



6-MONTH REPORT **2023**

## **More than Monorails**

Premium quality transport solutions for  
people, material and equipment

## SUMMARY OF KEY DATA

In EUR		2021	2022	H1/2022	H1/2023
Revenue	EUR thousand	85,870	93,714	37,455	31,688
Total operating revenue	EUR thousand	85,137	95,859	47,096	41,045
EBIT	EUR thousand	11,240	14,321	7,035	-1,834
EBIT margin on total operating revenue	%	13.1	14.9	14.9	-4.5
Consolidated net profit/loss	EUR thousand	12,582	14,803	9,155	-189
Equity	EUR thousand	71,700	86,984	87,920	81,926
Equity ratio	%	59	66	69	65
FTEs (full-time employees)	on the reporting date	422	421	410	415

## FINANCIAL CALENDAR

November 14, 2023

December 31, 2023

9-month report 2023

Fiscal year-end

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## SHARE INFORMATION

### Share price chart



### Key share data H1/2023

Ticker/ISIN	S4A/DE0005751986
Number of shares including 49,477 treasury shares	5,521,456
Closing price (June 30, 2023)*	EUR 9.75
High/low* in H1/2023	EUR 13.10 / EUR 9.30
Share price performance (LTM on June 30, 2023)	-25.6%
SDAX performance (LTM on June 30, 2023)	+12.4%
Peer group portfolio performance (LTM on June 30, 2023)	+28.4%
Market capitalization excluding treasury shares (June 30, 2023)	EUR 53,351 thousand

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

## LETTER TO THE SHAREHOLDERS

Dear shareholders,

The SMT Scharf Group continued to be confronted with difficult market conditions in the first half of 2023. These include ongoing uncertainty and volatility in the market environment, the deterioration in business sentiment in important core markets for underground mining, and a continuation of high costs in many areas. SMT Scharf will continue to counter these challenges with targeted measures in procurement, production and sales. Nevertheless, in the first half of this year we saw that these factors are exerting a tangible impact on our revenue and earnings trends in this fiscal year.

In the first six months of the 2023 fiscal year, the SMT Scharf Group generated consolidated revenue of EUR 31.7 million. Our growing After-Sales business made a major contribution in this context, while the New Equipment business recorded a significant reduction in revenue in the first half of the year. Overall, demand for modern mining equipment was subdued in our core markets. In addition, finished products ready for delivery at subsidiaries could not yet be delivered to end customers and be recognised as revenue accordingly.

In terms of earnings, the first half of 2023 was impacted by not only the year-on-year lower revenue level, but also heavy currency losses, which pushed the operating result (EBIT) into the red at EUR -1.8 million. We will focus on improving our internal processes and thereby on cutting costs as part of efficient and forward-looking procurement management and operational excellence initiatives. The introduction of an ERP system, which is currently being rolled out successively at our individual subsidiaries, will make a significant contribution in this context.

In principle, we believe that SMT Scharf remains well positioned as a specialist in the niche to be able to benefit sustainably from the megatrends in mining. For this reason, we continued to conduct our research and development initiatives systematically over the course of the first half of this year. Among other measures, we are pursuing the goal of further expanding our range of services in the electric vehicles area, thereby tapping additional business opportunities. To this end, we are advancing the electrification of commercial vehicles on the basis of a modular battery management system.

We have informed SMT Scharf AG's Supervisory Board that we will not be extending our contracts, each of which ends on 31 December 2023. We will continue to drive forward the business activities



Hans Joachim Theiss



Wolfgang Embert

with the same high level of commitment until the end of our term of office. We would like to take this opportunity to thank our investors, business partners and customers for the trust they have placed in us over the past few years, and would be delighted if you were to remain loyal to SMT Scharf AG.

Kind regards

Hans Joachim Theiss

Wolfgang Embert

# MANAGEMENT REPORT (UNAUDITED)

## Basis of the Group

The SMT Scharf Group (“SMT Scharf”) develops, manufactures and services transportation equipment and logistics systems for underground mining and tunnel construction. SMT Scharf’s business profile can be described on the basis of the following criteria:

- **Business areas:** The SMT Scharf Group’s core product continues to comprise captivated railway systems that are deployed in underground mining. These systems are technically capable of transporting loads of up to 48 tonnes on routes as well as coping with gradients of up to 35 degrees. As an ancillary product, SMT Scharf offers chairlifts for the mining industry. The product range also includes the development and installation of open-air railbound and cable management systems, including for energy supplies to machines, for example. In addition, SMT Scharf has a portfolio of rubber-tired vehicles and is positioning itself as an integrated system provider in the area of underground logistics. The establishment of the Tunnel Logistics business segment also forms part of this process.

SMT Scharf can draw on inhouse expertise in electronics and controls via its subsidiary ser elektronik GmbH, Möhnesee. The systems – which are integrated into SMT Scharf’s transport solutions for coal and mineral mining – are manufactured inhouse. In addition, ser elektronik develops customer-specific solutions for various industries, including the food industry and the medical technology sector. Business outside the scope of underground mining and tunnel logistics is reported within the Other Industries segment.

- **Type of business:** The production and installation of new equipment forms the core of the operating activities. SMT Scharf also concentrates on downstream services. The offering includes the provision of spare parts, maintenance, repairs and maintenance work. SMT Scharf occasionally acts as a railway operator in response to customer demand.
- **Customer groups:** SMT Scharf products are deployed mainly in hard coal mining (the Coal Mining segment), as well as increasingly in producing gold, platinum, copper, nickel and salts (aggregated within the Mineral Mining segment). In the Tunnel Logistics business segment, companies from the tunnel construction sector represent a relevant customer group. Through the business of ser elektronik, companies from various sectors in the Other Industries segment also include potential customer groups that require electronic control systems for their machines.

- **Regions:** SMT Scharf sells its own products in its main markets through subsidiaries located in the world’s most important mining nations. These include, in particular, the foreign markets in China, Russia, Poland and South Africa. In addition, SMT Scharf also operates in South America with its own sales subsidiary in Chile and in North America via a further subsidiary in North America. The Group’s subsidiary ser elektronik also supplies customers in Switzerland, some of which were not previously part of the SMT Scharf Group’s sales regions. The German domestic mining market plays only a minor role nowadays. In smaller markets, SMT Scharf works together with dealers or agents.

## Corporate objectives and strategy

SMT Scharf pursues a strategy based on three areas of activity. To this end, the Managing Board team has defined an extensive list of measures that are being consistently addressed and implemented.

The three strategic areas of activity are:

- **Organic growth:** Development and launch of new products in the area of underground logistics in coal mining and, with increasing importance, in mineral mining, the development of new geographical markets, as well as the development and establishment of tunnel logistics as a third business area. To this is added the business with electronic control systems and components in the Other Industries segment.
- **External growth:** Takeovers and partnerships aimed at promoting and securing SMT Scharf’s core positioning. Takeovers, strategic partnerships and joint ventures have already been brought to completion and established. Here, SMT Scharf AG is paying particular attention to expanding its business activities outside coal
- **Operational excellence:** SMT Scharf is constantly working to improve its productivity, profitability and market position. Part of SMT Scharf’s permanent strategy involves leveraging optimisation potentials more effectively through the interplay of international locations as well as in the management of development processes. In this context, the Group-wide introduction of an ERP system represents an important milestone in order to make cooperation within the SMT Scharf Group more efficient. Furthermore, SMT Scharf continuously analyses specific markets and customer requirements on a targeted basis in order to further enhance its competitiveness.

The Managing Board team deploys these strategies to advance measures that are further developing the company into an integrated system supplier of logistics solutions, while at the same time positioning it in adjacent markets (through the core positioning in the mining supply market). The aim of this approach is to tap additional sales revenue potential and make sales revenue trends less dependent on the traditionally cyclical business in mining, which remains SMT Scharf's core market.

One strategic focus is the introduction of a uniform Group-wide Enterprise Resource Planning system (ERP system). SMT Scharf successfully initiated implementation at the Hamm site in 2022. In the current 2023 fiscal year, the ERP system is being introduced at the German subsidiary ser elektronik and then successively rolled out to the foreign sites beyond 2023. The aim is to better coordinate process steps, improve planning quality and further enhance efficiency in relation to international cooperation within the Group. At the same time, the new ERP system opens up the possibility of identifying optimisation potentials at an early stage and of initiating appropriate measures.

## Management and control system

SMT Scharf AG manages its business by applying financial and non-financial performance indicators whose trends exert a positive influence on the company's value in different ways. Financial and non-financial performance indicators are monitored continuously, and are included in monthly reporting to the Managing Board and in discussions with the Supervisory Board. Reporting is by subsidiary, and includes an analysis of actual outcomes, a budget/actual analysis, and year-on-year comparisons. SMT Scharf undertakes further specific analyses where required.

Financial and non-financial performance indicators as well as current forward planning are presented in the following tables. The medium-term targets reflect the background assumption that the market environment continues to normalise, especially on the basis of stable or a further uptrend in raw materials prices.

### Financial performance indicators:

Key indicator	Calculation method	Target (medium-term, 3-5 years)
<b>Key income statement figures</b>		
Consolidated revenue growth (organic and inorganic)	$\left( \frac{\text{Consolidated revenue in reporting year}}{\text{Consolidated revenue in previous year}} \right) - 1$	> 5 %
Tunnel revenue share	$\frac{\text{Tunnel segment revenue}}{\text{Consolidated revenue}}$	> 10 %
EBIT margin	$\frac{\text{Earnings before interest and tax (EBIT)}}{\text{Total operating revenue}}$	> 10 %
Cost of materials ratio	$\frac{\text{Cost of materials}}{\text{Total operating revenue}}$	~ 50 %
<b>Key balance sheet indicators</b>		
Net Working Capital	$\frac{\text{Annual average current assets} - \text{annual average liquid assets} - \text{annual average current liabilities}}{\text{(excluding current financial liabilities)}}$	EUR 20 million
Equity ratio (on the reporting date)	$\frac{\text{Equity}}{\text{Total assets}}$	≥ 30 %
<b>Key efficiency figures</b>		
Net working capital intensity	$\frac{\text{Net working capital}}{\text{Consolidated revenue}}$	< 50 %
Days of sales outstanding	$\frac{\text{Number of days in reporting year} \times \left( \frac{\text{annual average trade receivables}}{\text{Consolidated revenue}} \right)}$	< 150 days

### Non-financial performance indicators:

Key indicator	Calculation method	Target (medium-term, 3-5 years)
<b>Employee numbers</b>		
Employee turnover	$\frac{\text{Employee-related leavings (FTEs)}}{\text{annual average number of employees (FTEs)}}$	< 10 %
Sickness rate	$\frac{\text{Number of work days lost due to sickness}}{\text{budgeted working days}}$	5 %

In the year under review, the goals set were partially improved compared to the previous year. Nonetheless, potential for improvement continues to exist in many performance indicators. From the company's perspective, the key financial performance indicators are consolidated revenue growth and the EBIT margin.

## Employees

SMT Scharf AG calculates the number of its employees in the form of full-time equivalents (FTEs). As of June 30, 2023, the SMT Scharf Group employed 415 members of staff (FTEs), including five trainees at the Hamm location. In the previous year, the Group employed a workforce of 410 FTEs (including 7 trainees). In order to manage production capacity flexibly, SMT Scharf draws on short-term and temporary workers in accordance with the three-layer model. In the event of sustainable growth, these temporary workers are then taken on accordingly in the respectively higher layer.

In Germany, SMT Scharf relied on existing personnel capacities, with the consequence that the number of employees remained relatively constant at 137 FTEs as of June 30, 2023 (H1 / 2022: 140 FTEs). Moreover, in order to cover demand in production, temporary workers were taken on, particularly in Germany.

### *SMT Scharf Group employees:*

	H1/2023	H1/2022
Total employees	415	410
Employees in Germany	137	140
Employees abroad	278	270
Percentage of female employees	17.8	17.8

The number of employees at foreign locations grew year-on-year to 278 FTEs in the first half of 2023 (H1 / 2022: 270 FTEs). The percentage of staff employed abroad thereby increased slightly to 67.0% (H1 / 2022: 65.9%).

## Research and development

Following the coronavirus pandemic, SMT Scharf is continuing to focus on expanding local expertise centres, particularly in Germany, China, Poland and South Africa. In order to advance its research and development activities and realise synergies within the SMT Scharf Group, SMT Scharf has continued to drive forward the networking of its corporate locations. This is realised by introducing a uniform ERP system as well as globally standardised development systems and design systems.

In the 2023 fiscal year, the focus remains on the electrification of rubber-tyred and rail-bound vehicles, as well as research into lower-emission engines, including firedamp protection in accordance with the Chinese MA approval authority.

In light of the ongoing digitalisation of mines, SMT Scharf is intensively developing solutions for lower-emission and smarter drive systems for underground transport technology that communicate with their environment. Ongoing product support within the SMT Scharf Group and the development of sustainable solution concepts contribute to enhanced benefits for customers. For example, the implementation of automated transport systems, so-called Smart Driving Functions, for the Chinese market forms a further focus of SMT Scharf's development activities, which are conducted in close coordination between the development teams in China and Germany. The use of automated transport systems is aimed at delivering tangible enhancements in intralogistics efficiency. The automated, driverless transport systems optimise material flows, save time and reduce costs. Not only can costs be saved due to the reduced need for manpower for transport tasks, but also a higher level of occupational safety can be achieved. The electrification and digitalisation of products is to be advanced continuously, with SMT Scharf remaining well positioned as a preferred provider of efficient and sustainable transport logistics in the digital mines of tomorrow. This vision ranges from zero-emission drives to fully autonomous transportation.

Expenses for research and development amounted to EUR 949 thousand during the first half of 2023 (H1 / 2022: EUR 957 thousand). The share of development costs in overall research and development costs stood at EUR 0 thousand (H1 / 2022: EUR 113 thousand), while writedowns on capitalised development costs amounted to EUR 148 thousand (H1 / 2022: EUR 124 thousand) in the reporting period.

## Economic and business report

### Macroeconomic environment

In 2022, the global economy grew at a rate of 3.5%, according to the International Monetary Fund (IMF) in its July 2023 World Economic Outlook (2021: 6.3%). Given high inflation and the consequences of the Russia-Ukraine war, the IMF forecasts moderate growth in economic output of 3.0% for 2023 and 2024. The forecast for this year is thereby slightly higher than expected in April, although the outlook remains weak by historical standards. According to the IMF, the sharp rise in key interest rates by central banks to combat inflation, the ongoing Russia-Ukraine war as well as increasing geo-economic fragmentation are continuing to exert a negative effect on the global economy.

With economic growth of 3.0% in 2022, the Chinese economy recorded its lowest growth rate in more than four decades, with the exception of the 2020 coronavirus pandemic year, according to the IMF. While consumption growth expanded in line with IMF forecasts in the first half of 2023, investment fell short of expectations due to the ongoing downturn in the Chinese real estate market. According to the IMF, China is expected to grow by 5.2% in 2023. The forecast for Russia for this year has been upgraded by 0.8 percentage points to 1.5%, with extensive fiscal stimulus supporting this momentum. In particular, data for the retail trade, construction and industrial production sectors point to a strong first half of the year in Russia. Compared with the IMF's estimate that the Polish economy expanded by 4.9% in 2022, significantly slower growth of just 0.3% is expected in 2023. In South Africa, economic output increased by a moderate 1.9% in 2022. However, the economic outlook has also deteriorated in this country, leading to growth of 0.3% in 2023 according to the IMF.

The four aforementioned countries represent SMT Scharf's most important sales markets. Together, the customers that are situated there regularly account for more than 85% of consolidated revenue.

#### GDP growth in the most important sales markets of SMT Scharf AG\*

in %	2022
World	+3.5
China	+3.0
Poland	+4.9
Russia	-2.1
South Africa	+1.9

\* Source: IMF World Economic Outlook, July 2023 update

SMT Scharf limits the impact of foreign exchange risks through partial relocation of production and purchasing processes to the company's sales markets. However, most new plants are still built in Germany. In addition, SMT Scharf has adapted its organisation to these influences and reduced the costs incurred by exchange rate effects in the reporting period by deploying hedging transactions. The Euro appreciated increasingly during the first half of 2023, and recently also recorded significant gains against the Chinese Renminbi.

#### Exchange rate changes in the most important sales markets of SMT Scharf AG\*

in %	H1/2023	H1/2022
Yuan Renminbi (China)/Euro	+6.8	-9.3
Zloty (Poland)/Euro	-5.0	+3.8
Rouble (Russia)/Euro	+24.2	n.a.
Rand (South Africa)/Euro	+13.5	+0.02

\* Source: Commerzbank AG, change during the year

### Sector trends

Prices for energy-related raw materials and metals were down during the reporting period. Following the massive rise in commodity prices due to the Russia-Ukraine war, they have followed a clear downward trend since their peak levels in mid 2022. The S&P GSCI Energy and Metal Index, which is important for the sector, posted a reduction of 7.6% between January and June 2023. The oil price was also down during the reporting period, decreasing by 6.7% between January and June 2023. While the coal price almost tripled in the first half of 2022, it dropped significantly by 39.1% between January and June 2023.

The market for machinery and plant engineering reached record sales of EUR 3.39 trillion in 2022, according to the German Engineering Federation (VDMA). With an estimated EUR 354 billion in sales and around 11.0% year-on-year sales growth, Germany ranks as the third-largest producer of machinery. The reduced level of demand for capital goods that has prevailed since the end of 2022 stands in contrast to solid sales performance benefiting from accumulated order book positions. Production in the first two months of the current year exceeded the prior-year level by around 4.0% after adjustment for price and calendar effects, according to Eurostat. China achieved growth of 12.0% in the comparative period. However, this does not indicate a strong upturn, as April 2022 was heavily influenced by the Shanghai lockdown. As a consequence, the sector in China expanded by around 5.0% in the first four months of this year.

A survey by PriceWaterhouseCoopers of German mechanical and plant engineering companies showed that in the first quarter of 2023 an average of 89.1% of the companies' production capacities were being utilised. This reflects a slight decrease compared to the record level of 90.5% in the fourth quarter of 2022. The percentage of companies operating at the upper capacity limit amounts to 43.0%, down 9.0% from the previous quarter and the lowest level since mid-2020. According to PriceWaterhouseCoopers, this development might be related to the implementation of energy-saving measures and more efficient production processes.

The fact that the OECD continues to forecast that global demand for raw materials will double by 2060 forms a further ground for confidence. For example, the VDMA expects higher demand especially from companies focusing on the extraction of raw materials utilised in alternative forms of energy generation. The mining supply industry is also forecast to benefit from higher demand for mineral fertilisers for agricultural production. As a consequence, the global mining equipment market is forecast to grow from USD 70 billion in 2021 to USD 90 billion in 2030, representing a CAGR of 4.5% (2021-2030).

According to SMT Scharf's assessment, positive growth prospects also exist in the tunnel segment: the International Tunneling and Underground Space Association (ITA) is retaining its positive forecast for the coming years. Accordingly, the worldwide tunnel construction market is worth around EUR 86 billion per year (as of 2016), which corresponds to an increase of 23% compared to 2013. Since 2013, an average of 5,200 km of tunnels have been built per year worldwide. The tunnel market is gaining in popularity due to the expansion of road and railroad infrastructure construction worldwide. The rapid increase in the number of infrastructure projects to improve transportation is driving global demand. In addition, rising demand for energy, minerals and metals is driving the mining of thermal and coking coal. These factors are having an increasingly positive impact on the growth of the tunnelling market. For this reason, the global market for tunnels and underground rail systems is expected to expand at a CAGR of 4.5% between 2021 and 2030 due to demand growth worldwide.

SMT Scharf bases its business model on several pillars through its diversification by product, region, customer group and regional market. This approach serves to mitigate the impact of the coal mining business cycle on SMT Scharf's business growth and development.

## Financial position and performance

In the first six months of the current 2023 fiscal year, the SMT Scharf Group was confronted with difficult underlying conditions in the mining equipment market. Consolidated revenue reached EUR 31.7 million in the first half of 2023, compared with EUR 37.5 million in the same period of the previous year. This corresponds to a 15.5% reduction in revenue. While the Spare Parts and Service businesses posted significant growth in the first six months of 2023, the New Equipment business recorded a significant reduction. This was mainly due to subdued demand for new transport and logistics solutions in the core markets of the SMT Scharf Group. Similarly, finished products ready for delivery to the end customer at subsidiaries could not yet be recognised as revenue.

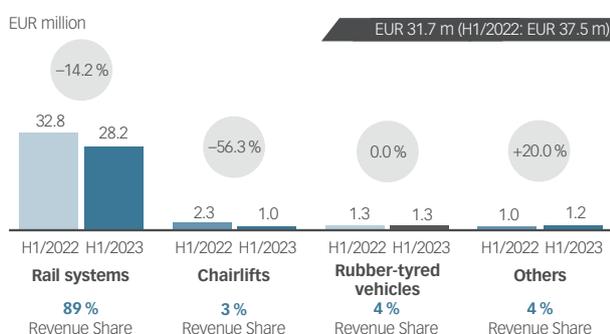
As a consequence, SMT Scharf generated revenue of just EUR 8.5 million with New Equipment in the first half of 2023, compared to EUR 20.0 million in the same period of the previous year. Accordingly, New Equipment's share of total revenue decreased to 26.8% from 53.3% in the prior-year period. In the Spare Parts and Service businesses, SMT Scharf increased its revenue to EUR 23.1 million in the first half of the year, compared with EUR 17.1 million in the same period of the previous year. Given the simultaneous sharp reduction in the New Equipment business, their share of total revenue increased significantly to 72.9% in the reporting period (H1 / 2022: 45.5%).

### Revenue by type of business



The Rail Systems product area posted a 14.2% decrease in revenue to EUR 28.2 million in the reporting period (H1 / 2022: EUR 32.8 million). Nevertheless, the share of total revenue rose to 88.9% in the first half of 2023 (H1 / 2022: 87.7%). The Chairlifts product area generated revenue of EUR 1.0 million in the first six months of the 2023 fiscal year (H1 / 2022: EUR 2.3 million), with its share of total revenue thereby decreasing to 3.2%, compared with 6.2% in the same period of the previous year. In addition, revenue in the Rubber-tyred Vehicles product area remained at the previous year's level at EUR 1.3 million (H1 / 2022: EUR 1.3 million). Meanwhile, the share of consolidated revenue accounted for by Rubbertyred Vehicles increased slightly from 3.5% in the prior-year period to 4.1% in the first half of 2023.

#### Revenue share by product



In terms of segments, SMT Scharf recorded a reduction in revenue in the Coal Mining segment to EUR 25.8 million (H1 / 2022: EUR 30.3 million). This corresponds to an 81.3% share of consolidated revenue (H1 / 2022: 80.8%). In the Mineral Mining segment, revenue decreased to EUR 4.5 million, or 14.1%, in the first half of the year (H1 / 2022: EUR 6.1 million, or 16.2%). At EUR 0.1 million, revenue in the Tunnel Logistics segment was at the previous year's level (H1 / 2022: EUR 0.1 million). This is equivalent to a share of total revenue of 0.3% in the first half of 2023, in line with the prior-year period. In the Other Industries segment, by contrast, the SMT Scharf Group increased its revenue slightly from EUR 1.0 million or 2.6% in the same period of the previous year to EUR 1.3 million or 4.2% in the first half of 2023.

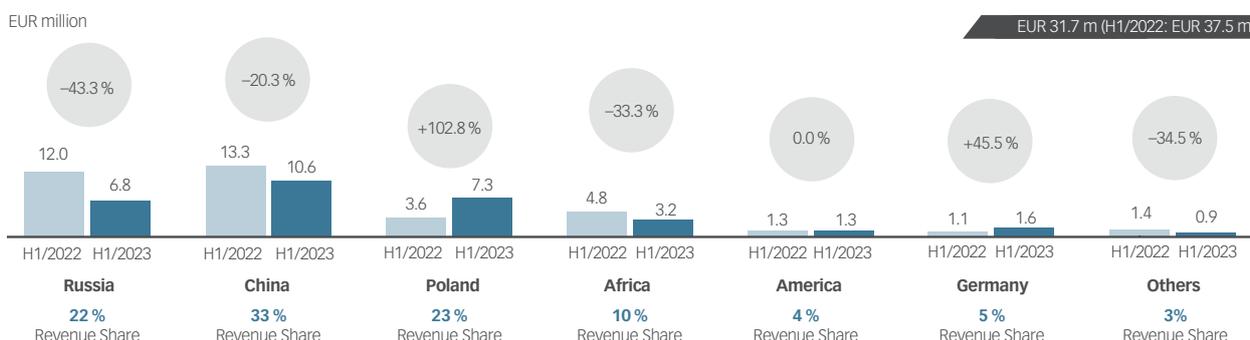
#### Revenue share by segment



In the important foreign market of China, SMT Scharf succeeded in generating revenue of EUR 10.6 million in the reporting period (H1 / 2022: EUR 13.3 million). This corresponds to a 20.3% year-on-year reduction in revenue. Nevertheless, China ranks as SMT Scharf's most important foreign market, accounting for 33.4% of revenue in the first half of 2023. With the completely revised DZK3500 generation of machines, SMT Scharf meets or exceeds the currently applicable China III emissions directive and thereby continues to see itself as well positioned in the market, although greater competitive pressure from domestic competitors was noted.

Given the sanctions imposed on Russia by Western countries, SMT Scharf is prohibited from supplying complete machines to Russia. The supply of certain spare parts is also only possible to a very limited extent under the sanctions guidelines currently in force. As expected, revenue in Russia decreased to EUR 6.8 million in the first half of 2023, compared with EUR 12.0 million in the same period of the previous year. In the prior-year period, SMT Scharf had still benefited from the fact that Russian mine operators had stepped up their efforts at an early stage to secure the mining equipment they required. In the Polish sales market, SMT Scharf succeeded in more than doubling its revenue to EUR 7.3 million (H1 / 2022: EUR 3.6 million). The reason for this is that due to the Russia-Ukraine war Poland has increased its involvement in coal production, and this has led to rising demand from Polish mine operators for adequate mining equipment. Similarly, revenue in Germany grew by 45.5% from EUR 1.1 million in the prior-year period to EUR 1.6 million in the first half of 2023. In the Africa region, revenue was down by 33.3% from EUR 4.8 million in the prior-year period to EUR 3.2 million in the first half of 2023.

### Revenue by region



At EUR 9.4 million, changes in inventories were lower than in the previous year (H1 / 2022: EUR 9.6 million), while total operating revenue (defined as the sum of revenue and changes in inventories) decreased by 13% to EUR 41.0 million (H1 / 2022: EUR 47.1 million) given the year-on-year reduction in the revenue level as well as changes in inventories.

Other operating income decreased considerably to EUR 2.1 million in the first half of 2023, 75.0% below the corresponding figure for the previous year (H1 / 2022: EUR 8.5 million). This is mainly due to two factors. Firstly, lower currency gains of EUR 1.8 million were recorded compared with the previous year. Secondly, the release of a penalty provision of around EUR 4.2 million in the prior-year period had led to a positive one-off effect.

By contrast, other operating expenses of EUR 8.7 million were significantly higher than the previous year's level of EUR 7.9 million. This was mainly due to currency losses of EUR 4.6 million, which were recognised in other operating expenses in the reporting period.

The cost of materials of EUR 24.5 million decreased by 17.5% year-on-year (H1 / 2022: EUR 29.7 million). This primarily reflects the downturn in revenue in the Rail Systems and Chairlifts product areas, reflecting lower demand in the SMT Scharf Group's core markets. Accordingly, the cost of materials ratio (in relation to total operating revenue) reduced slightly to 59.6% (H1 / 2022: 63.0%).

In addition, due to the higher number of employees, personnel expenses increased by 4.8% to EUR 10.4 million in the first half of 2023 (H1 / 2022: EUR 9.9 million). Given the lower level of total operating revenue in the reporting period with personnel expenses rising at the same time, the personnel expense ratio consequently rose to 25.4% (H1 / 2022: 21.1%).

At EUR 1.4 million, depreciation and amortisation of non-current assets exceeded the previous year's level (H1 / 2022: EUR 1.1 million). This is mainly due to depreciation of the ERP system, which is being successively rolled out at the individual subsidiaries of the SMT Scharf Group.

The result from operating activities (EBIT) dropped into negative territory in the first six months of the current financial year at EUR -1.8 million (H1 / 2022: EUR 7.0 million). In addition to the significant year-on-year decrease in revenue, the result in the first half of the year was also impacted by currency losses. At segment level, EBIT in the Coal Mining segment reduced to EUR -2.2 million in the first half of 2023 (H1 / 2022: EUR 6.7 million). In the Mineral Mining segment, EBIT decreased to EUR 218 thousand compared with EUR 245 thousand in the same period of the previous year. The smaller segments Tunnel Logistics and Other Industries made a positive contribution to earnings of EUR 5 thousand (H1 / 2022: EUR 50 thousand) and EUR 143 thousand (H1 / 2022: EUR 49 thousand) respectively.

The Group's financial result was positive at EUR 876 thousand (H1 / 2022: EUR 1.9 million). This was due to lower income from investments in existing joint ventures in China. The result from operating activities incurred income taxes of EUR -0.8 million in the first half of the year (H1 / 2022: EUR -0.2 million).

Overall, SMT Scharf recorded a consolidated net result of EUR -189 thousand in the first half of 2023 (H1 / 2022: EUR 9.2 million). Based on the average number of shares outstanding of 5,471,979, the undiluted (basic) result per share amounted to EUR -0.05 in the reporting period (H1 / 2022: EUR 1.67).

SMT Scharf's order book position stood at a total of EUR 34.5 million as of June 30, 2023 (June 30, 2022: EUR 36.6 million) and thereby remains at a high level. New order intake during the first six months of 2023 amounted to EUR 43.2 million, below the previous year's level of EUR 47.1 million.

Total assets decreased slightly by 3.0% to EUR 127.0 million as of June 30, 2023 compared to the end of the 2022 fiscal year (December 31, 2022: EUR 131.0 million). As part of improved receivables management, the trade receivables portfolio was reduced significantly by EUR 11.9 million to EUR 34.4 million as of the reporting date and its term structure was also shortened further (December 31, 2022: EUR 46.3 million). At EUR 91.0 million, current assets as of June 30, 2023 were slightly below the level at the end of the 2022 fiscal year

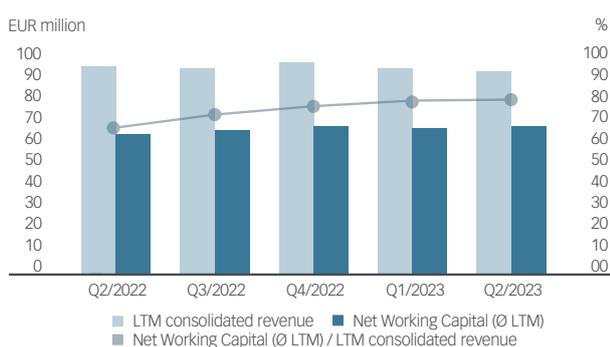
(December 31, 2022: EUR 93.1 million). Compared with the 2022 year-end, non-current assets also decreased slightly to EUR 36.1 million as of June 30, 2023 (December 31, 2022: EUR 37.9 million).

On the equity and liabilities side of the balance sheet, non-current provisions and liabilities were down and amounted to EUR 8.8 million as of June 30, 2023 (December 31, 2022: EUR 11.0 million). In contrast, current provisions and liabilities increased significantly from EUR 33.0 million as of December 31, 2022 to EUR 36.3 million as of June 30, 2023, mainly due to a higher level of cash and cash equivalents.

SMT Scharf continued to command a solid equity base in the period under review. At EUR 81.9 million, SMT Scharf's equity as of June 30, 2023 was 5.7% below the level as of December 31, 2022 (EUR 87.0 million). Accordingly, the equity ratio decreased slightly to 64.5% as of June 30, 2023 (December 31, 2022: 66.4%), but remained at a high level.

Net working capital amounted to EUR 64.7 million at June 30, 2023, a slight decrease of 2.2% compared to the 2022 year-end (December 31, 2022: EUR 66.2 million). The average net working capital of the past twelve months (LTM, calculated from quarterly figures) stood at EUR 66.2 million as of June 30, 2023. Rolling consolidated revenue over the past twelve months amounted to EUR 87.9 million as of the balance sheet date. This reflects a higher net working capital intensity of 75.3% compared with the prior-year reporting date. SMT Scharf aims to reduce net working capital intensity to <50% in the medium term.

### Net working capital



(LTM: last twelve months, rolling 12-months basis)

### Comparison of the actual financial position and performance with the forecast:

In the forecast report for the 2022 fiscal year, the Managing Board of SMT Scharf AG published its guidance for the current 2023 fiscal year. Accordingly, on the basis of conservative assumptions, the Managing Board expected consolidated revenue of EUR 83 million and EBIT of EUR 1.2 million for the 2023 fiscal year. On August 9, 2023, SMT Scharf downgraded its guidance for the full 2023 fiscal year on the basis of preliminary results for the first half of 2023. The Managing Board of SMT Scharf AG now anticipates consolidated revenue of EUR 73 million and negative EBIT of EUR -3.3 million for 2023.

On the basis of the figures for the first half of 2023, SMT Scharf had not yet achieved its expectations for 2023 as a whole as of the reporting date, including the guidance for consolidated revenue and EBIT that was reduced in August:

- At EUR 31.7 million, actual consolidated revenue was pro rata below the most recently issued guidance of EUR 35.0 million.
- In the first half of the year, EBIT of EUR -1.8 million was worse than the prorata EBIT guidance of EUR -1.65 million. For the full 2023 fiscal year, EBIT of EUR -3.3 million is now forecast.
- In the first half of 2023, the cost of materials ratio (in relation to total operating revenue) amounted to 59.6%. As a consequence, the forecast for the full year 2023 of a cost of materials ratio (in relation to total operating revenue) at the previous year's level was not achieved in the first half of the year.
- The equity ratio of 64.5% as of June 30, 2023 was slightly below the figure at the end of the 2022 fiscal year (December 31, 2022: 66.4%). For the full 2023 fiscal year, the equity ratio is expected to remain at the previous year's level.
- Net working capital totalled EUR 64.7 million as of June 30, 2023, accompanied by a year-on-year increase in net working capital intensity to 75.3%, with SMT Scharf as of June 30, 2023 thereby falling short of expectations overall in this context. The target for 2023 is for net working capital to be below the previous year's level, with a further slight improvement in net working capital intensity in relation to revenue.

## Overall statement on the company's business position

The SMT Scharf Group continued to face difficult conditions in the mining equipment market in the first six months of the 2023 fiscal year. A subdued willingness to invest in modern mining equipment was evident in the SMT Scharf Group's core markets. While this had a noticeable impact on the New Equipment business, SMT Scharf significantly increased its profitable After-Sales business in the period under review. SMT Scharf continues to believe that it is well positioned in its niche within mining markets worldwide and is focusing on continuing the diversification of its business that it has initiated. In principle, the company can build on a solid financing situation. At 64.5%, the equity ratio remains at a high level with moderate financial debt. The order book position of EUR 34.4 million as of June 30, 2023 creates a good starting position for the second half of the year.

## Report on opportunities and risks

The opportunities and risks associated with the future development of the SMT Scharf Group are discussed in detail in the Group management report for the 2022 fiscal year (see pages 51- 56).

## Outlook

The International Monetary Fund (IMF) forecasts global growth of 3.0% for the current 2023 year. In particular, interest rate hikes by central banks to combat inflation and the effects of the Russia-Ukraine war are continuing to weigh on economic activity. According to the IMF economists, economic growth of 3.0% is also expected in 2024. This forecast is also subject to a number of risks and opportunities. On the positive side, a stronger stimulus from pentup demand in numerous economies or a faster reduction in inflation are conceivable. On the other hand, serious health problems in China could slow the recovery, Russia's war in Ukraine could escalate, and a tightening of global financing conditions could intensify the debt problem.

In July 2023, 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 of SMT Scharf AG\*

(in %)	2023	2022
World	3.0	3.5
China	5.2	3.0
Poland	0.3	4.9
Russia	1.5	-2.1
South Africa	0.3	1.9

\* Source: IMF World Economic Outlook, July 2023 update

Despite continued high volatility in the market environment, SMT Scharf believes that it is fundamentally well positioned in the niche to implement customised transport and logistics solutions for its customers worldwide. SMT Scharf is continuing to focus on its core markets of China, Poland, South Africa and America. In addition, Russia is one of the SMT Scharf Group's core markets. While in the 2022 fiscal year local mining companies secured the required equipment for underground raw materials mining at an early stage, with significant revenue growth thereby being achieved in the Russian market, SMT Scharf expects a tangibly lower level of business activity in Russia in 2023. Going forward, the sanctions that the EU has imposed will have an impact on this market, prohibiting the delivery of complete machines to Russia. Since February 25, 2023, the delivery of spare parts has also been very limited. SMT Scharf will continue to closely monitor the opportunities and risks in this market with a view to its future business activities, in order to be able to take appropriate measures if necessary.

On August 9, 2023, SMT Scharf downgraded its guidance for the full 2023 year on the basis of preliminary results for the first half of 2023. The Managing Board of SMT Scharf AG now anticipates consolidated revenue of EUR 73 million and negative EBIT of EUR -3.3 million for 2023. Nevertheless, the Managing Board identifies catchup potential for the second half of the year, as a consequence of which the full-year results could be better than expected at present. In the 2022 Annual Report, the Managing Board of SMT Scharf AG had originally stated that it expected consolidated revenue of EUR 83 million and EBIT of EUR 1.2 million for the 2023 fiscal year.

Hamm, August 14, 2023

SMT Scharf AG

The Managing Board

# IFRS HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED)

## CONSOLIDATED BALANCE SHEET

EUR thousand	30/06/2023	30/06/2022	31/12/2022
<b>Assets</b>			
Intangible assets	7,587	7,513	8,107
Property, plant and equipment	6,722	8,299	7,722
Loans	730	707	717
Equity accounted investments	16,895	16,191	18,171
Other investments	7	7	7
Deferred tax assets	3,940	4,641	2,646
Non-current lease receivables	202	76	528
Other non-current non-financial assets	2	7	4
<b>Non-current assets</b>	<b>36,085</b>	<b>37,441</b>	<b>37,902</b>
Inventories	39,124	42,136	33,663
Trade receivables	34,364	30,693	46,254
Contract assets	30	380	0
Current lease receivables	712	78	675
Other current non-financial assets	6,080	6,613	3,779
Other current non-financial assets in connection with employee benefit entitlements	1,432	556	1,069
Cash and cash equivalents	9,209	8,898	7,677
<b>Current assets</b>	<b>90,951</b>	<b>89,354</b>	<b>93,117</b>
<b>Total assets</b>	<b>127,036</b>	<b>126,795</b>	<b>131,019</b>

EUR thousand	30/06/2023	30/06/2022	31/12/2022
<b>Equity and liabilities</b>			
Subscribed share capital	5,472	5,472	5,472
Capital reserve	24,230	24,095	24,162
Revenue reserves	59,651	54,418	59,938
Other reserves	-9,110	2,451	-4,288
Non-controlling interests	1,683	1,484	1,700
<b>Equity</b>	<b>81,926</b>	<b>87,920</b>	<b>86,984</b>
Provisions for pensions	2,625	3,058	2,702
Other non-current provisions	175	234	192
Deferred tax liabilities	562	1,527	899
Contract liabilities	0	268	0
Leasing liabilities	1,928	2,171	2,699
Non-current financial liabilities	679	1,601	1,037
Other non-current financial liabilities	2,845	2,920	3,508
<b>Non-current provisions and liabilities</b>	<b>8,814</b>	<b>11,779</b>	<b>11,037</b>
Current income tax	1,660	457	2,704
Other current provisions	5,287	6,807	5,963
Contract liabilities	937	1,938	449
Trade payables	7,229	5,307	6,964
Leasing liabilities	1,097	488	721
Current financial liabilities (cash and cash equivalents)	17,389	8,884	11,739
Current financial liabilities (not cash and cash equivalents)	1,829	1,747	2,034
Other current non-financial liabilities	868	1,468	2,424
<b>Current provisions and liabilities</b>	<b>36,296</b>	<b>27,096</b>	<b>32,998</b>
<b>Total equity and liabilities</b>	<b>127,036</b>	<b>126,795</b>	<b>131,019</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q2/2023	Q2/2022	H1/2023	H1/2022
Revenue	18,889	22,725	31,688	37,455
Changes in inventories	1,540	5,223	9,357	9,641
<b>Total operating revenue (100 %)</b>	<b>20,429</b>	<b>27,948</b>	<b>41,045</b>	<b>47,096</b>
Other operating income	859	1,758	2,131	8,517
Cost of materials	11,765	17,687	25,379	29,669
Personnel expenses	5,307	5,231	10,416	9,940
Depreciation, amortization and impairment losses	668	549	1,366	1,110
Other operating expenses	5,166	4,681	8,763	7,859
<b>Profit from operating activities (EBIT)</b>	<b>-704</b>	<b>1,558</b>	<b>-1,834</b>	<b>7,035</b>
Result from equity accounted investments	818	1,962	1,255	2,291
Interest income	125	91	215	197
Interest expenses	290	347	594	574
<b>Financial result</b>	<b>653</b>	<b>1,706</b>	<b>876</b>	<b>1,914</b>
<b>Profit before tax</b>	<b>-51</b>	<b>3,264</b>	<b>-958</b>	<b>8,949</b>
Income taxes	-47	-102	-769	-206
<b>Consolidated net profit/loss</b>	<b>-4</b>	<b>3,371</b>	<b>-189</b>	<b>9,155</b>
of which attributable to shareholders of SMT Scharf AG	-18	3,308	-287	9,160
of which attributable to non-controlling interests	14	58	98	-5
<b>Other comprehensive income items recycled later to profit or loss:</b>				
Currency differences from translation of foreign financial statements	1,033	6,635	2,693	6,515
Share of other comprehensive income attributable to equity accounted investments	-978	189	-1,264	483
<b>Other comprehensive income items not recycled later to profit or loss:</b>				
Actuarial gains/losses	-	-	-	-
Deferred taxes	-	-	-	-
<b>Other comprehensive income</b>	<b>-2,012</b>	<b>6,824</b>	<b>-3,958</b>	<b>6,998</b>
of which attributable to shareholders of SMT Scharf AG	-1,957	1,027	-3,844	6,958
of which attributable to non-controlling interests	-55	8	-114	40
<b>Total comprehensive income</b>	<b>-2,016</b>	<b>10,190</b>	<b>-4,147</b>	<b>16,153</b>
of which attributable to shareholders of SMT Scharf AG	-1,957	10,187	-4,131	16,118
of which attributable to non-controlling interests	-41	3	-16	35
<b>Earnings per share (in EUR)</b>				
Undiluted (basic)	0	0.61	-0.05	1.67
Diluted	0	0.61	-0.05	1.66
Average number of shares, undiluted	5,471,979	5,471,979	5,471,979	5,471,979
Average number of shares, diluted	5,510,475	5,510,475	5,510,475	5,510,475

## CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	H1/2023	H1/2022
Consolidated net profit/loss	-189	9,155
-/+ Income/expense from equity accounted investments	-1,255	-2,291
+ Depreciation and amortisation of non-current assets	1,363	1,110
-/+ Gain/loss on disposal of non-current assets	193	-128
+/- Increase/decrease in provisions	-458	-4,169
-/+ Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	1,949	4,164
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	-164	-906
+/- Other non-cash expenses/income	67	67
+/- Income taxes	-769	-205
+/- Financial expenses	380	377
-/+ Income taxes paid	-1,990	-888
<b>Cash flow from operating activities</b>	<b>-873</b>	<b>6,286</b>
+ Cash inflow from disposal of property, plant and equipment	5	6
- Capital expenditure on property, plant and equipment	-495	-661
- Capital expenditure on intangible assets	-13	-640
+ Interest received	222	198
<b>Cash flow from investing activities</b>	<b>-281</b>	<b>-1,097</b>
- Cash outflow for the repayment of leasing liabilities	-335	-320
+ Cash inflow from sale-and-leaseback agreements	0	431
- Cash outflow for the repayment of loans	-1,226	-364
- Interest paid	-586	-435
<b>Cash flow from financing activities</b>	<b>-2,147</b>	<b>-688</b>
<b>Net change in cash and cash equivalents</b>	<b>-3,301</b>	<b>4,501</b>
Changes in cash and cash equivalents due to effects from exchange rates and the consolidation Group	-817	1,434
Cash and cash equivalents at start of period	-4,062	-5,922
<b>Cash and cash equivalents at end of period</b>	<b>-8,180</b>	<b>13</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1 TO JUNE 30, 2023

In EUR	Subscribed share capital	Capital reserve	Revenue reserves	
			Actuarial gains and losses	Other revenue reserves
Balance on January 1, 2023	5,472	24,162	-59	59,997
Consolidated net profit/loss	-	-	-	-287
Currency difference from translating results from foreign annual financial statements	-	-	-	-
Share of other comprehensive income attributable to equity accounted investments	-	-	-	-
Recognition of actuarial gains/losses	-	-	-	-
Deferred taxes on recognized actuarial gains and losses	-	-	-	-
Comprehensive income	-	-	-	-287
Increase in equity due to shares to be issued	-	68	-	-
Balance on June 30, 2023	5,472	24,230	-59	59,710

Other reserves				
Currency translation difference	Equity attributable to SMT Scharf AG shareholders	Non-controlling interests		Total Equity
-4,288	85,284	1,700		86,984
-	-287	98		-189
-3,557	-3,557	-114		-3,671
-1,265	-1,265	-		-1,265
-	-	-		-
-	-	-		-
-4,822	-5,109	-16		-5,125
-	68			68
<b>-9,110</b>	<b>80,243</b>	<b>1,683</b>		<b>81,926</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1 TO JUNE 30, 2022

In EUR	Subscribed share capital	Capital reserve	Revenue reserves	
			Actuarial gains and losses	Other revenue reserves
Balance on January 1, 2022	4,571	16,867	-335	32,899
Cash capital increase from authorized capital	901	7,026	-	-
Consolidated net profit/loss	-	-	-	3,641
Currency difference from translating results from foreign annual financial statements	-	-	-	-
Share of other comprehensive income attributable to equity accounted investments	-	-	-	-
Comprehensive income	-	-	-	3,641
Dividends paid by subsidiaries	-	-	-	-
Increase in equity due to shares to be issued	-	67	-	-
<b>Balance on June 30, 2022</b>	<b>5,472</b>	<b>23,960</b>	<b>-335</b>	<b>36,540</b>

Other reserves				
Currency translation difference	Equity attributable to SMT Scharf AG shareholders	Non-controlling interests		Total Equity
-6,976	47,026	1,427		48,453
-	7,927	-		7,927
-	3,641	-32		3,609
342	342	44		386
388	388	-		388
730	4,371	12		4,383
-	-	-		-
-	67	-		67
-6,246	59,391	1,439		60,830

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Information about SMT Scharf AG and the SMT Scharf Group

SMT Scharf AG, Römerstrasse 104, 59075 Hamm, Germany (hereinafter also referred to as the “company”) was formed on May 31, 2000 under German law. It is the management holding company for the companies in the SMT Scharf Group. All 5,521,456 shares are available for trading on the Munich Stock Exchange in the Open Market of the m:access quality segment. The purpose of the companies in the SMT Scharf Group is to plan, produce, sell, install and maintain machinery and equipment that transports people, equipment and materials. SMT Scharf AG has its registered offices in Hamm and is entered into the commercial register at the District Court of Hamm under commercial register sheet number 5845.

## General remarks on reporting

Pursuant to Section 37w (2) of the German Securities Trading Act (WpHG), this half-year financial report as of June 30, 2023 for the SMT Scharf Group comprises condensed interim consolidated financial statements and an interim Group management report. The condensed interim consolidated financial statements were prepared according to the regulations of International Financial Reporting Standards (IFRS), as applicable in the EU, for interim reporting (IAS 34). The accounting and valuation policies and the calculation methods applied are the same as those used in the IFRS consolidated financial statements as at December 31, 2022. Income taxes were deferred on the basis of the tax rate expected for the full year. The interim Group management report was prepared in compliance with the applicable regulations of the German Securities Trading Act (WpHG). The half-year financial report was not subjected to an auditor’s review. The interim financial statements present a true and fair view of the financial position and performance of the SMT Scharf Group for the period under review. These condensed interim consolidated financial statements do not include all disclosures that IFRS require for consolidated financial statements, and consequently should be read in combination with the consolidated financial report for the fiscal year ending December 31, 2022, which provides a basis for these interim financial statements. Moreover, as regards significant modifications and business transactions up until June 30, 2023, please refer to the interim management report contained in this document.

The interim financial statements are presented in Euros. Unless otherwise indicated, all amounts are stated and rounded to thousands of Euros (EUR thousands).

## New standards and interpretations

Please refer to the 2022 annual report for detailed information about standards to be applied in the future.

## Currency translation

The exchange rates of the most important currencies report the following changes:

1 Euro =	Closing rate		Average rate	
	30/06/2023	30/06/2022	2023	2022
Polish Zloty	4.4388	4.6904	4.4608	4.6329
South African Rand	20.5785	17.0143	20.3033	16.8496
Chinese Renminbi Yuan	7.8983	6.9624	7.7653	7.08273
Russian Rouble	95.5000	56.1654	82.5552	77.2497
Canadian Dollar	1.4415	1.3425	1.4414	1.3905

## Consolidated group

The consolidated group reports the following changes during the period under review.

The consolidated financial statements of the SMT Scharf Group include SMT Scharf AG as well as the following controlled companies:

	Interest held
SMT Scharf GmbH, Hamm, Germany	100 %
SMT Scharf Polska Sp. z o.o., Tychy, Poland	100 %
SMT Scharf Africa (Pty.) Ltd., Gauteng, South Africa	70 %
Scharf Mining Machinery (Xuzhou) Co. Ltd., Xuzhou, China	100 %
Scharf Mining Machinery (Beijing) Co., Ltd., Beijing, China ***	100 %
SMT Scharf Sudamerica SpA, Santiago, Chile	100 %
OOO SMT Scharf, Novokuznetsk, Russian Federation *	100 %
OOO SMT Scharf Service, Novokuznetsk, Russian Federation **	100 %
RDH Minnig Equipment, Alban, Canada	100 %
Ser elektronik GmbH, Möhnese, Germany *****	51 %
Shandong Xinsha Monorail Co. Ltd., Xintai, China ****	50 %
Shanxi Ande Auxiliary Transportation Co. Ltd., Changzhi, Shanxi, Province, China *****	40 %

\* of which 1.25 % indirectly through SMT Scharf GmbH

\*\* indirectly through OOO SMT Scharf

\*\*\* indirectly through SMT Scharf GmbH

\*\*\*\* consolidated as a 50 % interest in accordance with the equity method

\*\*\*\*\* consolidated as a 40 % interest in accordance with the equity method

\*\*\*\*\* consolidated as a 51 % interest in accordance with the equity method

## Notes to the income statement

### (1) Revenue

Revenue is composed of the following items:

	Q2/2023	Q2/2022	H1/2023	H1/2021
New equipment	4,255	13,413	8,496	19,984
Spare parts/service/other	14,634	9,312	23,192	17,471
<b>Total</b>	<b>18,889</b>	<b>22,725</b>	<b>31,688</b>	<b>37,455</b>
Germany	1,011	614	1,592	1,144
Other countries	17,878	22,111	30,096	36,311
<b>Total</b>	<b>18,889</b>	<b>22,725</b>	<b>31,688</b>	<b>37,455</b>

### (2) Income taxes

Income taxes are composed of the following items:

EUR thousand	Q2/2023	Q2/2022	H1/2023	H1/2022
Current tax expense	483	-90	930	328
Deferred taxes	-530	-11	-1,699	-533
<b>Total</b>	<b>-47</b>	<b>-101</b>	<b>-769</b>	<b>-205</b>

### (3) Segment report

In line with IFRS 8, the identification of reportable operating segments is based on the “management approach”. According to this, the external segment reporting is performed based on the Group’s internal organisation and management structure as well as the internal financial reporting to the highest management body (“chief operating decision maker”). In the SMT Scharf Group, the Managing Board of SMT Scharf AG is responsible for the assessment and control of the performance of the segments, and is the chief operating decision maker in the meaning of IFRS 8.

SMT Scharf AG reports on four operating segments, which are managed independently by segment boards by types of products and services, brands, sales channels and customer profiles. Intersegment revenues and inputs are of minor significance, and are not reported separately.

## Segment reporting 30.06.2023

EUR thousand	Coal mining		Mineral mining		Tunnel		Other industries		Not allocated		SMT Scharf Group	
	H1/2023	H1/2022	H1/2023	H1/2022	H1/2023	H1/2022	H1/2023	H1/2022	H1/2023	H1/2022	H1/2023	H1/2022
Revenue	25,762	30,275	4,472	6,076	122	126	1,332	978	-	-	31,688	37,455
of which new equipment	5,856	16,076	1,423	2,946	51	78	1,166	884	-	-	8,496	19,984
of which spare parts	15,998	11,090	2,849	2,950	71	20	166	94	-	-	19,084	14,154
of which service	3,828	2,703	200	180	-	28	-	-	-	-	4,028	2,911
of which others	80	406	-	-	-	-	-	-	-	-	80	406
Operating result (EBIT)	(2,200)	6,691	218	245	5	50	143	49	-	-	(1,834)	7,035
Earnings from equity accounted companies	1,255	2,291	-	-	-	-	-	-	-	-	1,255	2,291
Segment assets	110,524	109,798	9,847	10,179	419	390	2,307	1,787	3,940	4,641	127,036	126,795
Segment liabilities	40,279	32,438	3,110	3,806	147	126	1,013	978	562	1,527	45,110	38,875
Segment investments	566	633	13	47	-	-	7	15	-	-	586	695
of which IFRS 16	91	13	-	-	-	-	-	-	-	-	91	13
Interests in equity accounted companies	16,895	16,191	-	-	-	-	-	-	-	-	16,895	16,191
Scheduled amortisation	1,138	876	157	165	2	2	69	67	-	-	1,366	1,110
Unscheduled amortisation	-	-	-	-	-	-	-	-	-	-	-	-
FTE	333	332	58	54	5	5	19	19	-	-	415	410

## Notes to the balance sheet

### (4) Non-Current assets

The SMT Scharf Group leases internally developed machines and heavy-load lifting beams as a lessor in the context of finance leases. The carrying amount of lease receivables stands at EUR 914 thousand as of June 30, 2023 (December 31, 2022: EUR 1,203 thousand).

As of the balance sheet date, and as at the year-end, no leased assets were reported under property, plant and equipment as leased assets under operating leases.

As of June 30, 2023, non-current assets include rights of use from leases in which the Group is the lessee. Their carrying amount as of June 30, 2023 stands at EUR 2,778 thousand (December 31, 2022: EUR 3,203 thousand)

In the first six months of 2023, no development expenses that meet IAS 38 recognition criteria for projects were capitalised (H1 / 2022: 104 thousand).

### (5) Equity

The changes in the SMT Scharf Group's equity are shown in the statement of changes in equity.

On June 30, 2023, 5,521,456 ordinary bearer shares of SMT Scharf AG are issued in the form of no-par value shares with a notional value of EUR 1 per share. All shares have been fully paid up and grant the holders the same rights.

No dividends were paid in the first six months of 2023, as in the prior-year period.

As already in comparable periods, the company has refrained from recognising actuarial gains and losses for materiality reasons. Further changes to equity are presented in the consolidated statement of changes in equity.

## Other disclosures

### (6) Contingent liabilities and other financial commitments

As of the reporting date, contingent liabilities exist from advance payment and warranty guarantees with a total value of EUR 150 thousand (December 31, 2022: EUR 150 thousand).

## (7) Leases

The Group is a lessee under leases for cars, office premises and office equipment.

As of June 30, 2023, the leasing liabilities were composed as follows:

EUR thousand	Future lease payments	Interest portion	Present value of future leasing instalments
Due within one year	1,115	19	1,096
Due in one to five years	1,790	317	1,473
Due after more than five years	691	274	417
<b>Total</b>	<b>3,596</b>	<b>610</b>	<b>2,986</b>

As of December 31, 2022, the leasing liabilities were composed as follows:

EUR thousand	Future lease payments	Interest portion	Present value of future leasing instalments
Due within one year	738	26	712
Due in one to five years	2,454	490	1,964
Due after more than five years	945	453	492
<b>Total</b>	<b>4,137</b>	<b>969</b>	<b>3,168</b>

In 2023, the rental and lease agreements resulted in payments totalling EUR 470 thousand in the first half of the year (H1 / 2022: EUR 434 thousand). Some of these payments do not represent interest or principal payments, but were expensed instead.

Interest expenses of EUR 89 thousand in connection with the lease liabilities were recognised in the income statement in the first half of 2023 (H1 / 2022: EUR 82 thousand).

The Group is also a lessor as part of finance and operating leases. In both cases, the assets concerned are mainly drive units.

Receivables from finance leases of EUR 914 thousand existed as of the reporting date (December 31, 2022: EUR 1,203 thousand). They are disclosed under lease receivables and measured at amortised cost. These led to interest income of EUR 63 thousand in the first half of 2023 (H1 / 2022: EUR 4 thousand). As in the previous year, no capital gains arose. The decrease in leases reflects the scheduled fulfilment of leasing agreements.

Their fair value on the balance sheet date amounted to EUR 940 thousand (December 31, 2022: EUR 1,203 thousand).

The following information is provided on receivables from finance leases:

*Sum total of future minimum leasing payments (gross investment)*

EUR thousand	30/06/2023	31/12/2022
Due within one year	752	715
Due in one to two years	227	609
Due in two to three years	-	-
Due in three to four years	-	-
Due in four to five years	-	-
Due after more than five years	-	-
<b>Total</b>	<b>979</b>	<b>1,324</b>

*Present value of outstanding minimum lease payments*

EUR thousand	30/06/2023	31/12/2022
Due within one year	728	675
Due in one to two years	212	528
Due in two to three years	-	-
Due in three to four years	-	-
Due in four to five years	-	-
Due after more than five years	-	-
<b>Total</b>	<b>940</b>	<b>1,203</b>
Unrealized financial income included in the outstanding minimum lease payments	39	121

The total nominal amount of the future minimum lease payments under operating leases where the Group is the lessor is composed as follows by term:

EUR thousand	30/06/2023	31/12/2022
Due within one year	-	-
Due in one to two years	-	-
Due in two to three years	-	-
Due in three to four years	-	-
Due in four to five years	-	-
Due after more than five years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

No lease income from rental leases was realised in the first half of 2023 (H1 / 2022: EUR 131 thousand).

## (8) Cash flow statement

The cash flow statement shows the changes in the SMT Scharf Group's net financial position as a consequence of cash inflows and outflows during the period under review. In accordance with IAS 7, a distinction is drawn between cash flows from operating, investing and financing activities.

The cash flows from investing and financing activities are identified directly; in other words, these are related to payments. In contrast, the cash flow from operating activities is derived indirectly from the net profit.

The net financial position in the cash flow statement comprises all of the cash and cash equivalents carried on the balance sheet, in other words, cash on hand and bank balances, to the extent that these are available within three months (from the date of acquisition) without any notable fluctuations in value. Marketable securities and current financial liabilities are not included.

## (9) Supervisory and Managing boards

During the period under review, the members of the Supervisory Board of SMT Scharf AG were:

Univ.-Prof. Dr. Louis Velthuis, Mainz (Chairman)	Professor of Controlling at the Johannes Gutenberg University of Mainz, Germany	Intershop Communications AG, member of the Supervisory Board
Dr. Dipl.-Ing. Dirk Vorsteher, Werne (Deputy Chairman)	Management consultant	(no positions held at other companies)
Dipl. Volkswirtin Dorothea Gattineau, Wuppertal	Management consultant	(no positions held at other companies)

On June 30, 2023, Professor Velthuis held 9,300, Dr. Vorsteher 3,162, Ms. Gattineau 2,103, Mr. Theiss 29,459 and Mr. Embert 16,731 shares in the company.

## (10) Related party disclosures

Besides the Managing and Supervisory boards of SMT Scharf AG, related parties pursuant to IAS 24 include personnel at companies that SMT Scharf AG controls or significantly influences. Business transactions between the parent company and its subsidiaries that are regarded as related enterprises are eliminated through consolidation and are not explained in these notes to the financial statements. Concerning at equity exchange relationships, please refer to the notes concerning joint ventures. Along with these business relationships, no transactions occurred in the first half of the year.

## (11) Events after the balance sheet date

SMT Scharf AG announced on August 7, 2023 that Mr. Hans Joachim Theiß has informed the Supervisory Board that he will not be extending his contract, which ends on December 31, 2023, and will be seeking a new professional challenge after more than eight years at SMT Scharf. Similarly, COO Wolfgang Embert will not be renewing his contract that is also due to end on December 31, 2023, for reasons of age.

## RESPONSIBILITY STATEMENT

We assure that, to the best of our knowledge, and in accordance with the applicable reporting principles, the half-year financial reporting on the consolidated half-year financial statements gives a true and fair view of the Group's financial position and performance, and the interim Group management report presents the Group's business including its results and the Group's position such as to provide a true and fair view, and describes the major opportunities and risks pertaining to Group's anticipated growth and development in the remainder of the fiscal year

Hamm, August 14, 2023

The Managing Board

Hans Joachim Theiss

Wolfgang Embert

# IMPRINT

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## Disclaimer

The Report of the first half-year 2023 is also available in German. In case of differences the German version prevails. The digital version of the Annual Report and the Interim Reports are available at [www.smtscharf.com](http://www.smtscharf.com) in the Investor Relations section.