to invest. The economic outlook is bleak. In addition, there are global and political uncertainties, such as the smoldering China-Taiwan conflict and the war in Ukraine. In addition, the outcome of the presidential elections in the USA in the current financial year and the German parliamentary elections in 2025 are also subject to uncertainty. These exogenous factors can have a significant impact on economic development in the affected regions, but also beyond. Other risks arise from industrial structural change, rising raw material and energy prices on the international markets, and inflationary risks, which can have a negative impact on demand. Moreover, our future competitive position may be affected by exchange rate fluctuations (economic currency risk). In particular, a possible devaluation of the US dollar, Chinese renminbi and British pound could make our products more expensive in the countries concerned and in dollar-dependent markets. We counteract this risk through international sourcing and regionalized production.

Industry-specific and sales-related risks arise from the continued intense competition with high price pressure in the markets for machine tools as well as spare parts and services. We are responding to this heavy competition with the technological edge of our products and a clear focus on our customers and markets. We equip our customers with highly efficient, automated and sustainable manufacturing solutions. Specific sales-related risks may arise from a downturn in capital goods purchasing in the automotive industry and associated suppliers adjusting to the current structural changes. In addition, delivery delays may result from the difficult procurement situation. Together with significant price increases for materials and in view of the high demands of the collective bargaining parties, risks with increased pressure on margins can also arise on existing orders. Circumstances resulting from export control regulations may give rise to risks stemming from their direct influence on potential trade restrictions affecting countries, markets, industry segments or specific customers. Changes resulting from sanctions may, including on short notice, give rise to significant sales-related risks.

Corporate strategy risks predominantly concern misjudgments of future industry-specific developments and technological developments. We counteract these risks through close market and competition surveillance, regular strategy meetings with customers and suppliers, digital customer events, and a corporate strategy focused on innovation. Risks from the existing domination and profit transfer agreement arise insofar as the company's business development can be influenced by potential instructions issued by DMG MORI Europe Holding GmbH. These do not always have to be in the sole interest of DMG MORI AG, but may be issued in the group's interest.

Procurement and purchasing risks may arise from material sourcing problems, longer delivery times as well as rising raw material, energy and transport prices. The global supply situation remains tense. We are facing limited product availability and delivery times are still long. This may lead to material shortages and thus production downtimes. Further price increases for materials may also occur, resulting in a potential increase in the manufacturing costs of our products. Risks also arise from potential supplier insolvencies, dependencies on individual suppliers, and payment target risks. Stricter environmental regulations and requirements for suppliers may also lead to the loss of individual suppliers. We counter these risks through the standardization of parts and components and our global double-sourcing strategy. This means we have at least two suppliers for key components. We are also increasing our in-house production of core components through our DMG MORI Components. We maintain stable and close partnerships with our suppliers and increasingly rely on sourcing from local suppliers. In combination with digital tools, this allows us to identify risks in our supply chain at an early stage and to immediately initiate counteractive measures. Additionally, we use all available transport routes to speed up deliveries and ensure they arrive on time. These measures allow us to further strengthen the resilience of our supply chain.

Production risks can result from production inefficiencies or potential quality risks. We constantly monitor these by means of key figures on order intake and order backlog, assembly and manufacturing progress, contribution margin per machine type and the turnover rate of raw materials and consumables as well as of other inventories. We avoid production projects with uncertain calculation bases and thereby keep these risks at a manageable and controllable level. Difficulties in the supply of materials could result in production shortages for us. Our response to counterfeit products is our innovation-focused product strategy in combination with a pro-active IP management, which includes the securing of rights for proprietary intellectual property and the vigorous enforcement of our rights. These measures help us to secure our technological edge. Risks in the technical work safety are addressed by the stringent application and implementation of statutory occupational safety regulations and the highest certified technical standards at all of our sites. We carry out all inspections prescribed by law as well as voluntary audits. We counteract environmental risks by fully implementing statutory environmental standards, appropriate and safe storage of hazardous goods, and the environmentally conscious disposal of hazardous goods and other waste. Furthermore, we ensure the efficient use of resources in our internal business processes to protect the environment. As a result of the ongoing conflict in the Middle East, there are some restrictions on passage through the Suez Canal, which could lead to delays or cost increases.

In the area of **research and development**, risks may arise from overshot budgets, failed developments, increased start-up costs for new products, and delayed market launches of innovations. We counteract this risk with a group-wide standardized product development process and involving our sales and service teams at an early stage. We also rely on the closely coordinated cooperation with DMG MORI COMPANY LIMITED, customers, suppliers and universities. We avoid incalculable research and development projects and thereby keep these risks at a manageable and controllable level. In the area of digital products, risks may arise from increased product requirements due to the Cyber Resiliance Act.

Personnel risks arise from our continuous demand for highly qualified specialists and executives. An insufficient recruitment and retention of these employees may negatively affect the group's development. These risks are kept at bay by our modern corporate culture, employee surveys, sophisticated training programs and personnel development, performance-rewarding remuneration packages with performance-based incentives, and early succession planning and representation rules. A permanent availability of highly qualified managers and specialist personnel could also be negatively affected by a higher rate of sick leave. We counteract this risk, in particular, through preventive occupational health care as well as options for remote work. There is also the risk of rising personnel costs as a result of inflation and higher wage agreements.

IT risks arise from the networking of our internal systems. Network could fail or data could be manipulated or destroyed as a result of user and program errors or external circumstances. We are also exposed to the risks of organized data theft, extortion, cyber-crime and fraudulent activities ("scams"). According to the findings of the Federal Office for Information Security (BSI), there has been an noticeable increase in threats. In particular, attackers are extremely active when it comes to further developing malware programs and attack routes. These IT risks are addressed by a variety of measures, which include the relocation of resource-heavy software to the cloud, increasing the resilience of our most important data centers, the use of SaaS solutions, a security-optimized organization of our IT landscape, regular investment in hardware and software, the use of anti-virus software and firewall systems, as well as entry and access controls. In addition, we help to increase the awareness of our employees by keeping them informed and regularly educating them about the relevant risks and current security threats. As a result of the group-wide implementation of a new ERP system, unforeseeable events may have negative effects on our operational business activities.

Financial risks result across all segments e. g. from our international business activities and manifest in the form of currency risks, which we measure and hedge on the basis of our currency strategy. The key components of our financing structure at DMG MORI AG are a syndicated loan, which comprises a cash and guarantee tranche available until February 2027, as well as factoring services. The finance contracts contain a clause that prescribes compliance with a market standard covenant. The liquidity of the group is considered sufficient. In principle, inflation, rising interest rates and a slowing economy may continue to lead to increased risks of bad debts and insolvency for our customers. This may result in the recognition of value impairments, or in certain cases even credit losses. Further information on the risks pursuant to IFRS 7 can be found in the ↗ **Notes**.

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Legal risks may in particular arise from legal disputes with suppliers and service providers, public authorities and former employees, as well as potential warranty claims from customer complaints, which even our quality management is unable to prevent in every single case. To keep the existing risks at a manageable and quantifiable level, all warranty and liability obligations are limited both in terms of their extent and limitation period. Any different arrangement must be approved separately by the Executive Board.

Tax risks may arise from company audits. We assume that the tax returns and social security returns submitted by our company are complete and accurate. In the case of tax audits, additional claims may arise due to a different assessment of facts or double taxation. If current losses and loss carryforwards cannot be utilized, this could have a negative impact on the net assets, financial position and results of operations.

Other risks arise from general project risks and potential balance sheet impairments. Especially as a result of the ongoing war in Ukraine, this could lead to the further devaluation of assets in Russia. There are also risks from possible expropriations of our existing companies in Russia. The rapid development and increasing use of artificial intelligence poses potential serious risks, for example in the area of IT security or if we fail to take advantage of technological developments.

OVERALL STATEMENT OF THE EXECUTIVE BOARD ON THE RISK SITUATION

The Executive Board considers the existing risks as manageable and, based on current information, does not view the continued existence of the group to be endangered by these risks. Compared with the reporting in the Annual Report 2022, the total exposure to risk has increased. The Executive Board responds to the risk development by an always up-to-date supervision of business development and by regular Executive Board meetings and status meetings. The risks-bearing capacity of equity is determined on the basis of the calculated accumulated total expected risk value. The group's equity significantly exceeds the assessed total expected risk value.

FORECAST REPORT

FUTURE BUSINESS ENVIRONMENT

The Kiel Institute for Economic Research (IfW) forecasts global economic growth of +2.9 % for the financial year 2024 in its latest economic report published in December 2023. The measures taken by central banks in Europe and the USA to combat inflation and rising prices appear to be slowly taking effect. However, high key interest rates could dampen global investment demand and thus lead to lower growth in the world economy.

In Europe, the economy is expected to slowly regain momentum this year. Energy prices are expected to stabilize further and inflation to continue to fall. However, economic momentum looks set to remain subdued, as monetary policy is likely to be eased only gradually. Economic growth of +0.9 % GDP is forecast for Germany in 2024. GDP growth of +0.8 % is also assumed for the Eurozone. Asia is again expected to be the fastest-growing region, with growth of +5.2 %.

In China, the real estate crisis looks set to continue, which is expected to lead to slower growth momentum of +4.7 %. According to IfW estimates, GDP growth of just +0.7 % is forecast for the Japanese economy. With only +1.5 %, the economic growth in the USA is expected to develop moderately in the forecast period.

According to VDW and Oxford Economics, global machine tool consumption should grow by only +0.7 % to € 79.3 billion in 2024 and thus remain below the 2022 peak figure (€ 80.4 billion; 2023: € 78.8 billion). The effects of the war in Ukraine, geopolitical conflicts and tighter global monetary policy are likely to continue to affect demand for capital goods. Thus, these trade association forecasts could be revised during the year.

According to the VDW and Oxford Economics, machine tool consumption in Germany is set to fall by -0.9 % to € 5.2 billion in 2024 (2023: € 5.3 billion) and thus to remain well below its high pre-pandemic level in 2019 (€ 7.1 billion) by around 26 %.

In Europe, consumption is also predicted to see a marginal increase of +0.6 % to € 24.0 billion (2023: € 23.8 billion). A +3.5 % rise is expected for Asia. At country level, the growth rate in the Chinese machine tool market is expected to be rather moderate at +3.8 % to € 24.7 billion. Meanwhile, demand in Japan is set to fall by a further -3.6 % to € 3.1 billion (2023: € 3.2 billion) and thus remain well below its pre-pandemic level in 2019 (€ 5.5 billion). The VDW and Oxford Economics are also forecasting a marked decline in machine tool consumption in the USA by -10.1 % to € 8.1 billion (2023: € 9.0 billion).

Global demand for capital goods is expected to gradually recover from around midyear. The stabilization of prices for raw materials and energy, the decline in high inflation rates and easing global supply chains are expected to continue, and should no longer be a major obstacle to economic development. However, potential exchange rate fluctuations, geopolitical crises and conflicts, as well as industrial structural change could have a significant impact on demand. In light of this, forecasts may need to be adjusted amid deteriorating economic conditions around the world.

FUTURE DEVELOPMENT OF DMG MORI AG

As the "Global One Company", together with DMG MORI COMPANY LIMITED, we aim to further expand our market position as a leading global manufacturer of high-precision machine tools with high process integration, sustainable technologies as well as holistic automation and end-to-end digitization solutions for the manufacturing industry.

With 116 international sales and service locations and 17 production plants, DMG MORI is present in 43 countries worldwide. Our goal is to support our more than 100,000 customers along the entire value chain with innovative solutions – consisting of machine tools, automation, software, processes, peripherals and service.

In today's challenging market conditions, DMG MORI is responding to the change and increase in customer expectations with its Machining Transformation (MX) strategy. MX is based on the four pillars of Process Integration, Automation, Digital Transformation (DX) and Green Transformation (GX). Our products and services in the areas of process integration, automation and digital transformation not only increase productivity, but also help to conserve resources, reduce energy consumption and therefore carbon emissions, as well as to optimize the deployment and development of staff. Thus, these three pillars are key components of Green Transformation (GX).

People are at the heart of the implementation of our strategy. Qualified, motivated and satisfied employees are the basis for our success. This is why we work hard to be an attractive employer. Our group-wide "Mission Statement" forms the basis for our corporate culture, business practices and thus for our Code of Conduct.

2024 remains a challenging financial year. The ongoing war in Ukraine, geopolitical conflicts, high prices for energy and raw materials, high interest rates and the severely tightened monetary policy are having a major impact on demand for capital goods.

However, we remain confident, as we are well positioned as a company and are working hard towards achieving our goals again in the current financial year. We have high levels of resilience and innovative strength, a broad product portfolio and a strong network of customers, partners and suppliers.

For the financial year 2024, we are planning order intake of around € 2.3 billion. Sales revenues are expected to amount to around € 2.4 billion. We assume EBIT to be around € 200 million. Free cash flow is expected to be around € 150 million.

By a decree published on 19 February 2024, the Russian Federation has brought our shareholding in Ulyanovsk Machine Tools ooo, Ulyanovsk (Russia), under state control. DMG MORI AG has thus lost the possibility of control over the company. As part of an existing investment guarantee by the Federal Republic of Germany for this direct investment abroad, we are currently pursuing compensation for the loss of shareholding that has occurred. It is currently not possible to estimate the amount of possible compensation from the investment guarantee. The forecast for EBIT and free cash flow for the financial year 2024 does not take into account the effects of the loss of control and compensation from the investment guarantee.

Our agreed financing framework will cover the necessary liquidity requirements in financial year 2024. We therefore have sufficient financial leeway in the group at all times. We expect market interest rates to fall slightly in financial year 2024 compared with the reporting year.

Our financing structure will remain largely unchanged. There are no plans for strategic financing measures. Seasonally required liquidity can be covered from existing financial resources.

For financial year 2024, we plan to invest around € 80 million in property, plant and equipment and intangible assets. Our focus is on completing the expansion and modernization measures for our production and assembly areas in Tortona (Italy), starting construction of our new training center in Pfronten and installing more PV systems for sustainable and green energy. Furthermore, we will continue to invest in our ERP-project "GLOBE – Global One Business Excellence" to ensure standardized systems and integrated processes.

As a technology company, together with DMG MORI COMPANY LIMITED, we will continue to forge ahead with our MX strategy in the area of research and development. This includes new automation solutions, sustainability modules, improved components and new developments in the area of digitization. At our traditional Open House exhibition in Pfronten at the beginning of the current financial year, we already presented CELOS X as a digital and data-based eco-system for the integrated management, planning, control, operation, monitoring and interaction of machines, workflows and processes in the industrial manufacturing sector. Expenses for research and development is expected to remain stable at a high level of around € 86 million. Overall, 15 % of the workforce at our plants will work in the area of research and development.

OVERALL STATEMENT OF THE EXECUTIVE BOARD ON FUTURE BUSINESS DEVELOPMENT 2024

Overall economic growth is expected to develop very cautiously in the current financial year. Although energy prices in Europe are set to largely stabilize and inflation to continue to fall, the situation is likely to remain tense due to the ongoing war in Ukraine, geopolitical conflicts and the resulting political and economic consequences. Momentum is also expected to remain slow in the USA and China.

According to the VDW and Oxford Economics, global machine tool consumption is expected to grow by only +0.7 % to € 79.3 billion in 2024 and will remain below the 2022 peak figure (€ 80.4 billion; 2023: € 78.8 billion). The effects of the war in Ukraine, geopolitical conflicts, and tighter global monetary policy are likely to continue to affect demand for capital goods. However, these trade association forecasts may be revised during the year.

For the financial year 2024, we are planning order intake of around € 2.3 billion. Sales revenues are expected to amount to around € 2.4 billion. We assume EBIT to be around € 200 million. Free cash flow is expected to be around € 150 million. Capital expenditure on tangible and intangible assets is forecast to amount to around € 80 million and will be financed primarily from our own funds. The EBIT and free cash flow forecast for the financial year 2024 does not take into account the effects of the loss of control over our investment in Russia and the potential compensation from an investment guarantee.

In today's challenging market conditions, we are responding to the change and increase in customer expectations with our Machining Transformation (MX) strategy. By interlinking these four pillars as closely as possible, we provide our customers with tailored solutions for state-of-the-art, sustainable and efficient production. MX is helping DMG MORI to systematically evolve from a machine builder to a holistic, sustainable solution provider in the production industry – true to our DMG MORI Mission Statement.

ONE TEAM

The DMG MORI team is the basis of our success – and that is why we focus on the satisfaction, health and therefore the motivation of our employees.

We live team spirit. We strengthen the sense of togetherness and belonging to the company with numerous measures, such as employee days and events as well as a comprehensive range of health and sports programs, sports competitions and company runs.

EMPLOYEES

We are committed to the satisfaction, safety and health of our employees.

+ OVER 13,000 EMPLOYEES AROUND THE GLOBE

+ 59 NATIONALITIES

+ INTERNATIONAL EXCHANGE

+ HEALTH AND SPORTS PROGRAMS

+ MODERN WORKPLACES

ONE COMPANY

EMPLOYEES

HIGHLIGHTS

More information on
“DMG MORI Global One“ at:
en.dmgmori.com/company/dmg-mori-sailing-team?tax=324290

C CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 December 2023

C.01

in € K	Note	2023	2022
Sales revenues	6	2,498,566	2,365,666
Changes in finished goods and work in progress		75,835	23,644
Own work capitalised	7	13,242	10,807
Total work done		**2,587,643**	**2,400,117**
Other operating income	8	63,061	114,893
Cost of materials	9	1,369,381	1,329,136
Personnel costs	10	631,977	566,325
Depreciation, amortization and impairment losses	11	80,450	81,281
Other operating expenses	12	348,888	321,754
Operating result		**220,008**	**216,514**
Financial income	13	25,614	6,752
Financial expenses	14	17,127	7,398
Financial result		**8,487**	**-646**
Impairment losses on shares of at equity accounted investments	21	-1,081	0
Share of profits and losses of at equity accounted investments	15	1,410	318
Earnings before taxes		**228,824**	**216,186**
Income taxes	16	65,604	62,832
Annual profit		**163,220**	**153,354**
Of which attributed to the shareholders of DMG MORI AKTIENGESELLSCHAFT		153,405	145,183
Of which attributed to non-controlling interests	17	9,815	8,171
Earnings per share pursuant to IAS 33 in € (undiluted)	**18**	**1.95**	**1.84**
Earnings per share pursuant to IAS 33 in € (diluted)		**1.95**	**1.84**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the period 1 January to 31 December 2023

C.02

in € K	Note	2023	2022
Annual profit		**163,220**	**153,354**
Other comprehensive income			
Remeasurement of benefit-oriented pension plans	31	-3,517	8,524
FVOCI – Equity instruments – net change of fair value	40	-32,896	1,560
Income taxes	16, 29	1,503	-2,462
Sum of items never reclassified to income statement		**-34,910**	**7,622**
Differences from currency translation		-15,564	4,338
Net investments	30	6,853	4,411
Adjustment IAS 29 – High inflation	5	0	679
Changes in market value of hedging instruments	38	-296	1,663
Market value of hedging instruments - reclassification to the income statement	38	-210	-1,321
Income taxes	29	-2,263	-1,200
Sum of items which are reclassified to the income statement		**-11,480**	**8,570**
Other comprehensive income after taxes		**-46,390**	**16,192**
Total comprehensive income		**116,830**	**169,546**
Of which attributed to the shareholders of DMG MORI AKTIENGESELLSCHAFT		108,336	162,185
Of which attributed to non-controlling interests		8,494	7,361

CONSOLIDATED CASH FLOW STATEMENT
for the period 1 January to 31 December 2023

C.03

in € K	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITY			
Earnings before taxes (EBT)		228,824	216,186
Depreciation, amortization and impairment losses	19, 20	80,450	81,281
Monetary loss from the application of IAS 29	5	2,040	1,395
Financial result	13, 14	-8,487	646
Other income and expenses not affecting payments		-534	-6,853
Change in provisions	31, 32	-14,879	13,628
Result from the disposal of fixed assets		-1,895	-67
Income tax refunds		764	3,126
Income taxes paid		-46,279	-29,935
Interest received		19,900	8,278
Interest paid		-7,715	-5,391
Dividends received	21	568	324
Changes in asset and liabilities items			
Inventories	24	-104,602	-141,308
Trade debtors	23, 25	40,994	-24,146
Other assets not from investments or financing activity		51,668	-39,419
Trade creditors	34, 35	18,598	82,382
Other liabilities not from investments or financing activity		-68,937	116,663
	41	**190,478**	**276,790**
CASH FLOW FROM INVESTMENT ACTIVITY			
Amounts received from the disposal of tangible assets and intangible assets		2,694	126
Amounts paid out for investments in tangible assets		-70,613	-75,661
Amounts paid out for investments in intangible assets		-29,018	-29,500
Cash flow from the loss of control over subsidiaries	41	0	1,690
Amounts paid out for investments in financial assets	41	-3,538	-919
Amounts paid out / repayments for loans	23, 25	38,678	-200,718
Amounts received from disposal in financial assets	41	78	463
		-61,719	**-304,519**
CASH FLOW FROM FINANCING ACTIVITY			
Deposits for borrowing of financial debt	46	24,180	11,677
Payments from changes in ownership shares in subsidiaries	41	-292	0
Profit transfer to DMG MORI Europe Holding GmbH	46	-146,509	-29,250
Payments for the repayment of lease liabilities		-15,660	-15,712
	41	**-138,281**	**-33,285**
INFLATION ADJUSTMENT OF THE CASH FLOW FROM OPERATING ACTIVITY, FROM INVESTMENT ACTIVITY AND FROM FINANCING ACTIVITY (IAS 29)	**5**	**-6,556**	**-4,545**
Changes affecting payments		-16,078	-65,559
Effects of exchange rate changes on financial securities		-7,166	-2,074
Effects of inflation on financial securities (IAS 29)	5	4,516	3,150
Cash and cash equivalents as at 1 January	27	177,413	241,896
Cash and cash equivalents as at 31 December	**27**	**158,685**	**177,413**

CONSOLIDATED BALANCE SHEET
as at 31 December 2023

C.04

in € K	Note	31 Dec. 2023	31 Dec. 2022
ASSETS			
LONG-TERM ASSETS			
Goodwill	19	136,407	136,416
Other intangible assets	19	110,842	97,618
Tangible assets	20	509,922	496,691
Equity accounted investments	21	44,395	46,376
Other equity investments	22	80,316	105,914
Trade receivables from third parties	23	800	918
Other financial assets	23	10,563	15,001
Other assets	23	1,840	1,398
Deferred tax assets	29	31,650	30,845
		926,735	**931,177**
SHORT-TERM ASSETS			
Inventories	24	782,023	686,340
Trade receivables from third parties	25	119,591	160,523
Receivables from at equity accounted companies	25	7,581	19,383
Receivables from other related companies	25	624,474	655,005
Receivables from other equity investments	25	133	157
Receivables from down payment invoices	6	14,123	15,879
Other financial assets	26	38,789	41,239
Other assets	26	86,924	137,192
Income tax receivables		3,600	2,200
Cash and cash equivalents	27	158,685	177,413
Long-term assets held for sale	28	5,091	0
		1,841,014	**1,895,331**
Balance Sheet Total		**2,767,749**	**2,826,508**

C.04

in € K	Note	31 Dec. 2023	31 Dec. 2022
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital	30	204,927	204,927
Capital reserve	30	498,485	498,485
Retained earnings and other reserves	30	658,545	698,273
Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT		**1,361,957**	**1,401,685**
Non-controlling equity interests	30	20,223	20,811
Total equity		**1,382,180**	**1,422,496**
LONG-TERM DEBTS			
Provisions for pensions	31	27,836	26,982
Other long-term provisions	32	36,460	44,324
Financial debts	33	22,305	0
Lease liabilities	36	32,011	30,377
Contract liabilities from performance obligations	6	3,122	6,252
Other liabilities	34	8,128	5,798
Deferred tax liabilities	29	8,550	6,506
		138,412	**120,239**
SHORT-TERM DEBTS			
Other provisions	32	267,794	274,435
Financial debts	33	6,709	5,668
Lease liabilities	36	11,167	9,914
Trade payables to third parties	35	185,700	176,461
Liabilities to at equity accounted companies	35	3,430	7,118
Liabilities to other related companies	35	268,093	239,500
Liabilities to other equity investments	35	18	1,010
Tax liabilites		22,746	20,398
Contract liabilities from payments received on account	6	355,386	433,583
Contract liabilities from performance obligations	6	37,973	39,843
Contract liabilities from down payment invoices	6	14,123	15,879
Other financial liabilities	35	31,935	25,557
Other liabilities	35	42,083	34,407
		1,247,157	**1,283,773**
Balance Sheet Total		**2,767,749**	**2,826,508**

DEVELOPMENT OF GROUP EQUITY
for the period 1 January 2022 to 31 December 2023

C.05

in € K	Subscribed capitall	Capital reserve	Retained earnings and other reserves: Revenue reserves	Retained earnings and other reserves: Difference from currency translation	Retained earnings and other reserves: Market valuation of financial derivatives	Total equity of shareholders of DMG MORI AKTIEN-GESELLSCHAFT	Non-controlling equity interests	Total
As at 1 Jan. 2023	**204,927**	**498,485**	**736,972**	**-38,711**	**12**	**1,401,685**	**20,811**	**1,422,496**
Total comprehensive income								
Annual Profit			153,405			153,405	9,815	163,220
Other comprehensive income								
Differences from currency translation				-14,243		-14,243	-1,321	-15,564
Net investments (after taxes)				4,439		4,439		4,439
FVOCI – Equity instruments – net change of fair value (after taxes)			-32,403			-32,403		-32,403
Change in fair value of derivative financial instruments (after taxes)					-355	-355		-355
Remeasurement of benefit-oriented plans (after taxes)			-2,507			-2,507		-2,507
Other comprehensive income after taxes	**0**	**0**	**-34,910**	**-9,804**	**-355**	**-45,069**	**-1,321**	**-46,390**
Total comprehensive income	**0**	**0**	**118,495**	**-9,804**	**-355**	**108,336**	**8,494**	**116,830**
Transactions with owners								
Total capital contribution / withdrawels to owners							-9,382	-9,382
Purchase / Sale of non-controlling interests without / with change of control			-592			-592	300	-292
Profit transfer to DMG MORI Europe Holding GmbH for 2023			-147,472			-147,472		-147,472
Sum of transactions with owners	**0**	**0**	**-148,064**	**0**	**0**	**-148,064**	**-9,082**	**-157,146**
As at 31 Dec. 2023	**204,927**	**498,485**	**707,403**	**-48,515**	**-343**	**1,361,957**	**20,223**	**1,382,180**

See accompanying explanations regarding equity and non-controlling equity interests in the Consolidated Financial Statements in the ↗ Notes 30.

C.05

in € K	Subscribed capitall	Capital reserve	Retained earnings and other reserves: Revenue reserves	Retained earnings and other reserves: Difference from currency translation	Retained earnings and other reserves: Market valuation of financial derivatives	Total equity of shareholders of DMG MORI AKTIEN-GESELLSCHAFT	Non-controlling equity interests	Total
As at 1 Jan. 2022	**204,927**	**498,485**	**728,741**	**-47,172**	**-228**	**1,384,753**	**17,029**	**1,401,782**
Total comprehensive income								
Annual Profit			145,183			145,183	8,171	153,354
Other comprehensive income								
Differences from currency translation				5,148		5,148	-810	4,338
Net investments (after taxes)				3,313		3,313		3,313
Adjustment IAS 29 — Hyperinflation			679			679		679
FVOCI — Equity instruments — net change of fair value (after taxes)			1,514			1,514		1,514
Change in fair value of derivative financial instruments (after taxes)					240	240		240
Remeasurement of benefit-oriented plans (after taxes)			6,108			6,108		6,108
Other comprehensive income after taxes	**0**	**0**	**8,301**	**8,461**	**240**	**17,002**	**-810**	**16,192**
Total comprehensive income	**0**	**0**	**153,484**	**8,461**	**240**	**162,185**	**7,361**	**169,546**
Transactions with owners								
Total capital contribution / withdrawels to owners								0
Purchase / Sale of non-controlling interests without / with change of control			1,256			1,256	-3,579	-2,323
Profit transfer to DMG MORI Europe Holding GmbH for 2022			-146,509			-146,509		-146,509
Sum of transactions with owners	**0**	**0**	**-145,253**	**0**	**0**	**-145,253**	**-3,579**	**-148,832**
As at 31 Dec. 2022	**204,927**	**498,485**	**736,972**	**-38,711**	**12**	**1,401,685**	**20,811**	**1,422,496**

See accompanying explanations regarding equity and non-controlling equity interests in the Consolidated Financial Statements in the ↗ Notes 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DMG MORI AKTIENGESELL-SCHAFT FOR THE FINANCIAL YEAR 2023

ACCOUNTING PRINCIPLES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENT

1. Application of regulations

The Notes to the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT for the financial year from 1 January 2023 to 31 December 2023 were prepared at the end of the reporting period with mandatory use of the International Financial Reporting Standards (IFRS) as adopted by the European Union and their interpretation by the International Accounting Standards Board (IASB), London, Great Britain, as applicable on the reporting date. The Notes to the Consolidated Financial Statements include further explanations pursuant to Section 315e of the German Commercial Code (HGB).

The following disclosures include statements and comments that, pursuant to the IFRS, must be included in the notes to the Consolidated Financial Statements along with the consolidated income statement, the consolidated statement of comprehensive income for the reporting period, the consolidated balance sheet, the development of the group's equity and the consolidated cash flow statement.

To allow for a better presentation, individual items have been combined in the balance sheet and the income statement; these are shown separately in the notes to the Consolidated Financial Statements with further disclosures.

The Consolidated Financial Statements are drawn up in euros. The reporting currency is the euro. Unless otherwise specified, all amounts are shown in thousand euro (€K). All amounts have been rounded in accordance with standard commercial practice. For computational reasons, rounding differences may occur in the tables.

DMG MORI AKTIENGESELLSCHAFT with its registered office in Bielefeld, Gildemeisterstrasse 60, is listed at the Bielefeld District Court (Germany), section B, under the number 7144 and is the parent company of the DMG MORI AG group and is a listed company under German law. As a leading manufacturer of cutting machine tools worldwide, the DMG MORI AG group offers innovative machine technologies, expert services, and needs-based software products. The Consolidated Financial Statements and the Group Management Report of DMG MORI AKTIENGESELLSCHAFT for the reporting period as of 31 December 2023 will be available through the electronic Federal Gazette (Bundesanzeiger), the Commercial Register as well as from our website ↗ **en.dmgmori-ag.com.**

DMG MORI COMPANY LIMITED, Nara (Japan) is the ultimate parent company of the DMG MORI AG group. DMG MORI Europe Holding GmbH is the direct parent company of DMG MORI AKTIENGESELLSCHAFT. The Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT are included in the Consolidated Financial Statements of DMG MORI COMPANY LIMITED, Nara (Japan). These Consolidated Financial Statements can be found online at ↗ **www.dmgmori.co.jp**.

DMG MORI Europe Holding GmbH, a wholly-owned subsidiary of DMG MORI COMPANY LIMITED, has a domination and profit transfer agreement with DMG MORI AKTIENGESELLSCHAFT pursuant to Section 291 et seqq. of the German Stock Corporation Act (AktG), which entered into force following entry into the commercial register on 24 August 2016. A tax allocation agreement was concluded between DMG MORI Europe Holding GmbH and DMG MORI AKTIENGESELLSCHAFT with effect from 1 January 2017.

The Executive Board of DMG MORI AKTIENGESELLSCHAFT released the Consolidated Financial Statements and the Group Management Report for publication on 18 March 2024.

2. Consolidation principles

The recognition of acquired subsidiaries applies the acquisition method, provided the group has obtained a controlling interest. Transactions under joint control are also accounted for as purchases.

The consideration transferred for the acquisition of such interests corresponds to the fair value of the exchanged assets and the liabilities incurred or assumed at the date of the acquisition. Furthermore, they include the fair value of any assets or liabilities recognized arising from a contingent consideration agreement. Subsequent adjustments to the fair value of the contingent consideration are recognized through profit or loss. Costs related to the acquisition are recognized as an expense at the time of their accrual. At the time of their initial consolidation, assets, liabilities and contingent liabilities that can be identified in the context of a merger will be measured at their fair values at the time of acquisition.

Contingent consideration obligations are measured at fair value at the acquisition date.

Subsidiaries are companies controlled by the group. The group controls a company, if it is subject to fluctuating rates of return from its involvement with the company or holds a right to such rates of return and is able to influence them utilizing its control over the company.

If the group loses control over a subsidiary, it derecognizes the subsidiary's assets and liabilities and all related non-controlling interest and other components of equity. Any profit or loss generated is recognized through profit or loss.

The group decides on an individual basis with respect to the question if the non-controlling interests in the company acquired are to be recognized at their fair value or in the pro-rata amount of the net assets.

Goodwill is recognized at the value that arises from the surplus of the acquisition costs, from the amount of the non-controlling interests in the company acquired as well as from the fair value of any previously held equity interests as of the acquisition date above the equity interest of the group in the net assets above fair value. Should the acquisition costs be less than the acquired subsidiary's net asset value measured at fair value, the difference shall be re-evaluated and subsequently recognized in the income statement.

IFRS 3 "Business Combinations" and IAS 36 "Impairment of Assets" eliminate the schedule amortization of goodwill and instead prescribe goodwill to be written-off only in the event of an impairment. Any equity interest in the subsidiaries, that the parent company is not entitled to, are recognized as non-controlling interests as part of equity.

Mutual receivables and liabilities between the companies included in the Consolidated Financial Statements are offset against each other. Interim results from intragroup deliveries and services are eliminated; deferred tax assets and deferred tax liabilities from consolidation transactions affecting net income are recognized in the income statement. Intragroup sales revenues and other intragroup income is offset against the corresponding expenses not affecting income.

Other companies related to the DMG MORI AG group are the ultimate parent company DMG MORI COMPANY LIMITED, Nara (Japan) and its subsidiaries and major holdings outside the DMG MORI AG group. If not shown separately, any information on other related parties refers to this group of companies and also includes DMG MORI COMPANY LIMITED.

The applied consolidation methods remained unchanged from the previous year.

3. Recognition and measurement methods

All annual financial statements of the companies that were included in the Consolidated Financial Statements have the same balance sheet dates as the Consolidated Financial Statements and are prepared in accordance with the uniform group accounting and valuation principles. For this purpose, those financial statements that were prepared in accordance with local regulations were adjusted to the uniform group accounting and valuation principles of DMG MORI AKTIENGE-SELLSCHAFT. The Consolidated Financial Statements have been prepared on the basis of the historical cost of acquisition and production, with the exception that certain financial instruments have been accounted for at market value and pension obligations have been accounted for using the projected unit credit method.

The applied accounting and valuation principles methods are the same as those applied in the previous year.

Changes in accounting and valuation methods due to new standards

The DMG MORI AG group applied the following new and revised IFRS and IFRIC standards as of 1 January 2023, which were relevant to the Consolidated Financial Statements as shown in table **C.06**.

C.06

Amendments to IAS 1 and Practice Statement 2	Disclosure of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
IFRS 17	Insurance Contracts
Amendments to IFRS 17	Initial application of IFRS 17 and IFRS 9 - comparative information
Amendments to IAS 12	Income taxes: International Tax Reform - Pillar 2 Model Rules

The effects of these new standards on the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT are explained below.

Amendments to IAS 1 and Practice Statement 2 – Disclosure of Accounting Policies
The amendments to IAS 1 clarify that in the future, disclosures are only to be made on material accounting policies and not on significant accounting policies. The definition of material is based on the usefulness of the information provided to users of the financial statements for making decisions.

The central theme is that

// accounting policies that relate to immaterial transactions, other events or conditions are themselves immaterial (and need not be disclosed). However, it is important to note that both qualitative and quantitative factors are required to determine and assess the immateriality of transactions, other events or conditions.

// accounting policies that relate to material transactions, other events or conditions may be material, but do not need to be.

The standard provides further guidance on when accounting policy disclosures should be considered material.

Amendments to Practice Statement 2
The bases of IAS 1 for determining when an accounting policy is material and when disclosure requirements apply have also been incorporated into IFRS Practice Statement 2 “Making Materiality Judgements” and clarified in the form of a decision tree.

The amendments are applicable to reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

These amendments have had no material effects on the Consolidated Financial Statements of the DMG MORI AG group.

Amendments to IAS 8 – Definition of Accounting Estimates
The amendments to IAS 8 include clarifications on the difference between accounting policies and accounting estimates to help entities distinguish between them. This distinction is important, as changes in accounting policies must be applied retrospectively, while changes in accounting estimates are accounted for prospectively.

Instead of the previous definition of a "change in accounting estimates", IAS 8 now defines the term "accounting estimate" as follows: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Under IAS 8, the term accounting estimate thus represents a value that is calculated using measurement techniques and inputs where there is estimation uncertainty, in order to meet the objective of the required accounting treatment. In other standards, the term estimate is also used in other ways, e. g. for inputs used to calculate this value. Changes in accounting estimates may be necessary if changes occur in the circumstances on which the estimate was based, or as a result of new information, developments or more experience. Changes in estimates never relate to prior periods and thus are not corrections of errors. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior errors.

The amendments are applicable to reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

These amendments have had no material effects on the Consolidated Financial Statements of the DMG MORI AG group.

Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

The amendments address previous uncertainties when accounting for deferred taxes on leases and decommissioning or restoration obligations.

When assets and liabilities are recognized for the first time, the initial recognition exemption (IAS 12.15) previously applied under certain conditions. In such cases, as an exception, deferred taxes should not be recognized. In practice, there was uncertainty as to whether this exemption also applied to leases and decommissioning or restoration obligations. A narrow-scope amendment to IAS 12 has now been made to ensure uniform application of the standard.

As a result of this amendment, the initial recognition exemption no longer applies to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, even if the other previously applicable conditions are met. This is an exception to the initial recognition exemption for closely defined cases. These amendments result in the recognition of deferred taxes, e.g. on leases accounted for by the lessee and on decommissioning or restoration obligations.

The amendments are applicable to reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

These amendments have had no material effects on the DMG MORI AG group.

IFRS 17 – Insurance Contracts

IFRS 17 replaces IFRS 4 and thus, for the first time, specifies standard international requirements for the recognition, measurement, presentation and disclosure of and notes on insurance contracts, reinsurance contracts and investment contracts with discretionary participation features.

This amendment has had no material effects on the DMG MORI AG group.

Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 – comparative information
The IASB published the amendment to IFRS 17 "Initial application of IFRS 17 and IFRS 9 – Comparative Information" in December 2021. On initial application of the requirements of IFRS 17 and IFRS 9 in force prior to this date, accounting mismatches may occur if comparative information for financial assets is not adjusted retrospectively to the requirements of IFRS 9. Such an adjustment is not made under IFRS 9 if the entity exercises the relevant option accordingly or if the entity adjusts the comparative information retrospectively, but the relevant financial assets are derecognized during the comparative period. The amendment made in December 2021 allows first-time adopters of the standard to present financial assets in the comparative period as if the classification and measurement rules in IFRS 9 had been applied to these financial assets (classification overlay).

Entities that apply the classification overlay to financial assets are not required to also apply the impairment requirements of IFRS 9 to those financial assets. If an entity elects to apply this option, any impairment of the financial assets concerned will continue to be calculated in accordance with IAS 39 in the comparative period.

Any carrying amount adjustments to be made at the beginning of the comparative period should be recognized in retained earnings or another appropriate component of equity.

Irrespective of the application of classification overlays to financial assets, an entity is still required to comply with the transition requirements of IFRS 9 applicable to financial assets..

These amendments have had no material effects on the DMG MORI AG group.

Amendments to IAS 12 - Income Taxes: International Tax Reform - Pillar 2 Model Provisions
These amendments to IAS 12 introduce a temporary exemption from accounting for deferred taxes IAS 12 resulting from the implementation of the Pillar Two rules and are to be applied immediately after the publication of the amendment on May 23, 2023. DMG MORI AG group has applied the exception, which did not have any material impact on the consolidated financial statements. For further information in connection with the effects of Pillar II, please refer to the "Income taxes" section in this chapter.

a) These have already received EU endorsement

C.07

Amendments to IAS 1	Classification of liabilities as current or non-current including the decision announced in July 2020 to defer the effective date of the amendments Non-current liabilities with covenants.
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction

Amendments to IAS 1 - Classification of debt as short or long-term
The narrow-scope amendment to IAS 1 clarifies that debt is either classified as short or long-term, depending on the rights that the entity has on the reporting date.

The amendment requires debt to be classified as long-term if, at the end of the reporting period, the entity has a substantive right to defer settlement of the liability for at least 12 months after the reporting date.

In assessing whether a (substantive) right exists, no consideration should be given to whether the entity will exercise its right. Thus, the management's expectations do not affect classification. The Board removed the previous requirement for a right to be 'unconditional'. In the case of the right to defer settlement, which is subject to the entity complying with specified conditions, after the amendments, the emphasis will be on whether the entity complies with these conditions at the reporting date.

In October 2022, further amendments were made to IAS 1, which clarify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. However, the amendments require an entity to disclose information about these covenants in the notes to the financial statements that enables users of the financial statements to understand the risk of whether long-term debt with covenants could become repayable within twelve months.

As a result of other amendments to IAS 1, the IASB has deferred the mandatory effective date for all IAS 1 amendments.

The amendments are thus applicable to reporting periods beginning on or after 1 January 2024, subject to adoption by the EU. Earlier application of the amendments is permitted, but in the EU generally requires an endorsement.

The DMG MORI AG group is currently not expecting any material effects for the Consolidated Financial Statements.

Amendments to IFRS 16 – Lease liability in a sale and leaseback transaction
This amendment applies to the accounting treatment of lease liabilities from sale and leaseback transactions and stipulates that a seller-lessee must subsequently measure lease liabilities arising from a sale in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new paragraphs use examples to illustrate different possible approaches etc. particularly for variable lease payments.

The amendments are applicable to financial years beginning on or after 1 January 2024, subject to adoption by the EU. Earlier application of the amendments is permitted, but in the EU requires an endorsement.

The DMG MORI AG group is currently not expecting any material effects for the Consolidated Financial Statements.

b) EU Endorsements are still pending
Furthermore, the following standards and interpretations were issued by IASB and not yet recognized by the European Union, as shown in table **C.08**.

C.08

Amendments to IAS 7 and IFRS 7	Reverse factoring arrangements
Amendments to IAS 21	Lack of Exchangeability

Amendments to IAS 7 and IFRS 7 – Reverse Factoring Arrangements
The IASB has published amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures", which mainly relate to additional mandatory disclosures in the notes regarding reverse factoring arrangements. The additional disclosures in the notes are designed to enhance the transparency of reverse factoring arrangements and their effects on liabilities, cash flows and exposure to liquidity risk in entities' financial statements. The required disclosures mainly relate to:

- The terms and conditions of an arrangement (e.g. extended payment terms and collateral or guarantees issued),
- the carrying amount of financial liabilities that are part of the reverse factoring agreement, the associated line item where these liabilities are presented and the amount of financial liabilities for which suppliers have already received payment from the bank / factor,
- the range of payment due dates of financial liabilities that are part of the reverse factoring agreement and comparable payment due dates of financial liabilities that are not part of a reverse factoring agreement, and
- information on the effects on liquidity risk.

These amendments should be applied for financial years beginning on or after 1 January 2024.

The DMG MORI AG group is currently not expecting any material effects for the Consolidated Financial Statements, but the initial application will result in additional information in the appendix.

Amendments to IAS 21 - Lack of Exchangeability
These amendments add requirements to IAS 21 that are to be applied if a currency is not exchangeable into another currency. As IAS 21 previously contained virtually no provisions on this topic, the amendments now published are intended to help entities assess the exchangeability between two currencies (step 1) and to define the spot exchange rate to be used when there is a lack of exchangeability (step 2), as well as to introduce new disclosures in the notes that should enable investors to understand how the currency not being exchangeable into the other currency affects the entity's net assets, financial position and results of operations. These amendments should be applied for financial years beginning on or after 1 January 2025.

The DMG MORI AG group is currently not expecting any material effects for the Consolidated Financial Statements.

IMPACT OF CLIMATE-RELATED ASPECTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The assumptions about future trends within the 5-year forecast period from 2024 to 2028 also take into account climate-related risks and effects. Our machine production focuses on reducing carbon emissions both during production and when these machines are used by our customers by making them more sustainable, with higher energy and resource efficiency. Sustainable investments in a stand-alone power supply and sustainable building efficiency as well as in the way products are manufactured will reduce climate-related risks in the future. The EBIT margin is affected by increasing the use of renewable energies and reducing carbon emissions at our sites. Climate-related investments are still included in planned capital expenditure.

An ongoing review of climate-related aspects, including legislation, did not reveal any material impact on the Consolidated Financial Statements in financial year 2023. DMG MORI AKTIENGESELLSCHAFT regularly analyzes potential environmental risks and opportunities and their possible impact on accounting and valuation principles. In financial year 2023, DMG MORI AG group did not identify any such material impact or climate-related risks regarding the fair value of assets and liabilities or when testing assets for impairment. If material climate-related effects occur, these are assessed and adequately recognized in the Consolidated Financial Statements, and any discretionary decisions and accounting and valuation principles are adjusted. Further information can be found in the ↗ Sustainability Report for financial year 2023.

IMPACT OF THE GEOPOLITICAL SITUATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

The global machine tools market again faced major challenges in 2023. The war in Ukraine, the geopolitical conflicts, the multiple interest rate hikes and high raw material and energy costs were the main factors impacting growth in the second half of the year.

Despite the ongoing challenges facing markets and business conditions, the DMG MORI AG group's performance remained stable and it looks back on a successful financial year 2023. Sales revenue and consolidated earnings improved from the previous year with order intake remaining stable. For further details on developments, please see the section on ↗ **Results of operations, financial position and net assets** in the group management report.

page 67 et seqq.

The preparation of financial statements in conformity with IFRS requires management to make assumptions and estimates that affect reported amounts and related disclosures. Estimates and assumptions are subject to regular review and may need to be adjusted.

Although these assumptions and estimates are made to the best of management's knowledge based on current events and measures, the actual results may differ from these estimates. This is particularly true given the significant increase in geopolitical risks in financial year 2023, mainly due to the war in Ukraine and the conflict in the Middle East, both of which involve risks and impairments, such as potential disruptions to production site power supplies or price increases and energy and raw materials shortages, as well as disruptions to global supply chains, sales markets and the growth of the economy as a whole.

If these conflicts were to escalate, it would further increase the risk of a global economic downturn, which, combined with rising inflation and higher interest rates, could lead to a major economic downturn. Both tariff disputes and trade restrictions, e.g., between the U.S. and China, may adversely affect global trade and thus global economic growth.

Due to the dynamic nature of developments related to geopolitical risks, we cannot rule out that actual results may differ significantly from the estimates and assumptions made in these Consolidated Financial Statements, or that the estimates and assumptions may need to be adjusted in future periods, which could have a material impact on the DMG MORI AG group's net assets, financial position and results of operations.

As a result of the ongoing war in Ukraine, the recoverability of assets belonging to two Russian subsidiaries was reviewed and an impairment loss of € 10.3 million was recognized (previous year: € 10.8 million). For the effects of the decree published by the Russian Federation on February 19, 2024 with regard to our investment in Ulyanovsk Machine Tools ooo, Ulyanovsk, please refer to the section "Events occurring after the reporting date". For further information, please see Note 20.

page 159 et seqq.

Valuation and accounting principles

The effects on the different valuation and accounting principles for the DMG MORI AG Consolidated Financial Statements are described in the section "Use of discretionary decisions and estimates" and the section "Accounting and valuation methods". Where necessary or foreseeable, the assumptions for discretionary decisions and estimates take into account the effects of the war in Ukraine. These estimates are subject to uncertainties.

pages 122 et seq.; 123 et seq.

USE OF DISCRETIONARY DECISIONS AND ESTIMATES

The preparation of the Consolidated Financial Statements in accordance with IFRS necessitates discretionary decisions, estimates and assumptions concerning the application of accounting methods and the reported amounts of assets, debts, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recorded prospectively.

When using the recognition and measurement methods, the Executive Board is required to make the following discretionary decisions and estimates, which significantly influence the amounts in the financial statements.

Impairment of goodwill

The group reviews goodwill at least once a year for impairment on 31 December and whenever there is an indication to do so. This requires the creation of cash-generating units and an allocation of goodwill to the cash-generating units as well as the higher of the two values of fair value less purchase costs and the value in use of the cash-generating units, to which the goodwill is allocated. To assess the value in use, the company management must assess the foreseeable future cash flow of the cash generating unit and, moreover, select an appropriate discount rate in order to determine the cash value of this cash flow. As of 31 December 2023, the carrying amount of goodwill totaled € 136,407 K (previous year: € 136,416 K). This change from the previous year is due to currency effects. Further information can be found in Note 19.

page 157 et seqq.

Provisions for pension

The amount of the provisions and the expenses from benefit-based plans are determined on the basis of actuarial calculations. The actuarial calculations take place on the basis of assumptions with respect to discount interest rates, future wage and salary increases, the mortality rate and future pension increases. Corresponding to the long-term focus of these plans, such assessments are subject to significant uncertainties. As of 31 December 2023, provisions for pensions amounted to € 27,836 K (previous year: € 26,982 K). Further information can be found in Note 31.

page 176 et seqq.

Intangible assets arising from development

Intangible assets arising from development are capitalized according to the recognition and measurement methods presented in Note 3. To determine the amounts to be capitalized, the company management must make assumptions as to the amount of expected future cash flow from intangible assets, the interest rates to be applied, and the period of accrual of expected future cash flow that the intangible assets generate. As of 31 December 2023, on a best estimate basis, the carrying amount of intangible assets arising from development amounted to € 14,804 K (previous year: € 13,209 K).

page 115 et seqq.

Inventories

Inventories are capitalized according to the recognition and measurement methods presented in Note 3.

page 115 et seqq.

When measuring and recognizing inventories, assumptions about the net realizable value are required. In order to calculate the net realizable value, the Executive Board has to make assumptions about the amount of this value that are mainly based on assumptions about the recoverable selling prices of the machine tools and services on the market.

Write-downs of inventories to net realizable value amounted to € 33,280 K (previous year: € 27,268 K). In assessing expected net realizable values, past experience and current market trends were taken into account.

Other

Discretionary decisions and estimations are also required for leases (Note 36), revenue from contracts with customers (Note 6), allowances for doubtful debts (Note 25), as well as for contingent liabilities (Note 37), and other provisions (Note 32). Moreover, they are required for determining the fair value of long-term fixed assets (Note 20) and intangible assets (Note 19), as well as for the assessment of deferred taxes on tax losses carried forward(Note 29).

pages 186 et seqq.; 146 et seqq.; 168 et seqq.; 190; 181 et seqq.; 159 et seqq.; 157 et seqq.; 171 et seqq.

The main assumptions on which the respective estimates are based are commented upon for the individual items in the Income Statement and Balance Sheet.

pages 146 et seqq.; 157 et seqq.

In individual cases the actual values may differ from the assumptions and estimates made, requiring a significant adjustment in the carrying amount of the assets or liabilities concerned. Pursuant to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, changes will be taken into account at the time of their discovery and recognized in the income statement. The previous year’s amounts need not be adjusted and are comparable.

RECOGNITION AND MEASUREMENT METHODS

The application of specific IFRS is included in the explanatory notes on individual statement of financial position items. In principle, the following recognition and measurement methods have been applied:

Impairment test

In reporting year 2023, impairment testing was conducted for goodwill, and in relation to intangible assets that are not yet available for use at the end of the financial year. Based on these tests, no impairment losses were recognized for goodwill and the intangible assets that are not yet available for use.

Current corporate planning, which already reflects adjustments to business expectations in relation to the Ukraine war, material availability, supply shortages, rising inflation, and high raw material and transportation costs was used to determine the value in use as of 31 December 2023.

page 157 et seqq.

For a detailed description of this approach and the underlying assumptions, please see the explanations in ↗ Note 19.

Intangible and tangible assets

As shown in table C.09, there are no intangible assets with an indefinite useful life, except for the goodwill.

C.09 // USEFUL ECONOMIC LIFE OF ASSETS

Years	
Software and other intangible assets	1 to 7
Assets arising from development	2 to 10
Office and factory buildings	10 to 50
Technical equipment and machinery	2 to 30
Other equipment, factory and office equipment	1 to 23

Development costs that are directly attributable to the development of identifiable individual machine tools, services or software solutions, which lie within the group's power of disposition, are capitalized pursuant to IAS 38 "Intangible Assets" if it is probable that the use of the asset is associated with a future economic benefit, the completion is technically feasible, and the cost of the asset can be reliably measured. They were accounted for at acquisition or production costs plus borrowing costs, as long as they are qualified assets, reduced by regular depreciation on a straight-line basis corresponding to their useful life and cumulative impairments. Production costs include all costs that can be directly and indirectly attributed to the development process and necessary portions of development-related overheads. Capitalized development costs are depreciated on a straight-line basis from the start of production over the expected product life cycle. Any resulting expenses are recognized under depreciation. Research costs are recognized as expense in the period in which they accrue.

Pursuant to IFRS 3 "Business Combinations", scheduled depreciation is not applied to goodwill, but is tested for impairment annually and whenever there is any indication to test for impairment. If an impairment requirement is determined, goodwill is depreciated.

The intangible and tangible assets were evaluated at acquisition or production costs, reduced by scheduled depreciation and and cumulative impairments. Borrowing costs are recognized as part of the acquisition or production costs, if the requirements of IAS 23 are fulfilled ("Borrowing costs"). Depreciation was carried out using the straight-line method in accordance with useful life. A re-evaluation of tangible assets pursuant to IAS 16 "Property, Plant and Equipment" was not carried out. No property was held as a financial investment pursuant to IAS 40 "Investment Property".

The production costs of internally generated equipment include all costs that can be directly attributed to the manufacturing process and the necessary portions of production-related overheads. This includes production-related depreciation, prorated administration costs and prorated costs of social contributions. Borrowing costs are recognized as part of the acquisition or production costs if the requirements of IAS 23 are fulfilled. Costs of repair are immediately recognized as expense.

LEASES

Leases where the DMG MORI AG group is the lessee
At inception of the contract, the DMG MORI AG group assesses whether the contract constitutes or contains a lease. This is the case, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains the right to control the use of an identified asset, the DMG MORI AG group defines a lease pursuant to IFRS 16.

The DMG MORI AG group has, for all leases, recognized rights to use leased assets and liabilities for the payment obligations entered into on the balance sheet.

Payment obligations entered into for short-term leases and leases of low value are recognized as an expense in profit or loss on a straight-line basis. As short-term leases apply to leases with a term of up to 12 months without purchase option. Leases of low value are characterized by a payment obligation which is less than or equal to € 5 K.

The right-of-use asset is initially measured at cost, consisting of the amount equal to the lease liability at its initial recognition, adjusted for payments made on or before the commencement date of the lease, less any lease incentives received plus amounts for any initial direct costs and the estimated costs incurred in dismantling or removing the underlying asset or restoring the underlying asset or the site on which it is located.

The initial recognition of lease liabilities is determined as the present value of outstanding lease payments. In this context, the lease payments to be made are generally separated in leasing and non-leasing components, whereby the lease payments to be made regarding the leasing component are taken into account when determining the present value. These are discounted using the interest rate implicit in the lease or, if this cannot be readily determined, the incremental borrowing rate. In order to determine its incremental borrowing rate, the DMG MORI AG group obtains interest rates from various financial sources and makes specific adjustments to take into account the terms and conditions of the lease.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments, including de facto fixed payments,

- // variable lease payments that depend on an index or (interest) rate, initially measured using the index or (interest) rate as at the commencement date,
- // amounts expected to be payable under a residual value guarantee, and
- // the exercise price of a purchase option, if the group is reasonably certain to exercise that option, lease payments for an extension option, if the group is reasonably certain to exercise that option, and penalties for early termination of the lease, unless the group is reasonably certain not to exercise an early termination option for such a lease.

Subsequently, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the end of the lease term, unless ownership of the underlying asset is transferred to the DMG MORI AG group at the end of the lease term, or if the cost of the right-of-use asset reflects that the DMG MORI AG group will exercise a purchase option. In this case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined in accordance with the requirements for property, plant and equipment. Where required, the right-of-use asset is also continually adjusted for impairment losses and for any remeasurements of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured, if changes in future lease payments result from changes in the index or (interest) rate, if there are changes in the DMG MORI AG group's assessment of amounts expected to be payable under a residual value guarantee, if there are changes in the DMG MORI AG group's assessment of whether a purchase, extension or termination option will be exercised or if there are changes in a de facto fixed lease payment. Adjustments are made to the carrying amount of the right-of-use asset to reflect remeasurement of the lease liability. In the case of such a remeasurement, the interest rate corresponding to the above mentioned statements is used and a corresponding adjustment is made to the book value of the right-of-use asset.

Sale and Leaseback
With regard to a sale and leaseback transaction, an entity first needs to assess if the transfer of an asset should be recognized as a sale based on the criteria in IFRS 15. If this is the case, the DMG MORI AG group measures the right-of-use asset arising from the leaseback as the proportion of the previous carrying amount that relates to the right of use retained. Thus, gains or losses are only recognized if they relate to the rights transferred.

Leases where the DMG MORI AG group is the lessor
If the group acts as a lessor, it classifies each lease as a finance or operating lease at inception of the contract.

In order to classify each lease, the DMG MORI AG group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is an operating lease. Within the scope of this assessment, the DMG MORI AG group takes into account certain indicators, such as whether the lease covers a major part of the economic life of the asset.

The DMG MORI AG group records the head lease and sub-lease separately on the balance sheet, if it acts as an intermediate lessor. The sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease to which the group applies the exception described above, it classifies the sub-lease as an operating lease.

Lease payments from operating leases are recognized by the DMG MORI AG group as income on a straight-line basis over the term of the lease.

Impairment
Pursuant IAS 36 "Impairment of Assets", the assets of the DMG MORI AG group, with the exception of assets as defined by IAS 36.2, are tested for signs of impairment at each balance sheet date. Where such indicators exist, the recoverable amount of the assets is calculated and, if necessary, the assets are written down. An impairment test for individual assets is only possible if recoverable amounts can be allocated to the individual asset. If this is not possible, the recoverable amount of the cash-generating unit pertaining to the asset must be determined (asset's cash-generating unit).

Pursuant to IAS 36 "Impairment of Assets", goodwill has to be tested for impairment at least once a year and whenever criteria are met for an impairment test. DMG MORI AKTIENGESELLSCHAFT had conducted the impairment test as of 31 December 2023. In the impairment test, the carrying amount of a cash-generating unit is compared with the recoverable amount. The recoverable amount of the cash-generating unit is the higher of the asset's fair value less costs to sell and its value in use.

Shares in companies accounted for using the equity method
The group's interests, which are accounted for using the equity method, include shares in associated companies.

Associates are entities over which the group can exercise significant influence but cannot exercise any control. Significant influence is basically assumed to be if the DMG MORI AG group has a share of at least 20 % to 50 % of the voting rights either directly or indirectly. Interests in associates are accounted for using the equity method of accounting and at purchase cost upon acquisition. The group's interest in associated companies includes the goodwill which arose from the acquisition.

The interest of the group in the profit and loss of associates is recognized from the acquisition date in the income statement. Changes to reserves are to be recognized proportionately in revenue reserves. Accumulated changes after acquisition are offset against the book value of the investment. If the share in losses of the group in an associate corresponds to the group's interest in the associate, including other unsecured receivables, or exceeds the interest, the group does not recognize any other losses unless it has entered into obligations on behalf of the associate or has made payments on behalf of the associate.

At every balance sheet date, the group reviews whether there is reason to believe that impairment loss has to be taken into account when accounting for the investment in associates. In these cases, the difference between the carrying amount and the recoverable amount is determined to be an impairment and recognized in the income statement item "Impairment of shares in equity accounted companies".

Unrealized profits from transactions between group companies and associated companies are eliminated in accordance with the group's interest in the associated company. Unrealized losses are likewise eliminated, unless the transaction provides evidence of an impairment of the asset transferred. The accounting and valuation methods of associates were – insofar as necessary – changed in order to ensure uniform accounting throughout the group.

Joint ventures are likewise accounted for at equity pursuant to IFRS 11.24. Unrealized interim gains or losses from transactions with joint ventures are eliminated proportionately within the scope of consolidation insofar as the underlying assets are significant.

Equity investments
Equity investments recognize interests in enterprises, over which DMG MORI AKTIENGESELLSCHAFT does not exercise any significant influence.

Equity investments are accounted for at fair value and designated as at FVOCI. At initial recognition, the DMG MORI AG group exercised the option under IFRS 9.4.1.4 to recognize subsequent changes in the fair value of equity investments in other comprehensive income, as these equity investments are held for strategic purposes.

Equity instruments not held for trading are measured at fair value. At initial recognition, the entity may elect to present any subsequent changes in the investment's fair value in other comprehensive income. This election is made for each investment on an instrument-by-instrument basis.

Inventories
Measuring of inventories was carried out at the acquisition or production costs or the lower net selling price. Pursuant to IAS 2 "Inventories", elements of the production costs include production material, manufacturing labor, prorated materials and production overheads. Expenses for administration and expenses arising in the social contribution area are included insofar as these are allocated to production. The proportion of overheads is evaluated on the basis of ordinary employment. Borrowing costs are recognized as part of the acquisition or production costs, if the requirements of page 139 IAS 23 are met (↗ Borrowing costs). When determining the net selling price, inventory risks arising from the period of storage and reduced usability were recognized through appropriate reductions in values. If the causes that led to a reduction in value no longer exist, a reversal will be made.

Lower values at the balance sheet date, arising from a reduction in prices on the sales market, were recognized. Inventories were measured primarily using the average cost method.

Financial Instruments
A financial instrument is an agreement, which also gives rise to a financial asset for one company and a financial liability or equity instrument for another company. Financial assets include in particular cash and cash equivalents, and trade debtors and other originated loans and receivables as well as original and derivative financial instruments held for trading. Financial liabilities generally substantiate claims for repayment in cash or other financial liabilities. This includes, in particular, promissory note bonds and other securitized liabilities, liabilities to banks, trade creditors, liabilities from financial leasing arrangements and other original and derivative financial instruments.

Financial liabilities are initially recognized at fair value less transaction costs incurred. Subsequently, the loans are measured at amortized cost. Differences between the amounts received (less transaction costs) and the repayment amount are recognized in the income statement over the term of the loans using the effective interest method.

Initial recognition and measurement
Trade debtors are recognized as of the date they originate. All other financial assets and liabilities are initially recognized on their trade date, if the DMG MORI AG group becomes a contracting party as stipulated by the financial instrument's contractual provisions.

Within the scope of factoring agreements, selected trade debtors are sold on a revolving basis to banks. Factoring is a standard financial instrument in the industry and an additional component of the financing mix. As of 31 December 2023, factoring agreements were concluded with a total volume of € 165.0 million (previous year: € 160.0 million). As of the balance sheet date, receivables with a volume of € 104.8 million (previous year: € 76.4 million).

The risks relating to the risk assessment of the receivables sold are the credit risk and, insignificantly, the risk of late payment (late payment risk). The credit risk is fully transferred to the buyer of the receivables in exchange for payment of a fixed purchase price. The late payment risk continues to be fully borne by DMG MORI AG group, but based on a quantitative analysis is considered to be immaterial.

Trade debtors sold under these arrangements are excluded from accounts at the time of sale insofar as the risks and rewards have been substantially transferred to the buyer and the transmission of the cash flows related to those receivables is assured.

A financial asset (except for a trade debtor without a significant financing component) or financial liability is initially measured at fair value (FV). Transaction costs that are directly attributable to acquisition or issue of the asset are recognized for any item that is not measured at fair value through profit or loss (FVTPL). Trade debtors without a significant financing component are initially measured at their transaction price (this usually corresponds to acquisition cost).

Classification and subsequent measurement
At initial recognition, a financial asset is classified and measured as follows:

- At amortized cost
- Debt instruments that are measured at fair value with value changes recognized in other income (FVOCI debt instruments)
- Equity instruments that are measured at fair value with value changes recognized in other income (FVOCI equity instruments)
- At fair value with value changes recognized in profit or loss (FVTPL)

Financial assets are not reclassified after initial recognition, unless the DMG MORI AG group changes its business model for managing financial assets. In such a case, all financial assets affected are reclassified on the first day of the reporting period after the change in business model.

A financial asset is measured at amortized cost, if both of the following conditions are met and the asset has not been designated as measured at FVTPL:

- It is held within a business model, whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt instrument is designated as measured at FVOCI, if both of the following conditions are met and it has not been classified as FVTPL:

- It is held within a business model, whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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Any financial assets that are not measured at amortized cost or FVOCI, are measured at fair value through profit or loss (FVTPL). This includes all derivative financial assets (see ↗ Note 38). At initial recognition, the entity can irrevocably elect to designate financial assets, that otherwise meet the criteria for measurement at amortized cost or FVOCI, as measured at FVTPL, if doing so eliminates or significantly reduces accounting mismatches that would otherwise arise.

Business Model Test
DMG MORI AG group assesses the objectives of the business model within which the financial asset is held at a portfolio level, as this best reflects the way in which business is managed and information passed on to management. The information the group needs to consider includes:

- The guidelines and targets for the portfolio and implementation of these guidelines in practice. This includes, whether the management's strategy is focused on collecting contractual interest income, maintaining a particular interest rate profile, matching the duration of a financial asset to the duration of its liability or to its expected cash outflows or realizing cash flows through the sale of assets.
- How portfolio performance is assessed and reported to group management.
- The risks that affect the performance of the business model (and the financial assets held in this business model) and how these risks are managed.
- How managers are compensated – for example, whether compensation is based on the fair value of the assets being managed or the contractual cash flows that are collected – and
- The frequency, volume and timing of sales of financial assets in prior periods and expectations about future sales activities.

Financial asset transfers to an independent third party through transfers that do not result in derecognition continue to be accounted for by the group and are therefore not treated as sales.

Financial assets held or managed for trading and their performance assessed on a fair value basis, are measured at FVTPL.

SPPI (Solely Payments of Principal and Interest) test
For the purpose of this test, the "principal amount" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as being compensation for the time value of money and default risk associated with the outstanding principal amount over a specific period, as well as being compensation for other basic credit risks, costs (e.g., liquidity risk and administrative costs) and a profit margin.

When testing whether the contractual cash flows are solely payments of principal and interest on the principal amount, the group considers the instrument's contractual terms. This includes testing whether the financial asset contains contractual terms, which could change the timing or amount of contractual cash flows, so that they no longer continue to meet these criteria. During its assessment, the group considers:

// Specific events that would change the amount or timing of the cash flows

// Circumstances that would adjust the interest rate, including variable interest rates

// Prepayment or renewal options and

// Circumstances that limit the group's claim to the cash flows from a specified asset (e.g. no right of rescission).

A prepayment option matches the criterion of solely payments of principal and interest, if the prepayment amount substantially represents unpaid amounts of principal and interest on the outstanding principal amount. This may also contain reasonable additional compensation for the early termination of the contract.

Moreover, a term for a financial asset that permits or requires prepayment of an amount, which substantially represents the contractual par amount plus accrued (but unpaid) contractual interest, is considered to match the SPPI criterion, if the fair value of the prepayment feature is insignificant at initial recognition.

SUBSEQUENT MEASUREMENT

Financial assets at FVTPL (Fair Value through profit and loss): These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives designated as hedging instruments, please see ↗ Note 38.

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Financial Assets at Amortized Cost: These assets are subsequently measured at amortized cost using the effective interest method. Impairment losses are deducted from amortized cost. Interest income, exchange rate gains and losses and impairments are recognized in profit or loss. A gain or loss is recognized in profit or loss when an asset is derecognized.

Debt investments at FVOCI (Fair value through other comprehensive Income): These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

Equity investments at FVOCI (Fair value through other comprehensive income): These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless they clearly represent recovery of a part of the investment costs. Other net gains and losses are recognized in other comprehensive income and thus, never reclassified to profit or loss.

In financial year 2023 and in the previous year, financial asset conditions were not re-negotiated.

Impairment
IFRS 9 is based on the expected credit loss model.

The valuation based on the expected credit loss model over the entire contractual term must be applied if the credit risk of a financial asset has increased significantly between the initial journal entry and the balance sheet date; in all other scenarios, the valuation concept using 12-month credit defaults must be used. However, the full lifetime expected credit loss method must always be used to measure trade debtors and contract assets without significant financing components. There is also an option to use this method for trade debtors and contract assets with a significant financing component. DMG MORI AG group has decided to use the full lifetime expected credit loss method for all trade debtors and contract assets ("simplified approach").

The impairment model must be used for financial assets measured at amortized cost or FVOCI – with the exception of equity securities held as financial assets – and for contract assets.

Impairments in the form of individual value adjustments make adequate allowance for the expected non-payment risks. Specific credit losses lead to de-recognition of the respective receivables. Within the scope of individual value adjustments, receivables, for which there is a potential devaluation requirement, will be tested for impairment and, if necessary, adjusted. The calculation of specific allowances for doubtful receivables is largely based on estimates and measurements of individual receivables, which not only take account of the creditworthiness and default of the respective customer, but also of current economic trends and historical default experience. Impairments of trade debtors are carried out in some cases using value adjustment accounts. The decision to account for non-payment risks using a value adjustment account or by directly reducing the receivables will depend on the reliability of the risk assessment.

This requires considerable discretionary decisions when assessing the impact of changes in economic factors on expected credit losses. The credit losses recognized for trade debtors are calculated based on experience with actual credit losses over the past three years. Credit risks within each group are segmented by common default risk characteristics. For the companies these are, for example, the credit risk assessment, such as on the basis of past due and the geographical location. The default rates used for DMG MORI AG group, depending on the maturity (not overdue and overdue) and geographic distribution of trade debtors, are between 0.03 % and 3.76 %.

Using the general approach, the allowance for other receivables was calculated based on ratings and probabilities of default for a six-month period and reflects the short maturities.

Cash and cash equivalents are deposited at banks or financial institutions rated A-1 to A-2 by the S&P rating agency. The allowance for cash and cash equivalents was calculated based on 12-month expected losses and reflects the short maturities.

Derivative financial instruments
The hedging of risk items from currency fluctuations is carried out through the use of derivative financial instruments such as forward exchange transactions. The hedging covers financial risks of scheduled underlying transactions and, in the case of currency risks, also risks from pending supply and service transactions.

All derivative financial instruments are recognized at fair value at their initial measurement. The subsequent measurement is also carried out at fair value. If there is no quoted price on an active market, then the fair value of derivatives corresponds to the cash value of estimated future cash flows.

Changes in the value of financial instruments, which are not intended as hedging instruments within hedge accounting, are immediately recognized in the income statement. Provided a hedging instrument meets the requirements for hedge accounting, depending on the hedge type – it is measured as follows:

Fair value hedge
Changes in the fair value of hedging instruments that hedge risk arising from changes in the fair value of recognized assets or liabilities are recognized together with the change in fair value of the hedged underlying transaction in the income statement. Fair value hedges were not made in the reporting year.

Cash flow hedge
Changes in the fair value of hedging instruments that have been concluded to hedge cash flow fluctuations, are recognized directly in other comprehensive income for the effective portion of the hedging instrument, taking into account deferred tax effects. The ineffective portion of the change in fair value resulting from overhedging is recognized in the income statement. Amounts accumulated in equity are accounted for in the statement of comprehensive income as soon as the hedged underlying transaction affects the income.

Forward exchange transactions are used to hedge future cash flows from expected incoming payments on the basis of present order intake. Incoming payments are expected within a period of up to one year. Derivative financial instruments are neither held nor issued for speculative purposes. However, derivatives are allocated to financial instruments held for trading and measured at fair value through profit or loss, if the pre-conditions for a cash flow hedge are not fulfilled.

Assets held for sale or disposal groups held for sale
Pursuant to IFRS 5, assets or groups of assets and liabilities held for sale must be classified as held for sale if their carrying amounts are recovered primarily through a sale transaction rather than through continued usage. These assets are measured at the lower of their carrying amount and fair value less costs of sale and recognized separately in the balance sheet under short-term assets or liabilities.

Cash and cash equivalents
Besides actual cash funds, i. e., cheques, cash in hand and money on account at banks, cash and cash equivalents also include short-term financial investments that can be converted to cash amounts at any time and are only subject to immaterial fluctuations in value. Cash and cash equivalents are measured at amortized cost.

Income taxes
DMG MORI Europe Holding GmbH, a wholly-owned subsidiary of DMG MORI COMPANY LIMITED, has a domination and profit transfer agreement with DMG MORI AKTIENGESELLSCHAFT pursuant to Section 291 et seqq. of the German Stock Corporation Act (AktG), which entered into force following entry into the commercial register on 24 August 2016.

Through the resulting entry of DMG MORI AKTIENGESELLSCHAFT and that of the domestic companies previously belonging to the DMG MORI AKTIENGESELLSCHAFT tax group into the income tax group of DMG MORI Europe Holding GmbH, the income tax liability of DMG MORI AKTIENGESELLSCHAFT expired as of 31 December 2016. Any earnings from the domestic tax group are now legally subject to taxation at DMG MORI Europe Holding GmbH which is not included in the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT. With effect from 1 January 2017, a tax allocation agreement was entered into between DMG MORI Europe Holding GmbH and DMG MORI AKTIENGESELLSCHAFT with the objective of fair and reasonable tax allocation.

IAS 12 requirements do not contain any explicit rules on recognizing tax expense attributable to taxable entities within the DMG MORI AG group. Deferred taxes have been recognized in the Consolidated Financial Statements based on an economic perspective. As a tax allocation agreement exists with effect from 1 January 2017, the stand-alone taxpayer approach was used to determine deferred taxes. This approach assumes that the tax allocation is determined on the basis of the taxable income of the controlled company, DMG MORI AKTIENGESELLSCHAFT, irrespective of the actual tax payable by the parent company, DMG MORI Europe Holding GmbH.

Thus, during preparation of the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT, all tax expenditures by domestic taxable entities within the group were accounted for in the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT, irrespective of the actual tax liability. Thus, all the tax consequences of these entities were accounted for in the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT. They include the recognition of actual taxes, tax risks and possibly tax arrears or refunds for previous periods and their effects on deferred tax items.

Income taxes include actual and deferred taxes, which are accounted for in the Consolidated Income Statement, unless they are for items immediately recognized in equity. In this case, the corresponding taxes are also recognized in equity and not in profit or loss. Actual income taxes are the expected tax liability or receivable on the taxable income or loss for the financial year, based on tax rates enacted at the balance sheet date, and any adjustments to tax liabilities for previous years. The amount of the expected tax liability or tax receivable reflects the best estimate, taking into account any tax uncertainties. The tax uncertainties mainly result from intragroup transfers and the tax deductibility of expenses. Actual tax liabilities also include all tax liabilities arising from the declaration of dividends. Actual tax assets and liabilities are only offset under certain conditions.

Pursuant IAS 12 "Income Taxes", deferred taxes are assessed using the liability method. For this purpose, deferred tax assets and liabilities were generally recognized for all temporary accounting and valuation differences between the IFRS statement of financial position valuations for group purposes and the tax valuations (temporary differences), and with respect to consolidation procedures recognized in profit or loss. Deferred tax assets for future tax reduction claims arising from tax-loss carry forwards were also reported in the balance sheet. However, deferred tax assets for all deductible temporary differences and for tax-loss carry forwards were only recognized to the extent that it is probable that future taxable income will be available against which the temporary differences or unused tax losses can be offset. The deferred taxes were calculated on the basis of income tax rates that, pursuant to IAS 12, "Income Taxes", apply on the evaluation date or have been enacted in the individual countries in accordance with the legal status on that date. Deferred tax assets and liabilities were only offset, if allowed by law. Deferred tax assets and liabilities were not discounted in accordance with the provisions contained in IAS 12, "Income Taxes".

The OECD's global minimum tax rules i. e. "Pillar Two" model rules, were transposed into German law (Minimum Tax Act - MinStG) on 28 December 2023 and are applicable from 1 January 2024. The DMG MORI AG group falls within the scope of these rules.

The minimum tax will be levied at the level of DMG MORI COMPANY LIMITED, Nara (Japan) as the parent company of the DMG MORI AG group and the ultimate parent entity. Within the scope of the minimum tax rules, DMG MORI Europe Holding GmbH, Bielefeld, as the parent company (Group carrier in the sense of Section 3 MinStG) of the DMG MORI AG group, is to be designated as a partially owned parent entity. The DMG MORI AG group is included in the financial statements of DMG MORI COMPANY LIMITED, Nara (Japan) and is therefore assessed together with the other companies of the entire DMG MORI group for the calculation of the group's minimum tax. Pursuant to Section 3 (6) MinStG, the DMG MORI AG group is required to pay its share of the minimum tax to DMG MORI Europe Holding GmbH, Bielefeld.

The global minimum tax rules stipulate that the difference between the effective tax rate under GloBE rules and the 15 % minimum tax rate - based on the adjusted minimum taxable profit – is paid as minimum tax by the ultimate parent entity (DMG MORI COMPANY LIMITED, Nara (Japan)) for each country. In a transitional period for the financial years 2024 to 2026, the exact calculation of the minimum tax may be waived through the use of "safe harbor" rules, which are linked to certain criteria being met, as the minimum tax is set to zero in these cases.

Provisions and liabilities
Provision for benefit-oriented pensions is determined according to the projected unit credit method pursuant IAS 19 (rev. 2011) "Employee Benefits". Under this method, not only those pensions and pension rights known or accrued at the balance sheet date are recognized, but also expected future increases in pension payments and salaries by estimating the relevant factors impacting such payments. Calculation is based on actuarial reports of independent experts taking into account

demographic and financial calculation principles. The provisions for benefit-based plans recognized on the balance sheet correspond to the cash value of the defined benefit obligation (DBO) at the balance sheet date, less the fair value of pension plan assets.

Actuarial profits and losses, which are based on experience-based adjustments and changes of actuarial assumptions, are recognized in the period they occurred in other comprehensive income and accumulated in equity. Retroactive service cost is immediately recognized in profit or loss.

The DMG MORI AG group contributes to contribution-oriented plans, either due to statutory or contractual obligations or voluntary contributions to public or private pension plans. The DMG MORI AG group has no further payment obligations beyond the payment of these contributions. The contributions are recognized under personnel costs as they are due. Paid prepayments of contributions are recognized as assets, for which exists a right to repayment or reduction of future payments.

Pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", other provisions were only made in the case of an existing present obligation to third parties arising from an event in the past, the use of which is probable and if the anticipated amount of the required provision can be reliably estimated. In this case, the probability of occurrence must exceed 50 %. In each case the most probable provision amount was recognized. The calculation is carried out using the best estimate of the amount required to settle the obligation at the balance sheet date. The provision amount also included future cost increases. Provisions with a remaining term of more than one year were discounted before taxes, at a rate which reflects the specific risks of the obligation.

A one-year performance period is used to calculate the provision for the short-term incentive (STI) as a variable compensation component for Executive Board members.

The short-term incentive (STI) is intended to motivate Executive Board members to achieve challenging and demanding financial, operational and strategic targets in the financial year. These targets reflect the corporate strategy of DMG MORI AG group and aim at increasing the earnings and market position of the company. For Executive Board members, the achievement of key group performance indicators in the given financial year is primarily through the relationship of these indicators to order intake and EBIT. An individual target amount is set for each member of the Executive Board. The target amount represents the initial value for determining performance-related payment after the end of the assessment period. A payment claim only arises at the end of the one-year assessment period and depends on if and how the targets have been achieved. The STI system is based on two target dimensions, which are assigned different weightings and can be adjusted through so called sustainability factors ("modifiers"). This considers both the market position (measured by the performance indicator "order intake"), as well as the earnings position (measured by the performance indicator "EBIT"). These company-specific targets are modified by a sustainability factor ("modifier"), which moves within a range of 80 % to 120 %. The sustainability factor is intended to reward the Executive Board's actions and successes that have contributed towards ensuring the company's long-term success. The target achievement levels for the STI 2023 are based on the following key figures and factors for 2023 and are determined using the same criteria for all Executive Board members.

Order intake has a weighting of 1/3, and EBIT 2/3. Both financial indicators must reach a floor, in order to qualify for a bonus. This is a target achievement of 50 %. Reaching the target amount corresponds to a target achievement of 100 % (EBIT; € 170.1 million, Order Intake: € 2,450 million). The component does not increase any further once a cap has been reached. This is a target achievement of 200 %.

The remuneration resulting from the achievement of targets is adjusted by three sustainability factors ("modifiers"), which are defined as part of the incentive (80 % - 120 %). These targets, on which the sustainability factor is based, include investments in property, plant and equipment, investments in the GLOBE project (SAP implementation) and the development of internal market shares and positions (order intake ratio for the DMG MORI AKTIENGESELLSCHAFT group and DMG MORI COMPANY LIMITED). All sustainability factors can reach a level of 80 % - 120 %. The factors, investments in property, plant and equipment and investments in the GLOBE project are each weighted at 25 %. The factor, development of internal market shares and positions is weighted at 50 %.

A three-year performance period is used to calculate the provision for the long-term incentive (LTI) as a variable compensation component for Executive Board members. Benefits from the LTI program are paid in cash on the basis of a indicator-based remuneration determined over a performance period of three years. These benefits are paid in annual tranches. The LTI is based on two financial targets as well as measurable sustainability targets that are expressed in the form of a "modifier". The financial performance criteria represent important core management ratios of DMG MORI AKTIENGESELLSCHAFT, such as earnings after tax (EAT) and service performance. The modifier, which ranges from 80 % to 120 %, also reflects sustainability targets. An individual target amount is set for each member of the Executive Board. The target amount represents the initial value for determining performance-related payment after the end of the assessment period. A payment claim only arises at the end of the three-year assessment period and depends on if and how the target values have been achieved. The target achievement levels are based on the following key performance indicators and factors and are determined using the same criteria for all Executive Board members. EAT has a weighting of 2/3. This means that the LTI includes one of the key financial figures of DMG MORI AG. The EAT component of the LTI must reach a floor, in order to qualify for a bonus. This is a target achievement of 50 %. Reaching the target amount corresponds to a target achievement of 100 % (€ 122.5 million). The consideration of a bonus ends once a cap has been reached. This is a target achievement of 200 %. Service performance over a period of three years is weighted at 1/3. The service performance is the average number of service calls per machine under warranty over the last 12 months. The service performance of the LTI must fall below a floor, in order to qualify for a bonus. This is a target achievement of 80 %. Reaching the target corresponds to a target achievement of 100 % (1.65). It does not increase further after reaching the minimum value. This is a target achievement of 200 %. The remuneration resulting from the achievement of targets is adjusted by two sustainability factors ("modifiers"), which are defined in the incentive (80 % - 120 %). These sustainability targets include the reduction of carbon dioxide emissions (carbon dioxide emissions as defined by Science-based Targets) and the development of the PPR indicator (number of "Product Problem Reports" in the last twelve months with status completed and final adjusted divided by the number of "Product Problem Reports" issued in the last twelve months). A "product problem report" describes a customer complaint. Both sustainability factors can reach a level of 80 % - 120 % and are weighted at 50 % each.

STI and LTI payments are each limited to a total of 200 % of the target amount. The maximum total remuneration of an Executive Board member is determined annually by the Supervisory Board on the basis of their target total remuneration and is the maximum amount of total remuneration for the respective bonus payment year, taking into account their fixed remuneration, short-term variable remuneration (STI), long-term variable remuneration and retirement provisions. The maximum total remuneration for financial year 2023, including a pension, is € 1,567 K for the Chairman of the Executive Board, Alfred Geißler and € 2,950 K each for the Executive Board members, Björn Biermann and Michael Horn. The maximum total remuneration for financial year 2023 is € 5,000 K for Christian Thönes. The maximum total remuneration limit in 2023 was exceeded for Christian Thönes and Björn Biermann as a result of their agreed severance payments.

The target achievement for short-term variable remuneration (STI) is 200 % for the key figure EBIT and 166.8 % for the key figure order intake. The target achievement for the sustainability factor relating to the budget for investments in property, plant and equipment was 102 %, for the Globe project 120 % and for the relative market shares AG / CO 107 %, resulting in a weighted modifier of 109 %. The target achievement for short-term variable remuneration (STI) for 2023 was 206 %. The STI payment was limited to a total of 200 % of the target amount (cap). Target achievement for the long-term remuneration component (LTI tranche 2021-2023) was 200 % for the EAT indicator (3-year average 2021-2023) and 200 % for the service performance indicator. The target achievement for the sustainability factor relating to the research and development as well as marketing budget was 120 % and for the development of the PPR indicator also 120 %, resulting in a weighted modifier of 120 % in total. The target achievement for the LTI tranche 2021-2023 was 240 %. The payment from the LTI tranche 2021-2023 was limited to a total of 200 % of the target amount (cap).

Any expense or revenue resulting from this is recognized as employee expense and is spread over the term of the program and recognized as provisions. The existing LTI tranches 2021-2023, 2022-2024 and 2023-2025 were based on the variable parameters described above. These obligations are valued at the amount of the estimated expenses due.

Selected suppliers of the DMG MORI AG group finance trade debtors from individual subsidiaries in advance on the basis of a reverse factoring agreement concluded with individual subsidiaries and factoring companies. The DMG MORI AG group has recognized the amounts owed in the balance sheet under other financial liabilities. Moreover, the IFRSs do not contain any specific requirements for the classification of cash flows from reverse factoring arrangements. In our opinion, the classification of the cash outflow is primarily determined by the activity type. Furthermore, in determining the appropriate classification, an entity should use its judgment to assess whether a single cash outflow or multiple cash outflows are generated for the entity. DMG MORI AG group reports a single cash outflow for payments to factoring companies as it does not consider the factoring company's payment to a supplier to be a cash transaction for the entity. The group classifies its cash outflows for payments to the factoring company under operating activities, as the essential character of these payments is viewed as being related to the purchase of goods. As of 31 December 2023, a total of € 9,351 K in trade debtors (previous year: € 6,735 K) had been purchased through the respective factoring company.

Government grants

Government grants are recognized at fair value, if it can be assumed with reasonable certainty that the grant will be made, and the group fulfills the necessary conditions to receive the grant. Government grants for costs are recognized in the period in which the related costs, which the grants are intended to compensate, were incurred. Government grants for investments are recognized as deferred income within other liabilities. They are amortized on a straight-line basis over the expected useful life of the related assets in the income statement under other operating income.

Research grants from public authorities in Germany totaling € 98 K (previous year: € 143 K) were recognized as deferred income and € 1,000 K (previous year: € 943 K) recognized in other operating income.

Grants from the Thuringian Ministry of Economics and Infrastructure from funds from the Joint Task "Improving Regional Economic Structures" (GA) and the European Regional Development Fund (ERDF new) 2000 to 2006 amounting to € 1,775 K (previous year: € 1,920 K) were recognized as deferred income. This item is reversed in line with the depreciation of the assets. In 2023, there was a reversal in the amount of € 145 K (previous year: € 181 K).

Regional grants of € 6,214 K (previous year: € 3,932 K) were received for the company's new production plant in China. These grants are recognized as deferred income under other liabilities and reversed over the expected useful life of the relevant assets. In 2023, there was a reversal of € 284 K (previous year: € 0 K).

Borrowing costs

According to IAS 23.5, borrowing costs must be capitalized if a so-called qualified asset exists, i.e., one that is connected to an acquisition, construction or production process over a substantial period of time. At the DMG MORI AG group, a period of more than twelve months is considered a substantial period of time. In financial year 2023, borrowing costs eligible for capitalization that arose from the development assets amounted to € 52 K (previous year: € 12 K) and borrowing costs eligible for capitalization for property, plant and equipment that can be directly allocated to the acquisition, construction or production of a qualifying asset amounted to € 679 K (previous year: € 0 K). A borrowing cost rate of 4.3 % (previous year: 1.3 %) was used. Other borrowing costs were therefore directly recognized as expense in the period.

Revenues from contracts with customers

Under IFRS 15, sales revenue is recognized when control of the goods is transferred to the customer. Under IFRS 15, the entity must also identify its performance obligations. The following applies: A contract or the total of the aggregate contracts may include multiple performance obligations, each of them subject to individual rules in relation to the time of realization. The DMG MORI AG group is of the view that several performance obligations (sale of machine tools, transport, machine commissioning and training) are attributable to contracts from the sale of machine tools and that these obligations have their own rules regarding the realization principle. This results in revenue from the sale of machine tools being allocated to individual performance obligations. Based on the group's assessment, the fair values and standalone selling prices of separate performance obligations from the sale of goods are largely similar. The allocation of the individual performance obligations is based on the standalone selling prices. The revenues for these performance obligations and related costs are recognized on completion of the service, that means as soon as the customer gains control of the goods.

Sales revenues from the sale of machine tools in the DMG MORI AG group normally include ancillary services. The payment terms normally include an advance payment after receipt of the order confirmation, a payment after delivery of the machine and a final payment after the machine has been commissioned.

Revenue for services that do not arise as part of the sale of machines, such as service contracts, maintenance, repair and training services, are recognized when the services have been provided. According to IFRS 15, the total fee for service contracts is divided between all services based on their standalone selling price. The standalone selling prices are determined based on the prices at which the group offers the services in separate transactions. Based on the group's assessment, the fair values and standalone selling prices of the services are largely comparable. The allocation of the individual performance obligations in service contracts is based on the standalone selling prices.

DMG MORI AG group uses the practical expedient in IFRS 15.63 and does not adjust the amount of the promised consideration by the effects of a significant financing component, if, at contract inception, it expects the period between the transfer of a promised good or service to the customer and the payment of this good or service by the customer to be one year or less. As a rule, therefore, contracts with customers do not include a financing component.

Under IFRS 15.94, DMG MORI AG group recognizes, at contract inception, incremental costs of obtaining a contract as an expense, if the amortization period that DMG MORI AG group would otherwise have recognized is one year or less.

Charges for deliveries and services billed to the customer and reduced by any sales deductions, contract penalties and discounts are shown in the sales revenues.

4. Consolidation group

At the balance sheet date, the DMG MORI AG group, including DMG MORI AKTIENGESELLSCHAFT comprised 76 companies (previous year: 81). As shown in table **C.10**, in addition to DMG MORI AKTIENGESELLSCHAFT, 66 subsidiaries (previous year: 69) were included in the Consolidated Financial Statements as part of the full consolidation process. Nine (previous year: eleven) companies accounted for using the equity method were included in the Consolidated Financial Statements. DMG MORI AKTIENGESELLSCHAFT is directly or indirectly entitled to a majority of voting rights of the fully consolidated companies.

C.10 // NUMBER OF FULLY CONSOLIDATED COMPANIES

	31 Dec. 2023	31 Dec. 2022
National	25	27
International	42	43
	67	**70**

All fully consolidated companies and all companies accounted for using the equity method included in the Consolidated Financial Statements – except for PRAGATI AUTOMATION Pvt. Ltd., Bangalore (India), DMG MORI India Private Ltd., Bangalore (India) and INTECH DMLS Pvt. Ltd., Bangalore (India), which due to local legal requirements have a reporting date of 31 March – have the same reporting date as DMG MORI AKTIENGESELLSCHAFT .

There has been no addition to the group of consolidated companies since the end of financial year 2022. No subsidiary was sold in reporting year 2023.

With retroactive effect from 1 January 2023, MITIS GVG mbH was merged with DMG MORI AKTIENGESELLSCHAFT. The MITIS GVG mbH & Co. Objekt Bielefeld KG has thus been integrated into DMG MORI AKTIENGESELLSCHAFT.

In April 2023, GILDEMEISTER Beteiligungen GmbH sold all of its shares of 50 % in DMG MORI HEITEC GmbH, Erlangen. From this date, the company was no longer classified as a joint venture in accordance with IFRS 11, but as a third party.

GILDEMEISTER TURKEY SOLAR ENERJI ANONIM SIRKETI was liquidated in May 2023.

In September 2023, GILDEMEISTER Beteiligungen GmbH reduced its 24.9 % interest in up2parts GmbH, Weiden, to 17.85 % as part of a capital increase. From this date, up2parts GmbH, Weiden, was no longer classified as an at equity accounted company under IAS 28 and no longer included in the Consolidated Financial Statements as a company accounted for using the equity method, but as a associated company.

In October 2023, GILDEMEISTER Beteiligungen GmbH acquired the remaining 15 % interest in ISTOS GmbH and now holds a 100 % stake.

The companies listed below were classified as associated companies under IAS 28. From the date of their acquisition, the shares were included in the Consolidated Financial Statements as “at equity”:

- // PRAGATI AUTOMATION Pvt. Ltd., Bangalore (India),
- // DMG MORI India Private Ltd., Bangalore (India),
- // INTECH DMLS PRIVATE LIMITED, Bangalore (India),
- // DMG MORI Finance GmbH, Wernau,
- // Vershina Operation, LLC., Narimanov (Russia),
- // DMG MORI HEITEC Digital Kft., Budapest (Hungary),
- // RUN-TEC GmbH, Niedenstein,
- // CCP Services GmbH, Mülheim an der Ruhr,
- // German-Egyptian Company for Manufacturing Solutions (GEMAS), Cairo (Egypt).

Disposal of subsidiaries 2022
With effect from 1 July 2022, the 100 % stake in DMG MORI Management GmbH, Bielefeld, Germany, was sold to a subsidiary of DMG MORI COMPANY LIMITED, Nara (Japan), as part of the reorganization of the group’s sales and service activities.

The purchase price received totaled € 5,418 K. The shares were fully consolidated on the company's founding date. All assets and liabilities were deconsolidated from the group at the time the shares in this company were sold. The disposal of the companies with their assets and liabilities resulted in a total gain on disposal of € 11,272 K. There was a pro rata reduction in goodwill amounting to € 440 K. The capital gains are recognized in other operating income.

Also with effect from 1 July 2022, 1% of the shares in DMG MORI India Private Ltd., Bangalore (India), were sold to DMG MORI COMPANY LIMITED, Nara (Japan). The purchase price received totaled € 144 K. The shares were fully consolidated on the company's founding date. As the interest in the company after the sale is 49.99 % and control was transferred to DMG MORI COMPANY LIMITED, with effect from 1 July 2022, all assets and liabilities were deconsolidated from the Group. As a result of a share reduction of the company, € -1,256 K were reclassified to the income statement and recognized directly in equity as exchange rate differences until the sale. As of 1 July 2022, the remaining interest in the company was included in the Consolidated Financial Statements and accounted for using the equity method. The disposal of the companies with their assets and liabilities resulted in a total gain on disposal of € 1,511 K. There was a pro rata reduction in goodwill amounting to € 1,172 K. The capital gains are recognized in other operating income.

The consideration received due to the loss of control of the disposed assets and liabilities and the gains or losses on disposals are shown in table **C.11**.

C.11

in € K	DMG MORI Management GmbH	DMG MORI India Pvt. Ltd.
Goodwill	440	1,172
Intangible assets	12	0
Tangible assets	1,114	3,631
Inventories	29,082	1,683
Trade debtors	12,305	3,230
Other assets	30,898	2,167
Deferred tax assets	235	591
Cash and cash equivalents	4	3,868
Assets sold	**74,090**	**16,342**
Provisions	4,851	1,913
Lease liabilities	499	224
Contract liabilities from advance payments on orders	21,908	0
Trade creditors	43,254	916
Other liabilities	9,432	5,111
Debt sold	**79,944**	**8,164**
Net assets sold	**-5,854**	**8,178**
Consideration received	**5,418**	**144**
Fair value of remaining interests	0	7,222
Other comprehensive income	0	-1,256
Non-controlling equity interests	0	3,579
Gains or losses	**11,272**	**1,511**

In financial year 2023, the group of consolidated companies changed from the previous year as explained above. Comparability with the Consolidated Financial Statements of 31 December 2023 is not materially impaired with regard to the group's net assets, financial position and results of operations.

page 219 et seqq. Table C.106 provides a general overview of all companies within the DMG MORI AG group.

5. Foreign currency translation

The exchange rates of the major currencies developed as shown below in tables C.12 / C.13.

C.12 // CURRENCIES

	ISO-Code	Exchange rate on reporting date = € 1 31 Dec. 2023	Average exchange rate = € 1 2023
Turkish lira	TRY	32.62475	25.76312
Canadian dollars	CAD	1.45660	1.45800
Swiss franc	CHF	0.92970	0.97140
Chinese renminbi	CNY	7.83440	7.66201
Czech crowns	CZK	24.68850	23.99042
British pound	GBP	0.86655	0.86931
Indian rupees	INR	91.92205	89.35773
Japanese yen	JPY	155.73355	152.14123
Polish zloty	PLN	4.34375	4.53688
Russian rubles	RUB	98.75575	91.94092
Singapore dollars	SGD	1.45715	1.45084
US dollars	USD	1.10465	1.08160

C.13 // CURRENCIES

	ISO-Code	Exchange rate on reporting date = € 1 31 Dec. 2022	Average exchange rate = € 1 2022
Turkish lira	TRY	19.97840	17.30327
Canadian dollars	CAD	1.44605	1.37599
Swiss franc	CHF	0.98745	1.00463
Chinese renminbi	CNY	7.41920	7.10340
Czech crowns	CZK	24.15400	24.57781
British pound	GBP	0.88725	0.85371
Indian rupees	INR	88.29355	82.91320
Japanese yen	JPY	140.81830	137.68638
Polish zloty	PLN	4.68125	4.67904
Russian rubles	RUB	77.90935	74.68351
Singapore dollars	SGD	1.43140	1.45532
US dollars	USD	1.06725	1.05814

The currency translation of all Annual Financial Statements of the international group companies that were prepared in foreign currencies was carried out in accordance with the functional currency principle pursuant to IAS 21 "The Effects of Change in Foreign Exchange Rates". Since all subsidiaries operate their business independently in financial, economic and organizational respects, their respective currencies represent the respective local currency. Assets and debts of foreign subsidiaries were translated in Euro at the average rate of exchange as of the balance sheet date, and revenue and expenses pursuant to IAS 21.40 at the transaction exchange rate – as far as reasonably approximated by average annual rates. The foreign exchange differences arising from items being translated at different rates in the balance sheet and income statement were recognized directly in equity.

The foreign exchange differences from receivable or payable monetary items from / to foreign business operations, whose fulfilment is neither planned nor probable and thus are part of the net investment in these foreign business operations, are not recognized as net income for the period. The foreign exchange differences are initially recognized in other comprehensive income and transferred to equity in the income statement upon their sale.

In the individual financial statements monetary items (cash, receivables and liabilities) in a foreign currency were valued at the exchange rate at the reporting date. Non-monetary items in foreign currencies were assessed at historical values. The differences arising from the currency translation of monetary items were shown in the income statement. Goodwill resulting from the acquisition of international companies was recognized as assets of the foreign business operations and was translated at the exchange rates at the time of the transactions.

The annual financial statements of subsidiaries in hyperinflationary economies are translated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

In financial year 2022, Turkey was classified as a hyperinflationary economy for the first time. For this reason, DMG MORI ISTANBUL MAKINE TICARET VE SERVIS LIMITED SIRKETI based in Istanbul (Turkey) was recognized under IAS 29. Due to hyperinflation, the activities in Turkey were no longer accounted for on the basis of historical acquisition and production costs but adjusted for the effects of inflation. Expense and income items reflecting any changes in purchasing power, including annual net income, were also adjusted for inflation. The carrying amounts of the company's non-monetary balance sheet items and expense and income items were adjusted to reflect the changes in prices that occurred during this financial year prior to translation into euros based on the Consumer Price Index Turkey (CPI Turkey) used to measure purchasing power. The CPI for Turkey was 1,128 points as of 31 December 2022 and in the reporting year increased by 65 % to 1,859 points as of 31 December 2023.

The adjustment of the carrying amounts on the date of initial application in the amount of € 679 K was recognized in equity. Losses from the current hyperinflation of non-monetary assets and liabilities, equity, and items in the income statement were recognized in other financial income/ expense in the amount of € -2,040 K (previous year: € -1,395 K).

In the consolidated cash flow statement, this value is corrected under the item "Monetary loss from the application of IAS 29", as it is not cash-effective.

The effect of inflation on cash and cash equivalents in Turkey as at January 1, 2023 amounted to € 4,516 K (previous year: € 3,150 K) and is reported in the consolidated cash flow statement under "Effects of inflation on financial securities (IAS 29)".

The other effects from the inflation adjustment in the amount of € -6,556 K (previous year: € -4,545 K) are presented in the consolidated cash flow statement under "Inflation adjustment of the cash flow from operating activity, from investing activity and from financing activity (IAS 29)".

NOTES TO INDIVIDUAL ITEMS IN THE INCOME STATEMENT

6. Sales revenues

Broken down by sales territory, i. e. by the customer's place of business, the distribution of sales revenues is shown below in table **C.14.**

C.14

in € K	2023	2022
Germany	900,978	786,569
EU (excluding Germany)	832,792	781,230
USA	23,035	22,824
Asia	553,329	604,151
Other countries	188,432	170,892
	2,498,566	**2,365,666**

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A breakdown and explanation of the sales revenues from the sale of goods and provision of services are provided in segment reporting in ↗ Note 42 and in the ↗ Segment Report chapter of the Group Management Report.

The tables **C.15 / C.16** show a reconciliation of sales revenue for 2023 / 2022 by sales territory, as well as key product and service lines as per reporting segment.

C.15

	2023			
in € K	Machine Tools	Industrial Services	Corporate Services	Group
Sales Area				
Germany	545,332	355,399	0	900,731
EU (excluding Germany)	353,335	479,457	0	832,792
USA	6,260	16,775	0	23,035
Asia	362,040	191,289	0	553,329
Other countries	106,744	81,688	0	188,432
	1,373,711	**1,124,608**	**0**	**2,498,319**
Key product / services lines				
Machine Tool sales	1,373,711	0	0	1,373,711
Trading volume with DMG MORI CO. Ltd. products	0	399,596	0	399,596
Core service business	0	724,771	0	724,771
Other	0	241	0	241
	1,373,711	**1,124,608**	**0**	**2,498,319**
Revenue from contracts with customers	**1,373,711**	**1,124,608**	**0**	**2,498,319**
Other sales revenue	**0**	**0**	**247**	**247**
External sales revenue	**1,373,711**	**1,124,608**	**247**	**2,498,566**

C.16

	2022			
in € K	Machine Tools	Industrial Services	Corporate Services	Group
Sales Area				
Germany	445,122	341,230	0	786,352
EU (excluding Germany)	386,211	395,019	0	781,230
USA	5,156	17,668	0	22,824
Asia	338,395	265,750	0	604,145
Other countries	107,875	63,017	0	170,892
	1,282,759	**1,082,684**	**0**	**2,365,443**
Key product / services lines				
Machine Tool sales	1,282,759	0	0	1,282,759
Trading volume with DMG MORI CO. Ltd. products	0	496,526	0	496,526
Core service business	0	585,207	0	585,207
Other	0	951	0	951
	1,282,759	**1,082,684**	**0**	**2,365,443**
Revenue from contracts with customers	**1,282,759**	**1,082,684**	**0**	**2,365,443**
Other sales revenue	**0**	**0**	**223**	**223**
External sales revenue	**1,282,759**	**1,082,684**	**223**	**2,365,666**

Our core service business mainly comprises LifeCycle Services for our machines (spare parts, maintenance, repairs and training etc.).

Contract balances

The table **C.17** provides information on contract balances from contracts with customers.

C.17

in € K	Note	Carrying amount as of 31 December 2023	Carrying amount as of 31 December 2022
Trade receivables from third parties	23, 25	120,391	161,441
Receivables from at equity accounted companies	25	7,581	19,383
Receivables from other related companies	25	624,474	655,005
Receivables from other equity investments	25	133	157
Receivables from down payment invoices		14,123	15,879
		766,702	**851,865**
Contract liabilities from payments received on account		355,386	433,583
Contract liabilities from performance obligations		41,095	46,095
Contract liabilities from down payment invoices		14,123	15,879
		410,604	**495,557**

Contract liabilities from payment received on account mainly include advance payment receipts from customers for machines. Contract liabilities from performance obligations mainly include commissioning services, training and maintenance services, deliveries of tool packages, software licenses and services for extended warranties that have already been invoiced but not yet rendered.

Contract liabilities from down payment invoices are mainly due but unpaid advance invoices for which an unconditional right to the payment exists. There are no contract assets.

Contract liabilities under IFRS 15 fell from € 495,557 K in 2022 to € 410,604 K in 2023. This is mainly due to a drop in order intake in the reporting year. Advance payment receipts developed in the same way.

The amount included at the beginning of the period in contract liabilities from payments received on account, contract liabilities from performance obligations and contract liabilities from down payment invoices totaling € 495,557 K (previous year: € 416,602 K) was recognized in sales revenue in financial year 2023 in an amount of € 489,305 K (previous year: € 410,880 K).

The DMG MORI AG group expects services in the amount of € 407,482 K (previous year: € 489,305 K), which were allocated to unsatisfied (or partially unsatisfied) performance obligations at the end of the reporting period, to result in revenue in financial year 2024. The group applies the practical expedient in IFRS 15.121 and thus has not presented these services separately.

The DMG MORI AG group expects contract liabilities from performance obligations amounting to € 3,122 K (previous year: € 6,252 K) to generate sales revenue from 2025 to 2028.

7. Own work capitalised

The capitalized own work primarily results from the developed intangible assets for machine tools projects pursuant IAS 38 "Intangible assets". Capitalized production costs include all costs that are directly and indirectly attributable to the development process and necessary parts of development-related overheads as well as borrowing costs.

8. Other operating income

A breakdown of other operating income is shown in table **C.18**:

C.18

in € K	2023	2022
Gains on currency and exchange rates	24,368	50,111
Refund of expenses and on-debiting	14,220	12,265
Reduction in impairment losses	4,037	4,494
Profit on asset disposals	2,533	408
Bonuses and allowances	2,246	1,903
Compensation for damages	1,320	755
Receipt of payments for written off receivables	576	579
Release of provisions	378	486
Reversals of impairment	358	8,098
Income from sale of subsidaries	0	12,798
Others	13,025	22,996
	63,061	**114,893**

Other income includes income from the subleasing of rights of use in the amount of € 363 K (previous year: € 852 K) and income from the Alpenhotel Krone GmbH & Co. KG, Pfronten, in the amount of € 1,107 K (previous year: € 849 K), as well as income from the use of vehicles by employees.

9. Cost of materials

The expense item in the income statement includes the cost of materials as shown in table **C.19**.

C.19

in € K	2023	2022
Cost of raw materials, consumables and goods for resale	1,174,538	1,150,893
Cost of purchased services	194,843	178,243
	1,369,381	**1,329,136**

The purchased services relate predominantly to expenses for external production.

10. Personnel costs

In financial year 2023, total executive remuneration from direct and indirect remuneration excluding advance payments amounted to € 33,560 K (previous year: € 9,753 K). The fixed, non-performance-related remuneration (basic remuneration and fringe benefits, as well as severance payments) of Executive Board members accounted for a total of € 29,781 K (previous year: € 2,461 K), the short-term incentive (STI) for € 2,323 K (previous year: € 3,200 K) and defined contribution pension plans for € 1,025 K (previous year: € 850 K). Christian Thönes left the company with effect from 25.5.2023. As an exception to the normal remuneration system, he received a severance payment of € 20,000 K. All contractual payments for the future, including STI and LTI tranches, are covered by the agreed severance payment. Advance payments already made (LTI tranche 2021-2023:

€ 805 K, LTI tranche 2022-2024: € 805 K) cannot be reclaimed. Björn Biermann left the company with effect from 31.12.2023. As an exception to the normal remuneration system, he received a severance payment of € 7,500 K. With the exception of the STI 2023 all contractual payments including future STI and LTI tranches for the future have been settled via the agreed severance payment. Advance payments already made (LTI tranche 2021-2023: € 429 K, LTI tranche 2022-2024: € 429 K cannot be reclaimed.

The target achievement for the short-term variable remuneration (STI) was 200 % for the performance indicator EBIT, and 166.8 % for order intake. The target achievement for the sustainability factor for the budget for investments in property, plant and equipment amounted to 102 %, for the GLOBE project to 120 % and for the relative market shares AG / CO to 107 %, resulting in a weighted modifier of 109 %. The target achievement for short-term variable remuneration (STI) for 2023 is 206 % in total. The payout from the STI is limited to a total of 200 % of the target amount (cap).

Only Michael Horn will receive a payment from the LTI tranche 2021 to 2023, which was allocated on 31 December 2023 and will be paid in financial year 2024. The LTI tranche 2021- 2023 results in an imputed amount for Michael Horn totaling € 1,225 K. After deduction of the advance payment, this amounts to € 796 K. Taking into account the maximum remuneration for 2021, the payment from the 2021-2023 LTI tranche amounts to € 431 K.

For the LTI tranche 2022-2024, recoverable advance payments totaling € 1,663 K (LTI 2021-2023: € 1,663 K) were paid to Christian Thönes, Björn Biermann and Michael Horn and which are a component of remuneration pursuant to Section 162 (1) sentence 1 of the German Stock Corporation Act (AktG). They are also a component of total executive remuneration pursuant to Section 285 and Section 314 of the German Commercial Code (HGB). As part of the termination agreement with Christian Thönes and Björn Biermann, the DMG MORI AG group waives the repayment of advance payments on LTI tranches not yet due for payment.

Former members of the Executive Board and their surviving dependents received € 1,486 K (previous year: € 1,393 K). Provisions for direct pension obligations were formed for former members of the Executive Board and their surviving dependents in the amount of € 18,316 K (previous year: € 16,685 K).

The structure of the remuneration system for the Executive Board and the Supervisory Board is explained in the remuneration report in the Group Management Report. An individual and detailed presentation of Executive Board remuneration in the financial year is set out in the ↗ remuneration report in the Group Management Report.

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No loans were granted to board members. Similarly, no contingent liabilities were incurred on behalf of these individuals. Moreover, the companies of the DMG MORI AG group did not pay any remuneration to board members for services personally rendered, in particular for consulting and intermediary services.

In financial year 2023, pension plan expenses in the group, including employer's contributions to statutory pension insurance, amounted to € 29,459 K (previous year: € 28,449 K). This includes employers' contributions to statutory pension insurance amounting to € 28,130 K (previous year: € 26,744 K).

In comparison with the previous year, the number of employees changed as shown below in tables **C.20.**

C.20

	Average number		At the balance sheet date	
	2023	2022	31 Dec. 2023	31 Dec. 2022
Wage earners	1,931	1,887	1,987	1,926
Salary earners	4,994	4,882	5,234	5,103
Trainees	238	195	294	237

The number of employees - including the previous year's figures - was recorded in accordance with the new counting method introduced on 30 September 2023 and is not comparable with previous figures. Each employee is now fully recorded.

The expense item on the income statement includes personnel expenses as shown in table **C.21**.

C.21

in € K	2023	2022
Wages and salaries	538,175	479,960
Social security contributions, pensions and other benefits	93,802	86,365
	631,977	**566,325**

11. Depreciation, amortization and impairment losses

A breakdown of this item into intangible assets and property, plant and equipment can be found in the tables ↗ **C.29** and ↗ **C.30** and ↗ Note 19 and ↗ Note 20.

pages 158; 160; 157 et seqq.; 159 et seqq.

Depreciation and amortization include impairments of right-of-use assets in an amount of € 15,921 K (previous year: € 16,968 K) under IFRS 16 - Leases. The following table **C.22** shows a detailed breakdown:

C.22 // AMORTIZATION OF RIGHT-OF-USE ASSETS

in € K	2023	2022
Land and buildings	4,336	4,781
Technical equipment and machinery	1,355	2,253
Other equipment, factory and office equipment	10,230	9,934
	15,921	**16,968**

Depreciation/amortization and impairment include impairments of € 10,621 K (previous year: € 10,800 K). Further information can be found in ↗ Note 20.

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12. Other operating expenses

In the reporting year, the group's strong business performance and the rise in demand for machine tools resulted in higher expenses than the previous year. These expenses are directly related to sales, as well as to the type and amount of these sales and the areas where they are generated. This mainly relates to outbound freight, shipping and energy costs, as well as packaging and sales commissions. This also applies to corporate communication and trade fair expenses, as well as other advertising expenses, travel and entertainment expenses as shown in table **C.23**. In the financial year, the world's leading trade fair for the machine tool industry, the EMO, was held in Hanover.

C.23

in € K	2023	2022
Freight out, packaging	58,804	50,636
Sales commissions	44,994	31,097
Corporate communication, trade fairs and other advertising expenses	39,627	30,677
Travelling and entertainment expenses	35,747	29,397
Other external services	28,894	34,165
Exchange rate and currency losses	27,750	45,275
Impairment on receivables	17,185	7,107
Rental and leases	14,389	11,951
Expenses for temporary employment and contractor	12,802	11,354
Other personnel costs	12,604	12,589
Cost of preparation of accounts, legal and consultancy fees	10,209	8,089
Insurance	7,131	6,831
Stationery, post and telecommunication expenses	7,011	7,084
Other taxes	4,246	3,580
Licences and trademarks	2,560	2,874
Monetary transactions and capital procurement	1,031	1,329
Losses from the disposal of fixed assets	637	340
Investor and Public Relations	439	660
Others	22,828	26,719
	348,888	**321,754**

The item Impairment on receivables includes the derecognition of trade receivables from third parties at a group company in an amount of € 12.8 million, which proved to be uncollectable in the financial year 2023.

Expenses for rentals and leases include € 3,135 K (previous year: € 2,884 K) in expenses for short-term leases, € 1,438 K (previous year: € 1,241 K) in expenses for leases on a low-value asset, excluding short-term leases on low-value assets, and € 1,342 K in expenses for variable lease payments (previous year: € 681 K).

Moreover, this line shows expenses from service components that were mainly agreed within the scope of car and building leasing contracts. This resulted in expenses of € 8,474 K in the reporting year (previous year: € 7,145 K).

The remuneration granted to the Supervisory Board for financial year 2023 amounts to € 1,010 K (previous year: € 1,004 K); this was recognized under other external services. An individual and detailed presentation of Supervisory Board remuneration in the financial year is set out in the ↗ Remuneration Report in the Group Management Report.

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13. Financial income

A breakdown of financial income is shown in the following table **C.24**:

C.24

in € K	2023	2022
Interest income	23,545	5,623
Other income	2,069	1,129
	25,614	**6,752**

These also include interest income amounting to € 19,303 K (previous year: € 3,919 K) from the loan of the DMG MORI AG group to DMG MORI Europe Holding GmbH, Bielefeld.

Other income includes the effects from the increase in the carrying amount of the investment in up2parts GmbH, Weiden, amounting to € 1,592 K.

14. Financial expenses

A breakdown of financial expenses is shown in the following table **C.25**:

C.25

in € K	2023	2022
Interest expenses	10,281	5,354
Interest expense from pension provisions	800	291
Other financial expenses	6,046	1,753
	17,127	**7,398**

Interest expenses of € 10,281 K (previous year: € 5,354 K) are mainly related to interest expenses for financial liabilities and group factoring. This also includes interest from leases under IFRS 16 in an amount of € 917 K (previous year: € 631 K) and interest expenses of € 879 K (previous year: € 176 K) charged by DMG MORI Europe Holding GmbH in the financial year.

Other financial expenses in the amount of € 6,046 K (previous year: € 1,753 K) include expenses from recognizing IAS 29 in the amount of € 2,040 K (previous year: € 1,395 K). They also include transaction costs in the amount of € 193 K (previous year: € 193 K), resulting from the scheduled amortization of transaction costs for the group's syndicated credit line and € 148 K (previous year: € 102 K) from the accrued interest on other long-term provisions. Other financial expenses include an impairment loss of € 2,928 K on loans to third party companies.

15. Share of profits and losses from equity accounted companies

Profits from equity accounted companies total € 1,410 K (previous year: € 318 K). These include pro rata profits from the interest in PRAGATI AUTOMATION Pvt. Ltd., DMG MORI HEITEC Digital Kft., Vershina Operation, LLC., DMG MORI India Private Ltd., DMG MORI HEITEC GmbH and RUN-TEC GmbH totaling € 2,160 K. The pro rata losses from DMG MORI Finance GmbH, INTECH DMLS Pvt. Ltd. and CCP Services GmbH reduced the profits from at equity accounted companies by € 750 K in total.

16. Income taxes

The breakdown of this item includes actual and deferred tax expenses and income and expenses from the tax allocation as shown below in table **C.26**:

C.26

in € K	2023	2022
Actual taxes	**64,730**	**41,210**
Tax expenses for the current financial year	66,402	45,004
Tax income for previous periods	-3,223	-4,291
Tax expenses for previous periods	1,551	497
Deferred taxes	**874**	**21,622**
Losses carried forward	978	637
Tax credits	2,557	1,526
Temporary differences	-2,661	19,464
Tax rate reduction	0	-5
	65,604	**62,832**

The item actual taxes recognizes corporate income and trade tax (including solidarity surcharge) in the case of domestic companies and comparable income taxes in the case of foreign companies. The assessment was performed in accordance with the tax regulation applicable to the individual companies.

Tax expenses for the current financial year include actual taxes levied in an amount of € 31,982 K (previous year: € 21,173 K) due to the fiscal unity of DMG MORI Europe Holding GmbH, Bielefeld. An amount of € 3,223 K (previous year: € 4,291 K) resulted from actual tax income for previous years. This item also includes € 1,551 K in actual tax expenses (previous year: € 497 K) for previous years.

Actual tax expenses were reduced by € 1,400 K due to the utilization of previously unrecognized tax losses (previous year: € 71 K).

The deferred taxes are assessed on the basis of the tax rates applicable or expected in the individual countries based on their current statutory regulations. In financial year 2023, the corporate income tax rate in Germany was 15.0 % (previous year: 15.0 %) plus the solidarity surcharge, which was 5.5 % (previous year: 5.5 %). This results in an effective corporate income tax rate of 15.8 % (previous year: 15.8 %). Taking account of the trade tax of 14.0 % (previous year: 14.0 %) the total tax rate was 29.8 % (previous year: 29.8 %). The result is the tax rate applicable for the valuation of deferred taxes for domestic companies. The main tax rates applicable in foreign countries are between 16 % and 30 % (previous year: 16 % and 30 %).

The net amount of income tax on other comprehensive income is € 760 K (previous year: € 3,662 K) and relate to changes in the fair value of derivative financial instruments, equity investments, net investments and the re-measurement of defined benefit pension plans included in other comprehensive income.

The difference between actual and expected income tax expenditure is due to the factors shown in table **C.27**.

C.27

in € K	2023	2022
Earnings before taxes	228,824	216,186
DMG MORI AKTIENGESELLSCHAFT income tax rate in percent	29.8	29.8
Expected tax income / expense	68,189	64,423
Tax consequences of the following effects		
Adjustment due to different tax rate	-8,592	-5,827
Effects from the changes in tax rate	0	-5
Tax reduction due to the revenues exempt from taxation	-1,376	-1,966
Tax loss carried forward	150	946
Temporary differences	4,998	6,417
Tax increase due to non-deductible expenses	7,130	3,696
Tax income or expenditure for prior years	-1,672	-3,794
Tax credits	-3,903	-1,692
Other adjustments	680	634
Income taxes	**65,604**	**62,832**

The reported income tax expense for financial year 2023 of € 65,604 K (previous year: € 62,832 K) is € 2,585 K (previous year: € 1,591 K) less than the expected income tax expense of € 68,189 K (previous year: € 64,423 K), which would theoretically result from applying the domestic tax rate of 29.8 % for financial year 2023 (previous year: 29.8 %) at group level.

The change in tax loss carried forwards mainly relates to the non-recognition of deferred tax assets for current losses in an amount of € 1,550 K (previous year: € 1,017 K). On the other side, previously unrecognized deferred taxes on loss carryforwards in the amount of € 1,400 K (previous year: € 71 K) were able to be utilized or capitalized.

In the financial year, the recognition of previously unrecognized deductible temporary differences amounted to € 1,799 K (previous year: € 0 K).

In the financial year, no deferred taxes were recognized on temporary differences amounting to € 3,199 K. In the previous year, valuation allowances and the non-recognition of deferred taxes were made for temporary differences amounting to € 6,417 K. These items mainly relate to Russian companies. Based on future business activities, tax planning and tax structuring options, we currently do not expect there to be enough positive taxable income in the future to realize the capitalized tax asset.

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Further information can be found in ↗ Note 29 .

17. Annual profit attributed to non-controlling interests

Non-controlling interests account for a pro rata annual profit of € 9,815 K (previous year: € 8,171 K). The item includes the pro rata share of profit from non-controlling interests in DMG MORI Machine Tools Trading Co., Ltd., Shanghai (China).

18. Earnings per share

In accordance with IAS 33 "Earnings per Share", the undiluted earnings per share ("basic earnings per share") are determined by dividing the consolidated profit – excluding profit shares of other owners – by the average weighted number of ordinary shares outstanding.

Earnings result exclusively from continued business. As shown in table **C.28**, group earnings after tax of € 163,220 K were reduced by earnings from non-controlling interests in the amount of € 9,815 K. The earnings per share (undiluted) was € 1.95 in the reporting year (previous year: € 1.84). As in the previous year, there were no dilutive effects.

C.28

	2023	2022
Group result excluding annual net income attributable to non-controlling interests	€ 153,405 K	€ 145,183 K
Average weighted number of shares (pieces)	78,817,994	78,817,994
Earnings per share	1.95 €	1.84 €

NOTES TO INDIVIDUAL BALANCE SHEET ITEMS

19. Intangible assets

The movement and a breakdown of items in the group's intangible assets are shown in tables **C.29**.

The goodwill amounts to € 136,407 K (previous year: € 136,416 K). The changes result from the conversion of goodwill denominated in foreign currency into the group's currency Euro.

The DMG MORI AG group tests for impairment of goodwill on an annual basis. For the reporting period 2023, the recoverable amount of the cash-generating units was determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the relevant bodies and covering a period of 5 years. Cash flows beyond the five-year period are extrapolated using an estimated growth rate. The assumptions underlying the key planning parameters reflect past experience and future expectations. The calculation of the present value of estimated future cash flows is mainly based on assumptions regarding future sales prices or volumes, EBIT margins, expenses and capital expenditures. The projected development of sales revenue is largely determined on the basis of the expected order intake for machine tools and services (see ↗ Forecast Report in Group Management Report). The assumptions regarding the future development of order intake and sales revenue for the 5-year forecast period 2024 to 2028 are based on the management's expectations of market trends. These are based on forecasts from the economic research institute, Oxford Economics, for world machine tool market trends. For 2024, sales revenue around € 2,487 million are expected. In subsequent periods, there are plans for growth based on management's expectations of market trends and external forecasts. Revenues of around € 3,000 million are expected for the final year of the forecast period 2028. The development of planned contribution margins is based on past experience, as well as expected efficiency improvements and price trends. The expenses are planned according to the expected increase in costs. An EBIT margin of around 8 % was planned for 2024. In subsequent years, slightly higher EBIT margins are projected for each year. An EBIT margin of around 10 % is expected for the longterm forecast period 2028.

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Annual capital expenditures are based on past experience and planned expansion investments, which, in calculating value in use, are assumed to neither lead to an increase in sales nor to a reduction in costs. Capital expenditures average around 3 % of sales revenue in the planning periods.

A sustainable growth rate of 1.0 % was projected for the period following the forecast period, which is in line with general expectations of future business development.

C.29 // INTANGIBLE ASSETS

in € K	Goodwill	Assets arising from development	Industrial property and similar rights	Intangible assets under development	Total
Acquisition and production costs 2023					
As at 1 January 2023	136,416	133,294	158,385	39,366	467,461
Difference from currency translation	-9	30	20	-45	-4
Other changes	0	0	170	0	170
Change in the group of consolidated companies	0	0	0	0	0
Additions	0	5,351	847	22,820	29,018
Disposals	0	-1,118	-101	0	-1,219
Book transfers	0	-51	10,720	-10,446	223
As at 31 December 2023	**136,407**	**137,506**	**170,041**	**51,695**	**495,649**
Depreciation, amortization and impairment losses 2023					
As at 1 January 2023	0	120,085	112,735	607	233,427
Difference from currency translation	0	0	49	0	49
Other changes	0	0	185	0	185
Change in the group of consolidated companies	0	0	0	0	0
Additions	0	3,735	12,216	0	15,951
Disposals	0	-1,118	-94	0	-1,212
Book transfers	0	0	0	0	0
As at 31 December 2023	**0**	**122,702**	**125,091**	**607**	**248,400**
Net carrying amount at 31 December 2023	**136,407**	**14,804**	**44,950**	**51,088**	**247,249**
Acquisition and production costs 2022					
As at 1 January 2022	138,044	126,962	127,515	57,627	450,148
Difference from currency translation	-16	0	168	-59	93
Other changes	0	0	-11	0	-11
Change in the group of consolidated companies	-1,612	0	-35	0	-1,647
Additions	0	4,908	2,537	22,055	29,500
Disposals	0	0	-10,654	0	-10,654
Book transfers	0	1,424	38,865	-40,257	32
As at 31 December 2022	**136,416**	**133,294**	**158,385**	**39,366**	**467,461**
Depreciation, amortization and impairment losses 2022					
As at 1 January 2022	0	115,938	112,215	607	228,760
Difference from currency translation	0	0	59	0	59
Other changes	0	0	-8	0	-8
Change in the group of consolidated companies	0	0	-24	0	-24
Additions	0	4,147	11,146	0	15,293
Disposals	0	0	-10,653	0	-10,653
Book transfers	0	0	0	0	0
As at 31 December 2022	**0**	**120,085**	**112,735**	**607**	**233,427**
Net carrying amount at 31 December 2022	**136,416**	**13,209**	**45,650**	**38,759**	**234,034**

The cash flows determined were discounted at pre-tax weighted cost of capital rates (WACC) of 15.6 % (previous year: 15.8 %) for the cash-generating unit "Machine Tools" and 15.6 % (previous year: 15.7 %) for "Industrial Services". The WACC was derived from the application of the "Capital Asset Pricing Model" (CAPM). The year-on-year decrease in the cost of capital is due to a slight drop in the market risk premium. If the recoverable amount of a cash-generating unit is lower than its carrying amount, the value of goodwill allocated to the cash-generating unit will, initially, be reduced at an amount equal to the remaining balance. As in the previous year, there was no need to recognize impairment losses in financial year 2023. The impairment tests included sensitivity analyses of key assumptions (EBITDA margin, costs of capital, growth rate). The findings showed that no change in key assumptions deemed possible by the management would have led to an impairment.

For the purpose of impairment testing, the group of cash-generating units in the "Machine Tools" segment was allocated goodwill of € 57,074 K (previous year: € 57,073 K) and the group of cash-generating units in the "Industrial Services" segment was allocated goodwill in the amount of € 79,334 K (previous year: € 79,343 K).

Intangible assets arising from development relate to new machine tool projects in domestic and international production companies, to service products and to specific software solutions.

Intangible assets arising out of development recognized at the end of the financial year amounted to € 14,804 K (previous year: € 13,209 K). Research and development costs directly recognized as expenses amounted to € 84,341 K in financial year 2023 (previous year: € 76,987 K).

In particular, expenses to be capitalized for a new ERP system are reported under intangible assets under development.

The amount stated for industrial property rights and similar rights includes acquired patents, rights from acquired customer relations, utility models and trademarks as well as data processing software.

20. Tangible assets

The movement and a breakdown of items in the group's tangible assets are shown in tables **C.30.**

C.30 // TANGIBLE ASSETS INCLUDING RIGHT OF USE

in € K	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Payments on account and construction in progress	Total
Acquisition and production costs 2023					
As at 1 January 2023	502,976	162,230	296,532	63,218	1,024,956
Difference from currency translation	-11,314	1,676	-1.199	-1,327	-12,164
Other changes	112	1,183	556	-52	1,799
Change in the group of consolidated companies	0	0	0	0	0
Additions	13,595	12,807	32,667	29,940	89,009
Disposals	-18,635	-12,252	-22,338	-1	-53,226
Book transfers	57,367	12,788	3,247	-73,625	-223
As at 31 December 2023	**544,101**	**178,432**	**309,465**	**18,153**	**1,050,151**
Depreciation, amortization and impairment losses 2023					
As at 1 January 2023	201,386	97,280	229,388	211	528,265
Difference from currency translation	-4,511	-5	-809	37	-5,288
Other changes	0	-359	-608	7	-960
Change in the group of consolidated companies	0	0	0	0	0
Additions	27,937	11,022	25,180	360	64,499
Disposals	-14,218	-11,473	-20,596	0	-46,287
Book transfers	0	0	0	0	0
As at 31 December 2023	**210,594**	**96,465**	**232,555**	**615**	**540,229**
Net carrying amount at 31 December 2023	**333,507**	**81,967**	**76,910**	**17,538**	**509,922**
Acquisition and production costs 2022					
As at 1 January 2022	474,313	162,171	292,893	40,026	969,403
Difference from currency translation	4,151	54	298	-1,699	2,804
Other changes	25	934	741	-321	1,379
Change in the group of consolidated companies	-4,799	-1,422	-2,682	0	-8,903
Additions	12,295	2,875	23,596	50,237	89,003
Disposals	-4,464	-4,488	-20,069	324	-28,697
Book transfers	21,455	2,106	1,755	-25,349	-33
As at 31 December 2022	**502,976**	**162,230**	**296,532**	**63,218**	**1,024,956**
Depreciation, amortization and impairment losses 2022					
As at 1 January 2022	176,972	96,553	226,975	217	500,717
Difference from currency translation	413	207	290	-6	904
Other changes	13	-6,549	-2,000	0	-8,536
Change in the group of consolidated companies	-1,340	-1,358	-1,460	0	-4,158
Additions	29,226	12,096	24,666	0	65,988
Disposals	-3,898	-3,669	-19,083	0	-26,650
Book transfers	0	0	0	0	0
As at 31 December 2022	**201,386**	**97,280**	**229,388**	**211**	**528,265**
Net carrying amount at 31 December 2022	**301,590**	**64,950**	**67,144**	**63,007**	**496,691**

As a result of the ongoing war in Ukraine, as of 31 December 2023, assets - mainly property, plant and equipment - were tested for impairment. This impairment test was conducted for each of the company's two subsidiaries in Russia, which we consider to be independent cash-generating units.

A cash-generating unit is impaired if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of future expected cash flows derived from a cash-generating unit (IAS 36.6).

The estimation method used to prepare the impairment tests for previous years pursuant to IAS 36. A4-A6 involved the use of a single cash flow per cash-generating unit discounted at a weighted average cost of capital (WACC) based on a country risk premium and derived from the applicable country ratings.

In order to test the assets of the two Russian subsidiaries for impairment as at 31 December 2023, the management applied the same expected cash flow method it had used as at 31 December 2022 and on the respective half-year reporting dates. Instead of discounting a single cash flow projection with a risk-adjusted WACC, management accounted for the uncertainties and risks caused by the ongoing Ukraine war in the cash flow projection of the Group's underlying Russian business activities in the form of several scenarios with different probabilities of occurrence. These scenarios relate to the expected impact on the business development of the DMG MORI AG group in Russia.

The scenarios considered were a valuation or sale of property, plant and equipment at fair value (scenario 1), a long-term, unchanged regime in Russia with expropriation taking place and an insurance claim (scenario 2), as well as a medium-term change of regime in Russia with a renewed focus on international cooperation and a corresponding easing of sanctions leading to a resumption of business activities (from 2027 et seq.), whereby two scenarios (Scenarios 3 and 4) were applied for the level at which this resumption would take place.

This was followed by separate valuations, each of which was assessed with a probability of occurrence. As of the valuation date, for the production plant, a 45 % probability of occurrence (previous year: 40 %) was assessed for scenario 1 and a 35 % probability of occurrence (previous year: 40 %) for scenario 2. For the sales company, a 15 % probability of occurrence (previous year: 10 %) was assessed for scenario 1 and a 65 % probability of occurrence (previous year: 70 %) for scenario 2. For both companies, a probability of occurrence of 10 % respectively (previous year: 10 %) was assessed for scenario 3 and 4.

The resulting yields were then condensed into an expected value for each. At the same time, the Russian country risk premium was removed from the discount rate considerations, as the country risks are reflected in the cash flows of the underlying operating business activities. The expected values calculated in this way have a high level of uncertainty and subjectivity, but we believe they provide an indication of the recoverability of material assets. These assumptions mainly relate to the expected scenarios, probabilities of occurrence and economic effects. The fair values of property, plant and equipment were calculated on the basis of external independent valuations. When determining the fair value for scenario 1, discounts were also taken into account due to the provisions of a Russian decree from 2023, which stipulate that a shareholding in Russia may only be sold at a discount of 50 % of its fair value, plus a "voluntary" contribution of 15 % of its market value to the

Russian state. The management of the DMG MORI AG group considers there to be a high probability that this decree would also be applied to the sale of all material business assets from a company, e. g. buildings.

Based on the scenario analyses, impairment losses on assets (buildings) totaling € 10.3 million (previous year: € 10.8 million) were recognized as at 31 December 2023 and were reported in the income statement under depreciation, amortization and impairment losses, of which, € 5.0 million (previous year: € 3.8 million) was recognized in the "Machine Tools" segment and € 5.3 million (previous year: € 7.0 million) in the "Industrial Services" segment. The pre-tax discount rate used to determine the value in use was 16.1 % (previous year: 14.3 %). The recoverable amount of the cash generating unit allocated to the "Machine Tools" segment amounted to € 25.0 million (previous year: € 38.6 million). The recoverable amount of the cash generating unit allocated to the "Industrial Services" segment amounted to € 4.3 million (previous year: € 10.3 million). The additional impairment is primarily due to the Russian decree from 2023 and increased capital costs.

The impairment testing of assets included sensitivity analyses of key assumptions (probabilities of occurrence in scenarios 1 and 2, cost of capital). A 5 % increase (reduction) in the probability of occurrence in scenario 2 with a simultaneous reduction (increase) in the probability of occurrence in scenario 1 would lead to an additional impairment of € -1,528 K (reversal of € 1,864 K). A 1 % increase (decrease) in the cost of capital would lead to an additional impairment of € -1,679 K (reversal of € 2,060 K).

In the reporting year, there was an impairment loss of € 360 K for an item of property, plant and equipment, for which it was decided to discontinue its use in the future. The impairment loss was allocated to the item, "Depreciation, amortization and impairment" and recognized in the "Machine Tools" segment. The impairment losses are included in the table ↗ C.30 in other changes in depreciation and amortization 2023 under construction in progress.

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€ 15,273 K of the disposals of acquisition and production costs for land and buildings in the 2023 reporting year relate to the reclassification of non-current assets in accordance with IFRS 5. The disposals of depreciation, amortization and impairments from this item amount to € 10,182 K.

The DMG MORI AG group leases specific tangible assets such as land and buildings, technical equipment and machines, office equipment and cars. In accordance with the adoption of IFRS 16, the DMG MORI AG group reports right-of-use assets amounting to € 49,067 K as of 31 December 2023 (previous year: € 47,080 K) under property, plant and equipment. Additions to right-of-use assets during financial year 2023 amounted to € 18,397 K (previous year: € 13,342 K). Similarly, lease liabilities of € 43,178 K (previous year: € 40,291 K) were recognized (see ↗ Note 36).

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The following items were recognized in the balance sheet in relation to leases, as shown in table C.31:

C.31

in € K	31 Dec. 2023	31 Dec. 2022
Land and buildings	28,417	31,094
Technical equipment and machinery	228	1,620
Other equipment, factory and office equipment	20,422	14,366
	49,067	**47,080**

21. Equity accounted investments

The following overview in tables **C.32 / C.33 / C.34 / C.35 / C.36** shows aggregated key financial figures for equity accounted companies included in the Consolidated Financial Statements. The figures refer to equity interests, carrying amounts and notes on the balance sheet as well as to sales revenues, other income and expenses:

C.32

	31 Dec. 2023		31 Dec. 2022	
	Equity interest %	Carrying amount € K	quity interest %	Carrying amount € K
At reporting date		**44,395**		**46,376**
Of which, joint ventures				
DMG MORI HEITEC GmbH	0.0	0	50.0	481
Of which, associated companies				
DMG MORI HEITEC Digital Kft.	49.9	557	49.9	603
DMG MORI India Pvt. Ltd.	49.9	7,079	49.9	7,294
CCP Services GmbH	45.0	0	45.0	8
DMG MORI Finance GmbH	42.6	13,755	42.6	13,907
RUN-TEC GmbH	40.0	701	40.0	422
German Egyptian Company for Manufacturing Solutions (GEMAS)	40.0	0	40.0	0
Vershina Operation, LLC.	33.3	1,754	33.3	1,608
INTECH DMLS Pvt. Ltd.	30.0	0	30.0	1,488
PRAGATI AUTOMATION Pvt. Ltd.	30.0	20,549	30.0	20,565
up2parts GmbH	0.0	0	24.9	0

The equity interests of the equity accounted companies correspond to the voting rights.

Details of the results from equity accounted companies are presented in the notes to the individual items on the income statement under ‘Share of profits and losses of equity accounted companies’ in page 154 ↗ Note 15 .

The shares in DMG MORI HEITEC GmbH, Erlangen, were sold in the financial year 2023. This resulted in a loss on disposal of € 480 K, which was recognised in other operating expenses.

We consider DMG MORI Finance GmbH, a machine tool financing provider, and PRAGATI AUTOMATION Pvt. Ltd., a manufacturer and supplier of machine tool components, to be material to the group.

A summary of the figures for DMG MORI Finance GmbH is shown in the following table **C.33**.

C.33 // DMG MORI FINANCE GMBH

in € K	31 Dec. 2023	31 Dec. 2022
Short-term assets	291,760	266,967
Long-term assets	586,316	524,010
Short-term liabilities	327,943	317,732
Long-term liabilities	517,805	440,560
Net carrying amount	32,328	32,685
Sales revenues	256,293	217,356
Earnings after taxes	-357	2,467

The reconciliation of the carrying amounts at the reporting date is shown in the table below **C.34**:

C.34 // DMG MORI FINANCE GMBH

in € K	31 Dec. 2023	31 Dec. 2022
Net carrying amount as of 1 January	32,685	30,218
Earnings after taxes	-357	2,467
Net carrying amount as of 31 December	32,328	32,685
Proportional equity	13,755	13,907
Carrying amount of equity accounted interests	**13,755**	**13,907**

A summary of the figures for PRAGATI AUTOMATION Pvt. Ltd. is shown in the following table **C.35**.

C.35 // PRAGATI AUTOMATION PVT. LTD.

in € K	31 Dec. 2023 [1]	31 Dec. 2022
Short-term assets	42,253	39,010
Long-term assets	35,405	39,333
Short-term liabilities	14,911	14,904
Long-term liabilities	11,475	12,724
Net carrying amount	51,272	50,715
Sales revenues	40,935	44,037
Earnings after taxes	2,103	1,239

1) As the financial data of PRAGATI AUTOMATION Pvt. Ltd. as of 31 December 2023 was not yet available at the data of the preparation of the Consolidated Financial Statements of DMG MORI AG, a summary of this data and the reconciliation of the carrying amount included in the consolidated balance sheet were determined on the basis of the company's financial statements as of 31 March 2023. The resulting effects on the carrying amount rollforward as of 31 December 2023 were estimated.

The reconciliation of the carrying amounts at the reporting date is shown in the table below **C.36**:

C.36 // PRAGATI AUTOMATION PVT. LTD.

in € K	31 Dec. 2023	31 Dec. 2022
Net carrying amount as of 1 January	50,715	51,297
Earnings after taxes	2,103	1,239
Other comprehensive income	-1,546	-1,821
Net carrying amount as of 31 December	51,272	50,715
Proportional equity	15,382	15,215
Goodwill from at-equity valuation	5,350	5,350
Impairment	-183	0
Carrying amount of equity accounted interests	**20,549**	**20,565**

In financial year 2023, an impairment loss of € 183 K was recognized on the recoverable amount of the shares in PRAGATI AUTOMATION Pvt. Ltd. A pre-tax discount factor of 23.53 %, and beyond the forecast period, a growth rate of 1.74 % were used to calculate the value in use. The recoverable amount totalled € 20,549 K. The impairment was mainly due to the increase in capital costs. PRAGATI AUTOMATION Pvt. Ltd. belongs to the "Machine Tools" segment.

A 1% increase in the discount factor used in the terminal value would lead to an additional impairment of € 963 K. A 1% reduction in the growth rate used in the terminal value would lead to an additional impairment of € 684 K. A 1% reduction in the EBIT margin applied to the terminal value would lead to an additional impairment of € 856 K. If the input factors were to move 1% in the opposite direction, this would result in a reversal of the impairment in the amount of € 183 K.

In the financial year, an impairment loss of € 898 K was recognized on the recoverable amount of € 0 K of the shares in INTECH DMLS Pvt. Ltd., as a positive business development is no longer expected. INTECH DMLS Pvt. Ltd. belongs to the "Machine Tools" segment.

For immaterial joint ventures, there was an aggregate share of profit or loss in the amount of € 77 K (previous year: € -143 K) and for immaterial associates in the amount of € 854 K (previous year: € -961 K).

A total of € -1,546 K (previous year: € -1,821 K) was recognized in other comprehensive income from at equity accounted companies.

During the financial year, the DMG MORI AG group did not recognize losses totaling € 49 K (previous year: € 0 K) from its interest in CCP Services GmbH, as it has no obligation with regard to these losses. In the previous year, losses totaling € 92 K were not recognized for the group's interest in up2parts GmbH. On an accumulated basis, the losses amounted to € 49 K (previous year: € 92 K).

In the reporting year, the DMG MORI AG group received a dividend of € 314 K (previous year: € 324 K) from DMG MORI HEITEC Digital Kft. In the previous year, the DMG MORI AG group also received a dividend of € 167 K (previous year: € 0 K) from Vershina Operation, LLC. and € 808 K (previous year:

€ 0 K) from DMG MORI India Private Ltd. On an accumulated basis, the dividends received amounted to € 1,289 K (previous year: € 324 K) and are deducted from the respective carrying amounts using the equity method.

22. Equity Investments

GILDEMEISTER Beteiligungen GmbH holds a 14.45 % interest in TULIP Interfaces Inc, Somerville (USA). The cooperation with the US software provider, TULIP, allows the DMG MORI AG group to provide its customers with easier access to digital manufacturing. The DMG MORI AG group does not exercise any significant influence over the business activities of TULIP Interfaces Inc. There were no dividend payouts during the financial year. The fair value is € 71,881 K (previous year: € 104,742 K) as of 31 December 2023.

In the reporting year, GILDEMEISTER Beteiligungen GmbH reduced its 24.90 % interest in up2parts GmbH, Weiden, to 17.85 % as part of a funding round. From this date, up2parts GmbH, Weiden, was no longer classified as an at equity accounted company under IAS 28 and no longer included in the consolidated financial statements as a company accounted for using the equity method, but as an associated company. The fair value of up2parts GmbH, Weiden, amounts to € 3,747 K as of 31.12.2023. The measurement of the shares at fair value resulted in an increase in value of € 1,592 K, which was recognized in financial income and in the “Machine Tools” segment.

In March 2023, GILDEMEISTER Beteiligungen GmbH acquired a 1.36 % interest in ModuleWorks GmbH, Aachen. The DMG MORI AG group does not exercise any significant influence over the business activities of ModuleWorks GmbH, Aachen. There were no dividend payouts during the financial year. The fair value of ModuleWorks GmbH, Aachen, is € 3,006 K as of 31.12.2023.

This also includes the 40 % interest held by GILDEMEISTER energy solutions GmbH in Sonnenstromalpha GmbH & Co. KG, Hamburg, the 5.1 % held by GILDEMEISTER LSG Beteiligungs GmbH in GILDEMEISTER LSG Solar Australia Pty Ltd, Brisbane (Australia), as well as the 5 % interest held by GILDEMEISTER Beteiligungen GmbH in STBO GmbH, Bielefeld, and the interest held by GILDEMEISTER Beteiligungen GmbH in Earlybird UNI-X Seed Fund I GmbH & Co. KG, Munich.

The DMG MORI AG group does not exercise any significant influence over these companies.

As of 31 December 2023, the fair value of the investments totaled € 80,316 K (previous year: € 105,914 K).

In the reporting year, impairments amounting to € 32,896 K were recognized on investments, which were reported in other comprehensive income. This impairment loss mainly results from the revaluation of the fair value of TULIP Interfaces Inc. and is due to adjusted growth rates in the forecast periods and an increase in the cost of capital.

23. Long-term receivables and other assets

A summary of the figures are shown in table **C.37.** Trade debtors are to be assigned to financial assets. As in the previous year, there were no receivables from associated companies included in the long-term trade debtors.

C.37

in € K	31 Dec. 2023	31 Dec. 2022
Trade debtors	800	918
Other long-term financial assets	10,563	15,001
Other long-term assets	1,840	1,398
	13,203	**17,317**

Other long-term financial assets include the following items shown in table **C.38**:

C.38

in € K	31 Dec. 2023	31 Dec. 2022
Loans to associated companies	1,206	2,580
Security deposits and other security payments	510	395
Loans to third parties	0	1,716
Other assets	8,847	10,310
	10,563	**15,001**

Other financial assets include the fair value of an option for purchasing shares in a company amounting to € 5,276 K (previous year: € 5,311 K). During the financial year, a write-down was made in an amount of € 35 K (previous year: write-up € 2,868 K), which was recognized in other comprehensive income.

Other long-term assets include the following items as shown in table **C.39**:

C.39

in € K	31 Dec. 2023	31 Dec. 2022
Tax refund claims	736	642
Other assets	1,104	756
	1,840	**1,398**

24. Inventories

A breakdown of inventories is shown in the following table **C.40**:

C.40

in € K	31 Dec. 2023	31 Dec. 2022
Raw materials and consumables	334,493	368,708
Work in progress	163,581	151,726
Finished goods and goods for resale	283,949	165,906
	782,023	**686,340**

Finished goods and goods for resale include machines in an amount of € 87,545 K (previous year: € 39,511 K) acquired from DMG MORI COMPANY LIMITED for trading purposes. Of inventories shown in the balance sheet on 31 December 2023, € 184,265 K (previous year: € 163,119 K) were recognized at their net realizable value. In the financial year, impairment of inventories in an amount of € 33,280 K (previous year: € 27,268 K) were recognized in cost of materials and change in inventories.

In the financial year, revaluations amounting to € 8,584 K (previous year: € 4,874 K) mainly resulting from the increase in net realizable values, were also recognized in cost of materials.

25. Short-term receivables

Trade receivables from other related parties include receivables from DMG MORI COMPANY LIMITED amounting to € 99,799 K (previous year: € 97,299 K). Moreover, as in the previous year, receivables from other related parties include receivables from DMG MORI Europe Holding GmbH from loans granted in the amount of € 500,000 K (previous year: € 540,000 K) and from accrued interest in the amount of € 3,721 K (previous year: € 733 K) less the impairment from using the "general approach" method. The short-term receivables were shown in table **C.41**.

C.41

in € K	31 Dec. 2023	31 Dec. 2022
Trade receivables		
from third parties	119,591	160,523
from at equity accounted companies	7,581	19,383
from other related companies	120,785	114,306
from other equity investments	133	157
Total trade debtors	**248,090**	**294,369**
Other receivables from other related companies	503,689	540,699
	751,779	**835,068**

In the reporting year, the DMG MORI AG group continued to use factoring programs. As in the previous year, these agreements enabled domestic receivables in the amount of up to € 90,000 K and foreign receivables in the amount of up to € 75,000 K to be sold. As of the balance sheet date, German receivables with a value of € 44,705 K (previous year: € 37,669 K) and foreign receivables with a value of € 60,069 K (previous year: € 38,741 K) were sold without recourse and were thus no longer part of the receivables at the reporting date.

A breakdown of the gross carrying amounts of trade debtors by geographical region, including receivables amounting to € 248,524 K (previous year: € 289,111 K), for which no specific value allowances were made (see Note 39), is shown in table C.42:

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C.42

in T€	31 Dec. 2023	31 Dec. 2022
Germany	49,932	74,859
Europe	85,932	112,557
Asia	10,821	15,046
DMG MORI CO. Group	121,000	114,934
	267,685	**317,396**

Allowances for trade debtors from third parties and related parties and for other assets developed as shown in the following table C.43:

C.43

in € K	2023	2022
Allowances as of 1 January	**22,164**	**23,116**
Write-offs	-16,463	-3,565
Net remeasurement in financial year	13,144	2,613
Allowances as of 31 December	**18,845**	**22,164**

A separate statement of allowances on trade debtors and other assets in accordance with IAS 1.82 (ba) was not included in the income statement due to the immateriality of the items. Specific value allowances were made for the gross values of trade debtors in the amount of € 19,160 K (previous year: € 28,285 K). The net value of the allowances in the financial year includes reductions of specific allowances in the amount of € -3,454 K (previous year: € -955 K).

Allowances as of 31 December 2023 include allowances under the simplified approach for trade debtors in the amount of € 906 K (previous year: € 768 K) and allowances under the general approach for other receivables and cash and cash equivalents in the amount of € 52 K (previous year: € 55 K).

Trade debtor write-offs are recognized, if it is considered highly unlikely that the debtors will meet their payment obligations in the foreseeable future.

At the end of financial year 2023, there were derecognized trade debtors with a contract value of € 2,439 K (previous year: € 3,186 K), but which are currently pending an enforcement measure.

Expenses relating to allowances and write-offs of trade debtors are reported under other operating expenses. These concern a large number of individual cases.

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Details on the calculation of allowances and on credit risks are described in Note 39.

26. Other short-term assets

A breakdown of other short-term assets is shown in the following table **C.44**:

C.44

in € K	31 Dec. 2023	31 Dec. 2022
Other short-term financial assets	38,789	41,239
Other short-term assets	86,924	137,192
	125,713	**178,431**

Other short-term financial assets include the following items as shown in table **C.45**:

C.45

in € K	31 Dec. 2023	31 Dec. 2022
Receivables from factoring	10,540	11,520
Security deposits and other security payments	4,915	7,546
Discounted customers' bills of exchange	4,249	2,197
Fair market value of derivative financial instruments	3,438	1,947
Loans to third parties	3,048	3,301
Purchase price receivables from asset disposal	2,552	3,310
Creditors with debit balance	1,991	2,160
Receivables from corporate directory	858	3,170
Receivables from employees	319	402
Other short-term financial assets	6,879	5,686
	38,789	**41,239**

No financial assets were provided as collateral either in the reporting year or in the previous year.

Other short-term assets include the following items as shown in table **C.46**:

C.46

in € K	31 Dec. 2023	31 Dec. 2022
Payments on account	42,439	79,704
Tax refund claims	16,828	23,698
Advance payments for services / licenses	15,556	20,181
Other assets	12,101	13,609
	86,924	**137,192**

Tax refund claims primarily include receivables from value added tax. Other assets include ex-post certificates amounting to € 4,062 K (previous year: € 5,009 K) relating to our investments in sustainable, certified climate protection projects. The certificates recognized in the balance sheet are purchased certificates initially measured at cost. Subsequent measurement is based on the average cost method. At the end of the financial year, the number of certificates amounted to 3,402,374 (previous year: 4,194,402).

27. Cash and cash equivalents

At the reporting date, bank credit balances amounted to € 158,685 K (previous year: € 177,413 K). page 193 et seqq. Information on the calculation and recognition of impairments can be found in ↗ Note 39 .

The development of cash and cash equivalents, which constitutes cash funds pursuant to IAS 7 page 108 "Cash Flow Statements", is presented in the ↗ Consolidated Cash Flow Statement.

28. Long-term assets held for sale

In the second half of 2023, the management of DMG MORI Aktiengesellschaft decided to sell a land with a building in Stuttgart and also in Frankfurt, as there are future plans to merge the subsidiaries located there into one group company. A third party has already been engaged to sell the land with the buildings and the sale is expected to be completed by the end of 2024.

As at 31.12.2023, the land and buildings were measured at the lower of carrying amount and fair value less costs to sell at the reclassification date. From the date of reclassification, depreciation and amortization ceased.

The assets from these long-term assets held for sale are presented in the segment report in the "Industrial Services" business segment.

29. Deferred taxes

Deferred tax assets and liabilities and deferred tax expense are allocated to the items shown in tables **C.47 / C.48**.

C.47

in € K [1]	31 Dec. 2023 Assets	31 Dec. 2023 Liabilities	31 Dec. 2022 Assets	31 Dec. 2022 Liabilities
Intangible assets	8,582	19,442	8,067	20,628
Tangible assets	9,320	13,615	8,381	12,997
Financial assets	0	1,618	211	1,103
Inventories	18,266	972	15,917	818
Receivables and other assets	2,069	858	2,581	3,061
Provisions	20,507	5,231	20,108	5,236
Liabilities	11,995	7,239	12,015	3,946
Tax credit	752	0	3,296	0
Tax loss carried forward	584	0	1,552	0
	72,075	**48,975**	**72,128**	**47,789**
Balancing	-40,425	-40,425	-41,283	-41,283
	31,650	**8,550**	**30,845**	**6,506**

1) For the purpose of improved presentation, deferred taxes on leasing items in accordance with IFRS 16 have been reported unnetted under property, plant and equipment and liabilities for the first time. The previous year's figures have been adjusted accordingly.

C.48

in € K	2023 Deferred tax expense / -income	2022 Deferred tax expense / -income
Intangible assets	-1,887	16,510
Tangible assets	-394	-918
Financial assets	1,190	-8
Inventories	-1,899	-657
Receivables and other assets	-1,670	1,164
Provisions	868	3,841
Liabilities	1,131	-473
Tax credit	2,557	1,526
Tax loss carried forward	978	637
	874	**21,622**

The deferred taxes are assessed on the basis of the tax rates applicable or expected in the individual countries based on their current statutory regulations. Taking into account trade income tax as well as corporate income tax and the solidarity surcharge, the tax rate for deferred taxes for domestic companies is 29.8 % (previous year: 29.8 %).

A determining factor for the valuation of the recoverability of deferred tax assets is the assessment of the probability of sufficient future taxable income. Based on past experience and the expected taxable income situation, it is assumed that the corresponding advantages from the deferred tax assets can be realized.

Deferred tax liabilities on intangible assets result in particular from the use of the tax option for the immediate amortization of software in Germany.

As of 31 December 2023, deferred tax assets on loss carryforwards amounted to € 584 K (previous year: € 1,552 K) and are allocated as follows: As in the previous year, for the German tax group there were no German corporate tax and trade tax loss carry forwards as well as interest carry forwards due to the German interest barrier. Deferred tax assets on loss carryforwards are attributable to foreign subsidiaries in an amount of € 584 K (previous year: € 1,552 K). In the reporting year, € 968 K (previous year: € 682 K) in deferred tax assets were offset against actual taxable income. The tax loss carryforwards amount to a total of € 10,731 K (previous year: € 35,713 K), of which € 8,297 K (previous year: € 28,653 K) was not recognized. Out of the unrecognized tax losses carried forward, € 1,719 K (previous year: € 4,525 K) can be used indefinitely, while € 6,578 K (previous year: € 24,128 K) must be used within the next five years.

Deferred tax assets on deductible temporary differences amounting to € 57,952 K (previous year: € 45,588 K) were not recognized, as it is unlikely that future taxable profits will be available against which the group can offset the deferred taxes.

No deferred tax liabilities were recognized for temporary differences related to interests in subsidiaries in the amount of € 12,259 K (previous year: € 12,928 K), as they do not meet the criteria of IAS 12.39. In the reporting year, deferred taxes were recognized on planned dividend distributions from subsidiaries in the amount of € 1,008 K (previous year: € 0 K).

The deferred tax assets recognized directly in equity decreased by € 760 K to € 4,071 K as of the reporting date (previous year: € 4,831 K). These include deferred tax assets amounting to € 8,048 K (previous year: € 7,037 K) on actuarial gains and losses recognized in equity and deferred tax liabilities amounting to € 465 K (previous year: € 1,108 K) related to the valuation of financial instruments recognized directly in equity and amounting to € 3,512 K (previous year: € 1,098 K) on net investments.

30. Equity

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The movement of individual components in group equity for financial years 2023 and 2022 is presented in the ↗ Consolidated Statement of Changes in Equity. Business transactions are presented under "Transactions with owners" in which the owners have acted in their capacity as owners.

Subscribed capital
The share capital of DMG MORI AKTIENGESELLSCHAFT is € 204,926,784.40 in total and is fully paid.

This is divided into 78,817,994 no-par value bearer shares with a nominal value of € 2.60 per share. Each no-par share grants one vote.

The following statements have essentially been taken from the articles of association of DMG MORI AKTIENGESELLSCHAFT (version: May 2023).

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to a nominal amount of € 102,463,392.20 until 9 May 2024 through the issue of up to 39,408,997 new no-par value bearer shares for contributions in cash and/or in kind (authorized capital). This authorization can be exercised once or several times in partial amounts.

For cash contributions, the new shares may also be underwritten by one or more banks or companies, as defined by Section 186 (5) (1) of the German Stock Corporation Act (AktG), designated by the Executive Board, with the obligation to offer them to the shareholders for subscription (indirect subscription right). In all cases, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' subscription rights in the following cases:

a// with respect to a proportionate amount of share capital up to € 5,000,000 for the issue of shares to company employees or companies affiliated with the company as specified in Section 15 AktG.

b// capital increases for contributions in kind, to acquire, in suitable cases, companies, parts of companies or interests in companies, or other assets in return for the granting of shares,

c// capital increases for cash contributions, if the issuing price of the new shares is not significantly lower, in accordance with Section 203, (1) and (2), and Section 186 (3)(4) AktG, than the stock market price on the final effective date of the issuing price determined by the Executive Board, which should be as close as possible to the date of placement of the shares, and if the total proportional amount of the share capital attributable to the new shares, for which the shareholders' subscriptions rights are excluded, neither on the effective date nor on the date of exercise of this authorization exceeds 10 % of the share capital. Shares that are issued or sold during the validity of the authorized capital with the exclusion of shareholders' subscription rights, in direct or analogous application of Section 186 (3)(4) AktG are to be included in the maximum limit of 10 % of the share capital;

d// to exclude any fractional amounts from the subscription right.

All shares issued on the basis of the aforementioned authorization disapplying subscription rights of shareholders, pursuant to point b) and c) above, may not exceed 20 % of the share capital either at the time the authorization takes effect or at the time of its utilization. Included in this 20 percent limit are those shares that are issued during the term of the aforementioned authorization from any other authorized capital disapplying the subscription rights of shareholders; excluded from the aforementioned figure is the disapplication of subscription rights to compensate for fractional amounts or the issue of shares to company employees and to employees of affiliated companies.

The Executive Board is authorized, with the approval of the Supervisory Board, to lay down further details for the capital increase and its implementation. The Supervisory Board is authorized to adjust the articles of association according to each individual utilization of the authorized capital and, if the authorized capital is not utilized or not fully utilized before 9 May 2024, to cancel it after this date.

Capital reserve
As of 31 December 2023, the capital reserves were unchanged at € 498,485,269. The group's capital reserve includes the premiums for the issue of shares of DMG MORI AKTIENGESELLSCHAFT in previous years.

The transaction costs directly attributable for capital procurement, reduced by the related income tax benefits, have each been deducted from the capital reserve.

RETAINED EARNINGS; STATUTORY RESERVES AND OTHER RESERVES

Statutory reserves
The statutory reserves of DMG MORI AKTIENGESELLSCHAFT remain unchanged at € 680,530.

Retained earnings
Other retained earnings include prior-period profits generated by the companies included in the Consolidated Financial Statements as far as they were not distributed. Retained earnings also include the offset of liabilities-side differences from the consolidation of investments of those subsidiaries that were consolidated before 1 January 1995, and the adjustments directly in equity in accordance with the first application of IFRS rules. Additionally, this item contains the changes from the revaluation of defined benefit plans.

Other reserves
Other reserves include the differences arising from currency translation recognized directly in equity of the financial statements of foreign subsidiaries and the post-tax effects from the measurement of financial instruments recognized directly in equity. An amount of € 6,853 K (previous year: € 4,411 K) was recognized for net investments in a foreign operation in the financial year 2023. Deferred taxes recognized directly in equity related to the valuation of financial instruments recognized directly in equity amount to € 465 K as of 31 December 2023 (previous year: € 1,108 K).

A detailed overview on the composition of or changes in other reserves in financial year 2023 and in the previous year is included in the Development of Group Equity statement.

Appropriation of profits
In accordance with the German Commercial Code (HGB), the Annual Financial Statements of DMG MORI AKTIENGESELLSCHAFT form the basis for the appropriation of profits of the financial year.

A domination and profit transfer agreement exists between DMG MORI Europe Holding GmbH and DMG MORI AKTIENGESELLSCHAFT, which was approved by the Annual General Meeting on 15 July 2016. The agreement entered into force on 24 August 2016, following entry into the commercial register.

The 2023 financial year of DMG MORI AKTIENGESELLSCHAFT closes with a pre-profit transfer result of € 147,472,029 (previous year: € 146,508,827). The entire profits will be transferred to DMG MORI Europe Holding GmbH. According to IFRS regulations, this is a transaction with equity providers.

As in the previous year, no retained earnings as stipulated by the German Commercial Code are recognized by DMG MORI AKTIENGESELLSCHAFT as of 31 December 2023.

Non-controlling equity interests
Non-controlling equity interests include the minority interests in the consolidated equity of the companies included in the consolidated group and, as at 31 December 2023, amount to € 20,223 K (previous year: € 20,811 K). This includes profit shares of DMG MORI Machine Tools Trading Co., Ltd., Shanghai, (China), for which non-controlling interests amounting to 49 % of the ownership interests

are recognized. These interests are held by DMG MORI COMPANY LIMITED. In the financial year, the remaining 15 % interest in ISTOS GmbH was acquired by GILDEMEISTER Beteiligungen GmbH and as a result, ISTOS GmbH is no longer reported under non-controlling equity interests.

CAPITAL MANAGEMENT DISCLOSURE

A strong equity capital base is an important prerequisite for the DMG MORI AG group in order to ensure the ongoing existence of the company. The Executive Board's goal is to maintain its strong capital base and improve its equity ratio in order to preserve the trust of investors, creditors and markets and to ensure the sustainable development of the company. The capital is regularly monitored on the basis of various key figures. The ratio of net in-debtedness to balanced equity (gearing) and the equity ratio are key figures for this. As of 31 December 2023, the syndicated loan's cash line had not been used and the guarantee lines had been used once. The syndicated credit line requires that the group comply with a customary covenant that stipulates a defined financial ratio. The covenant was met on a quarterly basis and as of 31 December 2023.

Due to the domination and profit transfer agreement between DMG MORI Europe Holding GmbH and DMG MORI AKTIENGESELLSCHAFT, the company no longer has the possibility to actively shape the DMG MORI AG group's equity base through a dividend policy.

The cash surplus is calculated as the sum of cash and cash equivalents less financial liabilities.

A breakdown of the items is shown in the following table **C.49**:

C.49

in € K	31 Dec. 2023	31 Dec. 2022
Cash and cash equivalents	158,685	177,413
Financial debt	29,014	5,668
Surplus fund	129,671	171,745
Total Equity	1,382,180	1,422,496
Equity ratio	49.9	50.3
Gearing	–	–

Total equity fell in absolute terms by € 40,316 K. The equity ratio as of 31 December 2023 fell to 49.9 % (previous year: 50.3 %).

31. Provisions for pensions

Pension provisions are set up for obligations arising from legal rights to future pension payments and from current pension payments to those active and former employees of companies within the DMG MORI AG group entitled to such, and to their surviving dependents. Depending on the legal, economic and fiscal circumstances of the respective country there are different forms of old-age provision that are usually based i.a. on the duration of employment and the employees' remuneration. In Germany the commitments are dependent upon wages or salary and are paid as a pension; there is no minimum guarantee.

Employee pension schemes are always based on either defined contribution plans or defined benefit plans.

In the case of defined contribution plans the respective company does not assume any further obligations which go beyond the payment of contributions into an earmarked reserve fund. The related expenses in financial year 2023 amounted to € 1,329 K (previous year: € 1,705 K).

In the case of defined benefit plans, it is the company's obligation to pay the promised benefits to active and former employees, whereby a distinction is made between pension plans that are financed through provisions and those that are financed through a fund. In general, the pensions paid correspond to the promised benefits.

For domestic subsidiaries, besides current pension plans, there are no defined benefit plans for new employees. The employees of Swiss subsidiaries participate in defined benefit pension plans. In Switzerland, employers are obligated to give a minimum contribution to their employees' pension plans. In addition to this, there are no minimum guarantees. These plans expose the group to actuarial risks, such as longevity risk, currency exchange risk, interest and market (investment) risk.

In the DMG MORI AG group, pension commitments are financed by transfers to provisions and plan assets. The investment strategy for global pension assets is based on the objective of securing pension payments in the long term. In Germany, plan assets comprise insurance contracts or contracts and are held by a legally independent entity whose sole purpose is to hedge and fund employee benefit liabilities. In Switzerland, external plan assets are invested in a customary pension fund. Plan assets in Switzerland are subject to customary minimum funding requirements. The amount of the pension obligation (present value of future pension commitments or defined benefit obligation) was calculated on the basis of actuarial methods by estimating the relevant factors impacting the pension commitment. In Germany, Klaus Heubeck's '2018G guideline tables' were used as a biometric accounting basis. In Switzerland, the 'BVG 2015 technical principles, generation tables' were used to calculate values. They are based on the latest available observations of mortality rates, mostly by private pension funds, and take into account future changes in mortality rates over time.

Along with the assumptions on life expectancy, the following premises for the parameters to be applied to the actuarial calculations in the reports were defined as shown in table **C.50**:

C.50

	2023		2022	
in %	Germany	Rest of the world	Germany	Rest of the world
Discount interest rate	3.14	1.13	3.63	1.36
Salary trend	0.00	5.52	0.00	9.32
Pension trend	2.20	3.03	2.20	2.88

The discount interest rate of the pension obligations for entitled active and former employees was determined on the basis of the yield which was achieved on the balance sheet date of high-quality, fixed-interest industrial bonds on the market.

The salary trend includes expected future increases in salary that are assessed annually and are subject to, amongst other things, inflation and the duration of employment at the company. A future average salary increase of 5.52 % was taken into account for our foreign companies. Since the pension commitments that were entered into at the national subsidiaries are not subject to future increases in salary, salary development was not taken into account when determining the relating company pension provisions.

Due to increases or reductions in the cash value of defined benefit obligations, actuarial gains or losses may arise, which may result, amongst others, from changes in the calculation parameters or changes in the risk development assessment relating to the pension commitments. The pension provisions' net value can be derived from table **C.51**.

C.51

		31 Dec. 2023		31 Dec. 2022	
	in € K	Germany	Rest of the world	Germany	Rest of the world
	Cash value of pension commitments not financed by funds	24,998	3,806	25,632	3,952
+	Cash value of funded pension commitments	15,171	13,483	13,985	11,906
-	Current value of pension plan assets	-15,559	-14,063	-15,767	-12,726
=	**Net value of amounts shown in the balance sheet on the reporting date**	**24,610**	**3,226**	**23,850**	**3,132**
	of which pensions	24,998	3,226	25,633	3,132
	of which assets (–)	-388	0	-1,783	0

On the one hand, the plan assets include risk payments that depend on the insured salary. On the other hand, they include retirement benefits that depend on the retirement assets accumulated at the time of retirement. A breakdown of these figures is shown in table **C.52**.

C.52

	2023		2022	
	in € K	in %	in € K	in %
Stock exchange listed				
Cash and cash equivalents	261	0.88	255	0.90
Shares	4,088	13.80	3,692	12.96
Obligations	4,128	13.94	3,544	12.44
Property	3,107	10.49	2,946	10.34
Other	561	1.89	385	1.35
Not stock exchange listed				
Qualifying insurance policies (Life insurance)	15,559	52.53	15,767	55.34
Other	1,918	6.47	1,904	6.67
Plan assets	**29,622**	**100**	**28,493**	**100**

The calculation of the typological interest of the plan assets is made in the amount of the discount interest rate of the pension obligations at the beginning of the period. Actual expenses for plan assets amounts to € 62 K (previous year: income amounting to € 174 K).

Payments from insurance companies are accounted for as benefits received and the benefits actually granted are disclosed as benefits paid.

Pension provisions for former members of the Executive Board and their surviving dependents have been formed in the amount of € 27,770 K (previous year: € 23,824 K).

The tables **C.53 / C.54** show the reconciliation of the opening balance to the final balance for the net debt (net assets) from the defined benefit pension plans and their components.

C.53

	2023					
	Defined benefit obligation		Fair value of plan assets		Net debt (net asset) from defined benefit plans	
in € K	Germany	Rest of the world	Germany	Rest of the world	Germany	Rest of the world
As at 1 January	**39,617**	**15,858**	**-15,767**	**-12,726**	**23,850**	**3,132**
Included in profit and loss						
Current service cost	0	545	0	0	0	545
Past service cost	781	-454	0	0	781	-454
Interest expense (income)	1,309	397	-563	-254	746	143
Exchange rate changes	0	630	0	-683	0	-53
	2,090	**1,118**	**-563**	**-937**	**1,527**	**181**
Included in other comprehensive income						
Loss (profit) from remeasurements						
Actuarial losses (profits) from:						
– financial assumptions	2,978	623	0	0	2,978	623
– experience adjustments	-104	-858	0	0	-104	-858
– demographic adjustments	0	0	0	0	0	0
Effects on plan assets excluding interest income	0	0	174	704	174	704
	2,874	**-235**	**174**	**704**	**3,048**	**469**
Other						
Contributions paid by the employer	0	0	-2,174	-893	-2,174	-893
Pension payments made	-3,003	548	2,771	-211	-232	337
Other	-1,409	0	0	0	-1,409	0
	-4,412	**548**	**597**	**-1,104**	**-3,815**	**-556**
As at 31 December	**40,169**	**17,289**	**-15,559**	**-14,063**	**24,610**	**3,226**

C.54

in € K	Defined benefit obligation Germany	Defined benefit obligation Rest of the world	Fair value of plan assets Germany	Fair value of plan assets Rest of the world	Net debt (net asset) from defined benefit plans Germany	Net debt (net asset) from defined benefit plans Rest of the world
	2022					
As at 1 January	**46,816**	**16,564**	**-15,979**	**-12,531**	**30,837**	**4,033**
Included in profit and loss						
Current service cost	0	1,000	0	0	0	1,000
Past service cost	195	-39	0	0	195	-39
Interest expense (income)	424	141	-148	-34	276	107
Exchange rate changes	0	625	0	-531	0	94
	619	**1,727**	**-148**	**-565**	**471**	**1,162**
Included in other comprehensive income						
Loss (profit) from remeasurements						
Actuarial losses (profits) from:						
– financial assumptions	-6,802	-3,360	0	0	-6,802	-3,360
– experience adjustments	140	1,143	0	0	140	1,143
– demographic adjustments	0	0	0	0	0	0
Effects on plan assets excluding interest income	0	0	-233	588	-233	588
	-6,662	**-2,217**	**-233**	**588**	**-6,895**	**-1,629**
Other						
Contributions paid by the employer	0	0	-992	-760	-992	-760
Pension payments made	-2,954	-216	1,585	542	-1,369	326
Other	1,798	0	0	0	1,798	0
	-1,156	**-216**	**593**	**-218**	**-563**	**-434**
As at 31 December	**39,617**	**15,858**	**-15,767**	**-12,726**	**23,850**	**3,132**

The item “Other” in tables **C.53 / C.54** includes the change in the asset surplus of a subsidiary.

During the past five years, the funded status, consisting of the present value of all pension commitments and the fair value of plan assets, has changed as shown in table **C.55**.

C.55

in € K	2023	2022	2021	2020	2019
Discounted value of all pension commitments	57,458	55,475	63,380	66,436	70,029
Current value of the pension plan assets of all funds	-29,622	-28,493	-28,510	-25,758	-27,021
Funding status	27,836	26,982	34,870	40,678	43,008

Payments to beneficiaries from pension plans not financed by funds in 2024 are expected in an amount of € 3,026 K (previous year for 2023: € 2,907 K), while payments to funded pension plans in financial year 2024 are estimated to amount to around € 429 K (previous year for 2023: € 355 K).

The average weighted duration of pension obligations in Germany is around eleven years and in Switzerland around sixteen years.

Key assumptions for calculating the pension obligation were based on sensitivity analyses. The discount factor, assumed value of wage trends and life expectancy were reduced or increased by a fixed % rate respectively one year.

Under unchanged other assumptions, the changes that would reasonably have been possible at the balance sheet date in the event of a significant actuarial assumption would have impacted on the defined benefit obligation in the following amounts.

The effects on the entitlement present value are shown in the following table **C.56**.

C.56

	Effects on the entitlements at 31 Dec. 2023	
	in € K	in %
Cash value of the entitlement obligations	**57,458**	
In the case of:		
reduction of the discount rate by 0.25 %-points	58,484	1.79
increase of the discount rate by 0.25 %-points	55,765	-2.95
reduction of the pension trend by 0.25 %-points	56,253	-2.10
increase of the pension trend by 0.25 %-points	57,949	0.85
reduction of the life expectancy by 1 year	55,027	-4.23
increase of the life expectancy by 1 year	59,158	2.96

In the presented sensitivities, it should be taken into account that due to actuarial effects, the change as a percentage is not and / or does not have to be linear. Thus, increases and decreases in terms of per cent do not react with the same absolute amount. There are no demographic effects.

32. Other provisions

The main contents of the provisions are shown in table **C.57**.

C.57

	31 Dec. 2023		31 Dec. 2022	
in € K	Total	of which short-term	Total	of which short-term
Obligations arising from personnel	106,055	84,222	100,152	77,052
Risks arising from warranties and retrofitting	64,532	56,069	64,678	53,335
Obligations arising from sales	82,048	81,095	104,494	100,038
Other	51,619	46,408	49,435	44,010
	304,254	**267,794**	**318,759**	**274,435**

Provisions for personnel expenses in the DMG MORI AG group include obligations for profit-sharing and staff bonuses of € 40,969 K (previous year: € 46,236 K), part-time retirement payments of € 6,795 K (previous year: € 5,313 K), holiday pay of € 15,296 K (previous year: € 12,895 K) and anniversary payments of € 12,213 K (previous year: € 10,895 K). Most of the provisions should be paid in the coming year. Provisions for anniversary bonuses and part-time retirement are discounted and carried as liabilities at their present value. Obligations arising from part-time retirement are secured against potential insolvency through a mutual trust relationship. To secure the pension plan, cash assets are transferred into a trust property. The members of this trust property are domestic group companies. The assets are defined as "plan assets" in accordance with IAS 19.7 and balanced against the related provisions. Any proceeds arising from the pension plan assets are balanced against the related expenses. As of 31 December 2023, liquid assets of € 2,483 K (previous year: € 3,288 K) had been transferred to the trust property.

Risks arising from warranties and retrofitting relate to present obligations to third parties, the use of which is probable and the anticipated amount of which can be reliably estimated. The provisions were measured using past empirical data, taking into account the conditions and any increases in cost on the balance sheet date. The obligations from the sales area include obligations for commissions, contractual penalties and other sales expenses. Most of the provisions should be paid in the coming year.

Other provisions include provisions for a wide range of identifiable individual risks and other obligations, for which uncertainties exist regarding dates and required future expenses, and whose expected amounts can be reliably estimated. During the course of its general business activities, the DMG MORI AG group is involved in both judicial and extrajudicial disputes, whose outcome cannot be reliably predicted. Legal disputes may occur, e. g., as a result of warranties and services. Provisions are recognized for risks arising from legal disputes, where it is probable that they will be utilized and a reliable estimate can be made of the amount of the provision required. Due to the assumptions required for this purpose, the creation and measurement of provisions are also subject to uncertainties. The provisions for legal disputes recognized at the balance sheet date mainly relate to third parties arising from machine tool sales. There are also legal disputes relating to contracts with third parties. Adequate provisions have been made for these cases. Further disclosures have been omitted pursuant to IAS 37.92.

The risk of further outflows beyond these provisions is considered unlikely as of 31 December 2023. For all provisions classified as short-term provisions, it is assumed that a significant part of the obligations will be fulfilled in financial year 2024.

The movement in the other provisions is shown in the statement of changes in provisions in table **C.58**.

C.58

in € K	01 Jan. 2023	Additions	Used	Reversal	Other changes	31 Dec. 2023
Obligations arising from personnel	100,152	75,734	63,402	5,708	-721	106,055
Obligations arising from warranties and retrofitting	64,678	36,313	32,743	4,136	420	64,532
Obligations arising from sales	104,494	39,560	47,971	12,474	-1,561	82,048
Other	49,435	33,357	22,035	9,230	92	51,619
	318,759	**184,964**	**166,151**	**31,548**	**-1,770**	**304,254**

The other changes include currency adjustments and book transfers.

Obligations arising from personnel include provisions for the long-term incentive, a remuneration component with a long-term incentive effect, totaling € 2,122 K (previous year: € 8,166 K). A detailed description of the long-term incentive can be found in the ↗ Remuneration Report chapter of the Group Management Report.

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33. Financial debts

As of 31 December 2023, the DMG MORI AG group has financial debts amounting to € 29,014 K (previous year: € 5,668 K) as shown in tables **C.59 / C.60.** These result from the borrowing of funds for the construction of our new production plant in Pinghu (China). The total financing framework amounts to € 57.4 million.

C.59

in € K	31 Dec. 2023	of which due within 1 year	of which due within 1 to 5 years	of which due after 5 years
Financial debts	29,014	6,709	0	22,305
	29,014	**6,709**	**0**	**22,305**

C.60

	31 Dec. 2023				31 Dec. .2022			
	Currency	Carrying amount € K	Remaining period in years	Effective interest rate %	Currency	Carrying amount € K	Remaining period in years	Effective interest rate %
Loans	CNY	22,305	> 5	3.8	CNY	3,739	up to 1	3.9
Bank overdrafts	CNY	6,709	up to 1	3.4	CNY	1,929	up to 1	3.4
		29,014				**5,668**		

Short and medium-term working capital requirements for DMG MORI AKTIENGESELLSCHAFT and, within the scope of intercompany cash management, for the majority of the subsidiaries, are covered by operating cash flow and short and long-term loans. Approved credit lines amount to € 781.0 million (previous year: € 772.4 million). These mainly comprise a syndicated credit line amounting to € 500.0 million (previous year: € 500.0 million), bilateral guaranteed credit lines amounting to € 58.6 million (previous year: € 63.2 million), the financing framework for the production plant in Pinghu (China) amounting to € 57.4 million and factoring agreements, another part of the financing mix, amounting to € 165.0 million (previous year: € 160.0 million).

The average cost of borrowing amounts to 4.3 % (previous year: 1.3 %).

Since 31 December 2023, the DMG MORI AG group has had access to a syndicated credit line in a total amount of € 500.0 million with an original maturity until February 2025. In April 2022, the group was able to secure the early extension of this current credit line to February 2027. It comprises a usable revolving cash tranche of € 200.0 million and a bank guarantee tranche of € 300.0 million. The syndicated loan agreement was concluded with an international bank syndicate at market conditions and has an interest rate based on the current money market rate (1 to 6-month EURIBOR) plus a mark-up. This interest mark-up may change depending on group key figures. The syndicated credit line also requires the DMG MORI AG group to comply with a customary covenant, which provides a defined financial ratio. The covenant was met on a quarterly basis and as of 31 December 2023. The syndicated loan is classified as short-term as it can only be drawn down over a maximum period of six months. The cash tranche was not used as of 31 December 2023.

For the financing of the syndicated credit line, the lending banks have completely waived the right to collateral. The companies DMG MORI Pfronten GmbH (previously: DECKEL MAHO Pfronten GmbH), DMG MORI Seebach GmbH (previously: DECKEL MAHO Seebach GmbH), DMG MORI Bielefeld GmbH (previously: GILDEMEISTER Drehmaschinen GmbH), DMG MORI Spare Parts GmbH, DMG MORI Ultrasonic Lasertec GmbH, FAMOT Pleszew Sp. z o.o., DMG MORI TORTONA S.r.l. (previously: GRAZIANO Tortona S.r.l.) and DMG MORI BERGAMO S.r.l. (previously: GILDEMEISTER Italiana S.r.l.) are significant guarantors for the credit line.

As at the balance sheet date, open credit lines amounted to € 411.4 million (previous year: € 447.2 million). These comprise free cash lines of € 200.0 million (previous year: € 200.0 million) and additional open credit lines (guarantees, loans and factoring) amounting to € 211.4 million (previous year: € 247.2 million).

34. Long-term trade creditors and other long-term liabilities

Long-term liabilities are shown in the following table **C.61**:

C.61

in € K	31 Dec. 2023	31 Dec. 2022
Deferred income	7,844	5,707
Other long-term liabilities	284	91
	8,128	**5,798**

The deferred revenue accounted for in other long-term liabilities includes the guaranteed investment grants from the funds of the joint aid program, “Improvement of the Regional Economic Structure” and investment subsidies under the Research Subsidies Act, as well as investment subsidies under the Investment Subsidies Act totaling € 1,775 K (previous year: € 1,950 K) as applied under IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance". In financial year 2023, no investment grants were paid (previous year: € 0 K). This item also includes regional grants of € 6,214 K (previous year: € 3,932 K) paid for the construction of our new production plant in China.

Deferred income will be amortized in accordance with the depreciation procedure for subsidized capital assets and recognized in the income statement.

35. Short-term trade creditors and other short-term liabilities

Short-term financial liabilities are shown in the following table **C.62**:

C.62

in € K	31 Dec. 2023	31 Dec. 2022
Trade payables to third parties	185,700	176,461
Liabilities to other related companies	268,093	239,500
Liabilities to at equity accounted companies	3,430	7,118
Liabilities to other equity investments	18	1,010
Other short-term financial liabilities	31,935	25,557
	489,176	**449,646**

Liabilities to other related parties arise from goods and services supplied as part of the business relationship to DMG MORI COMPANY LIMITED and its affiliated companies. These include liabilities to DMG MORI COMPANY LIMITED in an amount of € 76,391 K (previous year: € 65,700 K). A liability amounting to € 147,472 K (previous year: € 146,509 K) was due to the transfer of profit to DMG MORI Europe Holding GmbH.

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All information and notes on contract liabilities from performance obligations and contract liabilities from advance invoices can be found in ↗ Note 6.

Other short-term financial liabilities include the following items as shown in table **C.63**:

C.63

in € K	31 Dec. 2023	31 Dec. 2022
Factoring liabilities	13,273	7,876
Fair market values of derivative financial instruments	956	2,231
Debtors with credit balance	7,723	4,552
Other short-term financial liabilities	9,983	10,898
	31,935	**25,557**

Factoring liabilities include liabilities from reverse factoring amounting to € 9,351 K (previous year: € 6,735 K).

The fair value of derivative financial instruments relates to the fair value for forward exchange transactions amounting to € 956 K (previous year: € 2,231 K) mainly in USD, GBP, CHF and JPY. Other financial liabilities include liabilities from bills of exchange amounting to € 0 K (previous year: € 8,487 K).

Other short-term liabilities include the following items as shown in table **C.64**:

C.64

in € K	31 Dec. 2023	31 Dec. 2022
Tax liabilities	30,949	24,392
Liabilities relating to social insurance	5,334	4,801
Payroll account liabilities	2,364	2,051
Deferred income	3,032	2,753
Other liabilities	404	410
	42,083	**34,407**

Tax liabilities relate to liabilities arising primarily from value added tax amounting to € 16,178 K (previous year: € 12,413 K) as well as liabilities arising from payroll and church tax in the amount of € 12,287 K (previous year: € 9,285 K).

36. Leases

Leases acting as a lessee

The DMG MORI AG group leases specific tangible assets such as land and buildings, technical equipment and machines, office equipment and cars.

The tables **C.65 / C.66** show additions to and amortization of rights of use included in property, plant and equipment and intangible assets.

C.65 // RIGHTS OF USE

				2023
in € K	Right of use Land and buildings	Right of use Technical equipment and machinery	Right of use Other equipment, factory and office equipment	Total
Acquisition costs				
As at 1 January	41,265	9,168	31,537	81,970
Difference from currency translation	-292	349	-69	-12
Other changes	112	143	400	655
Additions	1,098	15	17,284	18,397
Disposals	-3,066	-8,817	-11,773	-23,656
As at 31 December	**39,117**	**858**	**37,379**	**77,354**
Depreciation				
As at 1 January	10,171	7,548	17,171	34,890
Difference from currency translation	-50	125	1	76
Additions	4,336	1,355	10,230	15,921
Disposals	-3,757	-8,398	-10,445	-22,600
As at 31 December	**10,700**	**630**	**16,957**	**28,287**
Net carrying amount at 31 December	**28,417**	**228**	**20,422**	**49,067**

C.66 // RIGHTS OF USE

	2022			
in € K	Right of use Land and buildings	Right of use Technical equipment and machinery	Right of use Other equipment, factory and office equipment	Total
Acquisition costs				
As at 1 January	36,345	11,596	35,126	83,067
Difference from currency translation	221	-96	102	227
Other changes	25	428	341	794
Change in the group of consolidated companies	-1,022	0	-920	-1,942
Additions	3,169	101	10,072	13,342
Disposals	-3,886	-2,861	-13,185	-19,932
Book transfers	6,413	0	1	6,414
As at 31 December	**41,265**	**9,168**	**31,537**	**81,970**
Depreciation				
As at 1 January	9,544	7,447	20,254	37,245
Difference from currency translation	2	-63	-77	-138
Other changes	13	0	-24	-11
Change in the group of consolidated companies	-799	0	-431	-1,230
Additions	4,781	2,253	9,934	16,968
Disposals	-3,370	-2,089	-12,485	-17,944
As at 31 December	**10,171**	**7,548**	**17,171**	**34,890**
Net carrying amount at 31 December	**31,094**	**1,620**	**14,366**	**47,080**

As of 31 December 2023, the DMG MORI AG group recognizes right-of-use assets amounting to € 49,067 K (previous year: € 47,080 K) under property, plant and equipment. The corresponding lease liabilities of € 43,178 K (previous year: € 40,291 K) are shown separately in the ↗ Balance Sheet.

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When determining lease terms, the DMG MORI AG group takes into account all facts and circumstances that create an economic incentive to exercise extension options or not to exercise termination options. Changes to terms resulting from exercising extension options or not exercising termination options are only included in the term of the contract if the group is reasonably certain to extend or not to exercise a termination option. If, e. g. by exercising a termination option or not exercising an extension option, the DMG MORI AG group is subject to significant penalties, it is generally considered reasonably certain that the group will not terminate or extend the contract. Moreover, other economic factors are taken into account, which play a key role in deciding whether to exercise extension options or not to exercise termination options. The assessment is reviewed, when a significant event or change in circumstances occurs that could influence the previous assessment - provided this is within the lessee's control.

The group estimates that if extension options are exercised, potential future lease payments would result in a lease liability of € 3,198 K (previous year: € 3,924 K).

Further information on lessee accounting can be found in the corresponding ↗ notes on individual items in the income statement and on the ↗ balance sheet.

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page 157 et seqq.;

Leases acting as a lessor

Finance leases

In financial year 2023, the DMG MORI AG group acted as a lessor in finance lease contracts, especially for buildings.

There was no capital gain from these leases in financial year 2023.

In 2023, the DMG MORI AG group recognized payments from subleases relating to finance leases in the amount of € 204 K (previous year: € 186 K).

The following table **C.67** presents a maturity analysis of lease receivables and shows the undiscounted lease payments to be received after the balance sheet date.

C.67 // FINANCE LEASES

in € K	31 Dec. 2023	31 Dec. 2022
Less than one year	161	204
One to two years	161	204
Two to three years	161	204
Three to four years	161	204
Four to five years	161	204
More than five years	2,781	3,730
	3,586	**4,750**

Operating leases

During financial year 2023, the DMG MORI AG group acted as a lessor in operating lease contracts. These agreements mainly cover the leasing of machine tools. The DMG MORI AG group has classified these leases as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership.

In 2023, the DMG MORI AG group recognized € 908 K in lease income from operating leases including income from subleases (previous year: € 1,186 K), which are reported in other operating income. Lease income generated in the DMG MORI AG group's ordinary course of business was recognized in revenue.

The following table **C.68** provides a maturity analysis of the undiscounted lease payments to be received after the balance sheet date.

C.68 // OPERATING LEASES

in € K	31 Dec. 2023	31 Dec. 2022
Less than one year	587	588
One to two years	64	122
Two to three years	0	64
Three to four years	0	0
Four to five years	0	0
More than five years	0	0
	651	**774**

37. Contingent liabilities and other financial obligations

No provisions were set up for the following contingent liabilities reported at nominal value, as the risk of utilization is considered to be relatively low as shown in table **C.69**:

C.69 // CONTINGENCIES

in € K	31 Dec. 2023	31 Dec. 2022
Guarantees	50	50
Warranties	481	487
Other contingencies	4,517	5,016
	5,048	**5,553**

The guarantees primarily include advance payment guarantees to foreign group companies. Other contingencies comprise, in particular, guarantees for framework agreements and contract performance guarantees.

During financial year 2023, the DMG MORI AG group concluded contracts for the purchase of property, plant and equipment in financial year 2024 worth € 4,376 K (previous year for 2023: € 47,068 K). The amount from the previous year was mainly due to the planned completion of the group's production plant in China.

38. Financial instruments

At the balance sheet date, forward exchange contracts were held by the DMG MORI AG group, mainly in the currencies SEK, GBP, CHF, JPY and PLN. The nominal and fair values of derivative financial instruments existing at the balance sheet date are shown in table **C.70**.

C.70

	31 Dec. 2023				31 Dec. 2022	
in € K	Nominal value	Asset	Debt	Fair market value total	Nominal value	Fair market value total
Forward exchange contracts as cash flow hedges	24,247	96	580	-484	34,335	-89
Forward exchange contracts held for trading purposes	172,688	3,342	376	2,966	159,693	-195
	196,935	**3,438**	**956**	**2,482**	**194,028**	**-284**

The nominal values correspond to the sum of all unbalanced purchase and sales amounts from derivative financial transactions. The fair market values recognized constitute the price at which, as a rule, third parties would assume the rights or obligations arising from the financial instruments as of the balance sheet date. It cannot generally be assumed that this assessed value may actually be achieved upon liquidation. The fair market values are the current values of the derivative financial instruments excluding any adverse trends in value from underlying transactions.

The fair values of forward exchange contracts are recognized in the balance sheet as other long-term or current financial assets or other long-term and current financial liabilities.

The DMG MORI AG group always applies IFRS 9 for hedge accounting. The DMG MORI AG group uses the 'spot-to-spot' method. The effects from forward components are recognized in profit or loss.

On the reporting date, the DMG MORI AG group also had forward exchange contracts that do not meet the strict requirements of hedge accounting under IFRS 9, but effectively contribute towards hedging the financial risk in accordance with the principles of risk management. In order to hedge the foreign currency risks of monetary assets and liabilities recognized in the balance sheet, the DMG MORI AG group does not use any hedge accounting, as the underlying transactions' gains and losses from the currency translation to be recognized in profit or loss under IAS 21 are disclosed in the income statement together with the gains and losses from the derivatives used as hedging instruments.

In the event that third parties do not fulfill their obligations arising from forward exchange contracts, as at the reporting date, the DMG MORI AG group had a deficit risk amounting to € 3,438 K (previous year: € 1,947 K).

As of the balance sheet date, existing forward exchange contracts in cash flow hedges with a nominal volume of € 24,247 K have a remaining term of up to one year (previous year: € 30,576 K). The cash flows from these forward exchange contracts will eventuate within the next twelve months. For the most part, it must be assumed that these will be recognized as income in the profit and loss statement within the next twelve months. There were no forward exchange transactions in cash flow hedges with a remaining term of more than one year on the balance sheet date (previous year: € 3,759 K).

In financial year 2023, expenses arising from the fair value recognition of financial instruments attributable to cash flow hedges in an amount of € -296 K (previous year: € 1,663 K) were allocated to equity and not recognized in the income statement and an amount of € -210 K (previous year: € -1,321 K) was removed from equity and recognized in exchange and currency gains or losses as shown in table **C.71**.

C.71

in € K	2023	2022
As of 1 January (before tax)	**17**	**-325**
Change in value of forward exchange contracts recognised in other comprehensive income	-296	1,663
Amount reclassified from hedging reserve to profit or loss (recycling)	-210	-1,321
As of 31 December (before tax)	**-489**	**17**

Forward exchange contracts were recognized in the income statement as exchange and currency profits or losses.

The items hedged by the cash flow hedges are expected to be realized in the same way as the hedging instruments. For the proportion of the financial assets from derivatives in the amount of € 96 K (previous year: € 273 K) as well as the proportion of liabilities from derivatives in the amount of € 580 K (previous year: € 362 K) that have been classified as cash flow hedges, to be recognized in the income statement within the next twelve months.

As in the previous year, forward exchange contracts did not result in any hedge ineffectiveness in the financial year. To measure ineffectiveness, the changes in value of the hedged items amounting to € 529 K (previous year: € 57 K) were used and compared with the changes in value of the relevant hedging instruments amounting to € 529 K (previous year: € 57 K).

The group concludes derivative transactions pursuant to global netting agreements (framework agreement) of the 'International Swaps and Derivative Association' (ISDA) and other corresponding national framework agreements. The netting agreements only grant the right to offset, if future events, such as the default or bankruptcy of the DMG MORI AG group or its rivals, occur.

The netting agreements thus do not fulfill the offsetting criteria of IAS 32.

The following tables **C.72 / C.73** provide an overview of financial assets and financial liabilities, which are subject to netting agreements or similar agreements.

C.72

in € K	Gross amounts of financial instruments in the balance sheet	Potential offsetting assets subject to global netting agreements	Net amount
			31 Dec. 2023
Financial assets			
Forward exchange contracts	3,438	956	2,482
Financial liabilities			
Forward exchange contracts	956	956	0

C.73

in € K	Gross amounts of financial instruments in the balance sheet	Potential offsetting assets subject to global netting agreements	Net amount
			31 Dec. 2022
Financial assets			
Forward exchange contracts	1,947	1,078	869
Financial liabilities			
Forward exchange contracts	2,231	1,078	1,153

39. Risks from financial instruments

Risks from financial instruments

Currency and interest rate fluctuations can lead to considerable profit and cash flow risks. For this reason, the DMG MORI AG group centralizes these risks as far as possible and manages them with a view to the future and by using derivative financial instruments. Risk management is based on guidelines that apply throughout the group and in which objectives, principles, responsibilities and competencies are defined. Further information on the risk management system is presented in the risk and opportunity report in the Group Management Report.

Currency risks

In its global business activities, the DMG MORI AG group is exposed to two types of currency risks. Transaction risks arise through changes in the value of future foreign currency payments due to exchange rate fluctuations in the individual financial statements. In the DMG MORI AG group, both purchases and sales are made in foreign currencies. Forward exchange transactions are used to hedge currency risks arising from these activities within the DMG MORI AG group. Derivative financial instruments are concluded and handled, based on binding internal guidelines defining scope, responsibilities, reporting and controls.

The DMG MORI AG group hedges at least 90 % of its estimated foreign exchange risks from contracted orders and expected acquisitions and disposals over the next 12 months. To hedge against the foreign exchange risk, forward exchange transactions with a maturity of less than one year from the date of the financial statement are used predominantly. Hedging transactions are only permitted with specified counterparties.

The DMG MORI AG group defines the existence of an economic relationship between the hedging instrument and the underlying hedged item based on the currency, amount and timing of their respective cash flows. The hypothetical derivative method is used to assess whether the derivative designated in the hedging relationship is expected to be effective or has been effective with regard to changes in the underlying hedged item's cash flows.

The main causes of ineffectiveness in these hedges are defaults on receivables, changes in the timing of underlying hedged items or changes in hedged cash flows.

In the financial year, the following average hedging rates for our main currencies were used for derivatives in hedge accounting as shown in the table below **C.74**:

C.74

in €	Average hedging rates in 2023	Average hedging rates in 2022
USD	1.08	1.07
JPY	156.48	138.79
GBP	0.88	0.87

The DMG MORI AG group determines foreign currency sensitivity through aggregating all foreign currency items that are not represented in the functional currency of the respective company and sets these against hedging. The fair values of the basic items and hedges included are measured once at the actual exchange rates and once using sensitivity rates. The difference between the two values represents the effects on equity and earnings.

The table **C.75** shows the net currency risk from transactions for major currencies.

C.75 // CURRENCY

	31 Dec. 2023			31 Dec. 2022 [1]		
in € K	USD	JPY	GBP	USD	JPY	GBP
Currency risk from balance sheet items	-948	-5,357	6,183	2,808	-5,454	9,561
Currency risk from pending transactions	-2,205	-3,152	6,720	-5,355	-8,508	8,879
Transaction-related currency items	-3,153	-8,509	12,903	-2,547	-13,962	18,440
Financially hedged item through derivatives	3,209	7,688	-11,929	2,034	12,972	-17,310
Open currency items	56	-821	974	-513	-990	1,130
Change of the currency items due to a 10 % appreciation of the euro	-5	0	-102	44	1	-116
Change of the currency items due to a 10 % depreciation of the euro	6	-1	125	-53	-1	142

1) The previous year's figures have been adjusted.

The following tables **C.76 / C.77** show the possible impact of financial instruments on the reserve for derivatives or the other reserves in equity as well as the impact on earnings as of 31 December 2023 or 31 December 2022. If the euro had appreciated against the major currencies USD, GBP, RUB and JPY by 10 % respectively, the reserve for derivatives or the other reserves in equity and the fair value of forward exchange transactions with a hedging relationship would have been € 356 K lower in total (previous year: € 657 K lower). The results and fair value of forward transactions without a hedging relationship and other financial instruments would have been € -1,667 K lower (previous year: € 5,044 K higher). If the euro had depreciated by 10 % against each of the major currencies USD, GBP, RUB and JPY, the reserve for derivatives and the other reserves in equity and the fair value of the forward exchange transactions with a hedging relationship would have been € 857 K higher in total (previous year: € 874 K higher). The result and the fair value of the forward exchange transactions without a hedging relationship and and the other financial instruments would have been € 2,777 K higher (previous year: € -5,857 K lower).

C.76

	31 December 2023			
	Profit or loss		Net equity	
in € K	Increase	Decrease	Increase	Decrease
RUB (10 % change)	-677	827	-623	761
GBP (10 % change)	-1,056	2,036	-204	469
USD (10 % change)	149	-86	292	-93
JPY (10 % change)	-83	0	179	-280
	-1,667	**2,777**	**-356**	**857**

C.77

	31 December 2022 [1]			
	Profit or loss		Net equity	
in € K	Increase	Decrease	Increase	Decrease
RUB (10 % change)	5,054	-6,177	-402	490
GBP (10 % change)	-1,329	1,080	-1,268	789
USD (10 % change)	125	434	80	170
JPY (10 % change)	1,194	-1,194	933	-575
	5,044	**-5,857**	**-657**	**874**

1) The previous year's figures have been adjustedt.

Interest rate risks

Interest rate risks include any potential positive or negative impact of interest rate changes on earnings, equity or cash flow during the current or any future reporting periods. Within the DMG MORI AG group, interest rate risks are essentially related to financial assets and debts. The entire Executive Board will decide in each individual case on whether interest rate risks will be hedged using interest rate hedging instruments on the basis of a proposal drafted by the board's CFO.

As of 31 December 2023, the DMG MORI AG group has no net debt, so that interest rate increases would present an opportunity for higher interest income. A 1% rise in interest rates pertaining to the portfolio at the reporting date would result in an increase in interest income of € 5.2 million (previous year: € 6.4 million). As this mainly relates to interest on current account overdrafts, we do not expect any material effects on the portfolio at the reporting date, if the interest rate level falls. Interest income would fall, if the interest rate fell by 5 basis points. As in the previous year, there would be no equity effects. The following table **C.78** shows the nominal volumes of fixed and variable rate financial instruments.

C.78

in € K	Nominal volume 31 Dec. 2023	31 Dec. 2022
Fixed-rate instruments		
Financial assets	2,602	7,475
Financial liabilities	-8,958	-9,435
	-6,356	**-1,960**
Variable-rate instruments		
Financial assets	629,671	711,735
Financial liabilities	-104,774	-76,410
	524,897	**635,325**

Changes in the interest rate would only have an effect if these financial instruments were recognized at their fair value. As this is not the case, fixed-rate instruments are not subject to interest-change risks as defined by IFRS 7. The fair value of forward exchange contracts is not altered significantly by changes in the interest rate.

The interest sensitivities are shown in the following tables **C.79 / C.80**:

C.79

in € K	Profit or loss Increase by 100 base points	Decrease by 5 base points
31 December 2023		
Variable-rate instruments	5,249	-262
Profit sensitivity (net)	**5,249**	**-262**

C.80

in € K	Profit or loss Increase by 100 base points	Decrease by 5 base points
31 December 2022		
Variable-rate instruments	6,353	-318
Profit sensitivity (net)	**6,353**	**-318**

Liquidity risks
Liquidity risk is the risk that the DMG MORI AG group may not be able to meet its financial obligations. Cash outflows result primarily from financing working capital, capital investments and covering the financial requirements of sales financing. The management is regularly informed about cash inflows and outflows as well as about financing sources. The liquidity risk is mitigated by creating the necessary financial flexibility within the scope of existing financing operations and through effective cash management.

Liquidity risk at the DMG MORI AG group is governed by financial planning over twelve months. This makes it possible to finance predictable deficits under normal market conditions at standard market terms. On the basis of current liquidity planning, no liquidity risks are identifiable at present. A syndicated credit facility of € 500.0 million is available at various banks to secure liquidity. The Pinghu production plant (China) has a financing framework amounting to € 57.4 million (previous year: € 49.2 million). The syndicated credit line had an original maturity date of February 2025. In April 2022, the group was able to secure the early extension of this current credit line to February 2027. It comprises a usable revolving cash tranche of € 200.0 million and a bank guarantee tranche of € 300.0 million. The syndicated loan agreement was concluded with an international bank syndicate at market conditions and has an interest rate based on the current money market rate (1 to 6-month EURIBOR) plus a mark-up. This interest mark-up may change depending on group key figures.

The financing agreements for the syndicated loan obligate the DMG MORI AG group to comply with customary covenants. The covenant was met on a quarterly basis and as of 31 December 2023.

Loan facilities have not been canceled either in financial year 2023 or in the previous year. As of 31 December 2023, the DMG MORI AG group has access to cash and cash equivalents amounting to € 158.7 million (previous year: € 177.4 million), as well as open cash lines in the amount of € 200.0 million (previous year: € 200.0 million) and additional open credit lines (bank guarantees, loans and factoring) in the amount of € 211.4 million (previous year: € 247.2 million).

The following tables **C.81 / C.82** show contractually agreed (non-discounted) interest and repayments of original financial liabilities as well as of the derivative financial instruments with negative fair values. This includes all instruments that were held as of 31 December 2023 and 31 December 2022 respectively, and for which payments have been contractually agreed. Forecast figures for future new liabilities have not been included. Amounts in foreign currencies were translated at the exchange rate on the reporting date. The variable interest payments for financial instruments were determined on the basis of the last fixed interest rate before 31 December 2023 and 31 December 2022 respectively. Financial liabilities that can be repaid at any time are always allocated to the earliest possible date.

C.81

in € K	Book value 31 Dec. 2023	Cash flows 2024 Interest	Cash flows 2024 Repayment	Cash flows 2025 - 2028 Interest	Cash flows 2025 - 2028 Repayment	Cash flows 2029 et seq. Interest	Cash flows 2029 et seq. Repayment
Financial debts	29,014	1,076	6,709	2,543	14,870	424	7,435
Liabilities arising from lease arrangements	43,178	1,102	11,167	1,712	23,762	2,497	8,249
Trade payables to third parties	185,700	0	185,700	0	0	0	0
Liabilities to at equity accounted companies	3,430	0	3,430	0	0	0	0
Liabilities to other related companies	268,093	0	268,093	0	0	0	0
Liabilitites to other equity investments	18	0	18	0	0	0	0
Other financial liabilities (without liabilities from derivatives)	30,979	0	30,979	0	0	0	0
	560,412	**2,178**	**506,096**	**4,255**	**38,632**	**2,921**	**15,684**
Liabilities from derivatives with gross settlement	956						
(Cash inflow)		0	(62,049)	0	0	0	0
Cash outflow		0	62,882	0	0	0	0
	956	**0**	**833**	**0**	**0**	**0**	**0**

C.82

in € K [1]	Book value 31 Dec. 2022	Cash flows 2023 Interest	Cash flows 2023 Repayment	Cash flows 2024 - 2027 Interest	Cash flows 2024 - 2027 Repayment	Cash flows 2028 et seq Interest	Cash flows 2028 et seq Repayment
Financial debts	5,668	211	5,668	0	0	0	0
Liabilities arising from lease arrangements	40,291	791	9,914	1,476	21,064	2,623	9,313
Trade payables to third parties	176,461	0	176,461	0	0	0	0
Liabilities to at equity accounted companies	7,118	0	7,118	0	0	0	0
Liabilities to other related companies	239,500	0	239,500	0	0	0	0
Liabilitites to other equity investments	1,010	0	1,010	0	0	0	0
Other financial liabilities (without liabilities from derivatives)	23,326	0	23,326	0	0	0	0
	493,374	**1,002**	**462,997**	**1,476**	**21,064**	**2,623**	**9,313**
Liabilities from derivatives with gross settlement	2,231						
(Cash inflow)		0	(120,301)	0	0	0	0
Cash outflow		0	122,354	0	0	0	0
	2,231	**0**	**2,053**	0	0	0	0

1) The previous year's figures have been adjustedt.

Credit risks

A credit risk is the unexpected loss of payment funds or income. Such a credit risk occurs if the customer is not able to meet his obligations within the due date. The objective of the company is to mitigate or avoid these credit risks. A receivables management system with globally applicable guidelines and a regular analysis of the age structure of trade receivables ensure permanent monitoring and limitation of risks, thus minimizing loss of receivables. Due to the broad business structure within the DMG MORI AG group, there is no particular concentration of credit risks, either for customers or individual countries. The DMG MORI AG group is generally exposed to default risks which may cause impairments or in individual cases even bad debt.

The credit losses recognized for trade debtors are calculated based on experience with actual credit losses over the past three years. Credit risks within each group are segmented based on common default risk characteristics. For the companies, these include the credit risk assessment, e. g. based on past due amounts and geographical location.

Historical actual credit losses have been adjusted using scaling factors to reflect the differences between the economic conditions at the time the historical data was collected, the current conditions and the group's view of the economic conditions over the expected life of the receivables. The scaling factors are based on historical trends and forecasts of gross domestic product (GDP), country risks and the long-term interest rate or base rate trend.

For 2023 and 2022, the underlying default rates for DMG MORI AG group depending on the maturity (not overdue and overdue) of the trade debtors for which no specific allowances have been made and with no impaired credit history are shown in the tables **C.83 / 84**.

C.83

	31 Dec. 2023			
in € K	Default rate in %	Gross carrying amount of trade debtors	Impairment	affected creditworthiness
Not overdue	0.03 – 0.31	228,066	367	no
Overdue	0.03 – 3.76	20,458	547	no
		248,524	**914**	

C.84

	31 Dec. 2022			
in € K	Default rate in %	Gross carrying amount of trade debtors	Impairment	affected creditworthiness
Not overdue	0.05 – 0.21	276,041	521	no
Overdue	0.05 – 2.38	13,070	250	no
		289,111	**771**	

With regard to impairment, trade debtors from the DMG MORI COMPANY LIMITED group are viewed as a separate item. In order to calculate impairment, the group uses the rating of DMG MORI COMPANY LIMITED and the maturities of the receivables.

In the financial year, expenses for the complete write down of receivables totaled € 16,463 K (previous year: € 3,565 K). Further details on financial risk assessment can be found in the 'Risk and Opportunity Report' in the Group Management Report.

The expected credit losses, which may occur within twelve months of the reporting date resulting from possible loss events, are used to measure the impairments of other financial assets. Generally, other financial assets in the DMG MORI AG group have a low credit risk on the reporting date.

Cash and cash equivalents are deposited at banks or financial institutions rated A-1 to A-2 by the S&P rating agency. The allowance for cash and cash equivalents was calculated based on 12-month expected losses and reflects the short maturities. As of 31 December 2023, this impairment amounted to € 3 K (previous year: € 1 K).

Within the DMG MORI AG group, cash deposits are managed and coordinated centrally by DMG MORI AKTIENGESELLSCHAFT. Financial contracts are only entered into with banks that have been carefully selected by us. We monitor credit rating (external rating) on a regular basis; cash deposits are distributed at different banks, mainly our syndicated banks. With respect to derivative financial instruments, the DMG MORI AG group is exposed to a credit risk arising from the non-performance of contractual agreements by the other party to the agreement. This credit risk is only mitigated by entering into transactions with parties with good credit ratings.

Pursuant to IFRS 7.36, the carrying amount of the financial assets represents the maximum credit risk.

No securities received or other credit enhancements existed in the financial year or previous year.

40. Other disclosures on financial instruments

The carrying amounts and fair value of financial assets and liabilities are shown in the following table **C.85 / C.86**.

C.85

	Valuation and fair value in accordance with IFRS 9					
in € K	At amortised cost	At fair value through other comprehensive income (FVOCI)	At fair value through profit or loss (FVTPL)	No measurement category specified by IFRS 9 [2]	Total	Fair value 31 Dec. 2023
Assets						
Financial assets [1]		85,592			85,592	85,592
Cash and cash equivalents	158,685				158,685	158,685
Trade debtors	54,843	194,047			248,890	248,890
Other receivables from other related companies	503,689				503,689	503,689
Receivables from factoring	10,540				10,540	10,540
Other financial assets [3]	19,535				19,535	19,566
Derivative financial assets			3,342	96	3,438	3,438
	747,292	**279,639**	**3,342**	**96**	**1,030,369**	**1,030,400**
Equity and Liabilities						
Financial debts	29,014				29,014	30,160
Trade creditors	260,409				260,409	260,409
Other financial liabilities to other related companies	196,832				196,832	196,832
Factoring liabilities	13,273				13,273	13,273
Other financial liabilities	17,706				17,706	17,706
Derivative financial liabilities			376	580	956	956
	517,234	**0**	**376**	**580**	**518,190**	**519,336**

1) In the balance sheet, € 80,316 K is reported in investments and € 5,276 K in other long-term financial assets.
2) This includes derivative financial instruments in hedge accounting.
3) An explanation of the breakdown of other financial assets can be found in the ↗ notes 23 and ↗ 26.

C.86

	Valuation and fair value in accordance with IFRS 9					
in € K	At amortised cost	At fair value through other comprehensive income (FVOCI)	At fair value through profit or loss (FVTPL)	No measurement category specified by IFRS 9 [2]	Total	Fair value 31 Dec. 2022
Assets						
Financial assets [1]		111,225			111,225	111,225
Cash and cash equivalents	177,413				177,413	177,413
Trade debtors	62,487	232,800			295,287	295,287
Other receivables from other related companies	540,699				540,699	540,699
Receivables from factoring	11,520				11,520	11,520
Other financial assets [3]	37,463				37,463	37,463
Derivative financial assets			1,673	273	1,946	1,946
	829,582	**344,025**	**1,673**	**273**	**1,175,553**	**1,175,553**
Equity and Liabilities						
Financial debts	5,668				5,668	5,668
Trade creditors	246,971				246,971	246,971
Other financial liabilities to other related companies	177,117				177,117	177,117
Factoring liabilities	7,876				7,876	7,876
Other financial liabilities	15,450				15,450	15,450
Derivative financial liabilities			1,869	362	2,231	2,231
	453,082	**0**	**1,869**	**362**	**455,313**	**455,313**

1) In the balance sheet, € 105,914 K is reported in investments and € 5,311 K in other long-term financial assets.
2) This includes derivative financial instruments in hedge accounting.
3) An explanation of the breakdown of other financial assets can be found in the ↗ notes 23 and ↗ 26.

The table does not contain any information about the fair value of financial assets and liabilities that have not been measured at fair value, if the carrying amount is a reasonable approximation of fair value. Financial assets include those investments that were classified as "measured at fair value with changes in value recognized in other comprehensive income" (FVOCI) under IFRS 9. Trade debtors include receivables from third parties, other related parties, companies accounted for at equity and associated companies. Other receivables from other related parties are shown separately. The same disclosure applies to trade creditors (see ↗ Note 35). Information on other financial assets and liabilities is shown in ↗ Note 23, ↗ Note 26, ↗ Note 34 and ↗ Note 35.

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For financial instruments accounted at fair value, the fair value is always determined from stock market prices. If stock market prices are not available, this is measured by applying standard economic methods (measurement methods), taking instrument-specific market parameters as a basis.

Financial assets are measured at fair value. The fair value of equity instruments amounts to € 85.6 million (previous year: € 111.2 million) and mainly comprises the shareholding in TULIP Interfaces Inc., Somerville (USA), and other individual immaterial companies.

Fair value is determined using the discounted cash flow method, using estimated cash flows, where individual credit ratings and other market circumstances in the form of standard market credit or solvency spreads are taken into account in the cash value assessment.

As in the previous year, the fair value of TULIP Interfaces Inc. was calculated using the discounted cash flow method. The valuation model takes into account the cash value of expected payments, discounted at the risk-adjusted discount rate (WACC). The expected payments are determined on the basis of the planned sales revenue and EBIT. The main unobservable input factors used in 2023 are the risk-adjusted discount rate of 12.50 % and the growth rate of 1.00 %. The estimated fair value would rise (fall), if the risk-adjusted discount rate was lower (higher); if the growth rate was higher (lower).

If all other inputs remain the same, a potential change in any of the significant unobservable inputs would have the following effects on the fair values of TULIP Interfaces Inc., as shown in table **C.87**:

C.87 // PROFIT OR LOSS

	31 December 2023		31 December 2022	
in € K	Increase	Decrease	Increase	Decrease
WACC (1.00 % change)	-3,329	4,093	-5,869	7,033
Growth rate (1.00 % change)	4,651	-3,793	1,095	-1,095

Other financial assets include the fair value of an option on the purchase of shares in a company operating a solar park. The valuation model takes into account the cash value of expected payments, discounted at the risk-adjusted discount rate (WACC). The expected payments are determined by taking into account the possible scenarios for planned sales revenues (as a function of the market prices for electricity) and the EBIT. The main unobservable input factors used in 2023 are the risk-adjusted discount rate of 10.13 % (previous year: 7.82 %) and the expected annual sales revenue (between € 2,580 K and € 2,824 K) based on market prices for electricity and productivity (output).

A possible change in one of the key, non-observable input factors, while retaining the other input factors, would have the following effects on the fair value of the purchase option for shares in a company, as shown in the table below **C.88**:

C.88 // PROFIT OR LOSS

	31 December 2023		31 December 2022	
in € K	Increase	Decrease	Increase	Decrease
WACC (1.00 % change)	-514	585	-574	648
Degradation (0.50 % change)	-330	341	-438	453
Market price for electricity (0.50 % change)	305	-289	411	-387

No liquid markets exist for loans and receivables, which are measured at amortized acquisition costs. For short-term loans and receivables, it is assumed that the fair value corresponds to the carrying amount. All other loans and receivables are assessed at fair value through the deduction of accrued interest on future expected cash flows. Thus, the interest rates applied to loans are the same as those used for new loans with a similar risk structure, original currency and term.

Trade creditors and other current financial liabilities generally have a maturity of less than one year, so that the carrying amount corresponds approximately to the fair value.

For liabilities to banks and other long-term liabilities, the fair values are determined as present values of the liability payments based on market interest rates and risk surcharge.

Fair Value Hierarchy
As of 31 December 2023, the group held the financial assets and liabilities shown in the table **C.89** and measured at fair value.

C.89

	31 Dec. 2023			31 Dec. 2022		
in € K	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Measured at fair value						
Financial assets (recognized in equity) [1]			85,592			111,225
Trade debtors in FVOCI category [2]		193,339	708		226,476	6,324
Derivatives with hedge relationship (recognized in equity)		96			273	
Derivatives without hedge relationship (recognized in P&L)		3,342			1,673	
Financial liabilities						
Measured at fair value						
Derivatives with hedge relationship (recognized in equity)		580			362	
Derivatives without hedge relationship (recognized in P&L)		376			1,869	

1) In the balance sheet, € 80,316 K (previous year: € 105,914 K) is reported in investments and € 5,276 K (previous year: € 5,311 K) in other long-term financial assets.
2) Trade debtors in the FVOCI category that were classified at Level 3 are based on individual allowances.

The measurement and disclosure of the fair value of financial instruments is based on a fair value hierarchy, which takes into account the significance of the input data used in the measurement and is broken down as follows:

Level 1: Quoted prices (adopted unadjusted) in active markets for identical financial assets and liabilities;

Level 2: Input data other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: Input data used for measuring the asset or liability data not based on observable market data (unobservable input data).

In the financial year, no reclassification was made between Levels 1 and 2 in the measurement of fair value and no reclassification was made on or from Level 3 with respect to the measurement of fair value. The fair values of other financial assets and financial liabilities measured at amortized cost are allocated to level 2, as shown in table **C.85**. Financial assets include the fair value of an option on the purchase of shares in a company operating a solar park. The fair value was € 5,276 K (previous year: € 5,311 K). In the financial year, a net change amounting to € -35 K (previous year: € 2,868 K) was recognized in other comprehensive income. Under IFRS 9, the group has classified the option to purchase shares in a company as FVOCI and allocated it to Level 3. There were no dividend payouts during the financial year. The fair value of the investment in TULIP Interfaces Inc., Somerville (USA) amounting to € 71,881 K (previous year: € 104,742 K) is also included here (further information can be found in ↗ Note 22).

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The following table **C.90** shows additions to financial assets in the financial year on Level 3 of the fair value hierarchy:

C.90 // EQUITY INVESTMENTS LEVEL 3

in € K	2023	2022
Opening balance	**111,225**	**109,203**
Additions	7,263	461
Changes in value	-32,896	1,561
Disposals	0	0
Final balance	**85,592**	**111,225**

The net results of the financial instruments by measurement category under IFRS 9 are shown in table **C.91 / C.92**.

C.91

		From subsequent measurement			
in € K	From interest	At fair value	Foreign currency translation	Allowance	2023
Assets in the category:					
At amortized cost	23,524		20,055	445	44,024
Debt instruments – at fair value through other comprehensive income (FVOCI)			56	2,874	2,930
Equity instruments – at fair value through other comprehensive income (FVOCI)		-32,896			-32,896
At fair value through profit or loss (FVTPL)		1,669			1,669
Liabilities in the category:					
At amortized cost	-8,537		-26,654		-35,191
At fair value through profit or loss (FVTPL)		1,493			1,493
Total	**14,987**	**-29,734**	**-6,543**	**3,319**	**-17,971**

C.92

		From subsequent measurement			
in € K	From interest	At fair value	Foreign currency translation	Allowance	2022
Assets in the category:					
At amortized cost	5,623		29,800	1,119	36,542
Debt instruments – at fair value through other comprehensive income (FVOCI)			-4,972	-167	-5,139
Equity instruments – at fair value through other comprehensive income (FVOCI)		1,561			1,561
At fair value through profit or loss (FVTPL)		-1,379			-1,379
Liabilities in the category:					
At amortized cost	-3,903		-17,532		-21,435
At fair value through profit or loss (FVTPL)		-1,081			-1,081
Total	**1,720**	**-899**	**7,296**	**952**	**9,069**

Interests from financial instruments are recognized in interest results.

Allowances on trade debtors is recognized in other operating expenses. Interest results from financial liabilities in the measurement category “liabilities measured at amortized cost” mainly result from expenses for commission on guarantees and commitment fees.

NOTES ON THE CASH FLOW STATEMENT

41. Cash flow statement

The statement of cash flows pursuant to IAS 7 "Statement of Cash Flows" records the payment flow in a financial year and provides information on the inflow and outflow of the company's liquid funds. Cash flows are broken down into operating activities, investing activities, financing activities and inflation adjustments to cash flow (IAS 29).

Besides actual cash funds, i.e., cheques, cash in hand and money on account at banks, cash and cash equivalents also include short-term financial investments that can be converted to cash amounts at any time and are only subject to immaterial fluctuations in value. Cash and cash equivalents are measured at amortized cost.

The cash flow from current operations was calculated using the indirect method through adjusting earnings before tax for changes in inventories, trade debtors and creditors, non-cash items and all other items showing cash flows in the investment or financing areas. Due to the application of IFRS 16, payments of principal for leases are recognized in cash flow from financing activities. The total cash outflows for lease obligations recognized as liabilities in 2023 amounted to € 16,566 K (previous year: € 16,326 K), including € 15,660 K for repayment (previous year: € 15,712 K) and € 906 K for interest (previous year: € 614 K). Cash outflows for short-term leases and leases of low value assets are not included here.

The cash flows from investment or financing activities were each calculated in terms of actual sums paid. Effects from foreign currency translation and changes in the consolidated group were adjusted accordingly.

The reconciliation between the change in liabilities from financing activities and in cash flow from financing activities is shown in the tables **C.93 / C.94** below.

C.93

in € K	Financial debt	Lease liabilities	Liabilities from profit transfers to DMG MORI Europe Holding GmbH	Non-controlling interests in ISTOS GmbH	Total
As at 1 January 2023	**5,668**	**40,291**	**146,509**	**152**	**192,620**
Deposits for borrowing of financial debt	24,180				24,180
Profit transfer to DMG MORI Europe Holding GmbH			-146,509		-146,509
Cash outflows of repayment for lease liabilities		-15,660			-15,660
Amounts paid out from changes in shares in subsidiaries				-292	-292
Total changes in cash flow from financing activities	**24,180**	**-15,660**	**-146,509**	**-292**	**-138,281**
Effects of changes in foreign exchange rates	-834	1,206			372
Liabilities from the profit and loss transfer to DMG MORI Europe Holding GmbH for year 2023			147,472		147,472
Other changes		17,341		140	17,481
As at 31 December 2023	**29,014**	**43,178**	**147,472**	**0**	**219,664**

C.94

in € K	Financial debts	Lease liabilities	Liabilities from profit transfers to DMG MORI Europe Holding GmbH	Loans from other related companies	Total
As at 1 January 2022	**0**	**45,153**	**29,250**	**4,139**	**78,542**
Deposits for borrowing of financial debt	5,921			5,756	11,677
Profit transfer to DMG MORI Europe Holding GmbH			-29,250		-29,250
Cash outflows of repayment for lease liabilities		-15,712			-15,712
Total changes in cash flow from financing activities	**5,921**	**-15,712**	**-29,250**	**5,756**	**-33,285**
Changes from the acquisition or loss of control of subsidiaries		-723			-723
Effects of changes in foreign exchange rates	-253	218		-460	-495
Liabilities from the profit and loss transfer to DMG MORI Europe Holding GmbH for year 2022			146,509		146,509
Other changes		11,355			11,355
As at 31 December 2022	**5,668**	**40,291**	**146,509**	**9,435**	**201,903**

The profit transfer to DMG MORI Europe Holding GmbH for financial year 2022 resulted in a cash outflow of € 146,509 K in 2023, recognized in cash flow from financing activities.

The profit transfer to DMG MORI Europe Holding GmbH for financial year 2023 amounting to € 147,472 K did not yet result in a cash outflow in 2023. Other changes in lease liabilities mainly result from the new rights of use in fixed assets.

Cash outflows for investments in financial assets in the reporting year are mainly due to the acquisition of the 1.36 % interest in ModuleWorks GmbH, Aachen, and a capital increase for Earlybird UNI-X Seed Fund I GmbH & Co. KG, Munich.

In April 2023, GILDEMEISTER Beteiligungen GmbH sold all of its 50 % interest in DMG MORI HEITEC GmbH, Erlangen. The consideration for the sale of the shares amounted to € 78 K. This cash inflow was reported in cash flow from investing activities.

In the reporting year, the DMG MORI AG group received payments for loans from DMG MORI Europe Holding GmbH, Bielefeld, and RUN-TEC GmbH, Niedenstein. In the reporting year, disbursements for loans were paid to mipart GmbH, Weiden, CCP Services GmbH, Mülheim an der Ruhr, and up2parts GmbH, Weiden.

In October 2023, GILDEMEISTER Beteiligungen GmbH acquired the remaining 15 % interest in ISTOS GmbH, Bielefeld. The consideration for the sale of the shares amounted to € 292 K. This cash outflow was reported in cash flow from financing activities.

With effect from 1 July 2022, the 100.0 % stake in DMG MORI Management GmbH, Bielefeld, Germany, was sold to a subsidiary of DMG MORI COMPANY LIMITED, Nara (Japan), as part of the reorganization of the group's sales and service activities. The purchase price amounted to € 5,418 K. Cash and cash equivalents of € 4 K were transferred as part of the transaction, which, in the previous year, resulted in the group reporting a cash inflow of € 5,414 K in cash flow from investing activities.

Also with effect from 1 July 2022, 1.0 % of the shares in DMG MORI India Private Ltd. Bangalore (India) were sold to DMG MORI COMPANY LIMITED, Nara (Japan). The purchase price received totaled € 144 K. Cash and cash equivalents of € 3,868 K were transferred as part of the transaction, which, in the previous year, resulted in the group reporting a cash outflow of € 3,724 K in cash flow from investing activities.

The payments for investments in financial assets in the previous year mainly result from capital increases for DMG MORI HEITEC GmbH, Erlangen, and SparePartsNow GmbH, Aachen, as well as from the acquisition of a 45.0 % interest in CCP Services GmbH, Mülheim an der Ruhr.

In August 2022, GILDEMEISTER Beteiligungen GmbH sold its 46.3 % interest in SparePartsNow GmbH, Aachen. The consideration for the sale of the shares amounted to € 463 K. This cash inflow was reported in the previous year in cash flow from investing activities.

In the previous year, disbursements for loans were primarily made to DMG MORI Europe Holding GmbH, Bielefeld, up2parts GmbH, Weiden, and CCP Services GmbH, Mülheim an der Ruhr. In the previous year, the DMG MORI AG group received payments for loans from up2parts GmbH, Weiden, and DMG MORI EMEA GmbH, Wernau.

In April 2022, DMG MORI Manufacturing Solutions (Pinghu) Co., Ltd., Pinghu (China), received a loan increase of € 5,756 K from the related company, DMG MORI (Tianjin) Manufacturing Co., Ltd., Tianjin (China). This loan was recognized in the previous year in cash flow from financing activities.

In the previous year, joint ventures were accounted for in the group consolidated financial statements using the equity method and thus only have an impact on cash flows, if dividends are paid.

NOTES ON SEGMENT REPORTING

42. Explanatory notes on the segments

Within the scope of segment reporting, pursuant to the IFRS 8 regulations, the business activities of the DMG MORI group are categorized into the business segments of "Machine Tools", "Industrial Services" and "Corporate Services". Essential in the differentiation between the business segments is the information that the so-called "chief decision-maker" is regularly provided with for the purposes of decision-making on the allocation of resources and the evaluation of profitability.
The group's segmentation reflects internal control and reporting based on different products and services. The key performance indicators for evaluating profitability of each business segment are the sales revenues and EBIT.

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The **"Machine Tools"** segment includes the DMG MORI AG group's new machine business comprising the Turning, Milling, Advanced Technologies (ULTRASONIC / LASERTEC / ADDITIVE MANUFACTURING) and Digital Solutions business units.

The "Machine Tools" segment includes the lathes and turning centers of

- DMG MORI Bielefeld GmbH, Bielefeld (previously: GILDEMEISTER Drehmaschinen GmbH),
- DMG MORI BERGAMO S.r.l., Brembate di Sopra (Bergamo), Italy (previously: GILDEMEISTER Italiana S.r.l.),
- DMG MORI TORTONA S.r.l., Tortona, Italy (previously: GRAZIANO Tortona S.r.l.),
- FAMOT Pleszew Sp. z o.o., Pleszew, Poland,
- DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd., Shanghai, China,
- Ulyanovsk Machine Tools ooo, Ulyanovsk, Russia,

the milling machines and machining centers of

- DMG MORI Pfronten GmbH, Pfronten (bisher: DECKEL MAHO Pfronten GmbH),
- DMG MORI Seebach GmbH, Seebach (bisher: DECKEL MAHO Seebach GmbH),
- FAMOT Pleszew Sp. z o.o., Pleszew, Polen,
- DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd., Shanghai, China,
- Ulyanovsk Machine Tools ooo, Ulyanovsk, Russland,
- DMG MORI Manufacturing Solutions (Pinghu) Co., Ltd., Pinghu, China,

the Ultrasonic and Lasertec machines of Advanced Technologies

- DMG MORI Ultrasonic Lasertec GmbH, Stipshausen / Idar-Oberstein,
- DMG MORI Additive GmbH, Bielefeld,

and products of the Digital Solutions business unit of

- DMG MORI Digital GmbH, Bielefeld,
- ISTOS GmbH, Bielefeld.

All machines produced are classified as cutting machine tools, and all business units are highly concurrent with each other. The parent company of the production plants, GILDEMEISTER Beteiligungen GmbH, also belongs to this segment. Additionally, the group's uniform IT is concentrated here.

The **"Industrial Services"** segment comprises the business activities of the Services division and Energy solutions division. The Services division, which covers all areas with its products and services, is directly related to machine tools. It includes the business operations of DMG MORI Sales and Service Holding GmbH, Bielefeld (previously: DMG MORI Vertriebs und Service GmbH), and its subsidiaries. DMG MORI Sales and Service Holding GmbH, Bielefeld (previously: DMG MORI Vertriebs und Service GmbH), is as well the operating management company of the group's Sales and Service sites. DMG MORI AKTIENGESELLSCHAFT is responsible for the markets in the DACH (domestic market Germany, Austria and Switzerland) and EMEA (Europe, Middle East, Africa) regions, as well as for the Chinese market. DMG MORI COMPANY LIMITED manages, in addition to Japan, North and South America, the Indian market and the residual regions in Asia.

In the Services business unit, we combine the marketing activities and the LifeCycle Services for both our machines and those of DMG MORI COMPANY LIMITED. DMG MORI Life Cycle Services help our customers to maximize the productivity of their machine tools across their entire life cycle – from commissioning to part exchange as a used machine. The wide range of service agreements, maintenance and training services offered, guarantees our customers maximum cost-effectiveness for their machine tools. This includes placement and consulting activities.

Another area is the key accounting for major international customers, which is concentrated cross-region and cross-product.

Energy Solutions only plays a minor role. This includes the business operations of GILDEMEISTER energy solutions GmbH and the company responsible for sales and service in Italy.

The **"Corporate Services"** segment primarily comprises the DMG MORI AKTIENGESELLSCHAFT with its group wide holding functions. DMG MORI AKTIENGESELLSCHAFT is assigned with corporate functions, such as group strategy, development and purchasing coordination, management of overall projects in the production and logistics areas, financing, corporate controlling and corporate personnel management. The holding functions across the group generate expenses and sales revenues.

43. Explanatory notes on segment data

The definition of terms used in individual segment information is in line with the management principle for the value-oriented corporate management of the DMG MORI AG group. Segment data is generally based on the same accounting and valuation methods that form the basis for the consolidated financial statements. The tables **C.95 / C.96 / C.97** show the breakdown by segment:

C.95 // INFORMATION ON GEOGRAPHICAL AREAS

	2023		2022	
in € K	Sales revenues with third parties	Long-term assets	Sales revenues with third parties	Long-term assets
Germany	1,209,826	369,785	1,062,971	362,780
Rest of Europe	1,073,237	311,756	990,497	312,365
Asia	215,503	77,928	312,198	61,096
Total segments	**2,498,566**	**759,469**	**2,365,666**	**736,241**
Transition	0	-2,298	0	-4,611
Group	**2,498,566**	**757,171**	**2,365,666**	**731,630**

C.96 // SEGMENTATION BY BUSINESS SEGMENTS

						2023
in € K	"Machine Tools"	"Industrial Services"	"Corporate Services"	Total segments	Transition	Group
Sales revenues with other segments	1,038,123	45,169	11,210	1,094,502	-1,094,502	0
Sales revenues with third parties	1,373,711	1,124,608	247	2,498,566	0	2,498,566
EBIT	69,973	207,345	-57,381	219,937	71	220,008
Financial result	-20,021	12,920	15,588	8,487	0	8,487
thereof interest income	4,061	26,454	46,837	77,352	-53,822	23,530
thereof interest expenses	-21,894	-11,445	-31,718	-65,057	53,828	-11,229
Share of profit for the period of at equity accounted investments	656	906	-152	1,410	0	1,410
EBT	49,527	221,171	-41,945	228,753	71	228,824
Depreciation	53,353	23,746	3,351	80,450	0	80,450
Segment assets	1,587,142	1,863,694	1,923,256	5,374,092	-2,644,196	2,729,896
Carrying amount of at equity accounted investments	21,807	8,833	13,755	44,395	0	44,395
Investments	102,977	19,017	1,704	123,698	0	123,698
Employees	4,616	2,789	110	7,515	0	7,515

C.97 // SEGMENTATION BY BUSINESS SEGMENTS

						2022
in € K	"Machine Tools"	"Industrial Services"	"Corporate Services"	Total segments	Transition	Group
Sales revenues with other segments	947,738	49,395	10,610	1,007,743	-1,007,743	0
Sales revenues with third parties	1,282,759	1,082,684	223	2,365,666	0	2,365,666
EBIT	56,539	184,692	-24,863	216,368	146	216,514
Financial result	-3,096	-1,504	3,954	-646	0	-646
thereof interest income	2,256	5,482	11,983	19,721	-13,482	6,239
thereof interest expenses	-5,377	-5,627	-7,803	-18,807	13,060	-5,747
Share of profit for the period of at equity accounted investments	-1,089	357	1,050	318	0	318
EBT	52,354	183,545	-19,859	216,040	146	216,186
Depreciation	51,051	26,838	3,392	81,281	0	81,281
Segment assets	1,554,909	1,857,331	1,948,155	5,360,395	-2,569,924	2,790,471
Carrying amount of at equity accounted investments	23,567	8,902	13,907	46,376	0	46,376
Investments	101,954	16,057	1,410	119,421	0	119,421
Employees	4,035	2,689	109	6,833	0	6,833

Segmental assets include all operating assets including goodwill and deferred income or expenses; it does not include income tax claims. In order to assess the profitability of group segments, pro-rata revenue for brokerage and consulting activities from the sale of machine tools are reclassified from the "Machine Tool" segment to the "Industrial Services" segment. Sales between the segments are made at standard market transfer prices.

Pursuant IFRS 3 "Business Combinations", existing goodwill was allocated to the segments as follows: goodwill is attributed to the "Machine Tools" segment amounting to € 57,074 K (previous year: € 57,073 K) and to the "Industrial Services" segment in an amount of € 79,334 K (previous year: € 79,343 K), and to the "Corporate Services" segment in an amount of € 0 K as in the previous year. As in the previous year, no impairment of goodwill was recorded for the financial year.

Investments include additions to intangible assets, tangible fixed assets and additions to financial assets.

Intersegment sales revenues show sales revenues made between the segments. The transfer prices for intra-group sales revenues are determined in line with the market (arm's length principle).

Scheduled depreciation relates to segmental fixed assets.

In the financial year, the EBT of the "Machine Tools" segment includes income from the reversal of provisions in the amount of € 253 K (previous year: € 38 K). Impairment losses of € 5,318 K (previous year: € 3,818 K) were recognized in the financial year. This relates to impairment losses of € 4,958 K on assets (buildings) at Ulyanovsk Machine Tools ooo, Ulyanovsk (Russia), which were recognised due to the ongoing war in Ukraine, as well as impairment losses of € 360 K on property, plant and equipment for which it was decided that it would no longer be used in future.

In the financial year, the EBT of the "Industrial Services" segment includes income from the reversal of provisions in the amount of € 125 K (previous year: € 448 K). Impairment losses of € 5,303 K were recognized in the financial year (previous year: € 6,982 K). These relate to impairment losses on assets (buildings) at DMG MORI Rus ooo, Moscow (Russia), which were recognized due to the ongoing war in Ukraine.

No impairment losses were recognized in the Corporate Services segment in the financial year (previous year: € 0 K). As in the previous year, expenses for transaction costs of € 193 K for the syndicated credit line of DMG MORI AKTIENGESELLSCHAFT were recognised in the financial year.

In financial year 2023 and in the previous year, no transactions carried out with any one customer were more than 10 % of the sales revenues of the DMG MORI AG group.

The "Reconcilation" line shows the elimination of intra-group receivables and liabilities, income and expenses, as well as earnings from the elimination of interim profits between segments.

The information on geographical areas is based on the registered office of the group companies and is broken down into regions comprising Germany, the rest of Europe, and Asia. The data is determined on the basis of geographical subgroups.

Long-term assets are mainly attributable to fixed assets; they do not include financial instruments or deferred tax claims. As of 31 December 2023, the region of "Rest of Europe" contains long-term assets in Italy in an amount of € 114,846 K (previous year: € 115,181 K) as well as in Poland in the amount of € 106,522 K (previous year: € 92,479 K). In the region, "Rest of Europe, third-party revenue amounts to € 195,659 K in Italy (previous year: € 237,603 K) as well as in Poland in the amount of € 71,853 K (previous year: € 68,304 K).

OTHER EXPLANATORY NOTES

44. Auditor's fees and services

The auditor, the PricewaterhouseCoopers GmbH auditing firm in Frankfurt, was appointed to audit the annual and consolidated financial statements of DMG MORI AKTIENGESELLSCHAFT and some group companies. The fees and charges for the services provided by the annual auditor, PricewaterhouseCoopers GmbH auditing firm and by affiliated companies of the auditor, recognized as expenses in financial year 2023 amount to € 1,660 K (previous year: € 734 K) and relate to auditing services in the amount of € 1,586 K (previous year: € 671 K), other assurance services in the amount of € 50 K (previous year: € 0 K) and other services in the amount of € 24 K (previous year: € 63 K).

Other services include services provided by affiliated companies of the auditor in the amount of € 0 K (previous year: € 51 K).

Only services were provided that were compatible with the engagement as statutory auditor of the annual and consolidated financial statements of DMG MORI AKTIENGESELLSCHAFT. The audit services related to the audits the Annual and Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT and some group companies, including statutory extensions, the company's internal control system and key audit areas agreed with the Supervisory Board. The auditors also conducted a review of the IFRS group reporting packages for the half-year report as of 30 June 2023 and the quarterly reports as of 31 March 2023 and 30 September 2023 of DMG MORI AKTIENGESELLSCHAFT. The fees for other services include audit services for selected disclosures in the non-financial Group report. The other services relate to the analysis of web shop software.

In the reporting year 2023, in addition to the above mentioned other services, expenses of € 8 K were recognised for other services provided by the auditing company PricewaterhouseCoopers GmbH, auditing firm, Frankfurt, and the global network company.

45. Events occuring after the reporting date

By a decree published on 19 February 2024, the Russian Federation has brought our shareholding in Ulyanovsk Machine Tools ooo, Ulyanovsk (Russia), under state control. The DMG MORI AG group has thus lost the possibility of control and influence over the company in Ulyanovsk. According to our current assessment, we assume that this measure by the Russian government is final. The decree of 19 February 2024 is a non-adjusting event after the reporting date that has no impact on the impairment test of the company's assets as at 31 December 2023.

The loss of control over Ulyanovsk Machine Tools ooo leads to the derecognition of this company from the consolidated financial statements of DMG MORI AG group. The company's assets amounting € 67.5 million and liabilities amounting € 1.7 million are to be derecognized as at 31 January 2024. The assets include € 2.4 million in cash and cash equivalents and € 43.0 million in receivables from DMG MORI AG group companies. Differences from currency translation previously recognized in equity in the amount of € -37.4 million and net investments in the amount of € 11.4 million were reclassified to the income statement. The disposal of the company resulted in a total expense of € -91.8 million. The impact on the financial position is insignificant. As part of an investment guarantee provided by the Federal Republic of Germany for this direct investment abroad, we are currently pursuing compensation for the investment loss incurred. It is currently not possible to estimate the amount of possible compensation under the investment guarantee.

Mr. Horn will resign as a member of the Executive Board with effect from 31 March 2024 on the basis of an consensual agreement reached on 18 March 2024.

Moreover, no other significant events occurred to the date the financial statements were authorized for issue by the Executive Board on March 18, 2024.

The war in Ukraine and the geoplitical conflicts may also have an impact on the future business development of the DMG MORI AG group in the 2024 financial year. It is not possible to make a reliable estimate of the effects on the recognition and measurement of material items in the financial statements based on the current conflicts in the following financial years.

The estimates and assumptions known to DMG MORI AG group for the financial year are described in the forecast report. Moreover, no other material effects are known or can be estimated at present, but other effects may occur in the course of the year.

46. Related party disclosures

Related parties and persons as defined by IAS 24 “Related Party Disclosures” are, in principle, members of the Executive and Supervisory Boards, close members of their families and subsidiaries that are not fully consolidated. Excluding remuneration and pension plans, these related parties were not involved in any significant or unusual transactions with companies of the DMG MORI AG group. All transactions with related parties have been carried out under normal market conditions, as between external third parties.

Other companies related to the DMG MORI AG group are the ultimate parent company, DMG MORI COMPANY LIMITED, Nara (Japan), and its subsidiaries and major holdings outside the DMG MORI AG group. DMG MORI Europe Holding GmbH, Bielefeld, a subsidiary of DMG MORI COMPANY LIMITED is the direct parent company of DMG MORI AKTIENGESELLSCHAFT. If not shown separately, any information on other related parties refers to this group of companies and also includes DMG MORI COMPANY LIMITED.

The shares in DMG MORI HEITEC GmbH, Erlangen, were sold in the financial year 2023; DMG MORI HEITEC GmbH, Erlangen, has no longer been recognised as a joint venture since the date of disposal of the shares. The disposal resulted in a loss on disposal of € 480 K, which was recognised in other operating expenses.

DMG MORI Finance GmbH, Wernau, PRAGATI AUTOMATION Pvt. Ltd., Bangalore (India), DMG MORI India Private Ltd., Bangalore (India), die INTECH DMLS Pvt. Ltd., Bangalore (India), DMG MORI HEITEC Digital Kft., Budapest (Hungary), RUN-TEC GmbH, Niedenstein, German Egyptian Company for Manufacturing Solutions (GEMAS), Cairo (Egypt), Vershina Operation, LLC., Narimanov (Russia), and CCP Services GmbH, Mülheim an der Ruhr, are recognized as associated companies.

In 2018, DMG MORI AKTIENGESELLSCHAFT granted DMG MORI Europe Holding GmbH a loan in the original amount of € 370,000 K, which was paid out in full. In 2021, the loan was partially repaid in the amount of € 30,000 K, thus reducing it to € 340,000 K. In 2022, the loan was increased by € 200,000 K. A repayment of € 40,000 K was made in the reporting year 2023. As at December 31, 2023, the loan amounted to € 500,000 K. Interest in the 2023 financial year was charged at a market interest rate of 3-month EURIBOR plus a margin of 1.00 % p.a. and was adjusted quarterly in the financial year 2023. As at December 31, 2023 interest receivable amounted to € 3,689 K (previous year: € 699 K).

As of 31 December 2023, there were trade payables to DMG MORI Europe Holding GmbH in the amount of € 1,209 K. No other significant supply and service relationships existed with DMG MORI Europe Holding GmbH in the financial year.

DMG MORI Manufacturing Solutions (Pinghu) Co., Ltd., a subsidiary of DMG MORI AKTIENGESELLSCHAFT, received a loan from DMG MORI (TIANJIN) Manufacturing Co., Ltd., another related party, in December 2021, which was increased in 2022 and is valued at € 8,935 K (previous year: € 9,435 K) as of 31 December 2023. The loan was paid out in full. It has a one-year term with an option to extend. Interest is charged at a market rate of 2.70 % p.a.

In financial year 2023, the company decided to distribute dividends of € 19,146 K from DMG MORI Machine Tools Trading Co., Ltd., Shanghai (China), which are to be paid out in financial year 2024. The majority shareholder, DMG MORI Sales and Service Holding GmbH, Bielefeld (previously: DMG MORI Vertriebs und Service GmbH), a subsidiary of DMG MORI AG group, will receive an amount of € 9,765 K. This transaction does not affect the consolidated financial statements of DMG MORI AG group. The minority shareholder, DMG MORI COMPANY LIMITED, Nara (Japan), which holds a 49 % interest, will receive an amount of € 9,381 K. The liability is reported under liabilities to other related companies.

A domination and profit transfer agreement exists between DMG MORI Europe Holding GmbH, a wholly owned subsidiary of DMG MORI COMPANY LIMITED, and DMG MORI AKTIENGESELLSCHAFT and became effective on 24 August 2016. Furthermore, with effect from 1 January 2017, a tax allocation agreement was concluded between DMG MORI Europe Holding GmbH and DMG MORI AKTIENGESELLSCHAFT. The profit transfer to DMG MORI Europe Holding GmbH for financial year 2023 amounted to € 147,472 K (previous year: € 146,509 K). The current tax debited by DMG MORI Europe Holding GmbH as a result of the tax allocation agreement amounted to € 31,982 K (previous year: € 21,173 K).

In the reporting year, impairments or provisions for doubtful debt relating to outstanding balances for other related parties were made in an amount of € 177 K (previous year: € 577 K). Expenses of € 115 K (previous year: € 64 K) were recognized for bad debts or doubtful accounts from associated companies.

As in the previous year, no licenses were acquired from other related parties during the reporting year.

The following transactions according to the tables **C.98 / C.99** were carried out with related parties:

C.98 // GOODS AND SERVICES RENDERED TO

in € K	2023	2022
Associates	161,609	173,223
Joint ventures	0	1
DMG MORI COMPANY LIMITED	332,439	273,760
Other related companies (excluding DMG MORI COMPANY LIMITED)	86,948	49,648

C.99 // GOODS AND SERVICES RECEIVED OF

in € K	2023	2022
Associates	12,761	11,239
Joint ventures	27	4,197
DMG MORI COMPANY LIMITED	175,592	252,087
Other related companies (excluding DMG MORI COMPANY LIMITED)	255,024	169,446

The goods and services rendered to and received by related parties are mainly attributable to the purchase and sale of machine tools and other services. The disclosure of receivables and liabilities from related parties is shown under the corresponding notes on the balance sheet items. The balances are normally settled within a three month period. A bank guarantee was granted for INTECH DMLS Pvt. Ltd. in the amount of € 1,875 K. No other guarantees or securities were granted for or to related parties or received from related parties.

As of 31 December 2023, the following balances resulted from transactions with related parties, as in the tables **C.100 / C.101 / C.102 / C.103 / C.104**:

C.100 // TRADE DEBTORS

in € K	2023	2022
from DMG MORI COMPANY LIMITED	99,799	97,299
from other related parties	20,986	17,007
from associated companies	7,581	19,383

C.101 // ADVANCE PAYMENTS

in € K	2023	2022
to other related companies	28,633	54,029
to associated companies	368	3,577

C.102 // LOANS

in € K	2023	2022
to other related parties	503,721	540,699
to associated companies	1,231	2,580
from other related parties	8,935	9,435

C.103 // TRADE CREDITORS

in € K	2023	2022
to DMG MORI COMPANY LIMITED	76,391	65,700
to other related parties	182,767	164,365
to associated companies	3,430	7,118

C.104 // PREPAYMENTS

in € K	2023	2022
to members of management in key positions	858	3,170

The loan to DMG MORI Europe Holding GmbH resulted in interest income of € 19,303 K (previous year: € 3,919 K), which is reported under financial income. Interest expenses of € 879 K (previous year: € 176 K) were incurred from liabilities for DMG MORI Europe Holding GmbH and are recognized in financial expenses.

Key management personnel comprises the members of the Executive and Supervisory Boards. Detailed disclosures on the remuneration structure for members of the Executive and Supervisory Boards can be found in the remuneration report of the Group Management Report. The structure of the remuneration system for the Executive and Supervisory Boards is also explained here. An individual and detailed presentation of Executive Board remuneration in the financial year can be found in the ↗ Remuneration Report of the Group Management Report. The remuneration is shown in the following table **C.105**.

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C.105 // EXECUTIVE BOARD REMUNERATION

in € K	2023	2022
Short-term benefits	4,606	5,661
Post-employment benefits	1,025	850
Other long-term benefits	1,250	3,416
Benefits due to termination of the employment relationship	24,666	0
	31,547	**9,927**

The post-employment benefits related to additions to pension commitments in the reporting year.

In financial year 2023, the Executive Board was granted the following remuneration for subsequent years: For 2024, the Executive Board was granted an STI (100 %) of € 0.9 million, which may amount to a minimum of € 0 million and a maximum of € 1.8 million depending on the target achievement level. Target achievement is determined by the inputs, market position (order intake) and earnings performance (EBIT), and is adjusted using “sustainability factors”, which are based on investments in property, plant and equipment, investments in the Globe project (implementation of SAP) and the performance of the internal market share (order intake ratio for DMG MORI AG Group and DMG MORI COMPANY LIMITED).

As part of the LTI tranche 2024-2026, the Executive Board was granted remuneration (100 %) of € 1.5 million, which, depending on the target achievement level, may amount to a minimum of € 0 million and a maximum of € 2.9 million. Target achievement is determined by the inputs, earnings after taxes and service performance, and is adjusted using "sustainability factors" based on CO2 emissions according to the so-called science-based targets and the PPR indicator (number of product problem reports issued in the last twelve months with a closed or final adjusted status divided by the number of product problem reports issued in the last twelve months).

The total remuneration of the Supervisory Board for financial year 2023, which is recognized in the income statement, amounted to € 1,010 K (previous year: € 1,004 K) and only includes short-term benefits.

The remuneration structure for the Supervisory Board is explained in the ↗ Group Management Report.

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No loans were granted to board members. Similarly, no contingent liabilities were assumed in favor of these individuals. Nor did the companies of the DMG MORI AG group pay any remuneration to board members for services personally rendered, in particular for consulting and intermediary services.

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Remuneration is explained in ↗ Note 10. Note that indirect remuneration includes benefits after the end of the employment relationship. The other long-term benefits include the LTI and the short-term benefits include all other remuneration components.

47. Statutory notification pursuant to section 40 WpHG

The statutory notifications pursuant to Section 40 WpHG are stated in the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT.

48. Corporate Governance

The declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) and the Corporate Governance Report were issued in November 2023 and are permanently available on our website at ↗ **en.dmgmori-ag.com/investor-relations/corporategovernance.**

49. Shareholder structure

As of 31 December 2023, DMG MORI COMPANY LIMITED, Nara (Japan), holds an 88.23 % interest in the share capital of DMG MORI AKTIENGESELLSCHAFT.

DMG MORI AG GROUP COMPANIES

C.106 // PRODUCTION PLANTS, SALES AND SERVICES COMPANIES

	Local currency	Equity [1]		Participation quota in %
			in € K	
Subsidiaries (fully consolidated companies)				
GILDEMEISTER Beteiligungen GmbH, Bielefeld [2/3/4]			263,495	100.0
DMG MORI Pfronten GmbH, Pfronten (previously: DECKEL MAHO Pfronten GmbH) [3/4/5/6]			83,427	100.0
DMG MORI Ultrasonic Lasertec GmbH, Stipshausen / Idar-Oberstein [3/4/7/8]			12,455	100.0
Alpenhotel Krone GmbH & Co. KG, Pfronten [3/7]			2,619	100.0
Alpenhotel Krone Beteiligungsgesellschaft mbH, Pfronten [3/7]			33	100.0
DMG MORI Logistik GmbH, Pfronten [3/7/8]			25	100.0
DMG MORI Bielefeld GmbH, Bielefeld (previously: GILDEMEISTER Drehmaschinen GmbH) [3/4/5/6]			28,592	100.0
DMG MORI BERGAMO S.r.l., Brembate di Sopra (Bergamo), Italy (previously: GILDEMEISTER Italiana S.r.l.) [5]			83,939	100.0
DMG MORI TORTONA S.r.l., Tortona, Italy (previously: GRAZIANO Tortona S.r.l.) [9]			46,509	100.0
DMG MORI Global Service Turning S.r.l., Brembate di Sopra (Bergamo), Italy [9]			3,786	100.0
CARLINO FTV 3.2 S.R.L., Bozen, Italy [9]			10,692	100.0
DMG MORI Seebach GmbH, Seebach (previously: DECKEL MAHO Seebach GmbH) [3/4/5/6]			43,000	100.0
DMG MORI Spare Parts GmbH, Geretsried [3/4/5/6]			25,000	100.0
ISTOS GmbH, Bielefeld [3/5/6]			1,000	100.0
Ulyanovsk Machine Tools ooo, Ulyanovsk, Russia [5]	RUB K	8,554,238	86,620	100.0
DMG MORI Additive GmbH, Bielefeld [5/6/21]			9,366	100.0
DMG MORI Digital GmbH, Bielefeld [3/4/5/6]			2,691	100.0
DMG MORI Manufacturing Solutions (Pinghu) Co., Ltd., Pinghu, China [5]	CNY K	116,551	14,877	100.0
COMPONENT MANUFACTURING d.o.o., Zivinice, Bosnia und Herzegowina [5]	BAM K	2,517	1,287	100.0
DMG MORI Sales and Service Holding GmbH, Bielefeld (previously: DMG MORI Vertriebs und Service GmbH) [2/3]			398,646	100.0
DMG MORI Deutschland GmbH, Leonberg [3/4/10/11]			63,968	100.0
DMG MORI München GmbH, Munich [3/4/12/13]			5,000	100.0
DMG MORI Bielefeld Hilden GmbH, Hilden [3/4/12/13]			7,000	100.0
DMG MORI Berlin Hamburg GmbH, Bielefeld [3/4/12/13]			5,500	100.0
DMG MORI Frankfurt GmbH, Bad Homburg [3/4/12/13]			2,700	100.0
DMG MORI Stuttgart GmbH, Leonberg [3/4/12/13]			7,000	100.0
DMG MORI Global Service GmbH, Bielefeld [3/4/10/11]			5,200	100.0
DMG MORI Academy GmbH, Bielefeld [3/4/10/11]			4,000	100.0
DMG MORI Used Machines GmbH, Geretsried [3/4/10/11]			17,517	100.0
DMG MORI Netherlands Holding B.V., Veenendaal, Netherlands [10]			465,159	100.0
DMG MORI Sales and Service Holding AG, Winterthur, Switzerland [14]			506,294	100.0
DMG MORI Schweiz AG, Winterthur, Switzerland [15]	CHF K	18,556	19,959	100.0
DMG MORI Balkan GmbH, Klaus, Austria [15]			4,760	100.0
DMG MORI Austria GmbH, Klaus, Austria [16]			28,612	100.0
DMG MORI Netherlands B.V., Veenendaal, Netherlands [15]			11,829	100.0
DMG MORI BeLux BV SRL, Zaventem, Belgium [15]			6,045	100.0
DMG MORI Czech s.r.o., Brno, Czech Republic [15]	CZK K	166,767	6,755	100.0

C.106 // PRODUCTION PLANTS, SALES AND SERVICES COMPANIES

	Local currency	Equity [1]	in € K	Participation quota in %
DMG MORI DENMARK ApS, Copenhagen, Denmark [15]	DKK K	30,821	4,134	100.0
DMG MORI FRANCE SAS, Paris, France [15]			29,124	100.0
DMG MORI Hungary Kft., Budapest, Hungary [15]			13,349	100.0
DMG MORI IBERICA S.L., Ripollet, Spain [15]			15,899	100.0
DMG MORI Italia S.r.l., Milan, Italy [15]			55,632	100.0
DMG MORI MIDDLE EAST FZE, Dubai, United Arab Emirates [15]			4,680	100.0
DMG MORI Saudi Arabia Maintenance Company, Riad, Saudi Arabia [20]			-154	100.0
DMG MORI Israel Ltd., Tel Aviv, Israel [15]	ILS K	0	0	100.0
DMG MORI POLSKA Sp. z o.o., Pleszew, Poland [15]	PLN K	109,404	25,186	100.0
DMG/MORI GREECE M.E.P.E., Thessaloniki, Greece [15]			2,056	100.0
DMG MORI Sweden AB, Gothenburg, Sweden [15]	SEK K	182,219	16,368	100.0
DMG MORI NORWAY AS, Langhus, Norway [15]	NOK K	25,191	2,246	100.0
DMG MORI Finland Oy AB, Tampere, Finland [15]			5,692	100.0
DMG MORI UK Limited, Luton, Great Britain [15]	GBP K	32,551	37,564	100.0
DMG MORI Romania S.R.L., Bucharest, Romania [15]	RON K	11,627	2,337	100.0
DMG MORI BULGARIA EOOD, Sofia, Bulgaria [15]	BGN K	1,454	744	100.0
DMG MORI ISTANBUL MAKINE TICARET VE SERVIS LIMITED SIRKETI, Istanbul, Turkey [15]	TRY K	291,599	8,938	100.0
DMG MORI Rus ooo, Moscow, Russia [15]	RUB K	4,174,866	42,275	100.0
DMG Egypt for Trading in Machines Manufactured LLC, Cairo, Egypt [15]	EGP K	-692	-20	100.0
Mori Seiki Egypt for Trading in Machines & Equipments LLC, Cairo, Egypt [15]	EGP K	200	6	100.0
DMG MORI Africa for Trading in Machines & Service (S.A.E.), Cairo, Egypt [17]	EGP K	31,942	935	100.0
DMG MORI Asia Pte. Ltd., Singapore [15]			15,094	100.0
DMG MORI Machine Tools Spare Parts (Shanghai) Ltd., Shanghai, China [15]	CNY K	29,253	3,734	100.0
DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd., Shanghai, China [15]	CNY K	84,762	10,819	100.0
FAMOT Pleszew Sp. z o.o., Pleszew, Poland [15]	PLN K	932,821	214,750	100.0
DMG MORI Machine Tools Trading Co., Ltd., Shanghai, China [10]	CNY K	323,395	41,279	51.0
GILDEMEISTER energy solutions GmbH, Würzburg [3/10/11]			9,100	100.0
GILDEMEISTER LSG Beteiligungs GmbH, Würzburg [18]			2,402	100.0
GILDEMEISTER ENERGY SERVICES ITALIA S.R.L., Milan, Italy [18]			5,258	100.0

C.106 // PRODUCTION PLANTS, SALES AND SERVICES COMPANIES

	Local currency	Equity [1]	in € K	Participation quota in %
Associates				
DMG MORI Finance GmbH, Wernau			29,713	42.6
DMG MORI HEITEC Digital Kft., Budapest, Hungary [5]	HUF K	308,017	806	49.9
INTECH DMLS Pvt, Ltd., Bangalore, India [5]	INR K	-37,682	-410	30.0
PRAGATI AUTOMATION Pvt, Ltd., Bangalore, India [5]	INR K	3,156,019	34,334	30.0
Vershina Operation, LLC., Narimanov, Russia [19]	RUB K	35,610	361	33.3
RUN-TEC GmbH, Niedenstein [5]			1,050	40.0
DMG MORI India Private Ltd., Bangalore, India [15]	INR K	598,905	6,515	49.9
CCP Services GmbH, Mülheim an der Ruhr [5]			-178	45.0
German Egyptian Company for Manufacturing Solutions (GEMAS), Cairo, Egypt [5]	EGP K	0	0	40.0

1) The figures correspond with the financial statements prepared in accordance with local regulations; they do not show the respective companies'contribution to the Consolidated Financial Statements. Foreign currencies with respect to equity were translated at the market price on reporting date.
2) with profit and loss transfer and control agreement with DMG MORI AKTIENGESELLSCHAFT
3) The domestic subsidiary has complied with the conditions required by Section 264 paragraph 3 HGB (German Commercial Code) regarding the application of the exemption regulations and therefore waives the disclosure of its annual financial statements and relating documents.
4) The domestic subsidiary has complied with the conditions required by Section 264 paragraph 3 HGB (German Commercial Code) regarding the application of the exemption regulations and therefore waives the preparation of a management report.
5) equity investment of GILDEMEISTER Beteiligungen GmbH
6) with profit and loss transfer and control agreement with GILDEMEISTER Beteiligungen GmbH
7) equity investment of DMG MORI Pfronten GmbH (previously: DECKEL MAHO Pfronten GmbH)
8) with profit and loss transfer and control agreement with DMG MORI Pfronten GmbH (previously: DECKEL MAHO Pfronten GmbH)
9) equity investment of DMG MORI BERGAMO S.r.l. (previously: GILDEMEISTER Italiana S.r.l.)
10) equity investment of DMG MORI Sales and Service Holding GmbH, Bielefeld (previously: DMG MORI Vertriebs und Service GmbH)
11) with profit and loss transfer and control agreement with DMG MORI Sales and Service Holding GmbH, Bielefeld (previously: DMG MORI Vertriebs und Service GmbH)
12) equity investment of DMG MORI Deutschland GmbH
13) with profit and loss transfer and control agreement with DMG MORI DEUTSCHLAND GmbH
14) equity investment of DMG MORI Netherlands Holding B.V.
15) equity investment of DMG MORI Sales and Service Holding AG
16) equity investment of DMG MORI Balkan GmbH
17) subsidiary of DMG Egypt for Trading in Machines Manufactured LLC (51 %), DMG MORI Sales and Service Holding AG (47.7 %) and Mori Seiki Egypt for Trading in Machines & Equipments LLC (1.3 %)
18) equity investment of GILDEMEISTER energy solutions GmbH
19) equity investment of GILDEMEISTER LSG Beteiligungs GmbH
20) equity investment of DMG MORI MIDDLE EAST FZE
21) The domestic subsidiary has complied with the conditions requited by section 264 paragraph 3 HGB (German Commercial Code) regarding the application of the exemption regulations and makes use of the exemption.

CORPORATE DIRECTORY

SUPERVISORY BOARD

Dr. Eng. Masahiko Mori
Member of the Supervisory Board since 6 September 2009
Nara, born 1961
Chairman
President of DMG MORI COMPANY LIMITED, Tokyo

Tanja Fondel
(Employee representative)
Member of the Supervisory Board since 19 January 2018
Frankfurt / Main, born 1976
1st Deputy Chair since 12 May 2023
Union Secretary, IG Metall Management Board, Frankfurt / Main

Ulrich Hocker
Member of the Supervisory Board since 11 May 2010
Düsseldorf, born 1950
Deputy Chairman
Attorney and President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
› FERI AG, Bad Homburg, Deputy Chairman of the Supervisory Board
• Phoenix Mecano AG, Stein am Rhein, Switzerland, Member of the Board of Directors, Independent Lead Director

Stefan Stetter
(Employee representative)
Member of the Supervisory Board since 4 May 2018
Durach, born 1968
Deputy Chairman
Head of Controlling of DMG MORI Pfronten GmbH
Senior Executive's representative

Irene Bader, M.B.A
Member of the Supervisory Board since 24 May 2016
Feldafing, born 1979
Member of the Board, DMG MORI COMPANY LIMITED, Tokyo
Managing Director, DMG MORI Europe Holding GmbH, Bielefeld
Managing Director, DMG MORI Global Marketing GmbH, Munich
Managing Director, DMG MORI Sport Marketing SAS, Lorient

› Supervisory mandate as per § 100 AktG
• Membership in comparable domestic and foreign control bodies of business enterprises

Prof. Dr.-Ing. Berend Denkena
Member of the Supervisory Board since 17 May 2013
Wedemark, born 1959
Managing Director of the Institute of Production Engineering
and Machine Tools (IFW) at Leibniz University Hanover

Dietmar Jansen
(Employee representative)
Member of the Supervisory Board since 17 May 2013
Memmingen, born 1965
1st Director (Managing Director) and Treasurer of the IG Metall office Allgäu
• AGCO GmbH, Marktoberdorf, Deputy Chairman of the Supervisory Board

Prof. Dr. Annette G. Köhler, M.A.
Member of the Supervisory Board since 6 May 2017
Düsseldorf, born 1967
University Professor & Chair of the Accounting, Auditing & Controlling Department
at the University of Duisburg-Essen
› GEA Group Aktiengesellschaft, Düsseldorf, Member of the Supervisory Board
› Gerresheimer AG, Düsseldorf, Member of the Supervisory Board
• DKSH Holding AG, Zürich, Member of the Board of Directors
• ABB E-Mobility Holding AG, Baden (Switzerland),
Member of the Board of Directors (until March 2023)

James Victor Nudo
Member of the Supervisory Board since 4 May 2018
Chicago/Illinois (USA), born 1954
Managing Director, DMG MORI Europe Holding GmbH, Bielefeld
Managing Director, DMG MORI EMEA GmbH, Wernau
Vice President, DMG MORI COMPANY LIMITED, Tokyo
President, DMG MORI Americas Holding Corporation, Chicago

Thomas Reiter
(Employee representative)
Member of the Supervisory Board since 12 May 2023
Füssen, born 1969
Chairman of the Works Council of DMG MORI Pfronten GmbH

Larissa Schikowski
(Employee representative)
Member of the Supervisory Board since 4 May 2018
Pfronten, born 1969
Corporate Health Manager Sales & Service

› Supervisory mandate as per § 100 AktG
• Membership in comparable domestic and foreign control bodies of business enterprises

Michaela Schroll
(Employee representative)
Member of the Supervisory Board since 4 May 2018
Bielefeld, born 1976
Member of the Works Council of DMG MORI Bielefeld GmbH
Electrician in the Installation Department of DMG MORI Bielefeld GmbH

FORMER SUPERVISORY BOARD MEMBER

Mario Krainhöfner
(Employee representative; 1st Deputy Chairman until 12 May 2023)
Pfronten, born 1964
Head of Idea Management of DMG MORI Pfronten GmbH

EXECUTIVE BOARD

Dipl.-Ing. (FH) Alfred Geißler
Pfronten
Executive Board member since 26 May 2023
CEO since 26 May 2023

Hirotake Kobayashi
Tokyo
Executive Board member since 1 January 2024

Michael Horn, M.B.A.
Rosenheim

Dipl.-Kfm. Christian Thönes
Bielefeld
Executive Board member until 25 May 2023
CEO until 25 May 2023

Dipl.-Kfm. Björn Biermann
Bielefeld
Executive Board member until 31 December 2023

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting and reporting principles, the consolidated financial statements give a true and fair view of the results of operations, financial position and net worth of the group, and the group business report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Bielefeld, 18 March 2024

DMG MORI AKTIENGESELLSCHAFT

The Executive Board

Dipl.-Ing. (FH) Alfred Geißler

Hirotake Kobayashi

Michael Horn, M.B.A.

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

INDEPENDENT AUDITOR'S REPORT

To DMG MORI AKTIENGESELLSCHAFT, Bielefeld

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of DMG MORI AKTIENGESELLSCHAFT, Bielefeld, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from January 1 to December 31, 2023 and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of DMG MORI AKTIENGESELLSCHAFT – including the remuneration report pursuant to § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act], including the related disclosures, included in section "Fundamental information of the Group" for the financial year from January 1 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

// the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2023 and of its financial performance for the financial year from January 1 to December 31, 2023 and

// the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. **Recoverability of goodwill**

2. **Recoverability of inventories**

3. **Recoverability of the "Ulyanovsk Machine Tools" and "DMG MORI Rus" cash-generating units**

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue

2. Audit approach and findings

3. Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of goodwill

1. Goodwill amounting in total to EUR 136.4 million (4.9 % of total assets or 9.9 % of equity) is reported in the Company's consolidated financial statements. Goodwill is tested for impairment by the Company once a year on December 31 of the respective financial year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted three-year business plan of the Group forms the starting point for five detailed

planning periods which are extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that no write-downs were necessary. The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in sections 3 and 19 of the notes to the consolidated financial statements.

2. Recoverability of inventories

1. In the Company's consolidated financial statements a total of EUR 782.0 million (28.3 % of total assets) is reported under the "Inventories" balance sheet item. Inventories comprise EUR 334.5 million in raw materials, consumables and supplies, EUR 163.6 million in work in progress and EUR 283.9 million in finished goods. Inventories are measured at the lower of cost and net realizable value.

Under certain circumstances, inventories may not be recoverable if the inventories are damaged or partially or completely obsolete or if their selling price is reduced. Raw materials, consumables and supplies used in the manufacture of inventories are not written down to a value that is lower than their cost if the finished goods in which they are used are expected to be sold at or above cost.

The determination of the net realizable value of inventories depends to a large extent on the estimates made by the executive directors with regard to the sales prices likely to be realized and, in particular in the case of raw materials, consumables and supplies, also with regard to their technical usability and planned use in the production of finished goods, and is therefore subject to considerable uncertainty. Against this background, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed, among other things, the appropriateness of the measurement methods used to determine the net realizable values and, in particular, the consideration of risks arising from storage periods, reduced usability and lower prices on the sales market. Our assessment of the expected net realizable values took into account not only the past experience of the Company, but also current market developments. We also verified the calculation of write-downs on a sample basis.

Based on our audit procedures, we were able to satisfy ourselves overall that the estimates made by the executive directors are sufficiently documented and substantiated to test the recoverability of the inventories.

3. The Company's disclosures relating to inventories are contained in sections 3 and 24 of the notes to the consolidated financial statements.

3. Recoverability of the "Ulyanovsk Machine Tools" and "DMG MORI Rus" cash-generating units

1. In the Company's consolidated financial statements, the "Ulyanovsk Machine Tools" and "DMG MORI Rus" cash-generating units are recognized as of December 31, 2023 in the total carrying amounts of EUR 25.0 million and EUR 4.3 million, respectively, each after factoring in the identified impairments. Ulyanovsk Machine Tools OOO, Ulyanovsk, was placed under the external administration of the Russian authorities pursuant to the decree dated February 19, 2024, and as such DMG MORI AKTIENGESELLSCHAFT lost the ability to control the company in financial year 2024 and going forward the "Ulyanovsk Machine Tools" cash-generating unit will no longer be included in the consolidated financial statements.

Given the ongoing war in Ukraine, the material assets, in particular property, plant and equipment, were tested for impairment as of December 31, 2023. Impairment testing is carried out at the level of the "Ulyanovsk Machine Tools" and "DMG MORI Rus" cash-generating units, respectively.

The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating unit normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. To depict the increased forecast uncertainty for the two abovementioned cash-generating units in Russia, various scenarios were developed and allocated to likelihoods of occurrence (expected cash flow approach). The discount rate used is the weighted average cost of capital for the respective cash-generating unit. The impairment test determined that it was necessary to recognize a write-down of EUR 5.3 million on the "DMG MORI Rus" cash-generating unit and a write-down of EUR 5.0 million on the "Ulyanovsk Machine Tools" cash-generating unit.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. Furthermore, we assessed the process to derive the probability-weighted scenarios used in the impairment tests based on the Company's internal forecasts for the future earnings situation of the respective cash-generating units, and assessed the appropriateness of the underlying estimates and assumptions as well as the likelihoods underlying the scenarios. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures relating to the "Ulyanovsk Machine Tools" and "DMG MORI Rus" cash-generating units are contained in sections 3 and 20 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

// the group statement on corporate governance pursuant to § 315d HGB included in section "Corporate Governance Report / Group declaration on corporate governance" of the group management report and the other disclosures in this section

// the section "Non-financial performance indicators" of the group management report.

The other information comprises further

// the separate non-financial group report to comply with §§ 315b to 315c HGB

// all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report, and our auditor's reports

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

The executive directors and the supervisory board are further responsible for the preparation of the remuneration report, including the related disclosures, which is included in a separate section of the group management report and complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

// Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

// Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

// Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

// Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

// Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance opinion
We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file DMG MORI_AG_KA+KLB-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion

of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion
We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09/2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents
The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- // Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- // Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- // Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- // Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- // Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the annual general meeting on May 12, 2023. We were engaged by the supervisory board on May 29, 2023. We have been the group auditor of DMG MORI AKTIENGESELLSCHAFT, Bielefeld, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Uwe Rittmann.

Bielefeld, March 18, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Uwe Rittmann	ppa. Matthias Nicolmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

D FURTHER INFORMATION

FURTHER INFORMATION

MULTIPLE YEAR OVERVIEW

D.01 // DMG MORI AG GROUP

		IFRS							
		2017	2018	2019	2020	2021	2022	2023	Changes against previous year in %
Sales revenues	€ K	**2,348,451**	**2,655,128**	**2,701,489**	**1,831,293**	**2,052,921**	**2,365,666**	**2,498,566**	6
Domestic	€ K	712,094	821,499	769,203	553,035	652,806	786,569	900,978	15
International	€ K	1,636,357	1,833,629	1,932,286	1,278,258	1,400,115	1,579,097	1,597,588	1
% International	%	70	69	72	70	68	67	64	
Total work done	€ K	**2,367,881**	**2,667,935**	**2,706,063**	**1,809,839**	**2,079,481**	**2,400,117**	**2,587,643**	8
Cost of materials	€ K	1,263,576	1,480,102	1,524,043	983,851	1,161,646	1,329,136	1,369,381	3
Personnel costs	€ K	550,655	595,897	592,365	486,946	522,714	566,325	631,977	12
Depreciation	€ K	72,833	63,729	78,104	75,025	67,033	81,281	80,450	-1
Financial result	€ K	-5,248	-5,735	-5,120	-4,482	-2,408	-646	8,487	1,414
Earnings before taxes	€ K	**176,382**	**214,786**	**219,166**	**74,895**	**121,586**	**216,186**	**228,824**	6
Annual profit / loss	€ K	**118,363**	**149,530**	**154,442**	**52,114**	**85,566**	**153,354**	**163,220**	6
Adjusted results									
EBITDA	€ K	**252,978**	**280,862**	**299,842**	**156,739**	**190,806**	**297,795**	**300,458**	1
EBIT	€ K	**180,145**	**217,133**	**221,738**	**81,714**	**123,772**	**216,514**	**220,008**	2
EBT	€ K	**176,382**	**214,786**	**219,166**	**74,895**	**121,586**	**216,186**	**228,824**	6
Profit share of shareholders in DMG MORI AG	€ K	**117,442**	**148,257**	**151,874**	**51,893**	**84,165**	**145,183**	**153,405**	6
Fixed assets	€ K	**677,948**	**686,506**	**815,922**	**737,861**	**836,545**	**883,015**	**881,882**	0
Intangible assets	€ K	190,681	190,372	199,546	211,178	221,388	234,034	247,249	
Tangible assets	€ K	440,005	434,880	506,579	464,468	468,686	496,691	509,922	
Financial assets	€ K	47,262	61,254	109,797	62,215	146,471	152,290	124,711	
Current assets incl, deferred tax and deferred income	€ K	**1,563,350**	**1,753,993**	**1,653,644**	**1,453,673**	**1,719,482**	**1,943,493**	**1,885,867**	-3
Inventories	€ K	547,662	625,381	611,810	538,683	579,091	686,340	782,023	
Receivables incl, deferred tax assets + prepaid expenses	€ K	652,283	975,931	887,829	791,501	898,495	1,079,740	945,159	
Cash and cash equivalents	€ K	363,405	152,681	154,005	123,489	241,896	177,413	158,685	
Equity	€ K	**1,164,618**	**1,197,688**	**1,281,449**	**1,259,495**	**1,401,782**	**1,422,496**	**1,382,180**	-3
Subscribed capital	€ K	204,927	204,927	204,927	204,927	204,927	204,927	204,927	
Capital provisions	€ K	498,485	498,485	498,485	498,485	498,485	498,485	498,485	
Retained earnings and other reserves	€ K	458,095	489,823	563,702	542,253	681,341	698,273	658,545	
Non-controlling equity interests	€ K	3,111	4,453	14,335	13,830	17,029	20,811	20,223	
Outside capital	€ K	**1,076,680**	**1,242,811**	**1,188,117**	**932,039**	**1,154,245**	**1,404,012**	**1,385,569**	-1
Provisions	€ K	271,025	305,253	325,805	305,674	347,929	345,741	332,090	
Liabilities incl, deferred tax + income	€ K	805,655	937,558	862,312	626,365	806,316	1,058,271	1,053,479	
Balance Sheet total	€ K	**2,241,298**	**2,440,499**	**2,469,566**	**2,191,534**	**2,556,027**	**2,826,508**	**2,767,749**	-2
Employees (annual average)		6,637	6,933	6,986	6,707	6,471	6,769	6,925	
Employees (31 Dec)		6,742	7,107	6,898	6,393	6,596	7,029	7,221	
Trainees		359	396	347	279	225	237	294	
Total employees		**7,101**	**7,503**	**7,245**	**6,672**	**6,821**	**7,266**	**7,515**	

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		IFRS							
		2017	2018	2019	2020	2021	2022	2023	Changes against previous year in %
Efficiency ratios									
Profit on sales (EBIT) = EBIT / Sales revenues	%	7.7	8.2	8.2	4.5	6.0	9.2	8.8	-4
Profit on sales (EBT) = EBT / Sales revenues	%	7.5	8.1	8.1	4.1	5.9	9.1	9.2	1
Profit on sales (Annual result) = Annual result / Sales revenues	%	5.0	5.6	5.7	2.8	4.2	6.5	6.5	0
Equity return = Annual result / Equity (as of 1 Jan)	%	9.8	12.8	12.9	4.1	6.8	10.9	11.5	6
Return on total assets = EBT + interest on borrowed capital / average total assets	%	8.1	9.6	9.4	3.6	5.4	8.3	8.8	6
ROI – Return on Investment = EBT / average total capital	%	7.7	9.2	8.9	3.2	5.1	8.0	8.2	3
Sales per employee = Sales revenues / average number of employees (exc. trainees)	€ K	353.8	383.0	386.7	273.0	317.2	349.5	360.8	3
EBIT per employee = EBIT / average number of employees (exc. trainees)	€ K	27.1	31.3	31.7	12.2	19.1	32.0	31.8	-1
ROCE – Return on capital employed = EBIT / Capital Employed	%	16.1	16.1	15.3	5.7	8.2	13.6	13.9	2
Balance Sheet ratios									
Capitalisation ratio of fixed assets = fixed assets / total assets	%	30.2	28.1	33.0	33.7	32.7	31.2	31.9	2
Working intensity of current assets = current assets / total assets	%	66.9	68.9	63.7	63.0	64.3	66.9	66.4	-1
Equity ratio = equity / total capital	%	52.0	49.1	51.9	57.5	54.8	50.3	49.9	-1
Borrowed capital ratio = borrowed capital / total assets	%	48.0	50.9	48.1	42.5	45.2	49.7	50.1	1
Assets and liabilities structure = fixed assets / current assets	%	45.2	40.8	51.8	53.4	50.9	46.7	48.0	3
Capital structure = equity / outside capital	%	108.2	96.4	107.9	135.1	121.4	101.3	99.8	-1

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		IFRS							
		2017	2018	2019	2020	2021	2022	2023	Changes against previous year in %
Ratios pertaining to financial position									
1st class liquidity = liquid funds (from balance sheet) / short-term liabilities (up to 1 year)	%	56.0	28.3	19.9	20.9	40.1	22.6	19.2	-15
2nd class liquidity = (liquid funds + short-term receivables) / short-term liabilities (up to 1 year)	%	146.9	189.8	123.0	141.3	172.8	151.6	125.7	-17
3rd class liquidity = (liquid funds + short-term receivables + inventories) / short-term liabilities (up to 1 year)	%	186.6	242.3	174.2	206.1	211.0	183.8	177.2	-5
Net financial liabilities = bank liabilities – liquid funds	€ million	-316.9	-152.7	-154.0	-123.5	-241.9	-171.7	-129.7	-24
Gearing = net financial liabilities / equity	%	–	–	–	–	–	–	–	
Working Capital = current assets (without financial offsetting) – short-term borrowed capital (without financial offsetting)	€ million	540.3	326.5	291.4	279.4	320.4	244.3	283.6	16
Net Working Capital = inventories + payments on account – customer prepayments + trade debtors (without financial offsetting)– trade creditors (without financial offsetting) – notes payable	€ million	317.1	343.2	386.0	407.1	301.6	292.6	415.1	42
Capital Employed = equity + provisions + net financial liabilities	€ million	1,118.7	1,350.2	1,453.3	1,441.7	1,507.8	1,596.5	1,584.6	-1
Structural analysis ratios									
Turnover rate of raw materials and consumables = cost for raw materials and consumables / average inventories of raw materials and consumables		5.4	5.2	4.6	3.3	4.0	3.6	3.3	-8
Turnover rate of inventories = sales revenues / inventories		4.3	4.2	4.4	3.4	3.5	3.4	3.2	-6
Turnover rate of receivables = sales revenues / trade debtors (without financial offsetting)		7.3	7.4	8.5	6.8	7.0	8.0	10.0	25
Total capital-sales ratio = sales revenues / total capital (incl. deferred tax and deferred income)		1.0	1.1	1.1	0.8	0.8	0.8	0.9	13
DSO (Days sales outstanding) = trade debtors (without financial offsetting) / (sales revenues) × 365		49.8	49.4	42.7	54.0	51.8	45.6	36.4	-20
Productivity ratios									
Intensity of materials = Cost of materials / Total work done	%	53.4	55.5	56.3	54.4	55.9	55.4	52.9	-5
Intensity of staff = Personnel costs / Total work done	%	23.3	22.3	21.9	26.9	25.1	23.6	24.4	3

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		IFRS							
		2017	2018	2019	2020	2021	2022	2023	Changes against previous year in %
Cash flow & Investments									
Cash flow from operating activity	€ million	171.7	230.4	234.1	67.3	244.9	276.8	190.5	-31
Cash flow from investment activity	€ million	-9.7	-315.1	-114.2	21.7	-83.8	-304.5	-61.7	-80
Cash flow from financing activity	€ million	-190.7	-123.5	-118.9	-117.1	-44.7	-33.3	-138.3	315
Free Cashflow = cash flow from operating activity + cash flow from investment activity (exc. Cash flow from financial)	€ million	142.4	154.2	168.8	15.7	179.9	171.7	93.5	-46
Investments	€ million	41.8	90.7	155.1	81.2	89.1	119.4	123.7	4
Share & valuation									
Market capitalisation	€ million	3,627.2	3,397.1	3,337.9	3,239.4	3,322.2	3,302.5	3,444.3	4
Company value = Market capitalisation + bank liabilities + bills of exchange + other liabilities + pension provisions – liquid funds	€ million	3,414.9	3,370.1	3,301.2	3,218.5	3,175.3	3,223.4	3,413.5	6
Earnings per share = result after minority interests / number of shares	€	1.49	1.88	1.93	0.66	1.07	1.84	1.95	6
Price-to-earnings ratio (P / E) = market capitalisation / EBT		20.6	15.8	15.2	43.3	27.3	15.3	15.1	-1
Company value-EBITDA-ratio = company value / EBITDA		13.5	12.0	11.0	20.5	16.6	10.8	11.4	6
Company value-EBIT-ratio = company value / EBIT		19.0	15.5	14.9	39.4	25.7	14.9	15.5	4
Company value sales ratio = company value / sales revenues		1.5	1.3	1.2	1.8	1.5	1.4	1.4	0

LIST OF GRAPHS AND TABLES

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which are based on current estimates of the management regarding future developments. Such statements are based on the management's current expectations and specific assumptions. They are subject to risks, uncertainties and other factors, as well as to the effects of the war in Ukraine or of other geopolitical conflicts, that could cause the actual circumstances including the results of operations, financial position and net worth of DMG MORI AKTIENGESELLSCHAFT to differ materially from or be more negative than those expressly or implicitly assumed or described in these statements. The business activities of DMG MORI AKTIENGESELLSCHAFT are subject to a range of risks and uncertainties, which may likewise render a forwardlooking statement, estimate or forecast inaccurate.

DMG MORI AKTIENGESELLSCHAFT is strongly affected, in particular, by changes in general economic and business conditions (including margin developments in the most important business areas as well as the consequences of a recession) as these have a direct effect on processes, suppliers and customers. Due to their differences, not all business areas are affected to the same extent by changes in the economic environment; significant differences exist with respect to the timing and extent of the effects of any such changes. This effect is further intensified by the fact that, as a global entity, DMG MORI AKTIENGESELLSCHAFT operates in various markets with very different economic rates of growth. Uncertainties arise inter alia from the risk that customers may delay or cancel orders or they may become insolvent or that prices become further depressed by a persistently unfavorable market environment than that which we are expecting at the current time; developments on the financial markets, including fluctuations in interest rates and exchange rates, in the price of raw materials, in borrowing and equity margins as well as financial assets in general; growing volatility on the capital markets and a deterioration in the conditions for the credit business as well as a deterioration in the future economic success of the core business areas in which we operate; challenges in integrating major acquisitions and in implementing joint ventures and achieving the expected synergy effects and other essential portfolio measures; the introduction of competing products or technology by other companies or the entry onto the market of new competitors; a change in the dynamics of competition (primarily on developing markets); a lack of acceptance of new products and services in customer target groups of DMG MORI; changes in corporate strategy; interruptions in the supply change, including the inability of a third party, for example due to natural catastrophes, to supply pre-fabricated parts, components or services on schedule; the outcome of public investigations and associated legal disputes as well as other measures of public bodies; the potential effects of these investigations and proceedings on the business of DMG MORI AKTIENGESELLSCHAFT and various other factors.

Should one of these factors of uncertainty or other unforeseeable event occur, or should the assumptions on which these statements are based prove incorrect, the actual results may differ materially from the results stated, expected, anticipated, intended, planned, aimed at, estimated or projected in these statements. DMG MORI AKTIENGESELLSCHAFT neither intends to nor does DMG MORI AKTIENGESELLSCHAFT assume any separate obligation to update any forward-looking statements to reflect any change in events or developments occurring after the end of the reporting period. Forward-looking statements must not be understood as a guarantee or as assurances of future developments or events contained therein.

There are two companies using the name "DMG MORI": DMG MORI AKTIENGESELLSCHAFT with registered office in Bielefeld, Germany, and DMG MORI COMPANY LIMITED with registered office in Tokyo, Japan. DMG MORI AKTIENGESELLSCHAFT is an affiliated company of DMG MORI COMPANY LIMITED. This report refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this report to the "group" or "DMG MORI AG", this refers exclusively to DMG MORI AKTIENGESELLSCHAFT and its controlled companies within the meaning of Section 17 of the German Stock Corporate Act (Aktiengesetz – AktG). If reference is made to "DMG MORI" or Global One Company", this refers to the joint activities of DMG MORI COMPANY LIMITED and DMG MORI AKTIENGESELLSCHAFT including all subsidiary companies.

FINANCIAL CALENDAR

Annual Press Conference Publication of the Annual Report 2023 Analysts' Conference	**20 March 2024**
Release for the 1st Quarter 2024 (1st January to 31 March)	**25 April 2024**
122nd Annual General Meeting	**30 April 2024**
Report for the 1st Half-Year 2024 (1st January to 30 June)	**31 July 2024**
Release for the 3rd Quarter 2024 (1st January to 30 September)	**04 November 2024**

Subject to alteration

RESSOURCE CONSERVATION

For sustainability reasons, DMG MORI AKTIENGESELLSCHAFT has been offering annual reports only digitally since 2021. All financial reports are available at:
↗ **en.dmgmori-ag.com/investor-relations/financial-reports**

We will also gladly send you the interactive PDF file, please let us know your e-mail address at: ↗ **press@dmgmori.com**

CONTACT

DMG MORI AKTIENGESELLSCHAFT
Gildemeisterstraße 60
D-33689 Bielefeld
Local Court Bielefeld HRB 7144
ISIN: DE0005878003

Phone: +49 (0) 52 05 / 74 - 0
Fax: +49 (0) 52 05 / 74 - 3273
E-Mail: ↗ **info@dmgmori.com**

Global Corporate Communication
Walter-Gropius-Str. 7
DE-80807 Munich

Phone: +49 (0) 89 2488 359 21
E-Mail: ↗ **press@dmgmori.com**

www.dmgmori.com