August 27, 2020

To whom it may concern

Company Name	DMG MORI CO., LTD.
Representative	Masahiko Mori Representative Director and President (Securities Code: 6141 Tokyo Stock Exchange, First Section)
Contact	Hirotake Kobayashi Vice President, Accounting / Finance HQ Executive Officer (Tel: +81-03-6758-5900)

Notice concerning Raising of Funds by Second Series of Perpetual Subordinated Loan

DMG MORI CO., LTD. (hereinafter "the Company") hereby announces that it has today entered into an agreement relating to raising funds of a total of JPY 37 billion by Second Series of perpetual subordinated loan (hereinafter "the subordinated loan") as detailed below.

1. Purpose of Fund Raising

Since the Domination and Profit and Loss Transfer Agreement with DMG MORI AKTIENGESELLSCHAFT (hereinafter "AG") came into effect in 2016(*1), the Company is obliged to purchase AG shares from external shareholders.

The Company purchased AG shares from major external shareholders from March to April 2020. In order to renew the interest-bearing debt the Company owed to purchase AG shares without diluting the stock, and to strengthen the mid- to long-term financial stability, the Company decided to raise funds by the subordinated loan.

The subordinated loan is classified as "Financial Instruments with Characteristics of Equity" under the International Financial Reporting Standards (IFRS) as no specific date is specified for repayment of the principal, and repayment at the Company's discretion as well as optional deferral of interest payments are possible. The amount to be raised from the subordinated loan is to be recorded 100% under "Equity" in the Company's consolidated financial statements. Based on the Overview of Subordinated Loan presented below, it is planned that 50% of the amount raised will be evaluated as equity credit similar to equity instruments by Rating and Investment Information, Inc.

Depending on the market environment going forward, the Company also considers raising funds through issuing perpetual subordinated bonds with equivalent equity credit evaluation as the subordinated loan.

2. Overview of Subordinated Loan

(1)	Amount	JPY 37.0 billion
(2)	Contract date	August 27, 2020
(3)	Execution date	August 31, 2020
(4)	Repayment date	No repayment date specified. Provided, however, that on each interest payment date from August 29th, 2025 onward, optional repayment of all or part of the principal is possible.

(5) Use of funds — To be allocated to repay the interest-bearing debt the Company owed to purchase AG shares from external shareholders.

(6) Interest rate — From August 31, 2020 to August 29, 2025:
Fixed interest based on the base rate
From August 29, 2025 onward:
Variable interest stepped up by 1.00%.

(7) Clauses relating to payment of interest
Optional deferral of interest payment is possible.

(8) Subordinated loan clause — Creditors of the subordinated loan have right to claim payment that is subordinate to all senior creditors with respect to cases where the Company begins liquidation proceedings, bankruptcy proceeding, or other proceedings equivalent to these not subject to Japanese laws. Each clause of the subordinated loan contract must not for any reason be changed to details that cause disadvantage to all of the Company's creditors other than the creditors of the subordinated loan.

(9) Replacement restrictions — When making optional repayment of the subordinated loan, the company needs to replace it with a financial instrument with the equivalent or higher equity credit evaluation from the rating agency.
This does not apply, however, if all of the following items are satisfied after at least five years elapse.
(a) The consolidated shareholders' equity after the adjustment is JPY151.2 billion or higher.
(b) The consolidated equity capital ratio after the adjustment is over 26.8 %.
The values stated above shall be calculated according to the following method.
(a) Consolidated shareholders' equity after the adjustment
= Total equity attributable to owners of the parent company – Other components of equity – Hybrid capital
(b) Consolidated equity capital ratio after the adjustment
= (a) Consolidated shareholders' equity after the adjustment as calculated above ÷ Total assets

(10) Lender — Sumitomo Mitsui Trust Bank, Limited, Nanto Bank, Ltd., and 8 other banks

(11) Equity credit evaluation by the rating agency (Planned)
"Class 3", "50" (Rating and Investment Information, Inc.)

*1 Please refer to "Notice concerning Schedule, etc. for Enhancement of Collaboration with DMG MORI AG," disclosed on June 3, 2016

This notice concerning the raising of funds by the subordinated loan is an announcement made in the interest of public disclosure and in no way whatsoever has it been prepared for the purpose of solicitation for investment.