

March 3rd, 2022

DMG MORI CO., LTD. - Impact of Operations in Russia -

1. DMG MORI's Operation in Russia and Overview

DMG MORI conducts assembly, sales, and service of machine tools through its assembly factory in Ulyanovsk (Ulyanovsk Machine Tool), and its sales and service branch in Moscow (DMG MORI Russia), each of which is wholly owned by DMG MORI AKTIENGESELLSCHAFT in Germany. These subsidiaries strictly apply the export control regulations of Japan (Foreign Exchange and Foreign Trade Act) and Germany (Foreign Trade and Payments Act and Foreign Trade and Payments Ordinance) and sell machine tools after confirming that they are to be used exclusively for processing parts for civil use. In FY2021, more than 60% of the machine tools sold in Russia were assembled in Russia, and less than 40% were imported from Europe or Japan. DMG MORI currently has an order backlog of more than 20 machine tools which are made in Europe or Japan for Russian customers. However, DMG MORI has decided to suspend shipments of these machines to Russia. It has also stopped production in Ulyanovsk assembly factory. The order backlog of machine tools to Russian customers are mainly general-purpose machines, and DMG MORI is expecting to sell them to customers in other regions by this summer.

2. Negligible Impact on Annual Business Performance: Contribution of Sales and Operating Profit from Russian Business to the Entire Group in FY2021 was Approximately 2% Each.

In fiscal year 2021 (January-December 2021), DMG MORI's sales in Russia were approximately 8 billion yen (61 million EUR, 130 yen/EUR), including sales of locally assembled machine tools and imported machines. Operating profit was 550 million yen (4.3 million EUR). In fiscal year 2022, it does not expect sales and operating profit to be anywhere near those of the previous year. However, DMG MORI believes that it will be able to resell the machine tools that it has already completed for its customers in Russia. Turning to the global market, order intake in January and February 2022 was ahead of our original plan. In particular, order intake in Europe, the Americas, and China exceeded the plan.

3. Impact such as Potential Impairment and other Factors at Russian Subsidiaries

The net assets of the two Russian subsidiaries as of the end of February 2022 were approximately 7 billion yen (53 million EUR), which accounts for only 1.2% of DMG MORI's consolidated total assets of 597.1 billion yen and 3.3% of its consolidated net assets of 213.1 billion yen. The balance of fixed assets at the Ulyanovsk assembly factory was approximately 3.7 billion yen (28 million EUR). DMG MORI may consider applying impairment accounting at the end of this fiscal year after

assessing future business environment. The application of impairment accounting will not have any impacts on its cash flow. At this time, we DMG MORI has not identified the amount of impairment losses etc.

4. Compensation by Insurance for Financial Loss concerning Ulyanovsk Assembly Factory

The Ulyanovsk assembly factory is backed by the German Federal Government. Depending on the amount of the loss, up to 14 billion yen (107 million EUR) is compensated. The insurance covers 1) nationalization, expropriation, 2) breach of contract by government agencies, 3) acts of terrorism based on war, revolution, civil commotion or related political motives, 4) embargo or moratorium, 5) convertibility, etc. DMG MORI will consider making claims related to losses incurred by Ulyanovsk assembly factory.

5. Business Forecast for FY2022

As mentioned above, the impact on sales and operating profit from business in Russia is expected to be negligible at this stage. In addition, the financial loss concerning Ulyanovsk assembly factory may be compensated by insurance, and it is necessary to determine the applicability of such and other factors. Given such uncertainty, at this stage, DMG MORI maintains its original business forecasts for fiscal year 2022 announced on February 10, 2022; consolidated orders of around 480 billion yen (up 5.3% year-on-year), sales revenue of 430 billion yen (up 8.6% year-on-year), operating profit of 40 billion yen (up 73.4% year-on-year), net profit attributable to owners of the parent of 25 billion yen (up 85.7% year-on-year), and dividends per share of 60 yen (previous fiscal year: 40 yen).

Under strict export control regulations, DMG MORI has been doing business with customers which uses its machines for civilian purposes in Ukraine and Russia for many years. DMG MORI has a deep connection with the people of Ukraine and Russia, and sincerely hopes for their safety. It is with great regret that DMG MORI is unable to deliver spare parts to our customers in Ukraine and Russia at this time. DMG MORI hopes that both countries will be able to resolve their conflict and return to life in peace as soon as possible. In addition, DMG MORI has many business locations in Europe and elsewhere. Depending on the regulations of each country, DMG MORI will consider providing social assistance.

Finally, DMG MORI would like to reiterate its sincere hope for the safety of those affected and for a quick return to life in peace.

(Disclaimer)

This material contains targets, plans, etc. concerning the future of DMG MORI CO., LTD.

All predictions concerning the future are judgments and assumptions based on information available to DMG MORI CO., LTD. at the time of writing. There is a possibility that the actual future results may differ significantly from these forecasts, due to changes in management policy or changes in external factors.

There are many factors which contain elements of uncertainty or the possibility of fluctuation including, but not limited to, the following:

- Changes in the demand environment within the markets in which DMG MORI group operates
- Fluctuations in exchange rates
- Changes to the laws, regulations, and government policies in the markets where DMG MORI group conducts its business
- DMG MORI CO., LTD.'s ability to develop and sell new products in a timely fashion
- Instability of governments in the markets where DMG MORI group conducts its business
- Operational changes by the competent authorities or regulations related to anti-trust, export control, etc.