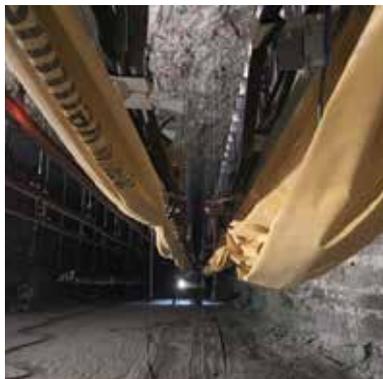


2021

9-MONTH REPORT



LETTER TO SHAREHOLDERS

Dear shareholders,

In the first nine months of 2021, SMT Scharf AG continued its very positive business performance. This is reflected in significantly higher revenue and earnings, driven by growth in the business with new equipment as well as in the after-sales business. The SMT Scharf Group recorded consolidated revenue of EUR 53.9 million in the first three quarters of the current fiscal year, corresponding to a significant year-on-year increase of 46.1 %. The operating result (EBIT) grew at an even faster rate to reach EUR 8.1 million, which has led us to further upgrade our EBIT forecast for the 2021 fiscal year.

The China III approval had a very positive impact on our third quarter results. This has two effects for SMT Scharf: firstly, with the approval we were finally able to recognise revenues totalling EUR 12.8 million in the current fiscal year relating to deliveries that had already been completed but which we had not yet been able to recognise under international financial reporting standard IFRS 15. We assume that following the contractually required customer confirmations in the fourth quarter of 2021, further revenues can be subsequently recognised. These are expected to be lie in the low double-digit range in millions of euros on the revenue side, and in the low single-digit range in millions of euros on the EBIT side. Secondly, the approval that SMT Scharf now has for its machines in accordance with the new China III standard creates attractive new business opportunities in China. These new regulations have been mandatory for Chinese mining companies from the beginning of 2021. Moreover, high coal prices and the Chinese government's new five-year plan will lend an additional boost to the local market for mining equipment. We identify attractive growth potential both currently and in future years in China, which is an important market for us.

Firstly, the positive business trend has thereby been driven largely by our target market in China. Secondly, we also note an improvement in market sentiment in other key target markets. The strong growth in our revenue from the African market derived from the order from Polymetal International. Through our subsidiary in South Africa, we delivered the first electric-powered load, haul, dump machines (LHDs) as well as underground trucks to Polymetal in Russia in the third quarter. Our strategic partnership with this gold and silver producer is thereby beginning to bear fruit.

In the Tunnel Logistics segment, our focus is meanwhile on executing the order we received as part of Snowy Mountain 2.0, the Australian government's major energy project. For this project, we will provide a specific transport solution for railbound passenger and ambulance transportation within the tunnel. This project represents a further important step in the diversification of our business, which we aim to make gradually less dependent on coal.

In addition, we saw a revival in the profitable after-sales business worldwide in the period under review. Raw material prices, especially in the energy sector, rose significantly during the reporting period, which is prompting mine operators to invest in modern mechanical engineering technology for underground mining, and to catch up on maintenance backlogs incurred as a consequence of COVID-19-related restrictions.

In light of a further brightening of economic conditions and the aforementioned positive effects from the China III approval, we identify a further improvement in growth prospects for the final quarter. For this reason, the Managing Board has decided to raise the revenue and earnings forecast for the 2021 fiscal year. We now expect consolidated revenue for the full 2021 year to lie in a range between EUR 75 million and EUR 80 million, and EBIT in a range between EUR 9 million and EUR 11 million.

If we already take a look at the upcoming 2022 fiscal year, we must note that SMT Scharf is also increasingly affected by global disruptions in the procurement market and fragile supply chains. We are already seeing delivery times from suppliers of preliminary products and materials being extended, in some cases significantly. Thanks to existing inventories, this did not have any negative effects in the third quarter. We also do not expect this to occur to any significant extent in the final quarter. However, if the supply situation in global markets remains as tight as it is at present, it is to be assumed that the resultant effects will affect business trends in the first half of 2022.

We would like to take this opportunity to thank you as our investors, business partners and customers for the confidence you have invested in us, and we would be pleased to continue our cooperation into the future.

Kind regards

Hans Joachim Theiss

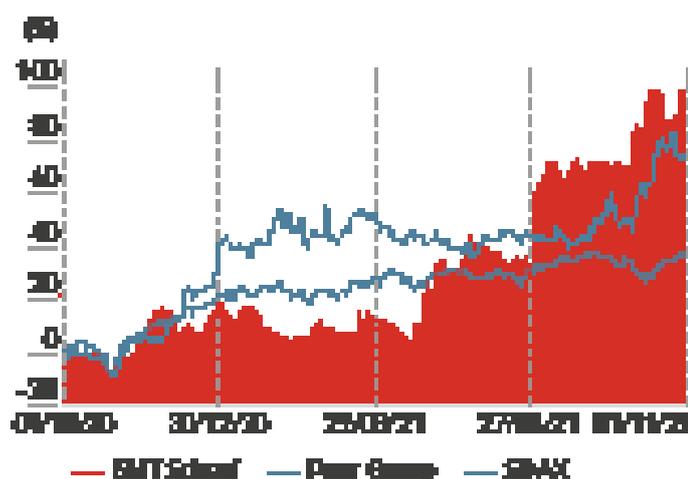
Wolfgang Embert

SUMMARY OF KEY DATA

		2019	2020	9M/2020	9M/2021
Revenue	EUR thousand	75,395	50,180	36,902	53,890
Total operating revenue	EUR thousand	74,837	56,331	39,303	58,418
EBIT	EUR thousand	6,822	-8,130	-7,241	8,054
EBIT margin on total operating revenue	%	9.1	-14.4	-18.3	13.8
Consolidated net profit/loss	EUR thousand	5,739	-8,054	-7,148	8,563
Equity	EUR thousand	60,577	48,453	49,378	66,386
Equity ratio	%	63	58	61.1	63.9
FTEs (full-time employees)	on the reporting date	432	410	410	420

SHARE INFORMATION

SHARE PRICE CHART

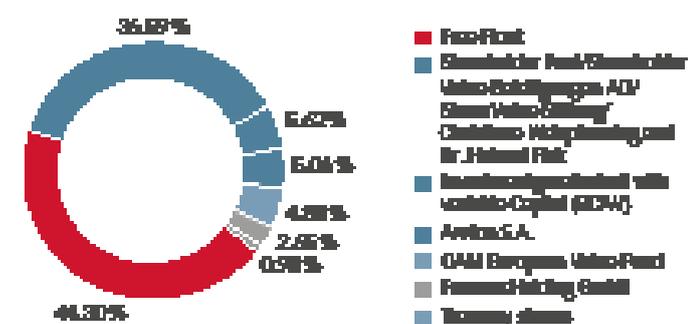


KEY SHARE DATA 9M 2021

Ticker / ISIN	S4A / DE0005751986
Number of shares including 49,477 treasury shares	5,521,456
Closing price (September 30, 2021)*	EUR 14.80
Price high/low* (30/09/2021 / 24/02/2021)	EUR 14.80 / EUR 7.95
Share price performance (LTM on September 30, 2021)	+91.7%
SDAX performance (LTM on September 30, 2021)	+31.7%
Peer group portfolio performance (LTM on September 30, 2021)	+64.1%
Market capitalisation excluding treasury shares (September 30, 2021)	EUR 81.0 million

*Closing prices on the Xetra trading system of Deutsche Börse AG

SHAREHOLDER STRUCTURE



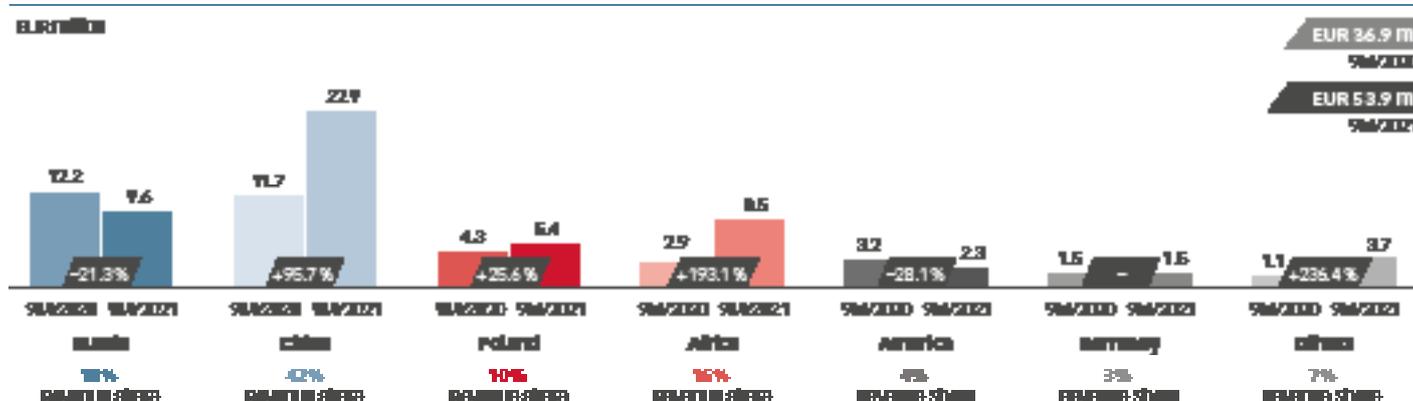
FINANCIAL CALENDAR

November 22–24	German Equity Forum 2021
December 7–8	32 nd Munich Capital Market Conference
December 31, 2021	Fiscal year-end

BUSINESS TRENDS

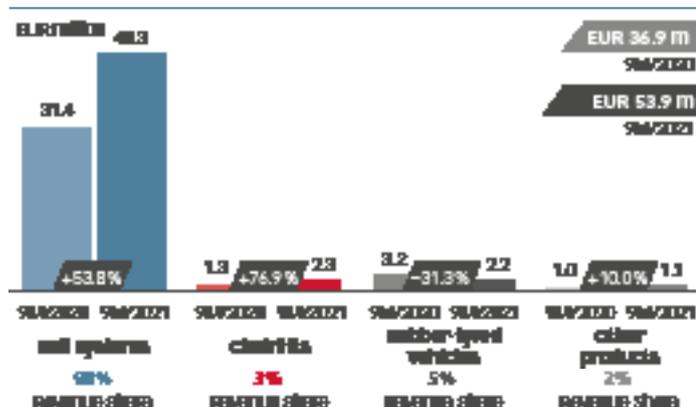
In the first nine months of the current 2021 fiscal year, the SMT Scharf Group's successful business performance continued, starting from the strong growth recorded in the first quarter of 2021. Positive drivers from business in China and an overall improvement in market sentiment led to dynamic growth in revenue and earnings in the third quarter. Accordingly, the SMT Scharf Group achieved consolidated revenue of EUR 53.9 million in the first nine months of 2021 (9M/2020: EUR 36.9 million), representing significant year-on-year growth of 46.1 percent. The positive business trend in the reporting period is mainly due to growth in China, where SMT Scharf received the China III machine approval in the third quarter, with a significant positive effect on revenues and earnings. This approval enabled revenue worth total of a EUR 12.8 million to be recognised subsequently in relation to deliveries already completed in the current fiscal year. Based on the third quarter of 2021 alone, the SMT Scharf Group's revenues reached EUR 23.1 million, some EUR 9.8 million higher year-on-year (Q3/2020: EUR 13.3 million). As a consequence of the international financial reporting standard IFRS 15, SMT Scharf had not yet been able to recognise the relevant revenues from new equipment sales in China.

Revenue by region

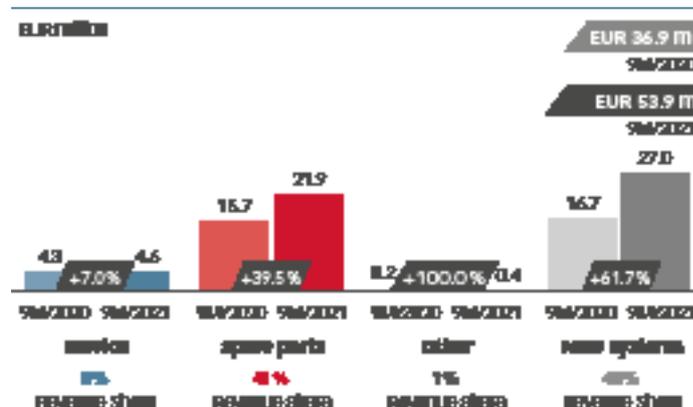


SMT Scharf continued to report a positive revenue trend in both its new equipment business as well as in its spare parts and service business in the reporting period. In the new equipment business, revenue in the first nine months of 2021 amounted to EUR 27.0 million, corresponding to year-on-year growth of 61.7% (9M/2020: EUR 16.7 million). Revenue growth in the spare parts and service business was almost as strong on a nine-month comparison, with revenue up by 32.5% to reach EUR 26.5 million (9M/2020: EUR 20.0 million). In addition to the aforementioned effects, this performance reflects an improvement in market sentiment following the approval of China III machines. A revival of the world economy is driving a recovery in global demand for energy. Due to higher raw material prices overall, the willingness of mine operators to invest in modern mechanical engineering technology for underground mining and to catch up on existing maintenance backlogs is increasing.

Revenue by product

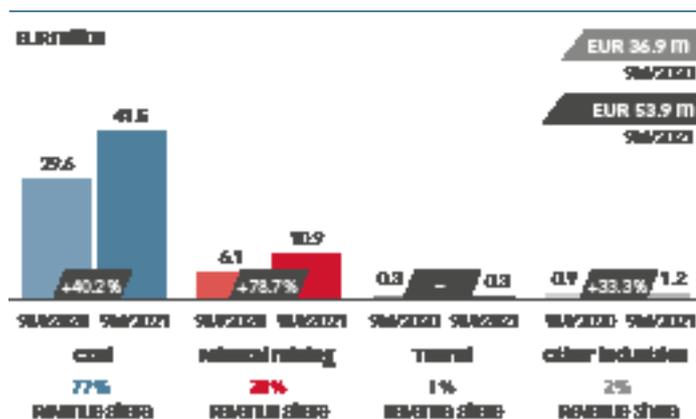


Revenue by business type



SMT Scharf recorded revenue of EUR 48.3 million in the rail systems product area. This figure was significantly higher than in the corresponding period of the previous year (9M/2020: EUR 31.4 million). In contrast, revenue in the rubber-tired vehicles product area was slightly below the previous year's level at EUR 2.2 million (9M/2020: EUR 3.2 million). Despite a constant revenue volume of EUR 1.5 million in the domestic market of Germany (9M/2020: EUR 1.5 million), the relative importance of domestic business has decreased compared to the previous year. In contrast, China remained SMT Scharf's most important foreign market in the period under review, both in terms of absolute revenue and as a proportion of total revenue.

Revenue by segment



Total operating revenue (consolidated revenue plus changes in inventories and work in progress) in the third quarter of 2021 amounted to EUR 21.1 million (Q3/2020: EUR 14.4 million). In the first nine months, the figure of EUR 58.4 million was 48.6% higher year-on-year (9M/2020: EUR 39.3 million). Other operating income increased by 83.0% to EUR 5.6 million in the first nine months of the year due to currency effects and income from individual value adjustments (9M/2020: EUR 3.0 million). At EUR 6.9 million, other operating expenses were slightly below the previous year's level (9M/2020: EUR 7.1 million).

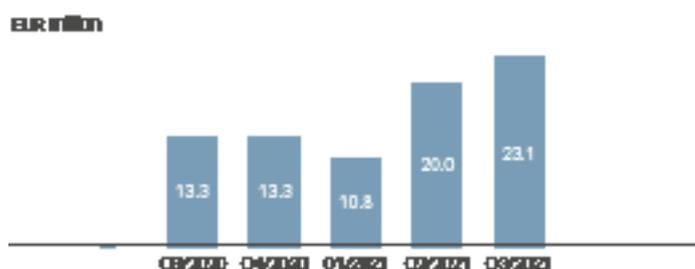
The cost of materials reached EUR 33.5 million in the first nine months of the current fiscal year, up 42.6% on the corresponding prior-year figure (9M/2020: EUR 23.5 million). Accordingly, the cost of materials ratio (in relation to total operating revenue) stood at 57.3% (9M/2020: 59.8%). Personnel expenses for the first nine months amounted to EUR 13.7 million. This corresponds to a 2.2% higher level compared to the same period of the previous year, with the increase in personnel expenses thereby being significantly less than the rate of revenue growth (9M/2020: EUR 13.4 million). Accordingly, the personnel expense ratio (as a percentage of total operating revenue) decreased to 23.4% in the first nine months of the year (9M/2020: 34.4%).

EBIT amounted to EUR 8.1 million in the first nine months of 2021, compared with a negative operating result of EUR -7.2 million in the corresponding period of the previous year. The significant increase in earnings mainly reflects the dynamic business trend in the current fiscal year, and especially the upturn in the profitable after-sales business due to the upswing in the sector's business cycle. In addition, the China III machine approval led to a subsequent booking of an EBIT contribution of around EUR 4.2 million.

The number of employees increased to 420 as of September 30, 2021 (prior-year period: 410). The year-on-year increase was mainly due to the expansion of the workforce at the subsidiary in South Africa.

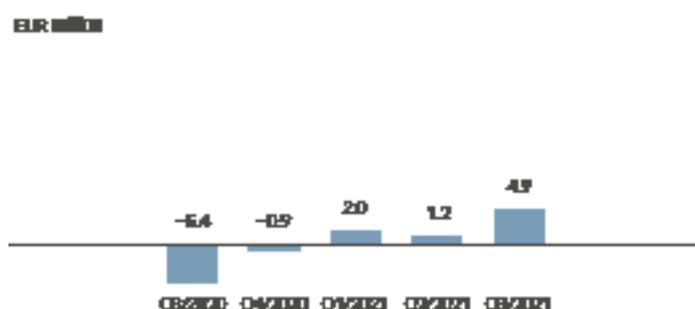
ECONOMIC AND BUSINESS REPORT

Consolidated revenue



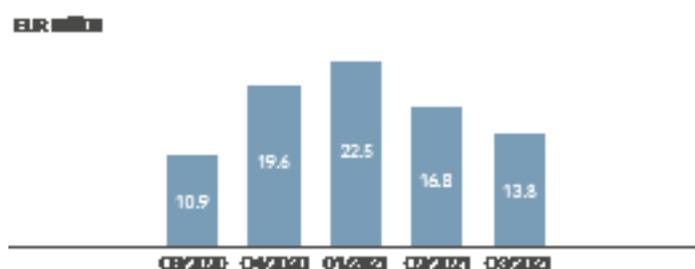
- Consolidated revenue grows by 73.7% year-on-year to EUR 23.1 million in the third quarter of 2021; SMT Scharf Group revenue for the nine-month period totalled EUR 53.9 million, up 46.1% year-on-year.
- Last twelve months' (LTM) rolling consolidated revenue amounts to EUR 67.2 million as of the September 30, 2021 reporting date.

Operating result (EBIT)



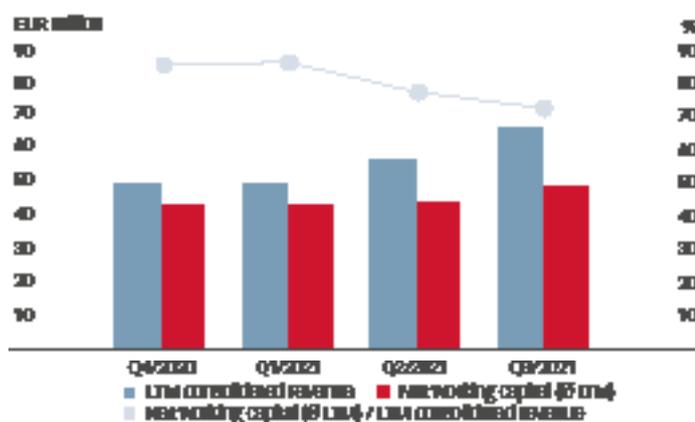
- EBIT for the third quarter of 2021 rises to EUR 4.9 million (Q3/2020: EUR -5.4 million), and for the first nine months of 2021 amounts to EUR 8.1 million (9M/2020: EUR -7.2 million).
- EBIT margin (in relation to total operating revenue) stands at 23.2% in the third quarter of 2021 (Q3/2020: 37.5%), and after the first nine months of 2021 amounts to 23.2%, thereby above the previous year's level (9M/2020: 18.3%).
- Last twelve months' (LTM) rolling EBIT amounts to EUR 7.2 million as of the September 30, 2021 reporting date.

New order intake



- New order intake of EUR 13.8 million in the third quarter of 2021, up compared with the previous year (9M/2020: EUR 10.9 million); in the nine-month period, it increased by 25.5% year-on-year to EUR 53.1 million (9M/2020: EUR 42.3 million).
- Order book position as of September 30, 2021 stands at EUR 35.8 million, up 17.8% year-on-year (September 30, 2020: EUR 30.4 million).

Net working capital



- Net working capital is defined as the sum of inventories, trade receivables and other assets, less current provisions, trade payables, current bank borrowings and other liabilities and advance payments as of the respective reporting date.
- Average net working capital of EUR 49.1 million for the last twelve months as of the September 30, 2021 reporting date (LTM, calculated from quarterly figures) in relation to the last twelve months' (LTM) rolling consolidated revenue as of the reporting date of EUR 67.2 million reflects a net working capital intensity of 73.1%.

OUTLOOK

The global economy is recording a strong upturn in 2021, according to the International Monetary Fund (IMF). The IMF expects the global economy to recover in 2021, even if economic momentum slows as a consequence of the negative effects of the pandemic. According to the IMF, policymakers face far-reaching challenges in the face of a resurgent pandemic due to the proliferation of the highly contagious delta variant. According to its report, supply bottlenecks and higher levels of inflation represent the main problems confronting industrialised nations.

In October 2021, the International Monetary Fund (IMF) forecast the following GDP growth rates in SMT Scharf's following target markets:

GDP growth in the most important sales markets* (in %)	2020	2021
World	-3.1	5.9
China	2.3	8.0
Poland	-2.7	5.1
Russia	-3.0	4.7
South Africa	-6.4	5.0

Source: *IMF World Economic Outlook, October 2021

As previously, SMT Scharf AG continues to regard China, Russia, Poland and South Africa as its core markets. The IMF expects positive growth for 2021 and beyond for all these key target markets. An enduring economic recovery is also expected in the following year.

The management expects the global economic recovery to continue to have a positive impact on demand in the mining equipment market worldwide, in terms of both the new equipment business and the after-sales business. In the Chinese market, the high price of coal and the Chinese government's new five-year plan are contributing to positive market sentiment. Furthermore, the China III approval that has now been granted – the new standard has been mandatory for all Chinese mining companies since January 1, 2021 – ensures attractive growth opportunities in the near future.

SMT Scharf AG will continue to monitor the developments and effects of coronavirus and, if necessary, will initiate measures at an early stage in order to protect its employees and customers. The locations in Poland, Russia, South Africa and Canada continue to be affected by the COVID-19 pandemic; at the same time, the SMT Scharf Group's supply chains have not been interrupted. As a consequence, in the third quarter it continued to be the case that coronavirus-related bottlenecks in the supply chain were avoided.

Given the final China III approval, the significant subsequent recognition of a total of around EUR 12.8 million in revenue and of around EUR 4.2 million in operating earnings (EBIT) was implemented as of the third quarter of 2021 on the basis of deliveries that had already been made. In light of these positive effects and associated improved growth prospects for the final quarter, the Managing Board has again raised 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.

IFRS NINE-MONTH FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

EUR thousand	30/09/2021	30/09/2020	31/12/2020
Assets			
Intangible assets	5,896	4,319	4,417
Property, plant and equipment	8,281	8,213	9,104
Loans	688	637	637
Equity accounted investments	9,883	7,607	8,543
Other investments	7	7	7
Deferred tax assets	3,578	2,717	2,751
Non-current lease receivables	0	88	16
Other non-current non-financial assets	10	2	9
Non-current assets	28,343	23,590	25,484
Inventories	38,853	27,977	29,534
Trade receivables	26,462	20,541	19,342
Contract assets	471	106	1,031
Current lease receivables	174	632	547
Other current non-financial assets	3,253	2,262	3,052
Other current non-financial assets in connection with employee benefit entitlements	45	892	151
Cash and cash equivalents	6,350	4,789	4,402
Current assets	75,608	57,199	58,059
Total assets	103,951	80,789	83,543

EUR thousand	30/09/2021	30/09/2020	31/12/2020
Equity and liabilities			
Subscribed share capital	5,472	4,571	4,571
Capital reserve	23,994	16,833	16,867
Revenue reserves	41,198	33,749	32,564
Other reserves	-5,672	-6,876	-6,976
Non-controlling interests	1,394	1,101	1,427
Equity	66,386	49,378	48,453
Provisions for pensions	3,386	3,480	3,393
Other non-current provisions	191	193	197
Deferred tax liabilities	514	344	505
Contract liabilities	0	3	3
Leasing liabilities	2,330	1,263	2,376
Non-current financial liabilities	2,142	3,437	3,099
Other non-current financial liabilities	2,678	1,428	1,454
Non-current provisions and liabilities	11,241	10,148	11,028
Current income tax	235	109	109
Other current provisions	4,109	3,913	3,299
Contract liabilities	1,619	266	1,479
Trade payables	4,358	3,005	4,871
Leasing liabilities	660	516	790
Current financial liabilities (cash and cash equivalents)	12,212	9,632	8,530
Current financial liabilities (not cash and cash equivalents)	1,593	1,904	1,780
Other current non-financial liabilities	1,538	1,918	3,205
Current provisions and liabilities	26,324	21,263	24,063
Total equity and liabilities	103,951	80,789	83,543

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q3 / 2021	Q3 / 2020	9M / 2021	9M / 2020
Revenue	23,072	13,272	53,890	36,902
Changes in inventories	-2,021	1,122	4,528	2,401
Total operating revenue (100%)	21,051	14,394	58,418	39,303
Other operating income	2,438	1,095	5,575	3,046
Cost of materials	10,431	10,098	33,460	23,484
Personnel expenses	4,479	4,264	13,654	13,445
Depreciation, amortisation and impairment losses	623	4,041	1,945	5,528
Other operating expenses	3,054	2,513	6,880	7,133
Profit/loss from operating activities (EBIT)	4,906	-5,427	8,054	-7,241
Result from equity accounted investments	475	146	905	1,044
Interest income	16	37	107	223
Interest expenses	254	153	699	481
Financial result	237	30	313	786
Profit/loss before tax	5,143	-5,397	8,367	-6,455
Income taxes	189	260	-196	693
Consolidated net profit/loss	4,954	-5,657	8,563	-7,148
of which attributable to shareholders	4,993	-5,652	8,634	-6,990
of which attributable to non-controlling interests	-39	-5	-71	-158
Other comprehensive income items recycled later to profit or loss:				
Currency differences from translation of foreign financial statements	531	-1,373	917	-3,895
Share of other comprehensive income attributable to equity accounted investments	36	-37	424	-183
Other comprehensive income	567	-1,410	1,341	-4,078
of which attributable to shareholders of SMT Scharf AG	574	-1,409	1,304	-3,850
of which attributable to non-controlling interests	-7	-1	37	-228
Total comprehensive income	5,521	-7,066	9,904	-11,225
of which attributable to shareholders of SMT Scharf AG	5,566	-7,061	9,938	-10,840
of which attributable to non-controlling interests	-45	-5	-34	-385
Earnings per share				
Undiluted (basic)	0.91	-1.23	1.56	-1.56
Diluted	0.90	-1.23	1.55	-1.55
Average number of shares, undiluted	4,971,174	4,570,523	4,971,174	4,570,523
Average number of shares, diluted	5,009,670	4,570,523	5,009,670	4,570,523

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	9M/2021	9M/2020
Consolidated net profit/loss	8,563	-7,148
- Income from equity accounted investments	-905	-1,044
+ Depreciation, amortisation and impairment losses relating to non-current assets	1,945	5,528
- /+ Gain/loss from disposal of non-current assets	-251	103
+/- Increase/decrease in provisions	818	-933
- /+ Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	-15,293	8,662
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	-2,498	-3,490
+/- Other non-cash expenses/income	67	101
+/- Income tax	-196	693
+/- Financial expenses	591	258
- /+ Income tax paid/received	-324	-572
Cash flow from operating activities	-7,483	2,158
+ Cash inflows from disposal of property, plant and equipment	890	38
- Capital expenditure on property, plant and equipment	-1,155	-1,009
+ Cash inflows from the repayment of loans	-52	75
- Capital expenditure on intangible assets	-1,537	-1,301
+ Interest received	100	217
Cash flow from investing activities	-1,754	-1,980
+ Proceeds from capital increase	7,961	0
+ Cash inflows from sale-and-leaseback agreements	1,067	0
+ Cash inflow from the drawing down of loans	474	0
- Cash outflows for the repayment of leasing liabilities	-334	-625
+ Cash inflows from issuing bonds and drawing down of loans	474	0
- Cash outflows to controlling and non-controlling shareholders	0	-74
- Cash outflows for the repayment of loans	-1,190	-1,407
- Interest paid	-428	-654
Cash flow from financing activities	7,550	-2,760
Net change in cash and cash equivalents	-1,687	-2,582
Changes in cash and cash equivalents due to effects from exchange rates and the consolidation Group	-47	-363
Cash and cash equivalents at start of period	-4,128	-1,898
Cash and cash equivalents at end of period	-5,862	-4,843

SELECTED NOTES TO THE FINANCIAL STATEMENTS

Segment report

The business of the SMT Scharf Group is divided into four operating segments. Intersegment revenues and inputs are of minor significance, and are not reported separately.

EUR thousand	Coal mining		Mineral mining		Tunnel logistics		Other industries		Not allocated		SMT Scharf Group	
	9M/2021	9M/2020	9M/2021	9M/2020	9M/2021	9M/2020	9M/2021	9M/2020	9M/2021	9M/2020	9M/2021	9M/2020
Revenue	41,519	29,601	10,856	6,060	339	291	1,175	950	–	–	53,889	36,902
of which new equipment	19,572	13,087	6,216	2,502	182	237	1,009	950	–	–	26,979	16,776
of which spare parts	17,523	12,725	4,295	3,045	124	49	–	–	–	–	21,942	15,819
of which service	4,037	3,789	345	513	33	4	166	–	–	–	4,581	4,306
of which other	387	–	–	–	–	–	–	–	–	–	387	–
Operating result (EBIT)	6,277	(1,482)	1,528	(5,460)	77	(32)	172	(267)	–	–	8,054	(7,241)
Earnings from equity accounted companies	905	1,044	–	–	–	–	–	–	–	–	905	1,044
Segment assets	88,042	69,140	10,037	6,801	581	589	1,714	1,542	3,578	2,717	103,951	80,789
Segment liabilities	30,660	18,388	5,052	11,495	241	231	1,099	953	514	344	37,565	31,411
Segment investments	1,325	2,835	82	158	–	3	54	31	–	–	1,461	3,027
of which IFRS 16	311	110	–	11	–	–	17	17	–	–	328	138
Interests in equity accounted investments	9,883	7,607	–	–	–	–	–	–	–	–	9,883	7,607
Depreciation and amortisation	1,603	2,493	275	(398)	4	30	61	105	–	–	1,943	2,230
Impairment losses	–	874	–	2,424	–	–	–	–	–	–	–	3,298
FTEs	349	344	51	46	2	2	18	18	–	–	420	410

IMPRINT

Publisher

SMT Scharf AG
Römerstraße 104
59075 Hamm
Germany

Phone: +49 (0) 2381 – 960 – 212
Fax: +49 (0) 2381 – 960 – 311

Email: ir@smtscharf.com
www.smtscharf.com

Investor relations contact

cometis AG
Thorben Burbach
Unter den Eichen 7
65195 Wiesbaden
Germany

Phone: +49 (0) 611 20 58 55 – 23
Fax: +49 (0) 611 20 58 55 – 66

Email: burbach@cometis.de
www.cometis.de

Concept, editing, layout & typesetting

cometis AG

DISCLAIMER

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