

SMT Scharf AG receives final approval for China III machines and notes positive effects for business growth in 2021

- **Subsequent recognition of a total of around EUR 12.8 million of revenue and of around EUR 4.2 million of EBIT in Q3 2021**
- **Further positive revenue and earnings effects expected in Q4 2021 due to subsequent revenue recognition**
- **FY 2021 guidance raised again: consolidated revenue now in the range of EUR 75 million to EUR 80 million and EBIT in the range of EUR 9 million to EUR 11 million**

Hamm, September 30, 2021 – SMT Scharf AG (WKN 575198, ISIN DE0005751986) announces that it has received final approval for China III machines from China's "MA" regulator. Given this, significant subsequent recognition of around EUR 12.8 million in revenue and of around EUR 4.2 million in profit from operating activities (EBIT) can now be made on the basis of deliveries the Group has already made. These items will have a corresponding positive impact on the interim financial statements for the third quarter of 2021. In addition, further subsequent entries are expected in the fourth quarter of 2021 following the contractually required customer confirmations, which are also expected to lie in the low double-digit range in millions of euros in relation to revenue, and in the low single-digit range in millions of euros in relation to EBIT. On the basis of IFRS 15, the company had not yet been able to recognise such revenues from new systems in China in its financial statements.

Hans Joachim Theiss, CEO of SMT Scharf AG, notes: "Now that machines constructed according to the new China III standard have been approved, we have significantly improved the prerequisites for further growth. The new regulations have been mandatory for Chinese mining companies since the start of 2021, so we currently see attractive growth potential in the Chinese market and will continue to do so in future years. In addition, we expect high coal prices and the Chinese government's new five-year plan to have a positive impact on our business there. We already increased our revenue in China by around 23 % to EUR 8.1 million in the first half of the year. The subsequent entries implemented in connection with the China III approval are now providing a further boost to growth."

In light of these positive effects from the China III approval and the associated improved growth prospects for the final quarter, the Managing Board is raising its revenue and earnings guidance for the 2021 fiscal year, and now expects consolidated revenue for 2021 in the range between EUR 75 million and EUR 80 million. Furthermore, the Managing Board now forecasts 2021 EBIT in a range between EUR 9 million and EUR 11 million. Previously, for the 2021 fiscal year SMT Scharf anticipated consolidated revenue in a range between EUR 72 million and EUR 77 million, and EBIT in a range between EUR 5 million and EUR 6 million.

Company profile

The SMT Scharf Group develops, manufactures and services transportation equipment for underground mining as well as for tunnel construction. Its main products include captivated railway systems that are deployed worldwide, primarily in hard coal mines, as well as in mines for gold, platinum and other metals. Such systems are required in order to transport material and personnel with payloads of up to 48 tonnes and on gradients of up to 30 degrees. SMT Scharf also supplies the mining sector with chairlifts. Since 2018, SMT Scharf's diverse portfolio has also included rubber-wheeled diesel and electric vehicles for mining and tunnelling, including loaders, scissor lifts and underground trucks. As part of the further diversification of the business, the product range has been successfully expanded since 2019 to include electronic components and control systems for mining and other industries. Overall, the SMT Scharf Group is active with subsidiaries in eight countries, as well as commercial agencies worldwide. SMT Scharf generates a large share of its revenue in growing foreign markets such as China, Russia, Poland and South Africa.

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