DMG MORI

AKTIENGESELLSCHAFT

Annual Report and Financial Statements 2021 of DMG MORI AKTIENGESELLSCHAFT

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MANAGEMENT REPORT OF THE FINANCIAL YEAR 2021 OF DMG MORI AKTIENGESELLSCHAFT

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MANAGEMENT REPORT OF THE FINANCIAL YEAR 2021 OF DMG MORI AKTIENGESELLSCHAFT

Basis of the Company

DMG MORI AKTIENGESELLSCHAFT, Bielefeld, and its controlled companies pursuant to Section 17 of the German Stock Corporation Act (AktG) form the DMG MORI group (hereinafter DMG MORI). DMG MORI AKTIENGESELLSCHAFT is the parent company. The purpose of the company is to function as a managing holding company (executive, service and holding functions). The sales revenues recognized for the parent company comprise primarily income from performing holding and service functions for the group as well as from rental income.

The ultimate parent company of DMG MORI AKTIENGESELLSCHAFT is DMG MORI COMPANY LIMITED, Nara, Japan.

The earnings position of DMG MORI AKTIENGESELLSCHAFT differs from that of the group in terms of level and structure. The earnings result essentially from control and profit and loss transfer agreements with two domestic subsidiaries and from the income and expenses resulting from the holding functions.

The present management report refers exclusively to DMG MORI AKTIENGESELLSCHAFT as the parent company. A detailed presentation of the DMG MORI group is provided in our 2021 Annual Report and in the consolidated financial statements and group management report contained therein, which were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The group annual report is published on the internet under → en.dmgmori-ag.com.

Strategy and management system

DMG MORI AKTIENGESELLSCHAFT, which has its headquarters in Bielefeld, manages the group centrally and across all functions as a management holding company. It comprises all cross-divisional key functions of the group.

The profound change in the global manufacturing industry towards automation and digitization was accelerated by the effects of the corona pandemic. At the same time, the industry faces uncertainty over the further development of the virus. Economic recovery in addition encounters major uncertainties, in particular a more difficult supply of materials, increasing logistics shortages as well as high raw material and transport costs and rising inflation. In addition, there are still geopolitical influences due to trade conflicts. The resulting risks call for localization of value creation and "double sourcing". Moreover, the topic of **sustainability** is gaining importance.

Customers are increasingly demanding a flexible, integrated and sustainable complete solution – including machine, automation, software, process, peripherals and service. The technology and function integration required for this enhances the technical complexity of machine tools. This leads to an innovation-driven and highly dynamic market environment and in some cases requires fundamentally new business models in response to the challenges that our customers are facing.

The digital linkage of machines and processes enables end-to-end transparency along the value chain. Building on this, efficiency increases are achieved through the parallel, virtual mapping of production. Together with automation, digitization thus improves competitiveness across the entire value creation process.

DMG MORI actively meets the shifting market requirements and technological change with innovations in order to further expand today's market position as a leading global provider of holistic and sustainable technology solutions for the manufacturing industry. Our goal: to offer perfectly aligned, end-to-end technology solutions for our customers as a stable and sustainable partner.

With our holistic portfolio of future-oriented machine tools, automation and digitization solutions, as well as our DMG MORI Qualified Products (DMQP), we want to be the world's number 1 for our customers: from development and production to global sales and service. To this end, we are consistently developing further from a machine builder to a holistic, sustainable solution provider in the manufacturing environment. Our mission: **"We empower our customers – in manufacturing and digitization"**.

A.01 | KEY FINANCIAL PERFORMANCE INDICATORS OF DMG MORI AKTIENGESELLSCHAFT (GERMAN COMMERCIAL CODE – HGB)

	actual 2020	Plan 2021	actual 2021
Sales Revenues	€ 12.2 million	€ 11.0 million	€ 11.8 million
EBIT	€-14.2 million	€ -30.0 million	€-28.1 million
Investments in fixed assets / Intangible assets	€ 0.6 million	around € 0.5 miliion	€ 0.8 million
Number of employees (annual average)	87	slight decrease	84

Together with DMG MORI COMPANY LIMITED, we act as "Global One Company" true to our motto **"Dynamic . Excellence"**. Since 2017, we have been actively occupying our five strategic future fields of automation, digitization, sustainability, additive manufacturing and DMG MORI Qualified Products (DMQP) with high dynamics. At the same time, we are striving for excellence in quality, service and technology solutions, and our processes – together as a team with our highly qualified employees.

The table [A.01] provides an overview of key financial and performance indicators of DMG MORI AKTIENGESELLSCHAFT.

DMG MORI AKTIENGESELLSCHAFT successfully concluded financial year 2021. Sales revenues were above budget due to adjustments made to offset cost allocations to subsidiaries. EBIT exceeded the forecast in financial year 2021 largely due to not planned exchange rate gains. Capital expenditures for intangible assets and in particularly property, plant and equipment were higher than forecast due to modernization and measures at the Bielefeld site. The number of employees slightly decreased from the previous year.

Corporate governance statement pursuant to section 289f of the german commercial code (HGB)

↗ Business Report information not reviewed for content

Corporate Governance

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 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 2021, the Executive Board and Supervisory Board issued a declaration of compliance that confirmed adherence to all recommendations set out in the "Government Committee German Corporate Governance Code" in the Code's version dated 16 December 2019 for the time since the Code's publication in the electronic Federal Gazette on 20 March 2020, with the following exception:

› In accordance with G.10 of the German Corporate Governance Code, the remuneration of the Executive Board shall be invested primarily in shares of the company or granted on a share-based basis. DMG MORI does not implement this recommendation but has based the long-term remuneration component of the Executive Board on key figures which, in the opinion of the Supervisory Board, are of material importance for the long-term success of the company. Share-based remuneration is not appropriate at DMG MORI, as DMG MORI AKTIENGESELLSCHAFT is a dependent company on the basis of the domination and profit transfer agreement of 2 June 2016, whose shareholders are entitled to compensation and severance pay under the domination and profit transfer agreement. The development of the company's share price is therefore not significantly influenced by the performance of the Executive Board and is therefore not an appropriate means of measuring the long-term remuneration of the Executive Board at DMG MORI.

The Executive Board and the Supervisory Board further confirm their intention to continue adherence to the recommendations set out in the "Government Committee German Corporate Governance Code" in accordance with the declaration of compliance issued for the year 2021.

DMG MORI complies with the suggestions of the German Corporate Governance Code with only two exceptions regarding the Annual General Meeting. For organizational and cost reasons, the physical Annual General Meeting is held without being broadcast over the Internet and without the possibility of contacting the representatives with regard to exercising the voting rights of shareholders in accordance with their instructions during the Annual General Meeting.

The current declaration of compliance and the Corporate Governance Report together with the declarations of compliance of previous years are permanently accessible on our website. → **en.dmgmori-ag.com/corporate-communications/corporate-governance**

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.

Description of the work of the Executive Board and Supervisory Board and their committees

Responsible Management of Opportunities and Risks

We believe that good corporate governance involves extensive and systematic management of risks and opportunities as part of corporate management. The risk and opportunity management system of DMG MORI AKTIENGESELLSCHAFT is an integral part of the group's current risk and opportunity management systems.

Within the opportunity management system of the DMG MORI group, we mainly focus on key individual opportunities, macroeconomic and industry-specific opportunities, as well as corporate strategic and performance opportunities.

Our group-wide risk management system comprises an early warning system, an internal control system (ICS), in accordance with German and Japanese legal requirements, and corporate insurance management.

Our group-wide early warning system allows us to identify and manage risks to future development using a forward-looking approach. The risks identified, assessed and managed are situations whose inherent potential risk is defined by prevailing environmental conditions and which are correctly identified, assessed and managed.

Our early warning system consists of five key components:

› A company-specific risk management manual,

› a corporate risk management officer at DMG MORI AKTIENGESELLSCHAFT level,

› local risk management officers at each group company,

› sector-specific risk assessments including the evaluation and prioritization of individual risks,

› and the risk reporting system at group and subsidiary level with corresponding ad hoc reporting on risks threatening the existence of the company, as well as additional risk quick checks performed by selected managers every two weeks.

The early warning system within the DMG MORI group is structured in such a way that material risks are systematically identified, assessed, aggregated, monitored and reported throughout the group.

The risks of individual business units are identified on a regular basis using defined risk areas. All potential risks identified are analyzed and evaluated using quantitative measures. This also includes taking into account risk reduction measures. Risks threatening the existence of the group are reported immediately and not in the regular reporting cycle.

In order to present the overall risk situation of the group, individual local and corporate risks, as well as group effects, are identified and aggregated. The aggregate expected value from the risks identified and assessed for the group is compared with the group's current equity and used to calculate the group's risk-bearing capacity. This is a key risk indicator.

The Executive and Supervisory Boards are informed at regular intervals about the group's current overall risk situation and that of individual business units. They hold extensive discussions on the reasons for the current risk situation and the appropriate measures taken.

The early warning system set up by the Executive Board in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) is reviewed by the auditors, continuously developed within the group and adjusted on a regular basis in line with changing conditions.

The DMG MORI group's current internal control system (ICS) is used to mitigate or eliminate manageable risks in business pro-cesses in day-to-day operations. Based on an annually updated analysis and documentation of essential business processes, manageable risks are identified and eliminated or reduced to an acceptable level by developing the group's organizational and operating structure and implementing adequate control activities. This is supported by the group's current internal guidelines and instructions as part of the ICS. The effective-ness of the ICS is assessed on the basis of annual management testing. The results are reported to the Executive and Super-visory Boards. The ICS of DMG MORI AKTIENGESELLSCHAFT is structured to comply with both the requirements of German stock corporation law and those of the "Japanese Financial Instruments and Exchange Act" (J-SOX / Naibutousei).

Another aspect of risk management is the DMG MORI group's corporate insurance management, which strategically defines and hedges economically viable insurable risks across the group in close collaboration with DMG MORI COMPANY LIMITED.

Cooperation between the Executive Board and Supervisory Board

The Executive Board and Supervisory Board work closely together 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. The remuneration of the members of the Supervisory Board and also of the Executive Board are described in detail in the remuneration report.

Objectives in the Composition of the Supervisory Board

In its meeting on 22 September 2015, the Supervisory Board adopted the following resolution on the voluntary commitment 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 significant areas of DMG MORI on the employee side;

› Consideration of knowledge about DMG MORI and of markets of particular importance to DMG MORI, as well as knowledge about technical contexts and technology management;

› Consideration of special knowledge and experience in the application of financial reporting principles, internal control procedures and compliance processes;

› At least two male and two female Supervisory Board members should be among the shareholder representatives as well as the employees' representatives;

› At least 50 % of all Supervisory Board members should be independent;

› Avoiding conflicts of interest;

› An upper age limit of 70 years at the time of election to the Supervisory Board should be observed; maximum limit of five office terms;

› Nominations for the future composition of the Supervisory Board should continue to focus in particular on the interests of the company, while observing the aforementioned objectives.

The re-election of the Supervisory Board in May 2018 meant that the Supervisory Board again complied with its voluntary commitment of setting a gender quota in financial year 2021. It also adhered to its voluntary commitment to ensure the independence of at least 50 % of the Supervisory Board members.

Diversity

The diversity culture lived at DMG MORI allows our employees for example to become involved in the group's international projects. This cultural exchange promotes personnel diversity and increases performance. At DMG MORI, all employees and job applicants are held in high esteem irrespective of their nationality or ethnic origin, gender, age, religion, sexual orientation or physical impairments. The Executive Board has manifested this equal opportunity through the DMG MORI Code of Conduct.

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 on 30 November 2017 passed a resolution that provides for a quota of 20 % of the Executive Board of DMG MORI AKTIENGESELLSCHAFT to be filled with female members by no later than 30 June 2022.

As a result of flat hierarchies, DMG MORI AKTIENGESELLSCHAFT only has one management level subordinate to the Executive Board. On 18 October 2017, the Executive Board agreed on a target female quota of 10 % for this management level. The target is to be achieved by 30 June 2022. With regard to the Supervisory Board, the statutory quota of 30 % has been met consistently since the Supervisory Board elections in 2018. 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.

Avoiding Conflicts of Interest

The Executive Board and the Supervisory Board are obliged to act in the best interest 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 benefit, and from granting undue advantages to other persons. Any conflicts of interest that may arise from these and other situations must be disclosed to the Supervisory Board without delay and must be assessed 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, inter alia, on the approval of the actions of the Supervisory Board and Executive Board, as well as on the election of the auditor of the annual financial statements or any amendments of the Articles of Association. Due to the corona situation, the Annual General Meeting was once again held as a virtual event in the reporting year. For Annual General Meetings held in this format, we enable shareholders to exercise their voting rights by electronic or postal written ballot, within the legal possibilities, and by issuing instructions to the company's voting proxies. Shareholders may exercise their voting rights in person at Annual General Meetings conducted as presence events. Shareholders who are unable to personally attend a physical Annual General Meeting are offered the option of appointing an authorized representative of their choice 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 timely obtain information online about the Annual General Meeting. All documents and information are made available to our shareholders on our website well ahead of the meeting date.

Transparency

We strive to ensure corporate communications that offer the greatest possible transparency and actuality for all target groups, including shareholders, investors, business partners, employees and the general public. On our website, we continuously provide information on the company's current affairs and publish press and quarterly releases, annual reports as well as a detailed financial calendar.

Compliance

We are aware of our responsibility towards our business partners, shareholders and employees, as well as to the environment and the society. We are therefore 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 2021 and on our website.

Accounting and Annual Audit

For the reporting year, DMG MORI and financial auditing firm PwC PricewaterhouseCoopers, Bielefeld, agreed that the Chairman of the Supervisory Board and the Chairwoman of the Finance and Audit Committee shall be informed promptly 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 compliance 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

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 of the members of the Supervisory Board holds a significant indirect interest in DMG MORI AKTIENGESELLSCHAFT. Dr. Eng. Masahiko Mori holds shares in DMG MORI COMPANY LIMITED (Tokyo, Japan). DMG MORI COMPANY LIMITED indirectly holds an 86.42 % interest in the share capital of DMG MORI AKTIENGESELLSCHAFT. Thus, Dr. Eng. Masahiko Mori is holding an indirect equity 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 subject to reporting requirements, must notify both the company and the Federal Financial Supervisory Authority (BaFin) whenever they buy or sell, inter alia, of shares or other securities of the company. The company is then required to publish the notification without delay. The relevant notifications made by DMG MORI AKTIENGESELLSCHAFT are available on the company's website anytime.

Supervisory Board and Committees

Pursuant to the articles of association, the Supervisory Board comprises twelve members. In accordance with the German Codetermination Act (Mitbestimmungsgesetz), there are six employee representatives, one of whom represents the executive staff, in addition to the six shareholders' representatives on the Supervisory Board. All Supevisory Board members (shareholders' representatives and employees' representatives) were elected until the end of the Annual General Meeting that will pass a resolution on the approval of the actions of the Supervisory Board for financial year 2022.

The members of the Supervisory Board are named in the notes.

The Supervisory Board held four meetings in financial year 2021. The Supervisory Board also reported on the scope of its work in the report of the Supervisory Board in the group annual report.

In financial year 2021, three committees of the Supervisory Board of DMG MORI AKTIENGESELLSCHAFT held meetings: Six times the Finance and Audit Committee and two times the the Personnel-, Nominations and Remuneration Committee as well as two times the Related Party Transaction Committee. The Supervisory Board reports on the scope of its work in the committees in its report in the group annual report.

Remuneration Report

The remuneration system and remuneration of the Supervisory Board and the Executive Board for financial year 2021 are presented in the following. The Executive Board and the Supervisory Board are responsible for preparing the remuneration report in accordance with Section 162 of the German Stock Corporation Act (AktG).

Remuneration of the Supervisory Board

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 of the German Stock Corporation Act (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 2021, the fixed remuneration entitlement of each individual Supervisory Board member amounted to € 60,000. The chairperson is entitled the 2.5-fold amount (€ 150,000). The Chairman of the Supervisory Board Dr. Eng. Masahiko Mori as well as James V. Nudo and Irene

A.02 | 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) (since 10 March 2020)	Base remuneration and committee remuneration total excl. waivers	Base remuneration less waivers (-10%) and committee remuneration	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	135,000	12,000	147,000
Irene Bader [3]	-	-	-	-	-	-	-	0
Prof. Dr.-Ing. Berend Denkena [4]	60,000	0	0	18,000	78,000	72,000	7,500	79,500
Prof. Dr. Annette Köhler Chairwoman F&A	60,000	36,000	0	0	96,000	90,000	15,000	105,000
James Victor Nudo [5]	-	-	-	-	-	-	-	0
Mario Krainhöfner [6] [7] 1st Deputy chairman SB	90,000	0	18,000	0	108,000	99,000	9,000	108,000
Stefan Stetter [8] Deputy chairman SB	90,000	18,000	0	18,000	126,000	117,000	18,000	135,000
Tanja Fondel [6] [9]	60,000	0	18,000	0	78,000	72,000	9,000	81,000
Dietmar Jansen [6] [10]	60,000	18,000	0	0	78,000	72,000	13,500	85,500
Larissa Schikowski [11]	60,000	0	18,000	0	78,000	72,000	9,000	81,000
Michaela Schroll [6] [12]	60,000	18,000	0	18,000	96,000	90,000	18,000	108,000
Total amount	**630,000**	**90,000**	**72,000**	**90,000**	**882,000**	**819,000**	**111,000**	**930,000** [13]

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 2021.
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 2021.
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 2021.
6) These employees' representatives transfer the majority of their remuneration for Supervisory Board duties to the Hans-Böckler-Stiftung, Düsseldorf, Germany.
7) Mario Krainhöfner is a member of the PNR and Mediation Committees.
8) Stefan Stetter is a member of the F&A and TRP Committees.
9) Tanja Fondel is a member of the PNR and the Mediation Committee.
10) Dietmar Jansen is a member of the F&A.
11) Larissa Schikowski is a member of the PNR and transfers part of her Supervisory Board remuneration to various charitable institutions.
12) Michaela Schroll is a member of the F&A and TRP Committees.
13) The total amount corresponds to the expenses of DMG MORI AKTIENGESELLSCHAFT for 2021.

Bader have been waiving their complete Supervisory Board remuneration. The vice chairperson is entitled to the 1.5-fold 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: € 235,033) 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 the reporting year, all Supervisory Board members again waived 10 % of their fixed remuneration (base remuneration).

In financial year 2021, the total remuneration paid to the Supervisory Board amounted to € 930,000 (previous year: € 892,530). The total base remuneration – less waived amounts – and committee remuneration amounted to € 819,000 (previous year: € 778,530). The meeting attendance fees amounted to € 111,000 (previous year: € 114,000).

As the remuneration of the members of the Supervisory Board is not composed of variable but exclusively 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 following table shows a comparison of the percentage change in the remuneration of the Supervisory Board members with the earnings development (EAT) of DMG MORI AKTIENGESELLSCHAFT and the average remuneration of the employees on a full-time basis compared to the previous year.

The remuneration of the Supervisory Board members shown in the table reflects the actual amounts paid for the respective financial year. For financial year 2021, these amounts correspond to the amounts stated in the table "Remuneration granted and payable to the Supervisory Board".

A.03 | COMPARISON OF ANNUAL CHANGE IN SUPERVISORY BOARD REMUNERATION	CHANGES 2021 AGAINST 2020 in %
Dr. Eng. Masahiko Mori [1]	–
Ulrich Hocker	+8.5 %
Irene Bader [2]	–
Prof. Dr.-Ing. Berend Denkena	+4.4 %
Prof. Dr. Annette Köhler	+3.6 %
James Victor Nudo [3]	–
Mario Krainhöfner	+1.7 %
Stefan Stetter	+5.2 %
Tanja Fondel	+2.3 %
Dietmar Jansen	+0.4 %
Larissa Schikowski	+2.3 %
Michaela Schroll	+6.6 %
EAT (DMG MORI AG group) [4]	+64 %
EAT (DMG MORI AKTIENGESELLSCHAFT) [5]	+8 %
Average employee remuneration [6]	+2 %

1) Dr. Eng. Masahiko Mori has not received any Supervisory Board remuneration for 2021.
2) Irene Bader has not received any Supervisory Board remuneration for 2021.
3) James Victor Nudo has not received any Supervisory Board remuneration for 2021.
4) 2021: € 85.6 million / 2020: € 52.1 million
5) 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 the 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 entail a substantial reduction of the 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 the 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 AKTIENGESELLSCHAFT, 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 consideration of the existing domination and profit transfer agreement between DMG MORI AKTIENGESELLSCHAFT and DMG MORI GmbH, a 100 % subsidiary of DMG MORI COMPANY LIMITED, on the one hand and the limited free float of the stock on the other hand, it was decided that a remuneration component that is paid in shares or a share-based remuneration component will not be implemented.

Adequacy of the Executive Board remuneration

Following preparation by the Personnel, Nomination and Remuneration Committee, the Supervisory Board determines the amount of the 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 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 companies in Germany with DAX and MDAX listings. This horizontal market benchmarking considers the market position, size and complexity of DMG MORI AKTIENGESELLSCHAFT 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 AKTIENGESELLSCHAFT is considered in an internal (vertical) benchmarking. 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. This includes that the chairperson of the Executive Board 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) of the German Stock Corporation Code (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 applies if the Executive Board member's office tenure or employment has already ended at the time repayment is demanded. Claims for damages against the Executive Board member remain unaffected.

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 important reasons, or if the Executive Board member terminates his service agreement without proper cause ("bad leaver"), all outstanding LTI allocations of which 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 concrete, 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 the 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 12 monthly installments.

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

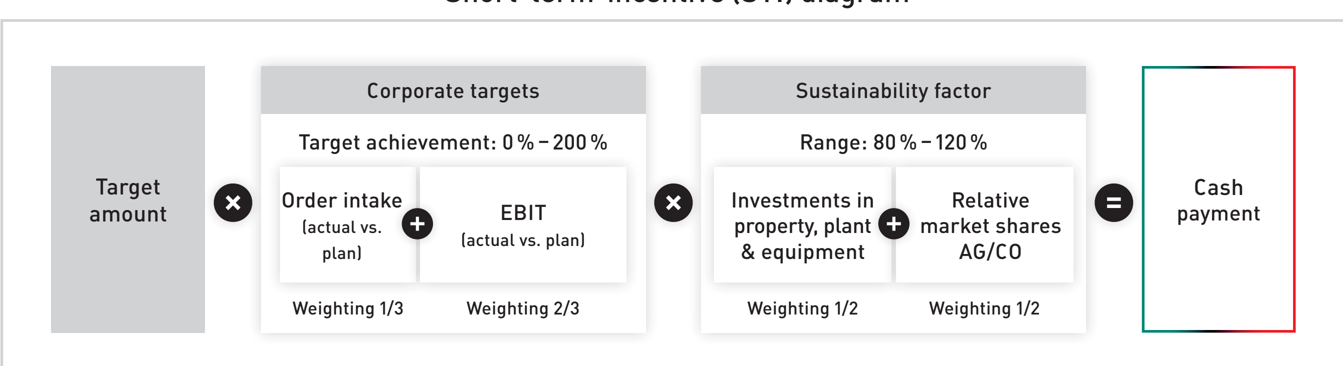
Retirement provisions: Each Executive Board member is granted a payment that must be used to add to his personal retirement provisions. The payment is for a certain amount to be invested in an external pension scheme (contribution-based retirement provision).

b) Short-term 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. The targets reflect the corporate strategy and aim at increasing the earnings and market position of DMG MORI AKTIENGESELLSCHAFT. The one-year variable compensation is linked to the achievement of important key figures in the respective financial year, and in particular by tying it to the order intake and EBIT. An individual target amount is defined for each member of the Executive Board. The target amount is the starting point for determining the performance-related payment after the end of the assessment period. An entitlement to payment only arises at the end of the one-year assessment period and depends on whether or how the targets have been achieved.

The STI system is based on two target dimensions with different weightings that can be adjusted by 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 factors

Short-term-incentive (STI) diagram

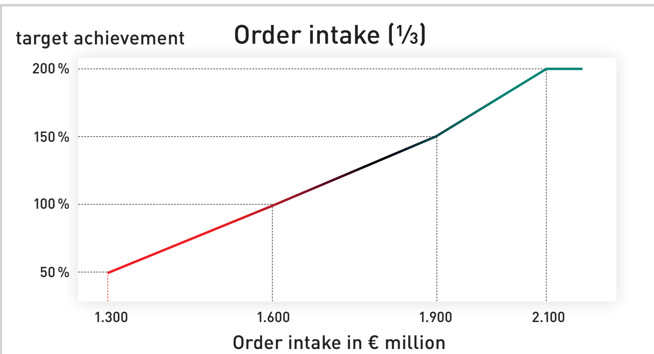


are intended to reward the Executive Board's actions and successes that have made a contribution to sustainably securing the company's success.

The levels of target achievement for the STI 2021 result from the following key figures and factors for 2021 and are determined for all Executive Board members according to the same criteria:

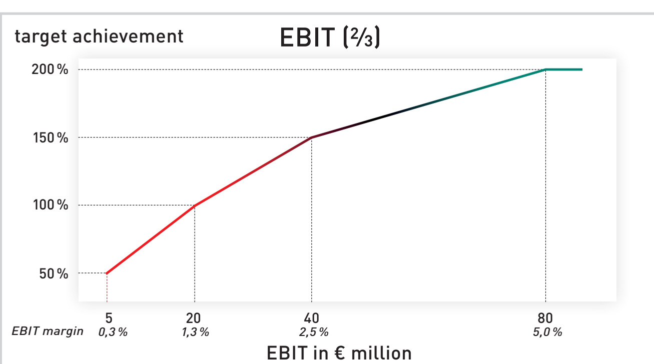
Order intake is weighted 1/3. In this way, the STI considers one of the key financial figures of DMG MORI AKTIENGESELLSCHAFT. The order intake component of the STI must reach a lower limit before it becomes bonus relevant. The lower limit is set at a target achievement of 50 %. Reaching the target amount corresponds to a target achievement of 100 %. The component does not increase further once a certain upper limit has been reached. This upper limit corresponds to a target achievement of 200 %.

The following figure shows further details with respect to target achievement:



The **EBIT** is weighted 2/3. In this way, the STI considers an additional key financial figure of DMG MORI AKTIENGESELLSCHAFT. The EBIT component of the STI must reach a lower limit before becoming bonus relevant. This lower limit corresponds to a target achievement of 50 %. Reaching the target amount corresponds to a target achievement of 100 %. The component does not increase further once a certain upper limit has been reached. This upper limit corresponds to a target achievement of 200 %.

The following figure shows further details with respect to target achievement:



The remuneration resulting from the achievement of targets is adjusted (80 %-120 %) through two **sustainability factors** ("modifiers"), which are specified within the framework of the tender. These targets forming the basis of the sustainability factor include, for example, investments in property, plant and equipment as well as the development of internal market shares and positions (ratio of order intake DMG MORI AG group and DMG MORI COMPANY LIMITED). Both sustainability factors can reach a level of 80 % – 120 % and are weighted 50 % each. This is in particular intended to boost the Executive Board's efforts aimed at a sustainable management that delivers future growth.

c) Long-term incentive (LTI)

The long-term-focused, sustainable initiative for the success of DMG MORI AKTIENGESELLSCHAFT is the focus of the Executive Board's work. It is the only way to promote sustainable growth and achieve a permanent increase in value. The three-year performance period contributes to assuring that the Executive Board's decisions in the current financial year are also focused on the company's long-term development.

The LTI program is paid in cash on the basis of performance indicator-based remuneration determined over an assessment period of three years ("performance period"). It is granted in the form of yearly tranches.

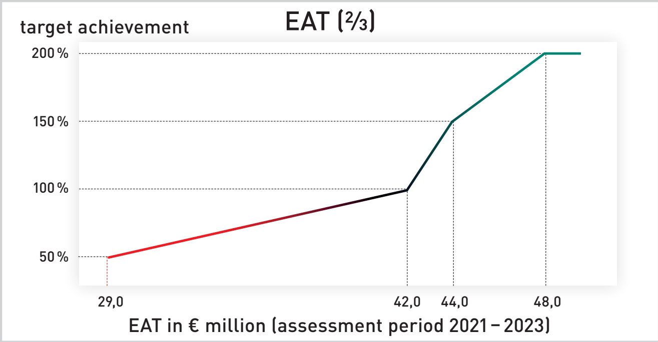
The LTI is based on two financial targets as well as measurable sustainability targets that are expressed in the form of a "modifier". The financial performance criteria represent important core management ratios of DMG MORI AKTIENGESELLSCHAFT (the earnings after tax – EAT – and the service performance).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

An individual target amount it set for each member of the Executive Board. The target amount represents the starting point for determining the performance-based 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.

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

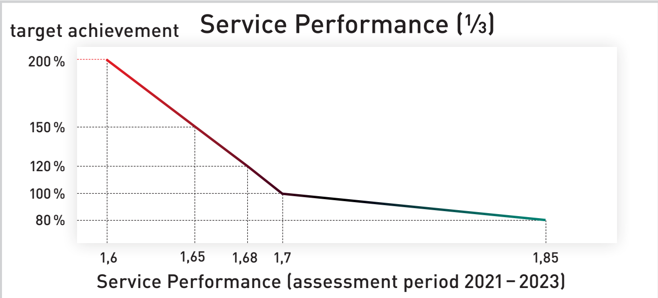
The **EAT** is weighted 2/3. In this way, the LTI considers one of the key financial figures of DMG MORI AKTIENGESELLSCHAFT. The EAT component of the LTI must reach a lower limit in order to become bonus relevant. This corresponds to a target achievement of 50 %. Reaching the target amount results in a target achievement of 100 %. The component does not increase further once an upper limit has been reached. This corresponds to a target achievement of 200 %.

The following figure shows further details with respect to target achievement:



The **service performance** over a period of three years is weighted 1/3. In this way, the LTI considers an important key management figure of DMG MORI AKTIENGESELLSCHAFT. 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 bonus relevant. This threshold value corresponds to 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 corresponds to a target achievement of 200 %.

The following figure shows further details with respect to target achievement:



The remuneration resulting from the degree of target achievement is adjusted (80 % – 120 %) by two **sustainability factors** ("modifiers"), which are specified within the framework of the tender. The current sustainability targets include adherence to the R&D and marketing budgets, as well as 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 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 STI and LTI is limited in each case to a total of 200 % of the target amount.

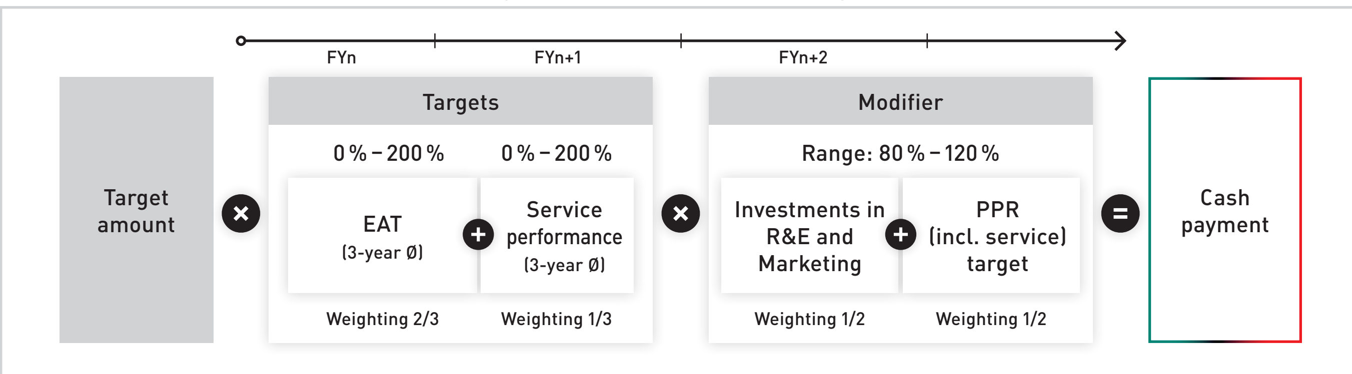
The maximum total remuneration of an Executive Board member is determined by the Supervisory Board on the basis of the target total remuneration and is the maximum amount of total remuneration for the respective financial year, taking into account the fixed remuneration, short-term variable remuneration (STI), long-term variable remuneration (LTI 2021 – 2023), and retirement provisions.

The maximum total remuneration for financial year 2021 was set at € 4,800 K for the Chairman of the Executive Board and € 2,400 K for the Executive Board members. (→ Table A.04)

Retirement provisions

The retirement provisions are a further basis for recruiting and retaining the highly qualified Executive Board members required for the group's continued 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 retirement benefits. The retirement provisions for the Executive Board members are paid in the form of a contribution-based pension scheme:

Long-term-incentive (LTI) diagram



- Christian Thönes: € 450 K p. a.
- Björn Biermann: € 200 K p. a.
- Michael Horn: € 200 K p. a.

Expenses for the contribution-based retirement provisions for the Executive Board members totaled € 850 K in financial year 2021 (previous year: € 800 K).

Remuneration for former members of the Executive Board

The former Executive Board member Dr. Maurice Eschweiler was paid € 60 K from the 2019 – 2021 LTI tranche for the reporting year (prorated amount until expiry of his Executive Board appointment on 31 March 2019). Under direct pension obligations, € 1,132 K was paid to former Executive Board members and their surviving dependants, of this € 680 K was attributable to Dr. Rüdiger Kapitza, who left the Executive Board in 2016.

The amount of pension obligations for former Executive Board members and their surviving dependants was € 26,350 K (previous year: € 26,081 K).

Remuneration of the Executive Board for financial year 2021

In accordance with § 162 (1) sentence 2 no. 1 AktG, the following is a report on compensation in the financial year in which the activity underlying the compensation was performed in full. This applies to base remuneration as well as STI and LTI.

All members of the Executive Board again waived 10 % of their base remuneration in the reporting year. In total, the Executive Board waived payments in the amount of € 240 K for financial year 2021, which – together with the waiver of the Supervisory Board members – were paid into the DMG MORI relief fund for employees particularly affected by the corona pandemic.

The target achievement for short-term variable remuneration is 200 % for the key figure EBIT, and 200 % 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 118.4 %, and for the relative market shares AG/CO 120.0 %, resulting in a weighted modifier of 119.2 % overall. The STI payment is limited to a total of 200 % of the target amount (cap).

The LTI tranche 2019 – 2021 as a long-term remuneration component considers the repayment contribution of DMG MORI AKTIENGESELLSCHAFT based on a three-year assessment period. The repayment contribution is the sum of the profit transfer and settlement of tax obligations as well as any loan amounts to DMG MORI COMPANY LIMITED. There is an upper limit (cap) for this LTI tranche at 120 % of the award amount for each Executive Board member. In 2019 – 2021 a minimum value (80 %) of an average of € 130 million redemption contribution must be achieved for a payout – in no year may the repayment contribution fall below € 60 million. The target value (100 %) corresponds to a repayment amount of € 150 million and the maximum value (120 %) to a repayment amount of € 170 million. In the assessment period, the average repayment amount was € 421.7 million. In no year was the repayment amount less than € 60 million. This corresponds to the maximum target achievement (120 %).

The total remuneration without advance payments of the Executive Board for financial year 2021 amounted to € 7,118 K (previous year: € 4,912 K). Of this amount, € 2,228 K (previous year: € 2,126 K) is attributable to the fixed, non-performance-based remuneration (base remuneration and fringe benefits), and € 3,200 K (previous year: € 1,236 K) to the short-term variable remuneration (STI) as well as € 850 K to contribution-based retirement provisions (previous year: € 800 K).

The LTI tranche 2019 – 2021, which was allocated on 31 December 2021 and will be paid in 2022, results in a total amount of € 840 K (LTI 2018 – 2020: € 750 K).

For the LTI tranche 2020 – 2022, a recoverable advance payment of € 1,508 K was made in 2021, which is part of the remuneration in accordance with section 162 (1) sentence 1 AktG.

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

The companies belonging to 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.

A.04 I TARGET AND MAXIMUM REMUNERATION (REMUNERATION COMPONENTS [2021])	Christian Thönes		Björn Biermann		Michael Horn	
	2021 (Target)	2021 (MAX)	2021 (Target)	2021 (MAX)	2021 (Target)	2021 (MAX)
Base remuneration [1]	€ 1,200,000	€ 1,200,000	€ 600,000	€ 600,000	€ 600,000	€ 600,000
STI	€ 800,000	€ 1,600,000	€ 400,000	€ 800,000	€ 400,000	€ 800,000
LTI 2021 – 2023	€ 1,150,000	€ 2,300,000	€ 612,500	€ 1,225,000	€ 612,500	€ 1,225,000
Pension	€ 450,000	€ 450,000	€ 200,000	€ 200,000	€ 200,000	€ 200,000
Total remuneration	€ 3,600,000	€ 4,800,000	€ 1,812,500	€ 2,400,000	€ 1,812,500	€ 2,400,000

1) Fixed remuneration incl. waiver: Christian Thönes € 1,080 K; Björn Biermann € 540 K; Michael Horn € 540 K

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

Table A.05 shows the granted and payable remuneration components of the active Executive Board members in the respective financial year, including the corresponding relative share pursuant to Section 162 (1) sentence 1 of the German Stock Corporation Act (AktG). The figures represent the base remuneration, the fringe benefits and the retirement provisions paid in the financial year. The table shows the STI as well as the LTI tranche 2019 – 2021 that will be paid in financial year 2022 for underlying activities that were fully performed by the end of financial year 2021. The recoverable advance payment for the LTI tranche 2021 – 2023 is also shown.

The Executive Board's voluntary waivers for the financial years 2020 and 2021 have been considered accordingly.

A.05 | REMUNERATION AS GRANTED AND PAYABLE, INCL. WAIVERS (SECTION 162 (1) SENT. 1 AKTG)
in € K

	Christian Thönes Chief Executive Officer				Björn Biermann Executive Board member			
	2020	2020 3)	2021	2021 3)	2020	2020 3)	2021	2021 3)
Base remuneration	930		1,080		555		540	
Perquisite	12		11		17		8	
Total	**942**	**40 %**	**1,091**	**31 %**	**572**	**43 %**	**548**	**31 %**
STI	618	26 %	1,600	46 %	309	24 %	800	45 %
LTI 2018 – 2020	360	15 %	-	-	240	18 %	-	-
LTI 2019 – 2021	-	-	360	10 %	-	-	240	13 %
Total	**978**	**41 %**	**1,960**	**56 %**	**549**	**42 %**	**1,040**	**58 %**
Pension 1)	450	19 %	450	13 %	200	15 %	200	11 %
Total remuneration without advance payment	**2,370**	**100 %**	**3,501**	**100 %**	**1,321**	**100 %**	**1,788**	**100 %**
Recoverable advance payment LTI 2020 – 2022 2)	-	-	650	-	-	-	429	-
Total inflow with advance payment	2,370	-	4,151	-	1,321	-	2,217	-

	Michael Horn Executive Board member				Executive Board total			
	2020	2020 3)	2021	2021 3)	2020	2020 3)	2021	2021 3)
Base remuneration	555		540		2,040		2,160	
Perquisite	57		49		86		68	
Total	**612**	**50 %**	**589**	**32 %**	**2,126**	**43 %**	**2,228**	**31 %**
STI	309	26 %	800	44 %	1,236	24 %	3,200	45 %
LTI 2018 – 2020	150	12 %	-	-	750	19 %	-	-
LTI 2019 – 2021	-	-	240	13 %	-	-	840	12 %
Total	**459**	**38 %**	**1,040**	**57 %**	**1,986**	**41 %**	**4,040**	**57 %**
Pension 1)	150	12 %	200	11 %	800	16 %	850	12 %
Total remuneration without advance payment	**1,221**	**100 %**	**1,829**	**100 %**	**4,912**	**100 %**	**7,118**	**100 %**
Recoverable advance payment LTI 2020 – 2022 2)	-	-	429	-	-	-	1,508	-
Total inflow with advance payment	1,221	-	2,258	-	4,912	-	8,626	-

1) Payments for pension provisions as defined contribution
2) Contribution made in 2021
3) The specified relative proportions refer to the remuneration components "granted and payable" in the respective financial year pursuant to Section 162 (1) sentence 1 German Stock Corporation Act.

Table A.06 shows a comparison of the percentage change in the remuneration of the Executive Board members with the development of earnings of DMG MORI AKTIENGESELLSCHAFT and the average remuneration of the employees on a full-time equivalent basis compared to the previous year. The figures for the reporting year correspond to the figures for the total remuneration specified in the table "Remuneration granted and payable, including waivers" pursuant to § 162 (1) sentence 1 German Stock Corporation Act. The development of earnings is generally presented on the basis of the development of the key figure EAT.

A.06 | COMPARISON OF ANNUAL CHANGE IN EXECUTIVE BOARD'S REMUNERATION (SECTION 162 (1) NO. 2 AKTG)	CHANGES 2021 AGAINST 2020 in %
Christian Thönes	+47.7 %
Björn Biermann	+35.4 %
Michael Horn	+49.8 %
EAT (DMG MORI AG group) [1]	+64 %
EAT (DMG MORI AKTIENGESELLSCHAFT) [2]	+8 %
Average employee remuneration [3]	+2 %

1) 2021: € 85.6 million / 2020: € 52.1 million
2) 2021: € 29.3 million (under HGB) / 2020: € 27.1 million (under HGB)
3) Employee remuneration in Germany in the respective financial year

Research and development

The DMG MORI AKTIENGESELLSCHAFT is responsible for research and development strategy. All research and development activities within the group are coordinated by the executive portfolios of product development, production and technology. The implementation is carried out at the group company level.

The purpose of DMG MORI's research and development is to sustainably increase the value of our products for our customers. With the machine at the center, we are consistently developing further from a machine manufacturer to a holistic, sustainable solution provider in the manufacturing environment. In the reporting year, together with DMG MORI COMPANY LIMITED, we presented 26 innovations – thereof 7 world premieres, 3 automation solutions, 15 digital innovations including 6 technology cycles and 1 DMG MORI Components.

Integrated digitization solutions and completely new business models expand our core business with machine tools and holistic automation solutions. In the reporting year, we presented 15 digital innovations.

With PAYZR – PAY with Zero Risk – for Equipment-as-a-Service and Software-as-a-Service, our customers have been benefiting since the middle of the reporting year from rapid innovation cycles without risk – with maximum flexibility, cost and price transparency, and thus maximum planning security.

Already more than 30,000 registered customers with over 140,000 machines benefit from our free customer portal my DMG MORI. Applications purchased in the DMG MORI Store powered by ADAMOS can be directly assigned to specific machines in the my DMG MORI customer profile.

Sustainability with a holistic approach has been part of the DNA of DMG MORI for many years. We take global and holistic responsibility for resources along the entire value chain in the "DMG MORI GREEN ECONOMY". Our manufacturing solutions are high-quality, durable, recyclable and maximally efficient – for example through technology integration as well as comprehensive automation and digitization solutions – which preserves resources, the climate and the environment.

Research and development expenses amounted to € 72.9 million (previous year: € 66.7 million). A total of 599 employees worked on the development of our products (previous year: 560 employees). As in the previous year, this corresponds to 15 % of the plants' total workforce. The innovation rate in the "Machine Tools" segment was 6.6 % (previous year 6.4 %). Investments in new developments are listed in the notes on the segments as capitalized development costs.

Our research and development activities are organized decentrally and coordinated by a central product development body. This structure enables us to build up a high level of product expertise while at the same time offering synergy effects through cross-plant cooperation. We create further synergies through our annual worldwide development conference. At the "Global Development Summit" in October, around 300 international experts once again came together digitally to develop and drive forward future ideas for integrated solutions from machine, automation, digitization and sustainability.

Report on Economic Position

Overall economic development

The momentum of the global economic recovery in 2021 was slowed from mid-year by new waves of infection, shortages in global supply chains as well as high raw material and transport costs, and rising inflation. This significantly hindered the overall economic recovery process. According to preliminary calculations by the Institute for the World Economy (IfW) at the University of Kiel, the global economy nevertheless grew by +5.7 % after the historic decline in 2020 (-3.1 %).

Development of the machine tool building industry

INTERNATIONAL DEVELOPMENT

The global market for machine tools was on course for recovery in 2021. However, the enormous challenges of the pandemic, material availability and supply shortages, rising inflation and high raw material and transport costs weighed on development. According to preliminary data from the German Machine Tool Builders' Association (Verein Deutscher Werkzeugmaschinenfabriken e. V. (VDW)) and the British economic research institute Oxford Economics, global consumption in 2021 rose significantly by +17.5 % to € 69.0 billion (2020: € 58.7 billion) but remained below the pre-corona level of 2019 (-5.2 %; € 72.8 billion).

In Europe, demand for machine tools was rather moderate at +11.8 % compared to last year's high decline (previous year: -26.3 %). Asia, on the other hand, recorded the strongest increase with +18.4 % (previous year: -16.3 %). The development in the North and South America regions was also positive at +14.6 % (previous year: -21.9 %).

In China, the world's largest market, consumption of machine tools grew significantly by +19.5 % to € 22.2 billion (2020: € 18.6 billion; 2019: € 19.9 billion). The USA, the second most important market for machine tools with € 8.3 billion, reported an increase of +14.0 % (2020: € 7.3 billion; 2019: € 8.7 billion). In Germany, the third largest market, consumption rose by only +2.2 % to € 4.7 billion (2020: € 4.6 billion), considerably below the pre-corona level of 2019 (-34.4 %; € 7.1 billion). In fourth place is Japan. Although consumption here increased significantly by +11.4 % to € 4.1 billion, it also remains notably below the pre-corona level of 2019 (-26.5 %; € 5.5 billion). Italy's consumption performed extremely well, up +29.7 % to € 3.7 billion (2020: € 2.9 billion; 2019: € 4.0 billion), maintaining its position as the fifth-strongest market ahead of South Korea at € 3.2 billion (2020: € 2.7 billion; 2019: € 3.0 billion). As in the previous year, the ten most important consumer markets represented around 79 % of global machine tool consumption.

For global production, the VDW calculated a volume of € 69.0 billion (2020: € 58.7 billion; 2019: € 72.8 billion). According to preliminary estimates, China remained the world's largest producer of machine tools in 2021 with a volume of € 20.6 billion (2020: € 17.0 billion; 2019: € 17.3 billion). Japan with € 9.6 billion (2020: € 8.2 billion; 2019: € 11.8 billion) and Germany with € 9.3 billion (2020: € 8.8 billion; 2019: € 12.6 billion) swapped places and followed in second and third place. As in the previous year, the ten key production countries represented a total of 90 % of all machine tools worldwide.

GERMAN MACHINE TOOL INDUSTRY

The German machine tool industry largely recovered in 2021 from the consequences of the corona pandemic. Order intake at the plants in Germany rose by +58.3 % to € 13.6 billion, already back above the pre-corona level in 2019 (2020: € 8.6 billion; 2019: € 12.3 billion) – although still well below the 2018 level of € 17.5 billion. Both domestic demand at +50.6 % (previous year: -36.5 %) and international orders +61.6 % (previous year: -26.7 %) increased significantly. Order intake for metal cutting machines grew notably by +65.0 % (previous year: -31.0 %). Domestic orders increased considerably by +69.0 % (previous year: -42.0 %). Foreign orders rose by +63.0 % (previous year: -25.0 %). In the metalforming machinery sector, order intake gained +42.0 % (previous year: -28.0 %). Order intakes at the foreign plants of German manufacturers are not included here.

Sales revenues of German machine tool manufacturers still fall noticeably short of the order intake development due to the tight supply situation. They grew only by +3.7 % to € 12.7 billion and were thus -25.7 % below the pre-corona level 2019 (2020: € 12.2 billion; 2019: € 17.0 billion). The production of machinery, parts and accessories reached a total volume of € 11.7 billion and was also up +5.7 % on the previous year (€ 11.1 billion).

German machine tool exports rose by +7.9 % to € 8.0 billion (previous year: € 7.4 billion). The export ratio went up by around 1.5 percentage points to 68.2 %. The most important export market for German machine tools was again China with an increase of +24.3 % to € 1.6 billion (previous year: € 1.3 billion). This corresponds to 20.0 % of machine tool exports (previous year: 17.4 %).

As in the previous year, the USA ranked second with an export volume of € 1.0 billion (export share: 12.5 %). Italy was the third most important export market with € 0.5 billion and an export share of 5.8 %, closely followed by Austria and Poland. Imports of machine tools went up by +10.9 % to € 2.8 billion (previous year: € 2.5 billion). With an import share of 26.2 %, approximately every fourth machine tool imported came from Switzerland. Japan (9.7 %) and Italy (9.2 %) followed in the other places.

Domestic consumption of machines, parts and accessories increased by +5.1 % to € 6.5 billion. Over the course of the year, the capacity utilization of German machine tool manufacturers rose by around 10 percentage points. Capacity utilization of cutting machine manufacturers was 80.8 % (previous year: 70.9 %).

The number of employees in German machine tool companies fell by -7.3 % on average over the year to around 64,500 (previous year: 69,558).

For the industrial economy, the ifo business climate is the leading indicator of economic development in Germany. According to the ifo publication of January 2022, the mood in the German economy improved at the start of the year. The business climate index rose in almost all major manufacturing sectors (mechanical engineering, production of metal products and electrical equipment). Although companies assessed the current situation as slightly worse, expectations grew significantly. In addition, the situation regarding supply shortages of intermediate products and raw materials eased somewhat.

Results of operations, net worth and financial position

The result of DMG MORI AKTIENGESELLSCHAFT was essentially determined by the income from financial assets amounting to € 67.5 million (previous year: € 51.3 million). These resulted from profit transfers of DMG MORI Vertriebs und Service GmbH in the amount of € 38.7 million (previous year: € 3.7 million) and GILDEMEISTER Beteiligungen GmbH in the amount of € 28.8 million (previous year: € 47.6 million).

Overall, DMG MORI AKTIENGESELLSCHAFT finished the year with EBIT of € -28.1 million (previous year: € -14.2 million). The EBIT included an accounting profit in the previous year 2020 on the sale of shares in Magnescale Co. Ltd, amounting to € 8.4 million. Furthermore, the personnel expenses rose in 2021 by € 4.2 million. The EBT amounted to € 43.6 million by € 4.0 million (previous year: € 39.6 million).

EAT amounted to € 29.3 million (previous year: € 27.1 million), which will be transferred to DMG MORI GmbH due to the domination and profit transfer agreement. The tax expense amounted to € 14.4 million (previous year: € 12.6 million).

In the reporting year, sales revenues (group cost allocations and rents) amounted to € 11.8 million (previous year: € 12.2 million). Other operating income fell by € 20.7 million to € 22.5 million (previous year: € 43.2 million). They comprises exchange rate gains of € 18.8 million (previous year: € 28.4 million) from the measurement of receivables and liabilities denominated in a foreign currency and the measurement of forward exchange transactions. The exchange rate gains are offset by corresponding losses. The net foreign exchange gain in the financial year was € 2.8 million (previous year: foreign exchange gain of € 3.9 million). These effects result from hedges entered into by DMG MORI AKTIENGESELLSCHAFT. The other operating income included an accounting profit in the previous year 2020 on the sale of shares in Magnescale Co. Ltd, amounting to € 8.4 million.

Expenses incurred for the purchased services mainly cover maintenance of the grounds and premises at the Bielefeld site. These amounted to € 1.2 million, or € 1.1 million below the previous year's figure (€ 2.3 million).

Personnel expenses increased by € 4.2 million to € 24.0 million (previous year: € 19.8 million). The increase is mainly due to an increase in variable executive remuneration.

The operating expenses decreased by € 10.3 million from € 45.0 million to € 34.7 million. This decrease is mainly due to lower exchange rate losses of € 8.4 million to € 16.1 million (previous year: € 24.5 million). The exchange rate losses are the result due to the valuation of receivables and liabilities in foreign currency and valuation losses from forward exchange contracts, which were compensated by offsetting effects in other operating income. Adjusted for the effect of foreign exchange losses, DMG MORI AKTIENGESELLSCHAFT reduced other operating expenses by € 1.9 million. This was mainly due to cost savings for other third-party services by € 0.4 million from 4.3 million to € 3.9 million and a reduction of expenses for other accounting periods of € 0.6 million (previous year: € 1.9 million).

Income from investments due to the profit and loss transfer agreements with the subsidiaries increased by € 16.2 million from € 51.3 million in the previous year to € 67.5 million in the reporting year.

The positiv financial result increased by € 1.6 million from € 2.6 million to € 4.2 million.

The tax expense recognized in an amount of € 14.4 million (previous year: € 12.6 million) is mainly attributable to expenses from tax allocations amounting to € 11.5 million (previous year: € 13.1 million), taxes for previous years amounting to € 2.1 million (previous year: income amounting to € 1.7 million), income from deferred tax allocations amounting to € 1.5 million (previous year: income amounting to € 1.1 million), and the prepayment of corporate income tax for 2021 amounting to € 1.9 million (previous year: € 1.9 million).

The balance sheet total as of 31 December 2021 increased by 8.1 % to € 1,882.0 million (previous year: € 1,740.3 million).

Fixed assets on the balance sheet decreased slightly by € 1.9 million from € 754.8 million to € 752.9 million.

Current assets rose by € 24.7 million from € 915.2 million to € 939.9 million. This increase is mainly due to a rise of € 8.1 million in receivables from affiliated companies from € 906.9 million to € 915.0 million, and a rise of € 24.8 million in other assets (previous year: € 8.3 million), which are mainly due to receivables from VAT settlements and emission certificates. Bank balances were up by € 116.8 million from € 52.5 to € 169.3 million.

On the liabilities side, equity remained unchanged at € 921.2 million. The equity ratio fell to 48.9 % (previous year: 52.9 %). The share capital has remained unchanged at € 204,926,784.40 and is divided into 78,817,994 no-par shares.

Provisions rose by € 5.2 million to € 30.4 million from the previous year (previous year: € 25.2 million). Of this increase, € 3.6 million mainly relates to other provisions. The main increase was in provisions for bonuses, which rose by € 5.2 million from € 5.0 million to € 10.2 million. Conversely, the remaining other provisions fell by € 1.6 million. Tax provisions rose by € 1.8 million from € 3.2 million to € 5.0 million. Pension provisions fell marginally by € 0.2 million from € 6.5 million to € 6.3 million.

Liabilities rose by € 136.5 million from € 793.9 million to € 930,4 million (previous year: € 793,9 million). These mainly relate to amounts owed to affiliated companies, which increased by € 136.3 million to € 927.3 million. This increase is mainly due to financial settlements, which rose by € 129.9 million from € 778.1 million to € 908.0 million. This includes the profit transfer to DMG MORI GmbH of € 29.3 million (previous year: € 27.1 million). With effect from 1 January 2017, a tax allocation agreement was concluded between DMG MORI GmbH and DMG MORI AKTIENGESELLSCHAFT. The liabilities incurred from this agreement in the amount of € 11.5 million (previous year: € 13.1 million) are also included in this item. The item also includes trade creditors to affilated companies amounting to € 19.3 million (previous year: € 12.9 million). As in the previous year, there were no amounts owed to banks.

DMG MORI AKTIENGESELLSCHAFT covers the capital requirements from operating cash flow, cash and cash equivalents, and short- and long-term loans. Committed credit lines totaled € 727.9 million in financial year 2021 (previous year: € 761.8 million). These comprise a € 200 million cash tranche, a € 300 million guarantee tranche, other guarantee lines amounting to € 67.9 million, and € 160.0 million in factoring agreements. A significant component of the credit facility is a syndicated credit line totaling € 500 million with an original maturity date of February 2025. In April 2021, this outstanding syndicated credit line was extended early to February 2026. The syndicated credit line still consists of a revolving cash tranche of € 200 million and a guarantee tranche of € 300 million. The syndicated loan bears interest at the current money market rate (1 to 6-month Euribor) plus an interest mark-up. This interest mark-up may change depending on group key figures. The cash tranche has not been used as of 31 December 2021.

Factoring is still a key component in our financing mix. Besides the financing effect, this also enables us to optimize our receivables management processes. DMG MORI needs guarantee lines for its operating business, in order to issue guarantees for advance payments and warranties.

This financing mix allows us to draw on enough credit lines to provide the liquidity we need for our business. Our syndicated Loan agreement requires us to comply with a customary covenant. The group complied with this covenant on a quarterly basis and as of 31 December 2021.

DMG MORI group's financing is carried out centrally. Only if group financing is not advantageous due to the legal framework is local financing concluded in individual cases. Cash pooling is used to deploy the liquidity surpluses of subsidiaries cost-effectively within the group. The risks referring to derivatives are presented in the notes.

Employees

On 31 December 2021, DMG MORI AKTIENGESELLSCHAFT had 81 employees (previous year: 84 employees).

As of 31 December 2021, DMG MORI AKTIENGESELLSCHAFT was organised in three executive units, which are as follows:

› Mr. Christian Thönes (Chairman): Product Development / Sales and Service / Purchasing / Corporate Public Communications / Human Resources / Legal / Internal Audit,

› Mr. Björn Biermann: Finance / Controlling / Accounting / Taxes / Risk Management / Investor Relations / Compliance,

› Mr. Michael Horn: Production / Logistics / Quality and Information Technologies

Overall statement of the executive board on financial year 2021

DMG MORI AKTIENGESELLSCHAFT successfully concluded financial year 2021. Sales revenues were slightly above budget due to adjustments made to offset cost allocations to subsidiaries. EBIT decreased to € -28.1 million (previous year: € -14.2 million) from the previous year. This change was mainly due to a one-off effect in financial year 2020, resulting from the sale of shares in an affiliated company in an amount of € 8.4 million, and an increase in personnel expenses in the reporting year. The earnings of subsidiaries rose in financial year 2021, resulting in an increase in profits transferred to DMG MORI AKTIENGESELLSCHAFT. DMG MORI AKTIENGESELLSCHAFT closes the year overall with € 29.3 million in earnings after taxes (previous year: € 27.1 million), which are transferred to DMG MORI GmbH.

Opportunities and Risk Management Report

In its business activities, DMG MORI AKTIENGESELLSCHAFT is exposed to various opportunities and risks. Our opportunities and risk management assists us in identifying and assessing these early on. The Executive Board and the Supervisory Board are regularly informed about the current risk situation of the company and of the individual business units.

DMG MORI AKTIENGESELLSCHAFT is integrated in the opportunity and risk management of the DMG MORI group.

Opportunities Management System (CMS)

Opportunities are systematically identified and analyzed within DMG MORI. Besides annual and medium-term planning we also continually create rolling forecasts (RFC). We define any positive deviations from the latest RFC within a twelve-month assessment period as operating opportunities. Our global Customer Relationship Management (CRM) system also allows us to document and analyze our sales and service activities in Machine Tools and Industrial Services. Our OMS is based on a large number of early operating indicators, such as market potential, order intake, and trade fair evaluations. This allows us to selectively manage our sales and service activities and systematically exploit opportunities. We also continuously monitor our markets and thus identify macroeconomic and industry-specific opportunities at an early stage.

Other opportunities are also identified by our operational management. The opportunities identified are discussed with the Executive Board, resulting in the development of strategies.

As a holding company, DMG MORI AKTIENGESELLSCHAFT partakes in the opportunities of its subsidiaries. These are described in detail in the group management report. If group subsidiaries manage to exploit their opportunities, this has a positive effect on income from financial assets and thus on the earnings of DMG MORI AKTIENGESELLSCHAFT.

Risk Management System (RMS)

Our international business operations as a leading global manufacturer of machine tools and provider of end-to-end technology, automation and digitization solutions expose us to potential risks. Active risk management is therefore vital for DMG MORI. It ensures risks are identified, assessed and actively managed at an early stage and therefore covers all hierarchical levels within the group.

Our risk management system comprises, inter alia, an early warning system, internal control system (ICS) and corporate insurance management.

Early warning system

Our early warning system is based on the COSO concept and allows us to ascertain and control risks that affect the future development of our company. We define operational risk as a negative deviation from our planned earnings target (EBIT) over the next twelve months compared with the current RFC. We also allow for tax and interest rate risks. Our early warning system consists of five components:

1. the company-specific risk management manual, in which the system is defined;
2. a corporate risk management officer who develops, implements and monitors the present risk management concept, and who coordinates the measures aimed at risk reduction or risk elimination,
3. local risk management officers at each group company who identify, analyze and communicate current risks on a decentralized basis,
4. sector-specific risk identification based on classified risk areas and a review of corresponding risk mitigation or elimination strategies, including a quantitative assessment that takes into account the risk-bearing capacity of the group and its subsidiaries,
5. risk reporting at group and subsidiary level with ad hoc reporting on risks threatening the existence of the company, as well as risk quick checks performed by selected managers every two weeks.

At DMG MORI, risks are determined as the sum of the maximum number of potential risks reported and their probability of occurrence (gross risks), in order to deduct the effect of risk mitigation or elimination measures (net risks). Based on the current net risks, a report is submitted to the risk management department.

The following risk categories are used for our risk assessment:

A.07 | PROBABILITY OF OCCURRENCE	
No Risk	0 %
Very low	5 %
Unlikely	25 %
Probable	50 %

Risks with a probability of occurrence of more than 50 % are either immediately recognized in the group's rolling forecast together with the net risk values or as risk provisions.

Risks posing a threat to the company as a going concern are also immediately reported outside the group's reporting schedule.

Besides potential financial impact, the group's risk-bearing capacity – defined as the ratio of the expected aggregate of all risks identified, adjusted for current group effects, to the group's total equity – is also a key performance indicator.

A.08 | POTENTIAL FINANCIAL EFFECTS	
Immaterial	0 -10 million euro
Moderate	10–20 million euro
Substantial	⩾ 20 million euro

The potential financial impact was categorized on the basis of the prevailing risk management strategy, taking into account sales, EBIT, equity, and risk-bearing capacity.

The Supervisory and Executive Boards are informed at regular intervals about the current aggregate risk position of the group and DMG MORI AKTIENGESELLSCHAFT.

The early warning system set up by the Executive Board in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) is audited according to Section 317 German Commercial Code HGB by the group's external auditors.

Internal control system (ICS)

The ICS is designed to reduce or eliminate controllable risks in day-to-day business processes. Its purpose is to ensure the consistent implementation of the Executive Board's strategic and operating targets, to achieve business efficiency goals, and to meet statutory, standards-related, and value-based compliance requirements.

The ICS of DMG MORI is another integral part of the risk management system used throughout the group. It complies with both the statutory requirements of the German Stock Corporation Act (AktG) and the corresponding statutory requirements of the "Japanese Financial Instruments and Exchange Act" in the form of J-SOX / Naibutousei compliant documentation.

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

In addition, the ICS comprises the principles, procedures and measures for ensuring the correctness of the Annual Financial Statements and the management report of the company. For this purpose, we analyze new laws, accounting standards and other public notices with respect to their effect on the Annual Financial Statements. We standardize relevant regulations in accountingrelated guidelines, for example, in the accounting manual. These guidelines and the respectively valid financial statements calendar form the basis for the preparation of the financial statements. If required, DMG MORI AKTIENGESELLSCHAFT avails itself of external service providers; for example, for measuring pension obligations. Employees who are entrusted with drawing up the financial reports undergo regular training, as needed.

The appropriateness and effectiveness of the internal control system is evaluated based on annual management testing in the group subsidiaries and central departments of DMG MORI AKTIENGESELLSCHAFT. This is carried out by the internal audit department on the basis of random samples. The findings are reported to the Executive and Supervisory Boards The adequacy and effectiveness of the ICS is also monitored and evaluated on a random basis as part of scheduled and unscheduled audit reviews. The findings are also reported to the Executive and Supervisory Boards.

Insurance Management

As a further component of the risk management system, DMG MORI has a corporate insurance management system, which, in close coordination with DMG MORI COMPANY LIMITED, strategically defines and hedges economically viable and insurable risks throughout the group.

Overview of relevant risk areas

As a holding company, DMG MORI AKTIENGESELLSCHAFT is also affected by the risks of its subsidiaries. These are described in detail in the group management report. The risks of group subsidiaries may have a negative impact on income from financial assets or result in expenses from write-downs of financial assets and thus affect the earnings of DMG MORI AKTIENGESELLSCHAFT.

As a holding company, the activities of DMG MORI AKTIENGESELLSCHAFT also result in the following risks which occur within the company:

A.09 Risk type	Potential financial effects
Corporate strategic risks	Moderate
Procurement and purchasing risks	Material
Personnel risks	Immaterial
Financial risks	Immaterial
Legal risks	Immaterial
Tax risks	Immaterial
Other risks	Immaterial

Presentation of individual risk areas

Corporate strategy risks are mainly incurred from the misjudgment of future technological and industry-specific developments. We counter these risks through close market and competition monitoring, regular strategy meetings with customers and suppliers, digital customer-events, and a corporate strategy focused on innovation. The current domination and profit and loss transfer agreement incurs risks to the extent that the company's business development may be affected by directives issued by DMG MORI GmbH. These do not always have to be in the sole interest of DMG MORI AKTIENGESELLSCHAFT but may be issued in the group's interest.

Procurement and purchasing risks are incurred by material supply issues, longer shipping times, and rising prices for raw materials and transportation. The global shipping situation remains tense. Low material availability and longer shipping times may lead to material shortages and consequently, to production stoppages. Risks also arise from possible supplier insolvencies and dependencies on individual suppliers. 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 substantial components. In addition, we are increasingly manufacturing core components in-house through our DMG MORI Components. We increasingly rely on sourcing from local suppliers. Additionally, we use all available transport routes to speed up deliveries and assure their timely arrival. Due to bundled purchasing activities these risks also directly affect DMG MORI AKTIENGESELLSCHAFT.

Personnel risks exist due to our constant need for highly qualified managers and employees. If these employees are not adequately recruited and retained, the company's development may be adversely affected in the long term. We limit these risks through a modern corporate culture, employee surveys, comprehensive programs for vocational training and personal development, performance-related remuneration with a performance-based incentive scheme, early successor planning and deputizing arrangements. The availability of specialists and executive staff may also be adversely affected by a high sick leave rate. In this case, we cannot rule out negative effects from the coronavirus crisis. We counter this risk, in particular, through preventive occupational health care, the option of mobile work, as well as through active and holistic coronavirus management.

Financial risks result from our international business activities in the form of currency risks, which we assess and hedge via our currency management strategy. Full details of our currency management strategy and financial instruments can be found in the Notes under section 14 "Derivative financial instruments".

The main financing components of DMG MORI AKTIENGESELLSCHAFT are a syndicated loan, which includes a cash and a guarantee tranche and is firmly committed until February 2026, and accounts receivable securitization programs. The financing agreements include the agreement to comply with a customary covenant. DMG MORI AKTIENGESELLSCHAFT has sufficient liquidity. There is the risk that the coronavirus pandemic could result in our customers still being exposed to increased bad debt and insolvency risks. This may result in the recognition of value impairments, or in certain cases even credit losses.

Legal risks may occur, in particular, as a result of legal disputes with suppliers, authorities and former employees.

Tax risks may arise from tax audits resulting in additional claims due to differences in tax issue assessments. We believe that the tax and social security returns we have submitted are complete and correct.

Other risks regarding the financial position of DMG MORI AKTIENGESELLSCHAFT are mainly due to the recognition and measurement of financial assets. Financial assets are recognized at the lower of cost or fair value. The recoverability of financial assets is calculated annually using the capitalized earnings method, which is based on the budget calculations of associated companies. Based on the figures calculated, no write-downs were required as of the reporting date. If the projected results are not achieved, a write-down to the lower fair value may be required. The current budget does not indicate any need for impairment in 2022.

Overall risk assessment

We classify the risks as manageable and do not consider the continued existence of DMG MORI AKTIENGESELLSCHAFT to be at risk. Compared to the previous year, total risks have risen moderate.

DISCLOSURES REQUIRED BY SECTION 289A GERMAN COMMERCIAL CODE (HGB)

As to Section 289a (1) (1) German Commercial Code HGB
The share capital of DMG MORI AKTIENGESELLSCHAFT amounts to € 204,926,784.40 and is divided into 78,817,994 no-par value bearer shares. The no-par shares each have a no-par value of € 2.60 in the subscribed capital.

As to Section 289a (1) (3) German Commercial Code HGB
DMG MORI COMPANY LIMITED holds an 86.42 % interest via DMG MORI GmbH.

As to Section 289a (1) (6) German Commercial Code HGB
Pursuant to Section 84 of the German Stock Corporation Act (AktG), the Supervisory Board is responsible for appointing and dismissing the members of the Executive Board. This authorization is specified in Section 7 (2) of the Articles of Association of DMG MORI AKTIENGESELLSCHAFT, to the effect that the Supervisory Board appoints the Executive Board members, determines their number and regulates the allocation of responsibilities.

Pursuant to Section 119 (1) no. 5 of the German Stock Corporation Act (AktG), the Annual General Meeting passes resolutions on changes to the Articles of Association. The corresponding procedural rules are defined in Sections 179, 181 of the German Stock Corporation Act (AktG), in conjunction with Section 15 (4) of the Articles of Association of DMG MORI AKTIENGESELLSCHAFT .

As to Section 289a (1) (7) German Commercial Code HGB
Pursuant to Section 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).

As to Section 289a (1)(8) German Commercial Code HGB
The relevant financing agreements of DMG MORI AKTIENGESELLSCHAFT, concluded in early 2016 and extended early at the beginning of 2020, 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 (ii) 50 % or more of the voting rights in DMG MORI AKTIENGESELLSCHAFT (except by DMG MORI COMPANY LIMITED) or (iii) 50 % or more of the voting rights in DMG MORI COMPANY LIMITED). Thus, a change of control is precluded, provided that DMG MORI COMPANY LIMITED (indirectly) holds more than 50 % of the voting rights in DMG MORI AKTIENGESELLSCHAFT.

Pursuant to Section 289 a (1) of the German Commercial Code (HGB), the Executive Board provides the following explanatory notes:

› As at 31 December 2021, the share capital of the company amounted to € 204,926,784.40 divided into 78,817,994 no-par value bearer shares. Each share entitles to one vote and is decisive for the share in profits. The company may not exercise voting rights from treasury shares and does not participate in profits on a pro-rata basis.

› No amendments were made to the Articles of Association in financial year 2021.

› The last amendment to the Articles of Association was made in May 2020 with a revised version of Section 15 (3) sentence 1 of the Articles of Association, which amended the requirements for attending the Annual General Meeting and exercising voting rights in accordance with the Act Implementing the Second Shareholders' Rights Directive (ARUG II).

› The Executive Board did not make use of the aforementioned authorizations in the reporting year.

The change of control conditions 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.

Forecast Report

The earnings position of DMG MORI AKTIENGESELLSCHAFT differs from that of the group in terms of level and structure, but is significantly influenced by the control and profit and loss transfer agreements with two domestic subsidiaries. In the following, we will initially take a closer look at the group forecast.

The Kiel Institute for Economic Research (IfW) forecasts global economic growth of +4.5 % for the financial year 2022 in its latest economic report published in December 2021. The corona pandemic, material availability and supply shortages, rising inflation and high raw material and transport costs and especially the Russian military action against the Ukraine determine the economic situation and are slowing down global trade and industrial production. According to the IfW, the situation is expected to ease over the course of the year and the global economy to follow a moderate growth path.

For Germany, a +4.0 % increase in GDP is forecast for the current year. The euro zone is also expected to see an economic recovery and GDP rise of +3.5 %. Asia will again be the fastest-growing region, with growth estimated to be +6.3 %. In China, the pace of expansion is expected to be subdued, with growth of +4.1 %. According to IfW estimates, Japan's economy is likely to record GDP growth of +2.8 %. With a forecast of +4.4 %, the economy in the USA is seen to take a positive course.

VDW and Oxford Economics are forecasting global machine tool consumption in 2022 to grow by +11.1 % to € 76.7 billion and – except from Germany, Europe and Japan – to even exceed the pre-corona level of 2019 (€ 72.8 billion; 2021: € 69.0 billion). In view of the Russia-Ukraine conflict and the challenges posed by material and supply shortages, increasing raw material and energy prices and rising inflation, it cannot be ruled out that these forecasts will have to be adjusted during the year.

According to VDW and Oxford Economics, machine tool consumption in Germany is expected to increase by +15.1 % to € 5.4 billion in 2022 (2021: € 4.7 billion) but remain below the pre-corona level of 2019 (-24.5 %; € 7.1 billion).

In Europe, consumption is also predicted to increase by +14.6 % to € 21.0 billion (2021: € 18.4 billion), but still below the pre-corona level of 2019 (-5.6 %; € 22.3 billion). This trend against the previous year is expected to extend across the European Union, but also Switzerland (+28.5 %) and the United Kingdom (+17.9 %) will benefit from the economic momentum in the market.

Consumption in Asia is forecast to rise by +7.9 %. At country level, the growth rate in the Chinese machine tool market is forecast to be rather moderate at +5.2 %. With an increase of +15.4 % to € 4.7 billion (2021: € 4.1 billion), the economic recovery in Japan is also expected to continue, but still below the pre-corona level of 2019 (-15.2 %; € 5.5 billion). For the USA, VDW and Oxford Economics also estimate a very positive development of machine tool consumption at +20.2 % (2021: +14.0 %).

Demand for capital goods should regain momentum worldwide. However, the economic recovery could be less dynamic than the forecasts suggest at first glance. The current global uncertainties as well as the further course of the corona pandemic, more difficult material supplies, increasing logistics shortages and continued trade conflicts will have a major impact on investment in the international machine tool sector. In addition, possible exchange rate fluctuations, inflation risks, industrial structural change as well as rising raw material and energy prices on the international markets could severely affect demand. Against this background, an adjustment of forecasts cannot be ruled out if the economic conditions continue to deteriorate worldwide.

A.10 | FINANCIAL AND KEY PERFORMANCE INDICATORS OF DMG MORI AKTIENGESELLSCHAFT (HGB)

	actual 2020	actual 2021	Plan 2021
Sales revenues	€ 12.2 million	€ 11.8 million	around € 11.0 million
EBIT	€ -14.2 million	€ -28.1 million	around € -36.0 million
Investments in fixed assets / Intangible assets	€ 0.6 million	€ 0.8 million	around € 1.2 miliion
Number of employees (annual average)	87	84	nearly unchanged

The table A.10 provides an overview of the budgeted values 2022 of key financial and performance indicators of the DMG MORI AKTIENGESELLSCHAFT.

Key internal target and performance indicators are sales revenues, EBIT and investments. The EBIT is defined as the result before profit and loss transfers from the subsidiaries.

Sales revenues of approximately € 11.0 million have been planned for financial year 2022. Planned investments of around € 1.2 million for financial year 2022 primarily relate to modernization measures at the Bielefeld site. EBIT is expected to be around € -36.0 million in financial year 2022. The deviation to the previous year is mainly due to necessary maintenance expenses for the Bielefeld site as well as adjustments made to offset allocations to subsidiaries. Furthermore, the EBIT 2021 includes an exchange rate gain of € 2.8 million which is not planned in the business year 2022.

Overall Statement of the Executive Board on Future Business Development 2022

The global economy continues to suffer from the corona pandemic. The more difficult supply of materials, increasing logistics shortages as well as high raw material and transport costs and rising inflation continue to determine the global economy and slow down industrial production. Furthermore, there is the Russian military action against Ukraine, of which the consequences are not yet completely foreseeable at present.

Nevertheless, global machine tool consumption is expected to further recover in 2022 and even exceed 2019 (€ 72.8 billion) – apart from Germany, Europe and Japan, which are not expected to reach the high pre-corona level until 2024. VDW and Oxford Economics estimate growth to € 76.7 billion (2021: € 69.0 billion). However, it cannot be ruled out that these forecasts will have to be adjusted during the year due to the ongoing global uncertainties.

DMG MORI is planning order intake of around € 2.5 billion for the financial year 2022. Sales revenues are estimated to be around € 2.3 billion. We expect EBIT to be around € 180 million. Free cash flow is forecast to be around € 130 million. Our forecasts are subject to the condition that globally there will be no further impact from the Russia-Ukraine conflict. For the current financial year, we are presently planning investments in property, plant and equipment and intangible assets of around € 115 million, which will essentially be financed from our own funds.

DMG MORI is confident to continue its growth course and is keeping up a high speed – both operationally and strategically. We are well positioned and continue to align ourselves for the future. We innovate and invest. New production plants in China and Egypt strengthen our global presence. With consistent supplier management, high cost sensitivity and comprehensive health and safety measures, we will also master the challenges again.

We aim to sustainably increase our high level of innovation as "Global One Company". With dynamic and excellence, we are actively advancing our five strategic future fields (Automation, Digitization, Additive Manufacturing, DMQPs, Sustainability) and five other strategically important pillars (First Quality, Service and Technology Excellence, Globe, Employees). With trust, openness and passion, we are working to fulfill our "vision-mission statement": **We want to be the most attractive machine tool manufacturer worldwide with digitized and sustainable products! We empower our customers in manufacturing and digitization!**

At DMG MORI AKTIENGESELLSCHAFT, we are expecting income from investments to be above the previous year's figure. Overall, we are expecting around € -36.0 million in EBIT before the transfer of profits. In 2022, we are not anticipating any significant changes in net worth and financial position.

NOTES FOR THE FINANCIAL YEAR 2021 OF DMG MORI AKTIENGESELLSCHAFT

Notes

A – General declaration

The annual financial statements of DMG MORI for the year ending 31 December 2021 were prepared in compliance with the regulations stipulated in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The registered office of DMG MORI AKTIENGESELLSCHAFT is in Bielefeld and the company is registered at the Bielefeld District Court, department B, under the registration number HRB 7144. The income statement is drawn up according to the total cost method of accounting. DMG MORI COMPANY LIMITED, Nara, is the ultimate parent company within the DMG MORI group. During the financial year, DMG MORI AKTIENGESELLSCHAFT and DMG MORI GmbH concluded a domination and profit and loss transfer agreement. With effect from 1 January 2017, a tax compensation agreement was concluded between DMG MORI GmbH and DMG MORI AKTIENGESELLSCHAFT. Explanations to the conclusion of the tax compensation agreement with DMG MORI GmbH can be found in the Notes.

B – Accounting and valuation principles

The intangible assets acquired against payment and tangible fixed assets were recognised at their acquisition costs and, if applicable, reduced by amortisation and depreciation. In the case of a possible impairment, special write-downs are made to the lower fair value. For depreciation the straight-line method was applied in accordance with the useful life expectancy.

B.02 | USEFUL LIFE OF ASSETS	
Intangible assets	3 up to 4 years
Office and factory buildings	10 up to 50 years
Factory and office equipments	5 up to 13 years

Amortisation and depreciation of additions to intangible assets and fixed assets was carried out in the year of acquisition pro rata temporis according to the straight-line method. Additions with procurement costs of € 250 to € 1,000 were combined in a compound item and were amortised and depreciated over five years. The depreciation / amortisation method has not changed from the previous year. The rates of depreciation/amortisation also remained unchanged with respect to intangible assets, office and factory building, and factory and office equipment. Financial assets are recognised on the balance sheet at their acquisition costs or the lower fair value.

Receivables and other assets with a term of up to one year were shown at face value, receivables and other assets with a term of more than one year were recognised in the year or less were translated at the average spot exchange rate pursuant to Section 256 a HGB. Insofar as there are indications for impairment, receivables and other assets are measured at lower fair market value.

The valuation of bank balances was based on the nominal value. The valuation of bank balances in foreign currency is based on the average spot exchange rate. Measurement of internal and external derivatives is made at market value. Assets that are not accessible to other creditors and may only be used to cover pension commitments or comparable long-term obligations (so-called plan assets) are recognised in the income statement at fair market value and are offset against these liabilities. Moreover, existing assets are shown on the DMG MORI AKTIENGESELLSCHAFT balance sheet. Reinsurance policies for pension obligations or claims from life assurance policies under plan assets are measured at the lower of cost or market and thus at fair value within the meaning of Section 255 (4) (4) HGB corresponding to the so-called actuarial reserves of the insurance policy specified in the business plan plus any existing credit from contribution refunds (so-called irrevocable distributed profit participation). This value is also consistent with the taxable asset value.

Pursuant to Section 250 (1) HGB, prepaid expenses include expenses before the reporting date that represents expense to be incurred during a specific period after this date.

Equity items are shown at their nominal value.

The measurement of pension commitments was carried out by the projected unit credit method (PUC method) based on an accounting interest rate of 1.87 % (previous year: 2.31 %) over an average 10-year period. For this purpose, the Heubeck-reference tables 2018 G were taken as a basis. Provisions for obligations arising from partial retirement agreements include expenses for wage and salary payments to employees during the pre-retirement passive phase and for top-up payments. Furthermore, the provisions include top-up payments, which the employer cannot avoid due to a collective pay agreement or a works agreement. These provisions are accumulated proportionally from the start of the active phase of the partial retirement and measured at present value, based on an actuarial interest rate of 0.41 % (previous year: 0.54 %). The remaining provisions were calculated so that they allow for all identifiable risks and contingent obligations. The measurements were made on the basis of prudent business judgement. In each case the expected probable settlement amount was taken into account. Provisions for payments on the occasion of employee jubilees are discounted at an interest rate of 1.35 % p. a. (previous year: 1.6 %).

Other Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven financial years, corresponding to their remaining term. For comparable long-term obligations a flat discounting rate is applied at an average market interest rate resultant under the assumption of a remaining term of 15 years. A 10-year average interest rate was used.

Provisions with a remaining term of exactly one year or less are not liable to discount. They are not discounted.

Liabilities are recognised at their settlement amounts. Liabilities in foreign currency are measured at the average spot exchange rate.

Pursuant to Section 250 (2) HGB, deferred income includes income before the reporting date that represents income to be generated during a specific period after this date.

DMG MORI GmbH, a wholly owned subsidiary of DMG MORI COMPANY LIMITED, has concluded a domination and profit transfer agreement with DMG MORI AKTIENGESELLSCHAFT, pursuant to Sections 291 et seq. AktG (Stock Corporation Act). This agreement entered into force following entry into the commercial register on 24 August 2016.

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

The tax or tax relief from the tax allocation agreement is recognised in the income statement as 'Expenses or income from tax allocations' under 'Taxes before income and earnings'. The obligation to transfer or refund tax allocations is recognised on the balance sheet in Amounts owed to or amounts owed by affiliated companies.

Previously, current tax expenses were recognised in the income statement under 'Taxes from income and earnings' and obligations were recognised on the balance sheet as tax provisions. When accounting for deferred tax allocations, the tax option is exercised as laid down in Section 274 HGB (Commercial Code). This allows future allocation tax or tax relief arising from the tax entity's existing, temporary differences to be reflected at tax entity level in accordance with the economic cause of such tax or tax relief. At DMG MORI AKTIENGESELLSCHAFT, this not only includes the differences from the company's own balance sheet items, but also those existing for previous taxable entities. Deferred taxes are calculated for temporary differences between the fiscal and commercial valuation of assets, liabilities, prepaid expenses and deferred income. Deferred tax allocations are calculated on the basis of the combined income tax rate for the previous consolidated tax group of DMG MORI

AKTIENGESELLSCHAFT, which is currently 29.8 % (previous year: 29.8 %). The combined income tax rate includes corporation, trade and solidarity taxes. Any resulting overall tax charge would be reflected on the balance sheet as deferred tax allocation liabilities and any tax relief as deferred tax allocation assets.

In recognising hedges for foreign currency, the gross hedge presentation method is used.

C – Notes on the individual balance sheet items assets

Aktiva

1 – INTANGIBLE ASSETS AND FIXED ASSETS

The movements of the individual fixed assets are set out in the fixed-asset movement schedule. The value disclosed for industrial property rights and similar rights includes mainly data processing software. Fixed assets mainly include property and buildings at the Bielefeld site.

2 – FINANCIAL ASSETS

The changes in financial assets of DMG MORI AKTIENGESELLSCHAFT are set out in the balance sheet supplement to the notes. The companies included in the "Shares in affiliated companies" item, and the corresponding information on registered office, equity, capital shares and results as of 31 December 2021 are set out in a separate summary at the end of the notes.

No value adjustments were made for financial assets in the financial year, as the impairment tests conducted did not identify any impairment requirement.

DMG MORI AKTIENGESELLSCHAFT has concluded domination and profit and loss transfer agreements with the following companies:

› GILDEMEISTER Beteiligungen GmbH, Bielefeld

› DMG MORI Vertriebs und Service GmbH, Bielefeld

3 – RECEIVABLES AND OTHER ASSETS

Receivables owed by affiliated companies of € 914,983 K (previous year: € 906,866 K) primarily arose from receivables from profit and loss transfer agreements and financial clearing in the amount of € 903,146 K (previous year: € 899,308 K) and trade account receivables of € 11,837 K (previous year: € 7,558). Receivables owed by affiliated companies includes the loan agreement between DMG MORI AKTIENGESELLSCHAFT and DMG MORI GmbH amounting to € 340,000 K (previous year: € 340,000 K) plus interests of € 567 K (previous year: € 567 K). The loan bears interest at the market rate. Other assets amounted to € 24,839 K (previous year: € 8,294 K). In addition, they include receivables from derivatives of € 3,876 K (previous year: € 1,226 K) and tax refund claims from value-added tax of € 9,314 K (previous year: € 5,631 K) amongst others.

Receivables and other assets do not have receivables with a remaining term of more than one year (previous year: € 0 K).

4 – CASH ASSETS, BANKS BALANCES

The disclosure refers to credit balances with banks and the cash in hand value and rose to € 169,310 K (previous year: € 52,547 K).

5 – PREPAID EXPENSES

The prepaid expenses under assets relates to payments amounting to € 2,276 K (previous year: € 1,092 K) before the reporting date which are expenses for the following years.

6 – DEFERRED TAX ASSETS ALLOCATION FROM THE PARENT COMPANY

As a result of the tax allocation agreement, the company made use of the option to recognise deferred taxes as well as applying Section 274 HGB (German Commercial Code) at the level of DMG MORI AKTIENGESELLSCHAFT. The deferred tax asset allocation from the parent company results from temporary differences between the commercial and tax balance sheets. The temporary differences in value are mainly attributable to pension provisions.

An average tax rate of 29.8 % (previous year: 29.8 %) was used to calculate deferred tax assets. There are no tax loss carry forwards for DMG MORI AKTIENGESELLSCHAFT.

7 – EXCESS OF PLAN ASSETS OVER PENSION LIABILITY

DMG MORI AKTIENGESELLSCHAFT has taken out appropriate reinsurance policies for certain pension obligations. As these are plan assets, the fair value of the assets was netted against the pension obligation. The costs of acquisition of the offset assets are € 15,979 K (previous year: € 16,132 K) which also affects the fair value. The settlement amount of the provision is € 15,447 K (previous year: € 14,983 K) of which € 243 K (previous year: € 322 K) pursuant to Section 67 (1) Introductory Act to the Commercial Code (EGHGB – Einführungsgesetz zum Handelsgesetzbuch) have not yet been recognised as a provision as of 31 December 2021. In conformity with the offsetting of assets and debts, income of € 435 K (previous year: € 468 K) and expenses of € 505 K (previous year: € 581 K) are shown balanced in interest expenses.

Equity and Liabilities

8 – EQUITY

Subscribed capital

The share capital of the Company amounts to € 204,926,784.40 (in words: two hundred four million nine hundred twenty-six thousand seven hundred and eighty-four Euros and forty cents).

This is divided into 78,817,994 no-par value bearer shares with a nominal value of € 2.6 per share.

The following statements are primarily taken from the Articles of Association of DMG MORI AKTIENGESELLSCHAFT (as of December 2021).

The Executive Board is authorized to increase the share capital during the period until 9 May 2024, with the consent of the Supervisory Board, by a nominal amount of up to € 102,463,392.20 by issuing up to 39,408,997 new no-par value bearer shares against cash and/or non-cash contributions (authorized capital). The authorization may be exercised on one occasion or in partial amounts on several occasions.

Where contributions are made in cash the new shares may also be subscribed by one or more credit institutions or companies designated by the Executive Board as provided for in § 186 (5) sentence 1 AktG with the obligation to offer the shareholders the opportunity to acquire such shares (indirect pre-emptive right). The shareholders must be granted a right of preemption. The Executive Board is however authorized, with the consent of the Supervisory Board, to exclude the shareholders' pre-emptive right in the following cases:

a) with respect to a proportionate amount of the share capital of up to € 5,000,000.00, in order to issue shares to employees of the Company or of enterprises affiliated with the Company within the meaning of §§ 15 AktG;

b) in the event of capital increases against non-cash contributions for purposes of acquiring other companies, divisions of companies or shareholdings in companies or other assets in exchange for granting shares in appropriate situations;

c) in the event of a cash capital increase, if the issue price for the new shares as finally determined by the Executive Board, which shall take place as close in time as possible to the placement of the shares, is not significantly below the stock exchange price within the meaning of §§ 203 (1) and 2, 186 (3) sentence 4 AktG and the total propor tionate amount of the share capital allocable to the new shares in respect of which the pre-emptive right is excluded does not exceed 10 % of the share capital neither at the time when the authorization takes effect nor at the time when it is exercised. Shares that are issued or sold during the term of the authorized capital with exclusion of the pre-emptive right of shareholders in direct or analogous application of § 186 (3) sentence 4 AktG count towards this 10 % limit;

d) in order to eliminate any fractional amounts from the pre-emptive right.

All shares issued under the above authorization with exclusion of the pre-emptive right in accordance with b) and c) may not exceed 20 % of the share capital neither at the time when the authorization takes effect nor at the time when it is exercised. Shares that are issued during the term of the authorization as described above with exclusion of pre-emptive rights from any other authorized capital count towards this 20 % limit; how-ever, pre-emptive rights to settle fractional amounts or to issue shares to employees of the Company and enterprises affiliated with the Company do not count towards the 20 % limit.

The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation. The Supervisory Board is authorized to amend the Company's Articles of Association as the authorized capital is used from time to time or, if the authorized capital has not been used by 9 May 2024 or not used up in full, to cancel the authorized capital upon expiration of this deadline.

Capital Reserves

The capital reserves of DMG MORI AKTIENGESELLSCHAFT also include the premiums from the issue of shares from past capital increases. As of the reporting date, the capital reserves were unchanged at € 516,197,471 K compared with the previous year.

Retained earnings

Statutory reserves

The statutory reserves of € 680,530 have not changed since the previous year.

Other retained earnings

The other retained earning of € 199,376,726 have not changed since the previous year.

Control and profit transfer agreement

DMG MORI AKTIENGESELLSCHAFT closes the year with € 29.3 million (previous year: € 27.1 million) in earnings after taxes. The earnings after taxes will be transfered to DMG MORI GmbH due to the control and profit transfer agreement.

A transfer ban of € 17,064 K (previous year: € 15,599 K) exists for € 17,064 K (previous year: € 15,599 K) in deferred tax allocation assets for the parent company as applied in accordance with Section 268 (8) HGB (Commercial Code), unless adequate, readily available reserves exist to cover the transfer ban amount. As the current, readily available other retained earnings amount of € 199,377 K (previous year: € 199,377 K) exceeds the amount of deferred tax allocation assets, a transfer ban pursuant to Section 301 AktG (Companies Act) in conjunction with Section 268 (8) HGB does not exist in this case.

The disposable amount of retained earnings means there is also no dividend limitation of € 1,376 K (previous year: € 1,894 K) from the adjustment in the measurement period for the pension provisions market rate from 7 to 10 years in accordance with Section 253 (6) HGB (German Commercial Code).

9 – PENSION PROVISIONS

The measurement of pension obligations was carried out by the projected unit credit method (PUC method). The provisions amount has been determined by taking account of trend assumptions with respect to future development of entitlements or pensions as well as of fluctuation probabilities. An actuarial interest rate of 1.87 % p. a. (previous year: 2.31 % p. a.) and a pension of 1.7 % p. a. (previous year: 1.7 % p. a.) have been assumed. The provisions for widows'/widowers' entitlements are carried out in accordance with the collective method, in which the probability of marriage that arose from the calculation basis employed was taken as a basis. In principle the contractually agreed pension age was used as the age for ending the financing. Within the framework of implementing the German Accounting Law Modernisation Act (BilMoG) as of 1 January 2010, DMG MORI AKTIENGESELLSCHAFT exercised the option under Sec. 67 (1) (1) of the Introductory Act on the German Commercial Code (EGHGB). Sec. 67 (1) (1) EGHGB contains the option to accumulate at least a fifteenth of the allocations to provisions determined on the basis of the revised measurement of current pensions and vested pensions rights at the latest by 31 December 2024 in each financial year. The total allocation determined as of 1 January 2010 was € 3,178 K. Of this, as in the previous year, one-fifteenth (€ 212 K) (previous year: € 212 K) was taken into the expenses. An amount of € 635 K remains from this obligation for non-established provisions for subsequent years. As of the reporting date, provisions were € 6,305 K (previous year: € 6,540 K).

10 – PROVISIONS FOR TAXES

Tax provisions of € 4,995 K (previous year: € 3,150 K) include liabilities for trade tax of € 2,433 K (previous year: € 1,650 K) and for corporation tax of € 2,562 K (previous year: € 1,500 K) for financial year 2021 and – due to tax audits – for previous year.

11 – OTHER PROVISIONS

Other provisions include anticipated bonus payments of € 10,236 K (previous year: € 4,968 K) and expenses for other personnel expenses in an amount of € 5,002 K (previous year: € 5,067 K).

Additionally, a provision for anticipated losses due to a negative surplus of derivatives was formed in the amount of € 25 K (previous year: € 75 K).

The provisions accrued in 2021 for outstanding invoices amounts to € 1,013 K (previous year: € 1,490 K). Additionally, other provisions include amounts for contingent liabilities of € 742 K (previous year: € 1,360 K), annual financial statement costs of € 354 K (previous year: € 655 K), provisions for Supervisory Board members' remuneration of € 930 K (previous year: € 893 K) and other provisions of € 805 K (previous year: € 1,010 K).

12 – LIABILITIES

The short and medium-term working capital needs of DMG MORI AKTIENGESELLSCHAFT and, as part of the intra-group cash management system, of the majority of domestic subsidiaries, are covered by cash flow from operations as well as by a syndicated loan agreement.

A significant component of the credit lines is a syndicated credit line totaling € 500 million with an original maturity date of February 2025. In April 2021, this existing syndicated credit line was already extended early to February 2026. It consists of a cash tranche in the amount of € 200.0 million and a guarantee tranche of € 300.0 million. The financing agreements for the syndicated loan require DMG MORI AKTIENGESELLSCHAFT to comply with customary covenants. All covenants had been complied quarterly and with as of 31 December 2021.

For the financing of the syndicated credit line, the creditor banks have fully waived their right to collateralisation. Various group companies are guarantors for the credit agreements.

The liabilities to affiliated companies in the amount of € 927,296 K (previous year: € 791,034 K) primarily resulted from liabilities from financial clearing € 908,023 (previous year: 778,088). This includes € 40,788 K (previous year: € 40,131 K) in liabilities to DMG MORI GmbH, of which € 29,250 K (previous year: € 27,063 K) relates to the transfer of profits and € 11,538 K (previous year: € 13,068 K) in taxes charged as a result of fiscal unity. Payment to DMG MORI GmbH will be made in financial year 2022. The liabilities also include € 19,269 K (previous year: € 12,919 K) in trade payables to affiliated companies.

B.02 € K	Statement of financial position as of 31 Dec. 2021	Of which residual term up to 1 year	Of which residual term 1 to 5 years	Of which residual term more than 5 years	Statement of financial position as of 31 Dec. 2020
1. Trade payables	1,137	1,137	-	-	775
Residual terms 31 Dec. 2020		775	-	-	
2. Liabilities to affiliated companies	927,296	927,296	-	-	791,034
Residual terms 31 Dec. 2020		791,034	-	-	
3. Other liabilities1)	1,972	1,972	-	-	2,077
Residual terms 31 Dec. 2020		2,077	-	-	
Residual terms 31 Dec. 2021	930,405	930,405	-	-	793,886

1) Of which from taxes: € 458 K (previous year: € 348 K)

13 – CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

At the balance sheet date, the following contingencies and other financial obligations existed, shown at their nominal amount:

B.03 | CONTINGENTIES € K	31 Dec. 2021	31 Dec. 2020
Guarantees	410,984	413,237
Warranties	36,807	60,283
Other off-balance sheet obligations	0	387
	447,791	**473,907**

B.04 | OBLIGATIONS FROM TENANCY AND LEASE AGREEMENTS DUE € K	31.12.2021	31.12.2020
Within 1 year	480	330
Within 1 to 5 years	266	320
	746	**650**

The guarantees of DMG MORI AKTIENGESELLSCHAFT include maximum amount guarantees for affiliated companies of € 1,744 K (previous year: € 25,937 K) and payment sureties of € 91,400 K (previous year: € 83,500 K). The corresponding bank liabilities are value dated as of 31 December 2021 at € 223 K (previous year: € 223 K). DMG MORI AKTIENGESELLSCHAFT was jointly and severally liable for liabilities of € 160,000 K (previous year: € 160,000 K) as of the balance sheet date.

An amount of € 22,472 K (previous year: € 13,271 K) was given as prepayment guarantees to customers of several group companies. DMG MORI AKTIENGESELLSCHAFT also has a guarantee line, which can be used to guarantee advance payment and warranties of domestic and foreign subsidiaries with secondary liability of DMG MORI AKTIENGESELLSCHAFT. As of 31 December 2021, the amount availed of was € 18,717 K (previous year: € 94,065 K).

Moreover, DMG MORI AKTIENGESELLSCHAFT has issued comfort Letters for subsidiaries totalling € 12,678 K (previous year: € 25,787 K). The liabilities in this respect were valued at € 0 K as at 31 December 2021 (previous year: € 0 K).

The probability of any imminent Claim by the beneficiaries based on previous experience is considered to be very slight in our estimation.

The obligation out of the cooperation agreement between DMG MORI AKTIENGESELLSCHAFT and Haimer GmbH has been fulfilled in 2021.

14 – DERIVATIVE FINANCIAL INSTRUMENTS

The nominal and market values of the derivative financial instruments existing on the reporting date present as follows:

B.05 | DERIVATIVE FINANCIAL INSTRUMENTS OF THE DMG MORI AKTIENGESELLSCHAFT € K	Nominal volume		Fair market value	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Forward foreign exchange contracts	222,742	209,824	2,699	-272

The notional amount corresponds to the total of all absolute sale and purchase amounts of derivative financial transactions. The fair market values disclosed correspond with the price at which third parties would assume the rights or obligations arising from the financial instruments. The fair market values are the current values of the derivative financial instruments excluding any adverse trends in value from underlying transactions. The fair market values of the derivative financial instruments used are determined on the basis of quoted market prices or through accrual methods based on customary models.

The fair market values of the forward foreign exchange contracts are balanced at € 2,699 K (previous year: € -272 K) and comprise positive market values of € 3,952 K (previous year: € 1,228 K) and negative market values of € 1,253 K (previous year: € 1,500 K).

The DMG MORI AKTIENGESELLSCHAFT concludes intra-group forward exchange contracts in the amount of the expected cash flows from order intake, as well as trade payables for group subsidiaries. The term of these transactions is normally less than a year. The expected cash flows from these intra-group forward exchange contracts and from loan receivables from group companies in foreign currencies are hedged externally with banks.

The conclusion and settlement of derivative financial instruments is based on binding internal regulations defining scope, responsibilities, reporting and monitoring.

The forward foreign exchange contracts concluded show a residual term of up to one year as of the balance sheet date and serve to hedge foreign currency receivables from group companies is mainly in USD, JPY, GBP, SEK and CHF.

In cases where the requirements were met, the forward exchange contracts were summarized to evaluation units per currency. In doing so, the direct posting method was applied, so that € 3,876 K were recorded in other assets from derivatives and € 1,232 K in other liabilities. Additionally, a provision for anticipated losses due to a negative surplus of derivatives was formed in the amount of € 25 K (previous year: € 75 K).

The hedge is in place for the entire duration of the underlying transaction. The dollar offset method is used to determine the effectiveness.

In the previous financial year, DMG MORI AKTIENGESELLSCHAFT had two types of valuation units.

B.06 | TYPES OF HEDGES OF THE DMG MORI AKTIENGESELLSCHAFT
€ K

No. Underlying transaction	Nominal amount of underlying transaction	Hedged risks
1. Internal forward exchange programs (not offset): Cash flow hedges from order intake and subsidiaries' debts to suppliers	42,532	-744
2. Internal group foreign currency loans (not offset)	175,443	2,648

On the one hand, valuation units from external forward exchange transactions and the intragroup external forward exchange transactions with a nominal volume of € 42,532 K are formed in order to secure order intakes and payments to suppliers. The secured risk as of 31 December 2021 amounted to € -744 K (previous year: € -141 K). On the other hand, valuation units from external forward exchange transactions and intragroup foreign currency loans with a nominal volume of € 175,443 K are formed the secured currency risk as of 31 December 2021 amounted to € 2,648 K (previous year: € -215 K).

15 – TRANSACTIONS WITH RELATED COMPANIES AND PERSONS

In financial year 2021, DMG MORI AKTIENGESELLSCHAFT only concluded transactions at customary market conditions with related companies and persons.

D – Notes to individual items in the income statement

16 – SALES REVENUES

Sales revenues of € 11,782 K (previous year: € 12,242 K) essentially involve sales arising from the groupwide holding and services functions. Of this, Germany had € 10,792 K (previous year: € 10,939 K), the rest of Europe € 713 K (previous year: € 1,112 K), and the rest of world € 277 K (previous year: € 191 K).

17 – OTHER OPERATING INCOME

Other operating income of € 22,542 K (previous year: € 43,228 K) mainly includes exchange rate gains from the measurement of receivables and liabilities in foreign currencies as well as from the valuation of forward exchange transactions totaling € 18,845 K (previous year: € 28,450 K).

This was offset by exchange rate and foreign currency losses totaling € 16,051 K (previous year: € 24,480 K), which are reported in other operating expenses. The net gain in financial year 2021 amounted to € 2,794 K (previous year: gain of € 3,970 K).

Moreover, it includes income from cost reimbursements amounting to € 581 K (previous year: € 1,212 K). Income relating to other periods amounts to € 2,376 K (previous year: € 3,933 K). This includes € 1,656 K from the reversal of provisions (previous year: € 3,164 K). The other operating income included an accounting profit in the previous year 2020 on the sale of shares in Magnescale Co. Ltd, amounting to € 8.4 million.

18 – PERSONNEL EXPENSES

Personnel expenses amounted to € 23,959 K (previous year: € 19,774 K). The total remuneration without advance payments of the Executive Board for financial year 2021 mounted to € 7,118 K (previous year: € 4,912 K). Of this amount, € 2,228 K (previous year: € 2,126 K) is attributable to the fixed, non-performancebased remuneration (base remuneration and fringe benefits), and € 3,200 K (previous year: € 1,236 K) to the short-term variable remuneration (STI) as well as € 850 K to contributionbased retirement provisions (previous year: € 800 K). The target achievement for short-term variable remuneration is 200 % for the key figure EBIT, and 200 % for the key figure order intake. The overall weighted modifier results in 119.2 %. The LTI tranche 2019 – 2021, which was allocated on 31 December 2021 and will be paid in 2022, results in a total amount of € 840 K (LTI 2018 – 2020: € 750 K). Benefits in kind accounted for € 68 K (previous year: € 86 K).

For the LTI tranche 2020 – 2022, a recoverable advance payment of € 1,508 K was made in 2021, which is part of the remuneration in accordance with section 162 (1) sentence 1 AktG and is also an element of the total remuneration of the Executive Board according to section 285 German Commercial Code HGB.

Former members of the Executive Board and their surviving dependents received € 1,437 K (previous year: € 1,434 K) in pensions. The amount of pension obligations (entitlement cash value of future pension commitments or defined benefit obligation) for former executive board members and their surviving dependants were € 18.646 K (previous year: € 18.311 K).

Advances and loans to members of governing bodies were not granted. No liability arrangements were entered into in favour of any members of governing bodies (Section 285 (9c) HGB). Further details on executive board remuneration can be found in the remuneration report in the management report.

In comparison with the previous year, the average number of employees has changed as follows:

B.07 | EMPLOYEE DEVELOPMENT	2021	2020
Salary earners (annual average)	84	87

19 – DEPRECIATION OF FIXED ASSETS AND PLANT, PROPERTY AND EQUIPMENT

The depreciation of fixed assets and plant increased by € 22 K up to € 2,626 K (previous year: € 2,604 K).

20 – OTHER OPERATING EXPENSES

Other operating expenses decreased by € 10,340 K from € 45,030 and amounted to € 34,690 K Exchange rate and foreign currency losses fell by € 8,429 K from € 24,480 K to € 16,051 K. This was offset by exchange rate and foreign currency gains totaling € 18,845 K (previous year: € 28,450 K), which are reported in other operating income. The net gain in financial year 2021 amounted to € 2,794 K (previous year: gain of € 3,970 K). Adjusted for the effect of foreign exchange losses, other operating expenses were reduced by € 1,911 K as a result of sustainable cost reduction improvements measures by the company. This was mainly due to a reduction of expenses compared to the previous year of other third-party services € 3,864 K (previous year: € 4,256 K) and less prior period expenses of € 629 K (previous year: € 1.883 K).

The other operating expenses contain expenses pursuant to Sec. 67 (1, EGHGB amount € 212 K (Explanatory note – see number 9: pension provisions).

Auditor's fees and services

The annual auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bielefeld, was appointed to audit the annual accounts and consolidated financial statements of DMG MORI AKTIENGESEllSCHAFT.

The fees and expenses for services provided by the PricewaterhouseCoopers GmbH auditing firm that were recognized as expenses in financial year 2021 include € 456 K (previous year: € 480 K) for auditing services. Only services that are consistent with the engagement as auditor of the annual accounts of DMG MORI AKTIENGESEllSCHAFT were provided.

The auditors also reviewed the IFRS group reporting packages of DMG MORI AKTIENGESELLSCHAFT for the half-year report as of 30 June 2021, the quarterly report as of 31 March and the quarterly report as of 30 September 2021.

Remuneration of the Supervisory Board

In the financial year 2021, € 930 K (previous year: € 893 K) were allocated to provisions for Supervisory Board members' remuneration. Further details of the remuneration of the Supervisory Board are given in the Management Report.

21 – INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS

DMG MORI AKTIENGESELLSCHAFT achieved income from profit and loss transfer agreements of € 67,501 K (previous year: € 51,275 K) from GILDEMEISTER Beteiligungen GmbH and from DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER.

22 – OTHER INTEREST AND SIMILAR INCOME

The interest income of € 10,962 K (previous year: € 11,645 K) includes interest and guarantee commissions invoiced to related companies in the amount of € 10,555 K (previous year: € 11,640 K).

23 – INTEREST AND SIMILAR EXPENSES

The interest expense of € 6,774 K (previous year: € 9,045 K) includes interest of € 4,432 K (previous year: € 4,571 K), which has been charged by affiliated companies as well as an interest expense from addition of accrued interest from provisions of € 73 K (previous year: € 117 K). Income from plan assets amounting to € 436 K (previous year: € 468 K) was netted with interest expenses from compounding € 505 K (previous year: € 581 K) in accordance with Section 246 (2) sentence 2 of the German Commercial Code (HGB). The resulting balance of € 69 K (previous year: € 113 K) is included in the item "Interest and similar expenses". Other interest expense mainly relates to € 1,314 K (previous year: € 1,256 K) in expenses from guarantee commissions and € 165 K (previous year: € 606 K) in interest owed to DMG MORI GmbH.

24 – TAX ON INCOME AND EARNINGS

Income taxes rose by € 1,811 K from € 12,570 K to € 14,381 K. This includes an expense unrelated to the accounting period amounting to € 2,107 K (previous year: income € 1,708 K) and current tax expenses of € 13,739 K (previous year: € 15,363 K). Current tax expenses include the taxes charged by DMG MORI GmbH, Bielefeld, due to fiscal unity, in an amount of € 11,538 K (previous year: € 13,068 K), the tax payments due in accordance with Section 16 sentence 2 of the German Corporation Tax Act (KStG) on the compensation payment of DMG MORI GmbH in the amount of € 1,914 K (previous year: € 1,914 K), and the withholding taxes due in the amount of € 287 K (previous year: € 381 K). This also results in income from deferred tax allocations amounting to € 1,465 K (previous year: € 1,085 K) deferred tax income).

25 – EXPENSES FROM PROFIT TRANSFER AGREEMENTS

The domination and profit and loss transfer agreement between DMG MORI AKTIENGESELLSCHAFT and DMG MORI GmbH resulted in the recognition of expenses of € 29,250 K (previous year: € 27,063 K).

E – Other disclosures

26 – STATUTORY NOTIFICATION PURSUANT TO SECTION 40 WPHG

DMG MORI COMPANY LIMITED, Tokio (Japan) indirectly holds a 86.42 % share of voting rights in the share capital of DMG MORI AKTIENGESELLSCHAFT.

27 – DECLARATION OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE OF PRACTICE

The latest declaration of conformity in accordance with Section 161 of the German Stock Corporate Act (AktG) was issued in November 2018 – just as the declarations of conformity of the previous years – and has been made permanently accessible on our website at → corporate-governance-en.dmgmori.com

28 – SUPPLEMENTARY REPORT

No significant events occurred after the reporting date. No other events occurred between the reporting date and the date the financial statements were authorized for issue by the Executive Board on 14 March 2022.

The forecast report describes the estimates and assumptions that are known to DMG MORI for the financial year. Moreover, we are currently unaware of, or are unable to quantify, any other significant effets. Furthermore, there is the Russian military action against Ukraine, of which the consequences are not yet completely foreseeable at present. Based on the current conflict a reliable prognosis in detail concerning the impact on the valuation of substantial end-of-year items cannot be given for the coming business years. However, we cannot rule out the possibility of further effects during the course of the year.

29 – GROUP AFFILIATION

DMG MORI COMPANY LIMITED, Nara (Japan), is the ultimate parent company of DMG MORI AKTIENGESELLSCHAFT. DMG MORI AKTIENGESELLSCHAFT is included in the consolidated financial statements of DMG MORI COMPANY LIMITED, Nara (Japan). These can be found on the company website → www.dmgmori.co.jp.

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

Mario Krainhöfner
(Employee representative)
Member of the Supervisory Board
since 16 April 2011
Pfronten, born 1964
1st Deputy Chairman
Head of Idea Management of
DECKEL MAHO Pfronten GmbH

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
DECKEL MAHO Pfronten GmbH
Senior Executives' representative

Irene Bader, M.B.A.
Member of the Supervisory Board
since 24 May 2016
Feldafing, born 1979
Director Global Marketing of
DMG MORI Global Marketing GmbH, Munich
Managing Director of
DMG MORI Sport Marketing SAS,
Roissy-en-France
Executive Officer of
DMG MORI COMPANY LIMITED, Tokyo

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

Tanja Fondel
(Employee representative)
Member of the Supervisory Board
since 19 January 2018
Frankfurt / Main, born 1976
Union Secretary, IG Metall
Management Board, Frankfurt / Main

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
› ENGIE Deutschland AG, Berlin, Member 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
› UniCredit Bank AG, Munich, Member of the Supervisory Board
• DKSH Holding AG, Zurich, Member of the Board of Directors
› GEA Group AKTIENGESELLSCHAFT, Düsseldorf, Member of the Supervisory Board

James Victor Nudo
Member of the Supervisory Board
since 4 May 2018
Illinois (USA), born 1954
President of DMG MORI GmbH, Bielefeld
Vice President of
DMG MORI COMPANY LIMITED, Tokyo
CEO of DMG MORI Americas Holding Corporation,
Chicago

Larissa Schikowski
(Employee representative)
Member of the Supervisory Board
since 4 May 2018
Pfronten, born 1969
Member of the Works Council of
DMG MORI Global Service GmbH,
Corporate Health Manager
Sales & Service

Michaela Schroll
(Employee representative)
Member of the Supervisory Board
since 4 May 2018
Bielefeld, born 1976
Member of the Works Council of
GILDEMEISTER Drehmaschinen GmbH
Electrician in the Installation Department of
GILDEMEISTER Drehmaschinen GmbH

Executive Board

Dipl.-Kfm. Christian Thönes
Bielefeld
Chairman

Dipl.-Kfm. Björn Biermann
Bielefeld

Michael Horn, M.B.A.
Bielefeld

› Supervisory mandate as per § 100 AktG
• Membership in comparable domestic and foreign control bodies of business enterprises

List of shareholdings of the cooperations

LIST OF SHAREHOLDINGS OF THE COOPERATIONS PRODUCTION PLANTS, SALES AND SERVICE COMPANIES	National currency		Equity[1] € K	Participation quota in %	Earnings of financial year 2021[1] € K
GILDEMEISTER Beteiligungen GmbH, Bielefeld [2/3/4]			273,964	100.0	46
DECKEL MAHO Pfronten GmbH, Pfronten [3/4/5/6]			83,427	100.0	0
DMG MORI Ultrasonic Lasertec GmbH, Stipshausen / Idar-Oberstein [3/4/7/8]			12,455	100.0	0
Alpenhotel Krone GmbH & Co. KG, Pfronten [3/7]			2,629	100.0	319
Alpenhotel Krone Beteiligungsgesellschaft mbH, Pfronten [3/7]			33	100.0	3
DMG MORI Logistik, Pfronten [3/7/8]			25	100.0	0
GILDEMEISTER Drehmaschinen GmbH, Bielefeld [3/4/5/6]			24,000	100.0	0
Gildemeister Italiana S.r.l., Brembate di Sopra (Bergamo), Italy [5]			85,543	100.0	-1,633
GRAZIANO Tortona S.r.l., Tortona, Italy [9]			39,569	100.0	734
DMG MORI Global Service Turning S.r.l., Brembate di Sopra (Bergamo), Italy [9]			3,105	100.0	300
CARLINO FTV 3,2 S.R.L., Bozen, Italy [9]			10,223	100.0	196
DECKEL MAHO Seebach GmbH, Seebach [3/4/5/6]			43,000	100.0	0
DMG MORI Spare Parts GmbH, Geretsried [3/4/5/6]			25,000	100.0	0
ISTOS GmbH, Bielefeld [3/5/6]			1,000	85.0	0
Ulyanovsk Machine Tools OOO, Ulyanovsk, Russia [5]	RUB K	8,878,340	104,087	100.0	6,811
DMG MORI Additive GmbH, Bielefeld [5/6/21]			8,639	100.0	0
DMG MORI Digital GmbH, Bielefeld [3/4/5/6]			2,691	100.0	0
DMG MORI Manufacturing Solutions (Pinghu) Co., Ltd., Pinghu, China [5]			5,693	100.0	-685
MITIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bielefeld KG, Bielefeld [3]			607	100.0	117
MITIS Grundstücks-Vermietungsgesellschaft mbH, Bielefeld [3]			221	100.0	15
DMG MORI Vertriebs und Service GmbH, Bielefeld [2/3]			398,646	100.0	0
DMG MORI Management GmbH, Bielefeld [3/4/10/11]			24	100.0	0
DMG MORI Deutschland GmbH, Leonberg [3/4/10/11]			63,968	100.0	0
DMG MORI München GmbH, München [3/4/12/13]			5,000	100.0	0
DMG MORI Bielefeld Hilden GmbH, Bielefeld [3/4/12/13]			7,000	100.0	0
DMG MORI Berlin Hamburg GmbH, Bielefeld [3/4/12/13]			5,500	100.0	0
DMG MORI Frankfurt GmbH, Bad Homburg [3/4/12/13]			2,700	100.0	0
DMG MORI Stuttgart GmbH, Leonberg [3/4/12/13]			7,000	100.0	0
DMG MORI Global Service GmbH, Bielefeld [3/4/10/11]			5,200	100.0	0
DMG MORI Academy GmbH, Bielefeld [3/4/10/11]			4,000	100.0	0
DMG MORI Used Machines GmbH, Geretsried [3/4/10/11]			17,517	100.0	0
DMG MORI Netherlands Holding B.V., Veenendaal, The Netherlands [10]			537,933	100.0	-50
DMG MORI Sales and Service Holding AG, Winterthur, Switzerland [14]			504,713	100.0	-15,752
DMG MORI Schweiz AG, Winterthur, Switzerland [15]	CHF K	40,419	39,009	100.0	1,788
DMG MORI Balkan GmbH, Klaus, Austria [15]			3,212	100.0	248
DMG MORI AUSTRIA GmbH, Klaus, Austria [16]			24,533	100.0	1,941
DMG MORI Netherlands B.V., Veenendaal, The Netherlands [15]			9,523	100.0	917
DMG MORI BeLux BVBA - SPRL., Zaventem, Belgium [15]			5,387	100.0	320
DMG MORI Czech s.r.o., Brno, Czech Republic [15]	CZK K	120,921	4,866	100.0	745
DMG MORI DENMARK ApS, Kopenhagen, Denmark [15]	DKK K	26,169	3,519	100.0	183
DMG MORI FRANCE SAS, Paris, France [15]			21,866	100.0	1,199
DMG MORI Hungary Kft., Budapest, Hungary [15]			10,751	100.0	982
DMG MORI IBÉRICA S.L., Ripollet, Spain [15]			14,411	100.0	232
DMG MORI Italia S.r.l., Mailand, Italy [15]			47,123	100.0	-2,189
DMG MORI MIDDLE EAST FZE, Dubai, United Arabian Emirates [15]			3,951	100.0	449
DMG MORI Saudi Arabia Maintenance Company, Riad, Saudi Arabia [20]			0	100.0	0
DMG MORI Israel Ltd., Tel Aviv, Israel [15]	ILS K	0	0	100.0	0

LIST OF SHAREHOLDINGS OF THE COOPERATIONS

PRODUCTION PLANTS, SALES AND SERVICE COMPANIES	National currency		Equity[1] € K	Participation quota in %	Earnings of financial year 2021[1] € K
DMG MORI POLSKA Sp.z o.o., Pleszew, Poland [15]	PLN K	79,587	17,364	100.0	1,575
DMG / MORI GREECE M.E.P.E., Thessaloniki, Greece [15]			1,637	100.0	466
DMG MORI Sweden AB, Göteborg, Sweden [15]	SEK K	137,093	13,315	100.0	1,526
DMG MORI NORWAY AS, Langhus, Norway [15]	NOK K	15,142	1,510	100.0	81
DMG MORI Finland Oy AB, Tampere, Finland [15]			3,787	100.0	506
DMG MORI UK Limited, Luton, Great Britain [15]	GBP K	28,946	34,476	100.0	1,254
DMG MORI Romania S.R.L., Bukarest, Romania [15]	RON K	15,921	3,217	100.0	271
DMG MORI BULGARIA EOOD, Sofia, Bulgaroa [15]	BGN K	1,290	659	100.0	10
DMG MORI ISTANBUL MAKINE TICARET VE SERVIS LIMITED SIRKETI, Istanbul, Turkey [15]	TRY K	84,690	5,608	100.0	4,408
DMG MORI Rus ooo, Moskau, Russia [15]	RUB K	4,323,251	50,685	100.0	4,346
DMG Egypt for Trading in Machines Manufactured LLC, Kairo, Egypt [15]	EGP K	200	11	100.0	0
Mori Seiki Egypt for Trading in Machines & Equipments LLC, Kairo, Egypt [15]	EGP K	200	11	100.0	0
DMG MORI Africa for Trading in Machines & Service (S.A.E), Kairo, Egypt [17]	EGP K	14,774	827	100.0	93
DMG MORI Asia Pte. Ltd., Singapore [15]			31,263	100.0	2,261
DMG MORI Machine Tools Spare Parts (Shanghai) Ltd., Shanghai, China [15]	CNY K	28,737	3,965	100.0	-35
DMG MORI India Private Ltd., Bangalore, India [15]	INR K	574,434	6,795	51.0	415
DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co. Ltd., Shanghai, China [15]	CNY K	84,040	11,595	100.0	58
FAMOT Pleszew Sp. z o.o., Pleszew, Poland [15]	PLN K	736,011	160,584	100.0	13,973
DMG MORI Machine Tools Trading Co., Ltd., Shanghai, China [10]	T CNY K	200,876	27,716	51.0	8,404
GILDEMEISTER energy solutions GmbH, Würzburg [3/10/11]			9,100	100.0	0
GILDEMEISTER TURKEY SOLAR ENERJI ANONIM SIRKETI, Istanbul, Türkey [18]	TRY K	366	24	100.0	-75
GILDEMEISTER LSG Beteiligungs GmbH, Würzburg [18]			1,302	100.0	-4,649
GILDEMEISTER ENERGY SERVICES ITALIA S.R.L., Mailand, Italy [18]			1,170	100.0	-41

GEMEINSCHAFTSUNTERNEHMEN					
DMG MORI HEITEC GmbH, Erlangen [5]			690	50.0	-310

PRODUCTION PLANTS, SALES AND SERVICE COMPANIES					
DMG MORI Finance GmbH, Wernau			26,264	42.6	1,470
DMG MORI HEITEC Digital Kft., Budapest, Hungary [5]	HUF K	467,376	1,268	49.9	583
INTECH DMLS Pvt. Ltd., Bangalore, India [5]	INR K	321,466	3,803	30.0	-15
PRAGATI AUTOMATION Pvt. Ltd., Bangalore, India [5]	INR K	2,466,460	29,177	30.0	2,476
SparePartsNow GmbH, Aachen [5]			0	46.3	0
Vershina Operation, LLC, Narimanov, Russia [20]	UB K	26,014	305	33.3	972
up2parts GmbH, Weiden [5]			233	24.9	-2,067
RUN-TEC GmbH, Niedenstein [5]			91	40.0	18
German-Eqyptian Company for Manufacturing Solutions (GEMAS), Kairo, 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 on reporting date.
2) with domination and profit and loss transfer agreement with DMG MORI AKTIENGESELLSCHAFT
3) The domestic subsidiary has complied with the conditions required by Section 264(3) of the German Commercial Code (HGB) 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(3) of the German Commercial Code (HGB) 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 domination and profit and loss transfer agreement with GILDEMEISTER Beteiligungen GmbH
7) equity investment of DECKEL MAHO Pfronten GmbH
8) with domination and profit and loss transfer agreement with DECKEL MAHO Pfronten GmbH
9) equity investment of Gildemeister Italiana S.r.l.
10) equity investment of DMG MORI Vertriebs und Service GmbH
11) with domination and profit and loss transfer agreement with DMG MORI Vertriebs und Service GmbH
12) Beteiligung der DMG MORI Deutschland GmbH
13) with domination and profit and loss transfer 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) equity investment of DMG Egypt for Trading in Machines Manufactured LLC (51%), DMG MORI Sales & Services Holding (47.7%) and of 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) subsidiary of DMG MORI MIDDLE EAST FZE
21) The domestic subsidiary has satisfied the conditions required under Section 264 para. 3 HGB for making use of the exemption rule and has elected to apply this exemption.

Income statement

for the period 1 January to 31 December 2021

	Notes	2021 €	2020 €
1. Sales revenues	16	11,782,352	12,241,775
2. Other operating income	17	22,542,049	43,228,191
		34,324,401	**55,469,966**
3. Cost of materials			
Cost of purchased services		-1,107,479	-2,303,737
		-1,107,479	**-2,303,737**
4. Personnel expenses	18		
a) Wages and salaries		-20,711,005	-16,407,476
b) Social contributions, pensions and other benefits thereof pension plan expenses: € -1,946 K (previous year: € -1,977 K)		-3,247,596	-3,367,001
		-23,958,601	**-19,774,477**
5. Depreciation and amortization of intangible assets and property, plant and equipment and property, plant and equipment	19	-2,626,154	-2,604,498
6. Other operating expenses thereof expenses according to Sec. 67 (1, 2) EGHGB: € -211,8 K (previous year: -211,8 € K)	20	-34,689,911	-45,029,895
7. Income from profit transfer agreements	21	67,500,827	51,275,113
8. Other interest receivable and similar income	22	10,961,987	11,645,757
9. Interest payable and similar expenses	23	-6,774,200	-9,044,754
10. Tax on income thereof tax allocation agreement: € -11,538 K (previous year: € -13,068 K) thereof deferred tax allocation revenues: € 1,465 K (previous year revenues: € 1,085 K)	24	-14,380,620	-12,570,218
11. Earnings after tax		**29,250,250**	**27,063,257**
12. Expenses from profit transfer agreements	25	-29,250,250	-27,063,257
13. Net income / Net profit for the year		**0**	**0**

Balance sheet

as at 31 December 2021

ASSETS	Notes	31 Dec. 2021 €	31 Dec. 2020 €
A. FIXED ASSETS			
I. Intangible assets	1		
Industrial and similar rights and values and licences to such rights and values acquired against payment			
		26,434	52,199
II. Tangible assets	1		
1. Land and buildings		20,827,206	21,807,499
2. Other equipment, factory and office equipment		7,358,426	8,152,412
3. Payments on account and construction in progress		258,994	270,477
		28,444,626	**30,230,388**
III. Financial assets	2		
1. Share in affiliated companies		717,811,748	717,811,748
2. Investments		6,657,493	6,657,493
		724,469,241	**724,469,241**
		752,940,301	**754,751,828**
B. CURRENT ASSETS			
I. Receivables and other assets	3		
1. Receivables from affiliated companies		914,982,572	906,866,421
2. Forderungen gegen Unternehmen, mit denen ein Beteiligungsverhältnis besteht		74,238	0
3. Other assets		24,838,634	8,293,529
		939,895,444	**915,159,950**
II. Cash assets and bank balances	4	169,309,577	52,546,701
		1,109,205,021	**967,706,651**
C. PREPAID EXPENSES	5	**2,275,506**	**1,092,481**
D. DEFERRED TAX ASSET ALLOCATION FROM THE PARENT COMPANY (previous year: DEFFERED TAX ASSETS)	6	**17,063,979**	**15,598,536**
E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITY	7	**532,441**	**1,148,320**
		1,882,017,248	**1,740,297,816**

EQUITY AND LIABILITY	Notes	31 Dec. 2021 €	31 Dec. 2020 €
A. EQUITY	8		
I. Subscribed capital		204,926,785	204,926,785
II. Capital reserves		516,197,471	516,197,471
III. Revenue reserves			
1. Statutory reserves		680,530	680,530
2. Other revenue reserves		199,376,726	199,376,726
		921,181,512	**921,181,512**
B. PROVISIONS			
1. Pension provisions	9	6,305,406	6,540,317
2. Tax provisions	10	4,995,070	3,150,000
3. Other provisions	11	19,106,976	15,516,935
		30,407,452	**25,207,252**
C. LIABILITIES	12		
1. Trade payables		1,136,992	775,375
2. Amounts owed to affiliated companies		927,295,735	791,033,503
3. Other liabilities		1,972,109	2,076,896
		930,404,836	**793,885,774**
D. PREPARED INCOME		**23,448**	**23,278**
		1,882,017,248	**1,740,297,816**

Fixed asset movement schedule

as at 31 December 2021

ACQUISITION AND PRODUCTION COSTS €	as at 01 Jan. 2021	Additions	Disposals	Book Transfer	as at 31 Dec. 2021
I. Intangible assets					
Industrial and similar rights and values and licences to such rights and values acquired against payment	18,114,904	4,198	0	0	18,119,102
	18,114,904	**4,198**	**0**	**0**	**18,119,102**
II. Tangible assets					
1. Land and buildings	54,650,044	275,963	0	247,401	55,173,408
2. Other equipment, factory and office equipment	30,961,214	294,584	5,582	7,253	31,257,469
3. Payments on account and construction in progress	270,477	256,444	13,273	-254,654	258,994
	85,881,735	**826,991**	**18,855**	**0**	**86,689,871**
III. Financial assets					
1. Shares in affiliated companies	717,811,748	0	0	0	717,811,748
2. Investments	6,657,493	0	0	0	6,657,493
	724,469,241	**0**	**0**	**0**	**724,469,241**
Total fixed assets	**828,465,880**	**831,189**	**18,855**	**0**	**829,278,214**

DEPRECIATION AND IMPARIMENT OF VALUE €	as at 01 Jan. 2021	Additions	Disposals	Book Transfer	as at 31 Dec. 2021	carrying amount as at 31 Dec. 2021	as at 31 Dec. 2020
I. Intangible assets							
Industrial and similar rights and values and licences to							
Such rights and values acquired against payment	18,062,705	29,963	0	0	18,092,668	26,434	52,199
	18,062,705	**29,963**	**0**	**0**	**18,092,668**	**26,434**	**52,199**
II. Tangible assets							
1. Land and buildings	32,842,544	1,503,658	0	0	34,346,202	20,827,206	21,807,499
2. Other equipment, factory and office equipment	22,808,802	1,092,533	2,292	0	23,899,043	7,358,426	8,152,412
3. Payments on account and construction in progress	0	0	0	0	0	258,994	270,477
	55,651,346	**2,596,191**	**2,292**	**0**	**58,245,245**	**28,444,626**	**30,230,388**
III. Financial assets							
1. Share in affiliated companies	0	0	0	0	0	717,811,748	717,811,748
2. Investments	0	0	0	0	0	6,657,493	6,657,493
		0	**0**	**0**	**0**	**724,469,241**	**724,469,241**
Total fixed assets	**73,714,051**	**2,626,154**	**2,292**	**0**	**76,337,913**	**752,940,301**	**754,751,828**

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting and reporting principles, the financial statement gives a true and fair view of the assets, liabilities, financial position and profit or loss of the DMG MORI AKTIENGESELLSCHAFT, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Bielefeld, 14 March 2022
DMG MORI AKTIENGESELLSCHAFT
Executive Board

Dipl.-Kfm. Christian Thönes

Dipl.-Kfm. Björn Biermann

Michael Horn, M.B.A.

Copy of the Auditor's Report

Based on the final results of our audit we issued the following unqualified auditor's report dated March 14, 2022:

INDEPENDENT AUDITOR'S REPORT
To DMG MORI AKTIENGESELLSCHAFT, Bielefeld

Report on the audit of the annual financial statements and of the management report

Audit Opinions

We have audited the annual financial statements of DMG MORI AKTIENGESELLSCHAFT, Bielefeld, which comprise the balance sheet as at December 31, 2021, and the statement of profit and loss for the financial year from January 1 to December 31, 2021, and notes to the financial statements including the presentation of the recognition and measurement policies. In addition, we have audited the management report of DMG MORI AKTIENGESELLSCHAFT – which comprises the content included to comply with the German legal requirements, as well as the remuneration report pursuant to § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act], including the related disclosures, included in section "Basis of the Company" of the management report for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § 289f HGB [Handelsgesetzbuch: German Commercial Code].

In our opinion, on the basis of the knowledge obtained in the audit,

› the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, in compliance with German Legally Required Accounting Principles, and

› the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the 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 Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company 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 annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the annual 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 matter of most significance in our audit was as follows:

1. Recoverability of shares in affiliated companies

Our presentation of this key audit matter has been structured as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matter:

1. Recoverability of shares in affiliated companies

1. In the annual financial statements of the Company shares in affiliated companies amounting to EUR 717.8 million (38.1% of total assets) are reported under the "Financial assets" balance sheet item.

   Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair values are calculated using discounted cash flow models as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. 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 individually determined cost of capital for the relevant financial asset. On the basis of the values determined and supplementary documentation, no write-downs were required in the financial year.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainty. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

2. As part of our audit, we evaluated the methodology employed for the purposes of the valuation, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. 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 also focused our testing on the parameters used to determine the discount rate applied, and assessed the calculation model.

   In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies.

3. The Company's disclosures relating to shares in affiliated companies are contained in section B "Accounting policies" and C-2 "Financial assets" to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate government pursuant to § 289f HGB as an unaudited part of the management report.

Our audit opinions on the annual financial statements and on the 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 annual financial statements, with the 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 Annual Financial Statements and the Management Report.

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the 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 management report and complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine 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 Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

› Identify and assess the risks of material misstatement of the annual financial statements and of the 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 controls.

› Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.

› 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.

› Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

› Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

› Perform audit procedures on the prospective information presented by the executive directors in the 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, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual 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.

Reference to an Other Matter – Formal Audit of the Remuneration Report pursuant to § 162 AktG

The audit of the management report described in this auditor's report comprises the formal audit of the remuneration report required by § 162 Abs. 3 AktG, including the expression of an opinion on this audit. As we express an unqualified opinion on the management report, this opinion includes the opinion that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the 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 annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file DMG MORI_AG_JA+LB-2021-12-31.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 annual financial statements and the 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 annual financial statements and the 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 annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2021 contained in the "Report on the Audit of the Annual Financial Statements and on the 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 annual financial statements and the 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 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

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 annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 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.

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 annual 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 annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 7, 2021. We were engaged by the supervisory board on June 25, 2021. We have been the auditor of the 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 annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the 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 Carsten Schürmann.

Bielefeld, March 14, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christian Landau	Carsten Schürmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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 corona pandemic, 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 forward-looking 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 (indirectly) controlled by DMG MORI COMPANY LIMITED. This report refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this report to "DMG MORI", 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 "Global One Company", this refers to the joint activities of DMG MORI COMPANY LIMITED and DMG MORI AKTIENGESELLSCHAFT including all subsidiary companies.

Financial Calendar

16 March 2022	Annual Press Conference Publication of the Annual Report 2021 Analysts' Conference
27 April 2022	Release for the 1st Quarter 2022 (1 January to 31 March)
6 May 2022	120th Annual General Meeting
4 August 2022	Report for the 1st Half-Year 2022 (1 January to 30 June)
7 November 2022	Release for the 3rd Quarter 2022 (1 January to 30 September)
12 May 2023	121st Annual General Meeting

Subject to alteration

Resource conservation

For sustainability reasons, DMG MORI AKTIENGESELLSCHAFT has been offering annual and interim 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 PDF file and the link to the e-paper or online version by e-mail. Please let us know your e-mail address at: ir@dmgmori.com or phone: + 49 (0) 52 05 / 74-3001.

Annual Report 2021 // digital highlights

+ highlights and interactive information

gb.dmgmori-ag.com/en

Annual Report 2021 // interactive e-paper

+ with videos, links and further information

gb.dmgmori-ag.com/en/e-paper/

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