

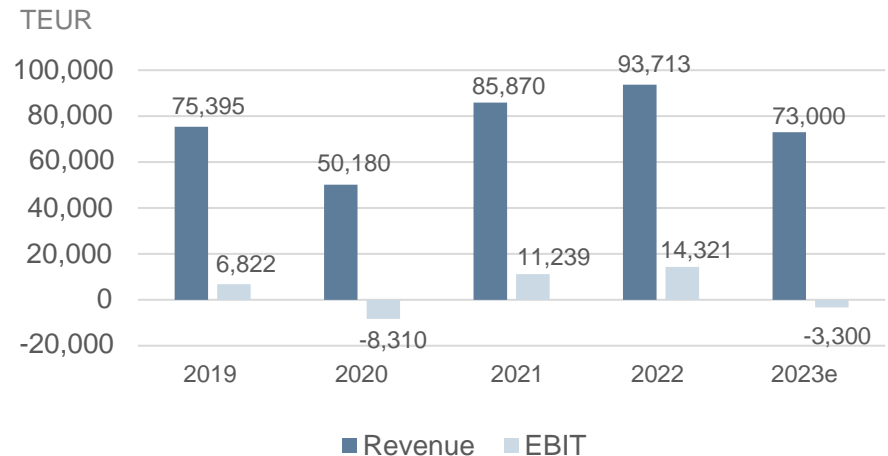
SMT Scharf AG

Company Presentation
August 2023

Niche specialist for transport and logistics systems in underground mining worldwide

- + Leading supplier of **transport and logistics** systems for **underground mining**
- + **About 80 years experience** in the market
- + Modular product concept with focus on **diesel and electric rail systems and vehicles**
- + Specialist for **customized transport concepts**
- + **Attractive long-term growth opportunities** in mining and tunnelling
- + Listed since 2007, listed in the **m:access quality segment of the Munich Stock Exchange (Regulated Unofficial Market) since March 2021**
- + Planned sale of major shareholder sparks **takeover fantasy**

2022 revenue and earnings growth above expectations – 2021 performance marked by positive impulses from China III approval



Management with proven expertise



Hans Joachim Theiß

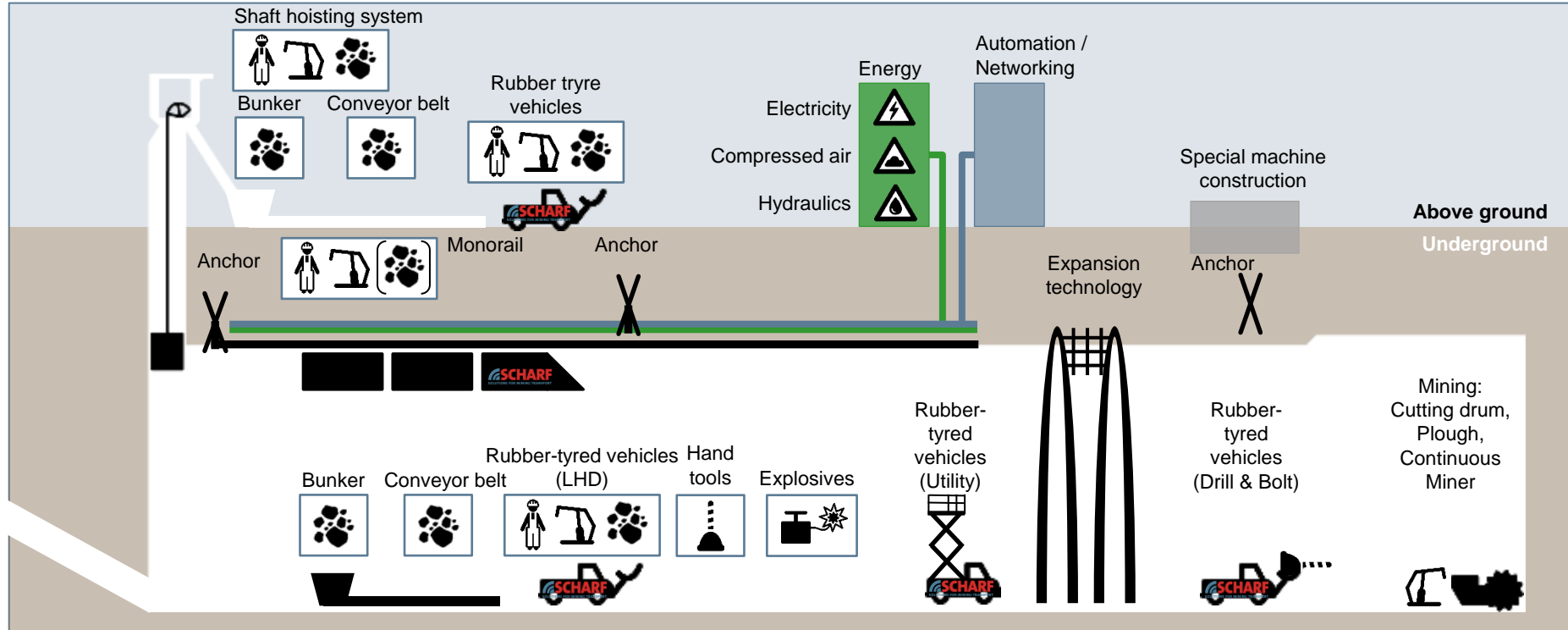
- + CEO since 2015
- + Over 20 years of experience as consultant, CEO and board member of comparable medium-sized companies
- + Departments: Finance & Controlling, Strategy, M&A and IR, Sales
- + Extensive transaction experience both as consultant and as managing director / board member with subsequent integration



Wolfgang Embert

- + Member of the Executive Board since 2015
- + Responsible for product development and design, production, purchasing, quality assurance and personnel
- + 7 years experience in product development at SMT Scharf as technical manager
- + Broad knowledge about products, production and the market segment

Where we are and what we do



Specialized in the transport requirement of underground mining

Modular solutions for underground mining

Railway systems



Chairlifts



Rubber-tyred vehicles

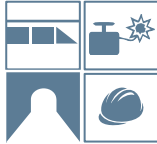


After-Sales (Spare parts and service)



Modular product portfolio for customized transport solutions

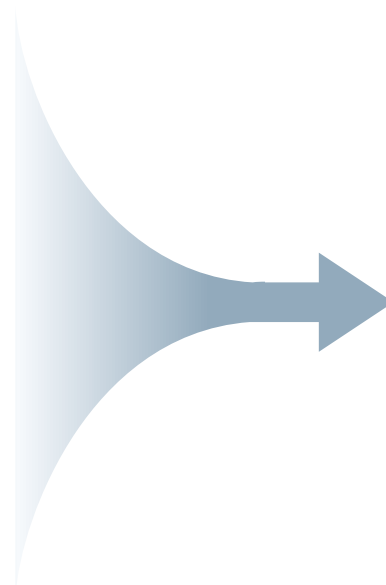
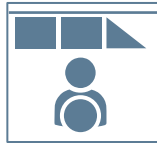
Core competencies



Customer demands



Product and service range

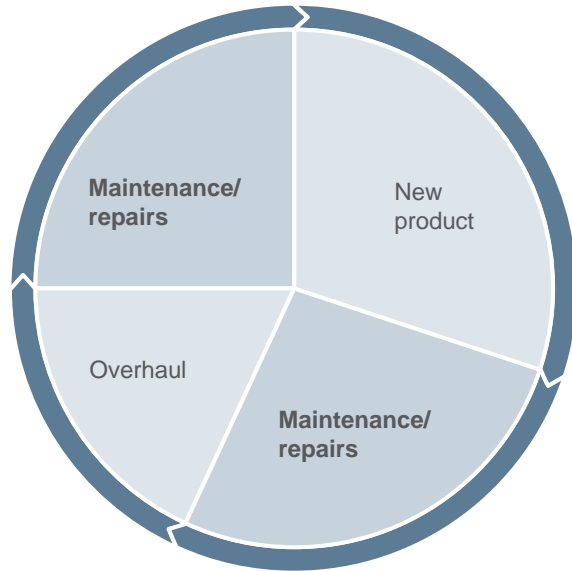


Customized transport solutions (systems)



Stable After Sales business thanks to long product life cycle

Typical product life cycle



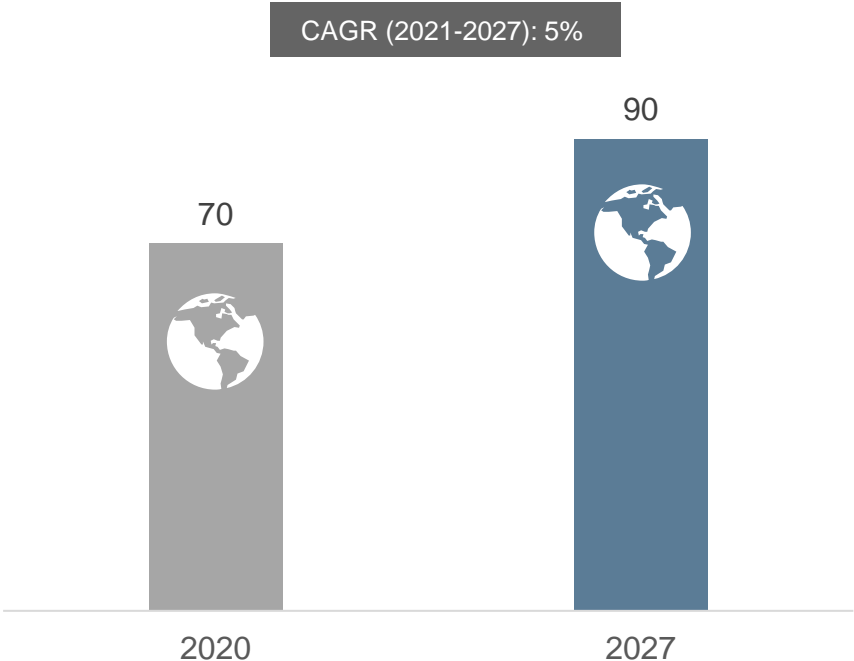
- + After sales revenues constitute a major part of SMT's business model
- + ~ 40 % of SMT's revenues (core business) are attributable to after sales services
 - **Spare parts**
 - **Maintenance & repair services**
 - **Product overhaul (after 5-8 years of operation)**
- + Successful introduction of service contracts with dedicated customers
- + Generation of recurring revenue during the product lifecycle
- + High customer satisfaction → replacement with new SMT products, starting a new cycle

Present worldwide: Developing of new sales regions and continuing further market penetration



Significant growth expected in the market for mining equipment

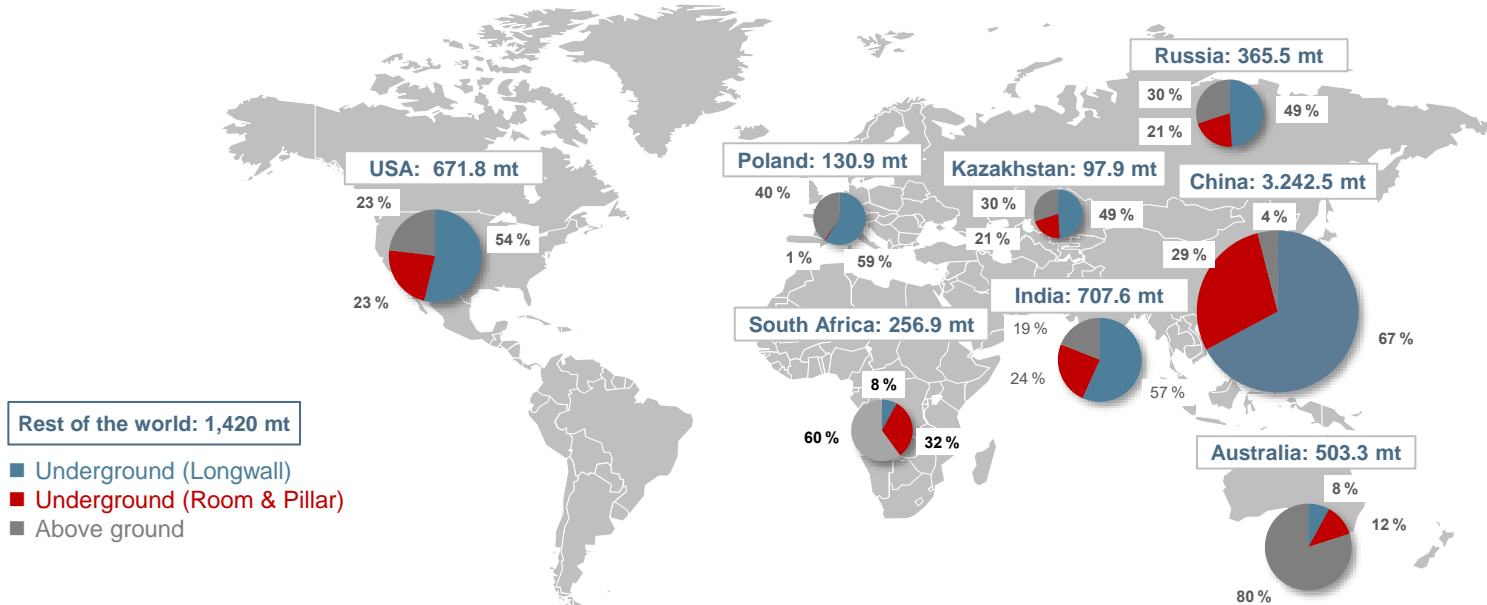
In US Dollar bn



Source: Global Market Insights 2021

Great potential in underground coal production

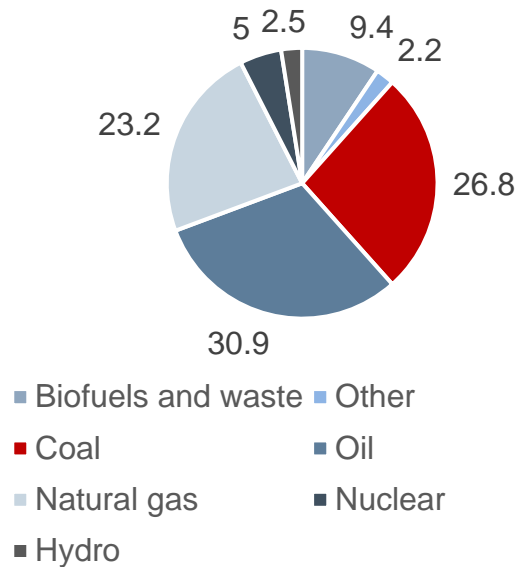
Global coal production, in mt



Source: International Energy Agency, Coal information overview 2017, company estimate

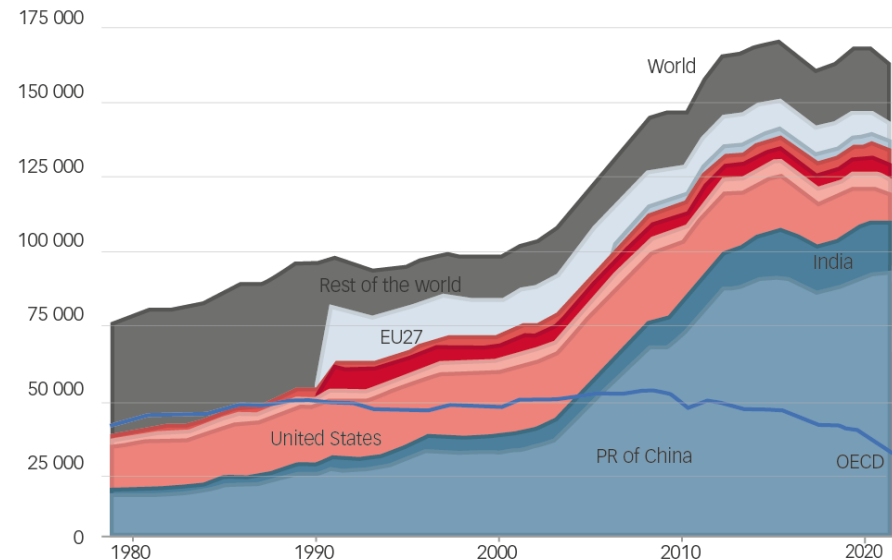
Coal remains essential to meet global energy needs

Total global energy supply (in %)



Source: International Energy Agency, online under: <https://www.iea.org/data-and-statistics/charts/global-share-of-total-energy-supply-by-source-2019>

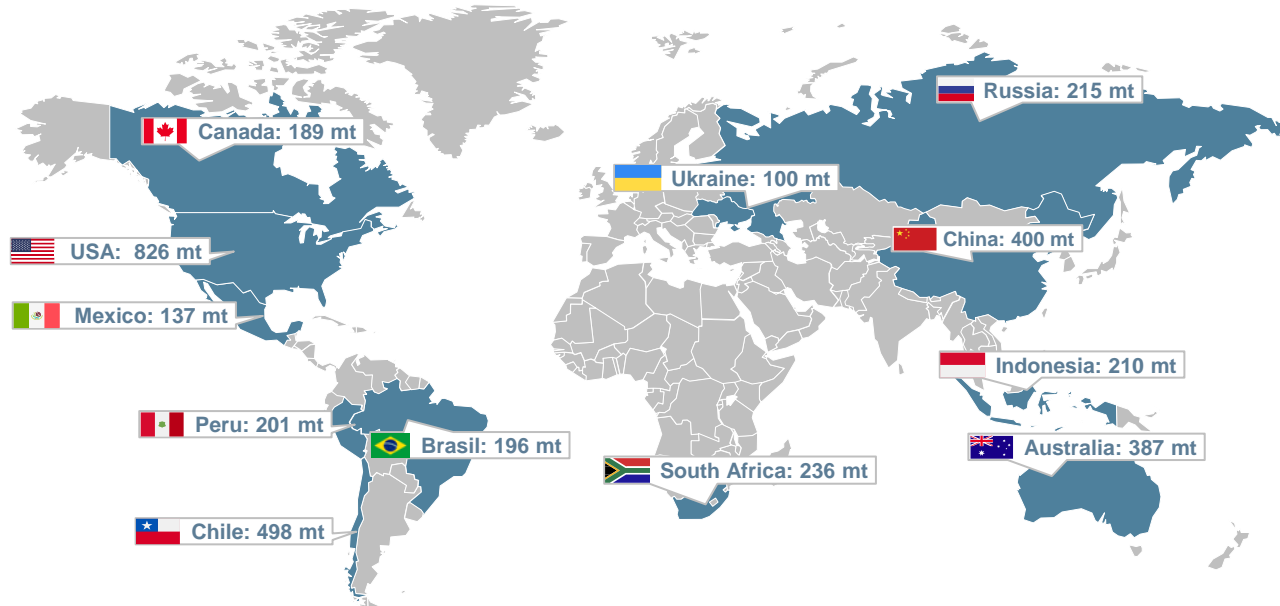
Global coal consumption (in PJ)



Source: IEA, Online under: <https://www.iea.org/data-and-statistics/charts/world-coal-consumption-1978-2020>

Hard Rock brings new regions into focus

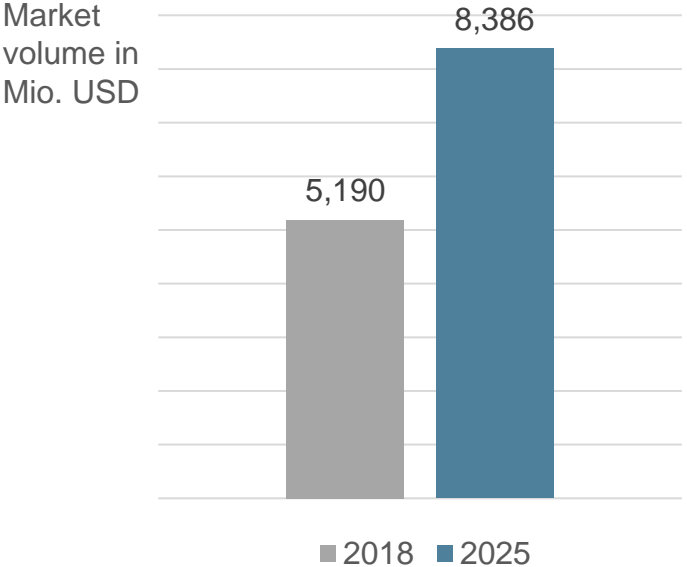
Global ore production (e.g. gold, platinum, copper, nickel), in mt



Source: International Energy Agency, Coal information overview 2017, own estimates

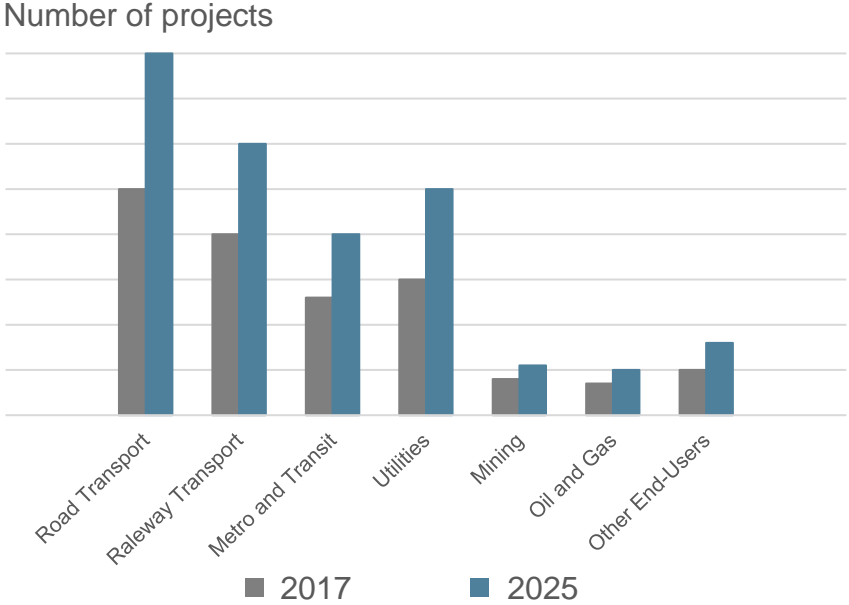
Global tunnel market offers long-term growth potential

With CAGR of 6.4% in 2018 to 2025, strong growth in the market for tunnel boring machines expected



Source: Allied Market Research, March 2019

Consistently increasing demand from end customers



Current strain on market environment vs. attractive long-term growth opportunities

↓ Challenges



Volatile market environment against the backdrop of high inflation and the Russia-Ukraine conflict



Lower investment requirement due to underutilization of underground mining capacities



Implementation of new legal regulations delayed



Currency fluctuations have a negative impact on earnings

Source Photos: Freepik; Shutterstock

↑ Opportunities



Far-reaching urban development and infrastructure expansion worldwide



Commodity boom through automation, digitalization and mechanization



Trend towards electric mobility in view of low costs for maintenance & repair and creation of better working conditions in mining



Digitization drives operational efficiency and demand for innovative mining solutions

Three-pillar strategy for further growth



Vision: Expanded product range in underground logistics

External growth

- “Buy & build” within the niche market
- Possibility to expand core positioning

Organic growth

- Starting a “controlled offensive”:
- Expansion into new regions
- Hard Rock business
- Expansion of product range

Operational excellence

- Localization of value chain largely finished
- Increase in organizational and operational efficiency according to local market development

Core competencies

- + Stable core business with solid margins and growth opportunities
- + Evolved expertise in machine engineering with maximum customer focus
- + Management expertise in mining

In focus: Coal mining

Lower-emission and automated transport systems for the coal market

- Further development of transport and logistics solutions with a focus on the **development of low-emission machines with flame-proof engines**
- **Realisation of automated transport systems, so-called Smart Driving Functions**, for the Chinese market as an important focus of current development activities



In focus: Mineral mining

LEV (Light Electric Vehicle) & RTV (Rubber-tyred Vehicle):

- **Development, implementation and customised optimisation of zero-emission electric vehicles** with a Scharf proprietary traction battery
- **Battery management system** in modular design: modules (capacity of 7.2 KWh) can be individually combined to form larger battery units



EMTS:

- **Development of a new generation of electrically operated monorail hanging railways** for gold and platinum mining
- **For the first time as a hybrid system** with Scharf's own battery



In focus: Tunnel logistics

Diversification of the tunnel logistics business

- Activities aim to **expand tunnel logistics for major construction sites** into a further mainstay
- Focus on **needs-based solutions based on SMT Scharf technology**, which are becoming increasingly important
- Government energy project **Snowy Mountain 2.0** in Australia:
 - Specific transport solutions for rail-bound passenger and emergency transport in the tunnel provided in 2022
 - Contract for expansion of the facility received in 2023



In focus: Other industries

Valuable expertise for opportunities outside mining

- **The Other Industries segment** essentially comprises the business activities of the subsidiary ser elektronik GmbH and also includes sales outside of underground mining.
- Range of services: Development, project planning and **production of customer-specific electronic control systems** including the associated peripherals; specific power supplies and battery management solutions included
- **Important contribution to the realisation** of automated transport systems, so-called Smart Driving Functions, for the Chinese market



Launch of a group-wide enterprise resource planning system



Implementation of a new ERP system at the Hamm site successfully completed



Further rollout in 2023 at ser elektronik and subsequently successively **to the international subsidiaries**



Support for research and development activities within the SMT Scharf Group



Improved transparency, communication and an increased flow of information lead to more **efficient cost management** in the long term and to a **reduction in dependence on external service providers.**



Support for the **appropriate planning, control and management of all resources**

Implementation of the ERP system represents an important step towards digitalisation and, by networking the individual divisions, forms the basis for even more efficient organisation and automated processes within the SMT Scharf Group

H1 2023: Significant decline in revenue and earnings due to difficult conditions in core markets and strong currency losses

Revenue
EUR 31.7 m
(H1 2022: EUR 37.5 m)

Operating performance
EUR 41.0 m
(H1 2022: EUR 47.1 m)

Operating profit (EBIT)
EUR -1.8 m
(H1 2022: EUR 7.0 m)

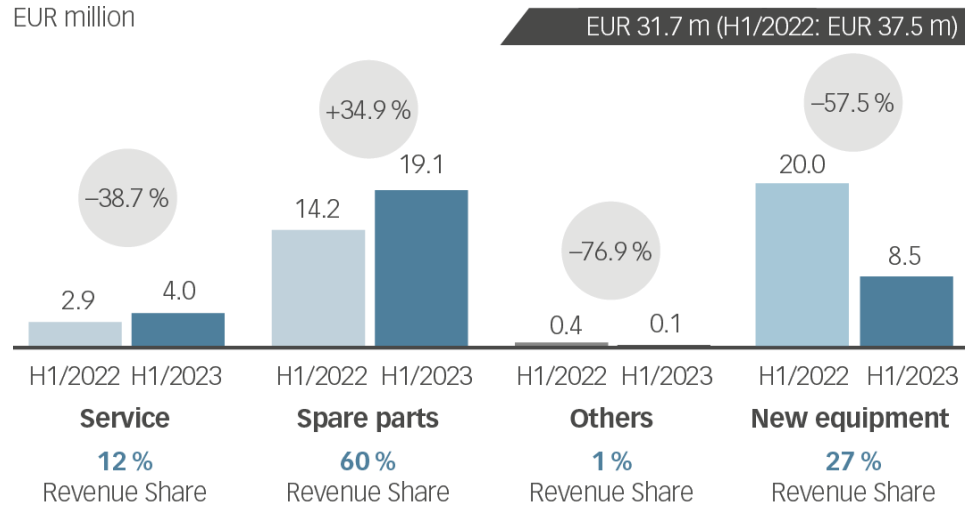
Net income
EUR -189 thousand
(H1 2022: EUR 9.2 m)

Earnings per share
EUR -0.05
(H1 2022: 1.67 EUR)

Equity ratio
64.5%
(31/12/2022: 66.4%)

H1 2023: SMT Scharf increases service & spare parts business significantly

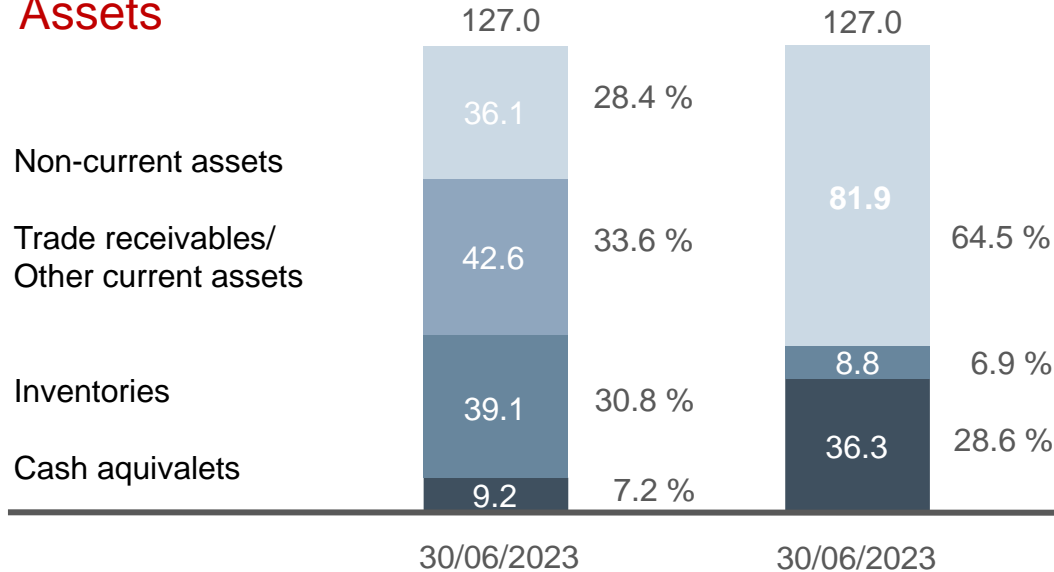
Revenue by business type



SMT Scharf Group with solid financial situation

EUR million

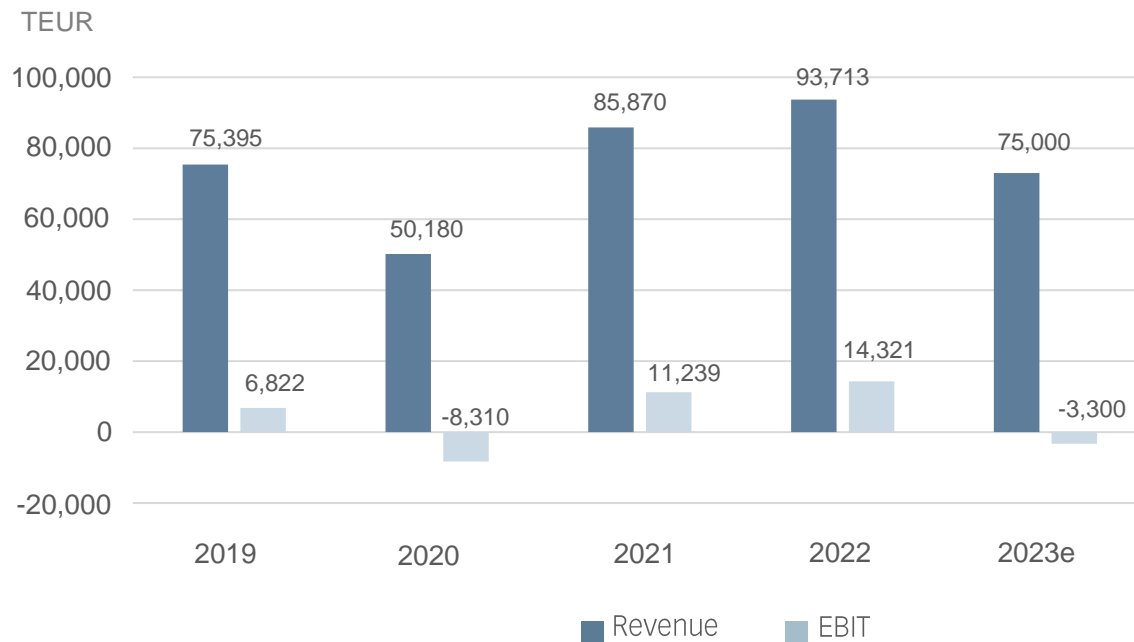
Assets



Equity and liabilities

Equity
Non-current provision
and liabilities
Current provision
and liabilities

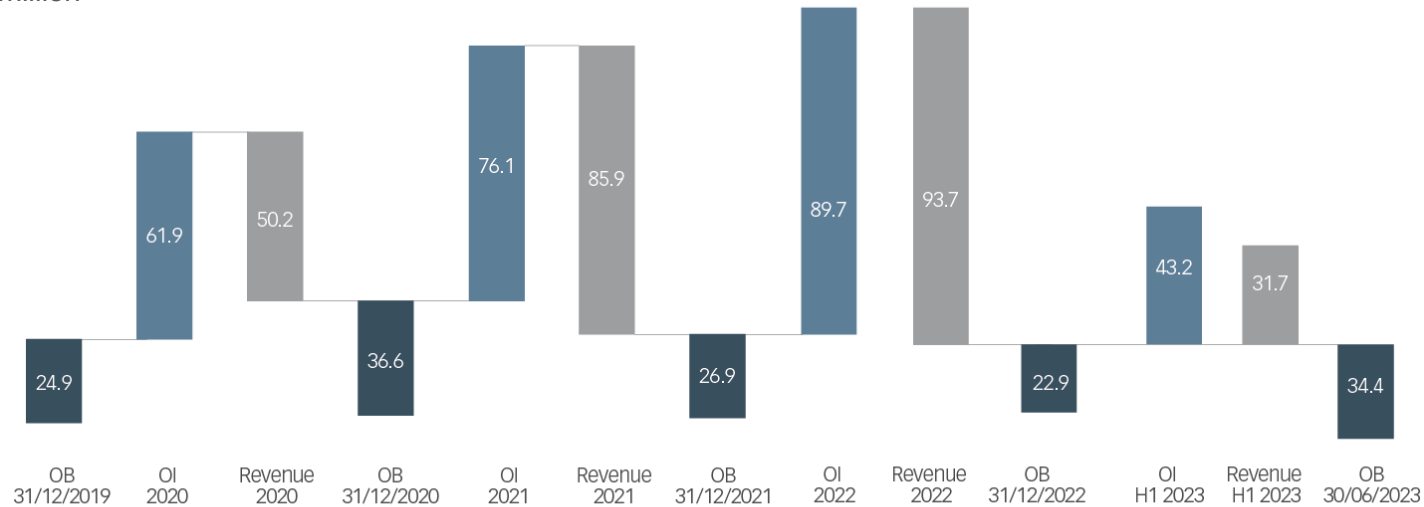
Forecast 2023 adjusted on the basis of half-year results / catch-up potential in H2 2023



High order backlog as solid basis for the second half of 2023

Development of the order backlog

EUR million



Russia: Business activity in accordance with the applicable sanctions guidelines

- **Extension of EU sanctions: No more delivery of complete machines to Russia possible, also delivery of spare parts** only possible to a very limited extent
- **Significant year-on-year decline in revenue** to EUR 6.8 million in H1/2023 (H1/2022: EUR 12.0 million): Russian mine operators had made increased efforts in the previous year to secure the required mining equipment for their needs at an early stage
- SMT Scharf is exposed to **increased exchange rate risks** and a resulting increase in the price of its own goods: **Focus on minimising negative currency effects** and **achieving better payment terms** (advance payments, shortened payment terms for existing orders)

Russia-Ukraine conflict with noticeable consequences for business in Russia

The share

Share price



Key share information

Securities Code Number (WKN):	A3DRAE
ISIN / Stock exchange symbol:	S4A / DE000A3DRAE2
Segment:	m:access of Munich Stock Exchange (Regulated Unofficial Market)
Designated Sponsor:	Pareto Securities AS
Share capital:	EUR 5,521,456.00
Number of shares:	5,521,456 no-par value registered shares

Financial calendar

November 14, 2023	Publication of the 9-month report 2023
December 31, 2023	End of the financial year

Core shareholders consider selling their stake

M&A

Core shareholders Shareholder Value Beteiligungen AG, Share Value Stiftung and Shareholder Value Management AG are conducting a **strategic review of their investment in SMT Scharf AG**.

Background: Core shareholders believe that other anchor shareholders would be better able to support SMT Scharf AG in its further growth, particularly with regard to international markets.

M&A advisory firm Lincoln International was retained to assist in the search for a potential financial investor or strategic investor.

Considerations of the Managing Board:

- 1) Current share price does not reflect potential
- 2) Strategic investor could contribute to better development opportunities for SMT
- 3) More attractive prospects for all business segments
- 4) Financial investor/strategic investor with interest in acquiring a significant majority stake

Thank you for your attention

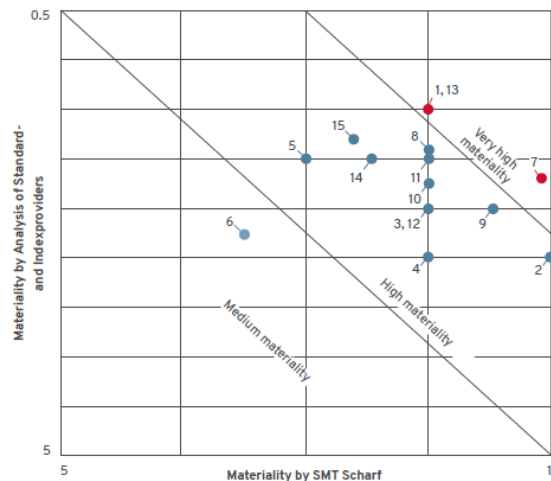
Glück Auf!



Appendix / Further Information

Key ESG fields of activity identified for SMT Scharf

Materiality Matrix



Evaluation scale: (1 = very important until 5 = unimportant).

Evaluation of a total of 64 relevant fields of action, which were clustered into 15 topics

A document analysis was carried out to identify the fields of action

Very high materiality

- 1 Climate Change
- 7 Diversity
- 13 Sustainable procurement

High materiality

- 2 High Product quality
- 3 Energy Efficiency
- 4 Waste Management
- 5 Anti-corruption
- 8 Occupational Safety & health protection
- 9 Recruitment and retention of talent
- 10 Fair pay, collective bargaining agreements
- 11 Stakeholder Engagement
- 12 Work-Life balance, family-friendly employer
- 14 Compliance
- 15 Independent Supervisory Board

Medium materiality

- 6 Integrity

SMT Scharf: Initiatives in the individual areas of responsibility

Economic responsibility



- Long-term value creation
- Profitability
- Securing and expanding market share
- Sustainable procurement
- High product quality
- Recruitment and retention of talent

Environmental responsibility



- Climate change
- Waste management
- Energy efficiency

Social responsibility



- Diversity
- Occupational health and safety
- Fair pay, collective bargaining
- Work-life balance, family-friendly employer

Governance



- Anti-corruption
- Compliance
- Independent Supervisory Board

SMT Scharf meets all market demands

Global market for transport solutions in underground mining

Size



- + Thousands of underground mines
- + Annual equipment needs estimated to be EUR 10 bn
- + Non-coal market larger than coal market

Strong market share and growth potential

International footprint



- + Deposits all over the world
- + Globally correlated commodity prices
- + Partially international customers

Represented on site with functioning subsidiaries

Cyclicality



- + High commodity prices, high mining investments
- + Low commodity prices, low mining investments
- + Stable After Sales

Financially sound company with low break-even point

Innovation pressure



- + Increase in efficiency („larger, stronger, deeper“)
- + Modernization through local competitive pressure
- + E-mobility

International development teams satisfy customer needs

Customized solutions for underground mining



Monorails



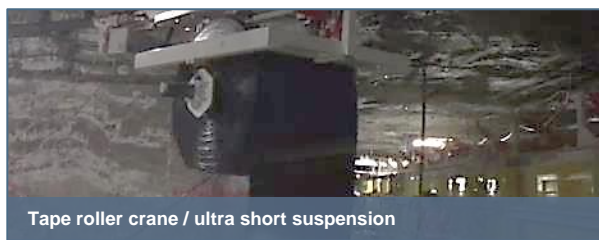
EMTS - Electrical Monorail Transport System



Fresh Air Monorail



Floor-bound railways



Tape roller crane / ultra short suspension



Chairlifts

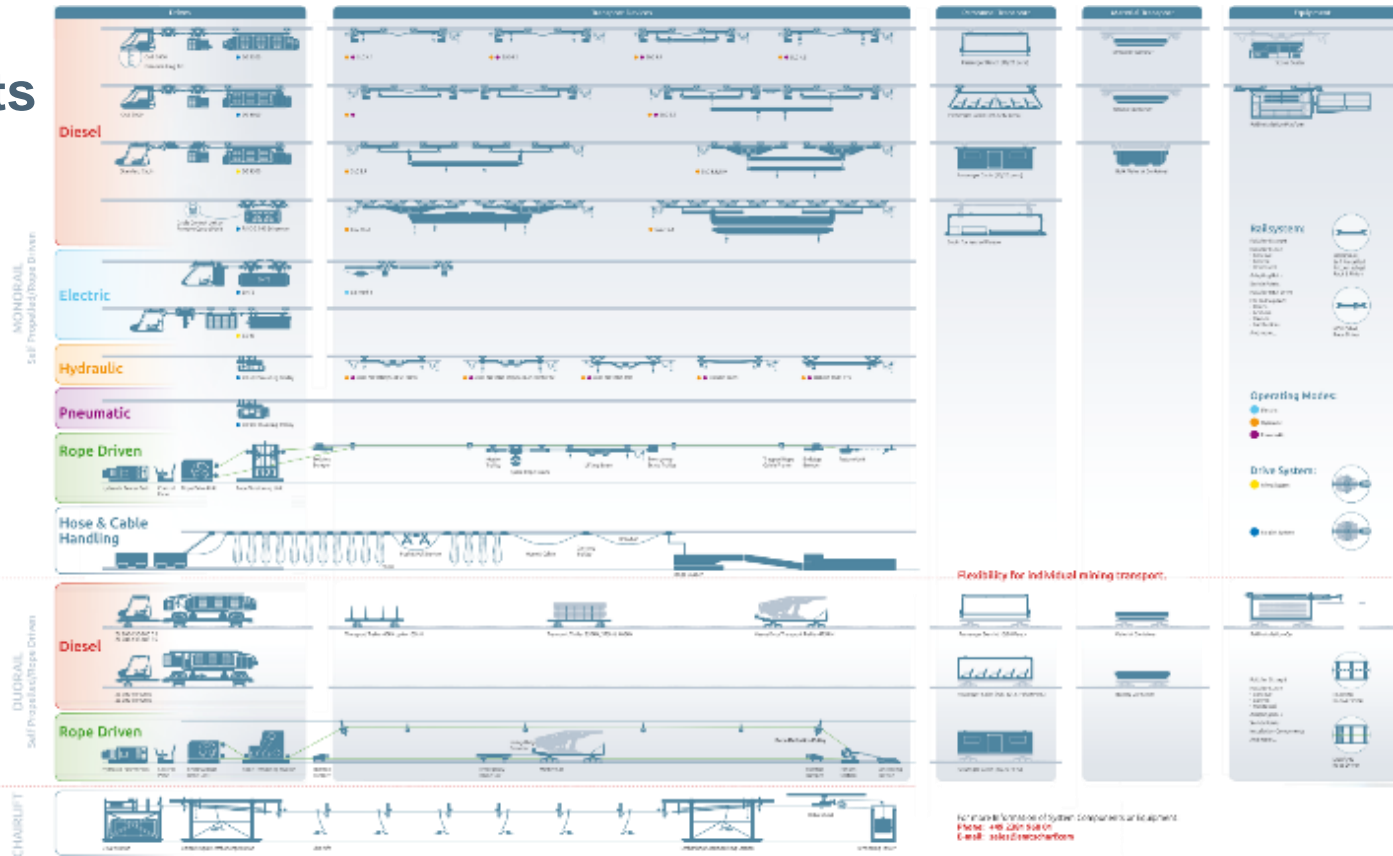


Shunting trolleys RKD







Scharf LEV

Our offer: Combine products to a transport system



Rubber-tyred vehicles expand product portfolio

Rubber-tyred vehicles and equipment for underground mining

CATEGORY	FUEL OVER 60 TYPES OF VEHICLES	BATTERY 8 TYPES OF VEHICLES
 Drill & Bolt	13 Types Drillmaster Series 100 to 300 6 Types Boltmaster Series 100 to 200 3 Types Drillmaster Blockhole 17D, 25D, 40D 4 Types Drillmaster Longhole Series 100 to 150	
 LHD / Muck	7 Types Muckmaster Series 200D to 800D (in 200D, „2“ means yd ³ loading volume capacity)	4 Types Muckmaster Series 150EB to 600EB 1 Type Muckmaster 3TEB
 Truck / Haul	12 Types Haulmaster Series 600-4 to 800-45 (in 600-4, „4“ means metric tons loading capacity)	1 Type Haulmaster 800-20EB
 Utility	Over 20 Types of vehicles for + Service + Personnel transport + Installation / Maintenance + Concrete + Lifting etc.	1 Type Liftmaster 600EB 1 Type Telemaster 800EB

Significant revenue and earnings growth in 2022

Revenue
EUR 93.7 m
(2021: EUR 85.9 m)

Operating performance
EUR 95.9 m
(2021: EUR 85.3 m)

Operating profit (EBIT)
EUR 14.3 m
(2021: EUR 11.2 m)

Net income
EUR 14.6 m
(2021: EUR 12.5 m)

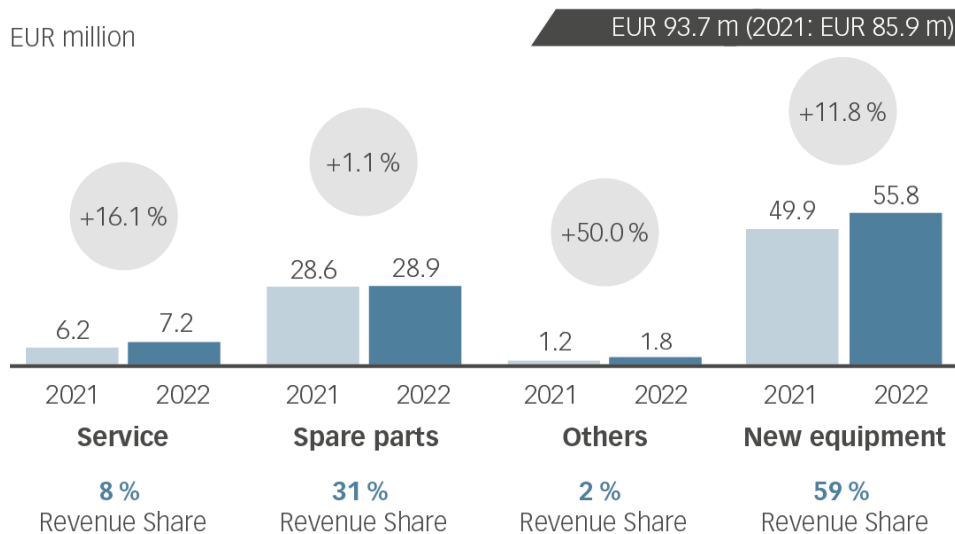
Earnings per share
EUR 2.75
(2021: 2.46 EUR)

Equity ratio
66.4%
(2021: 59.1%)

New equipment business contributes significantly to revenue growth

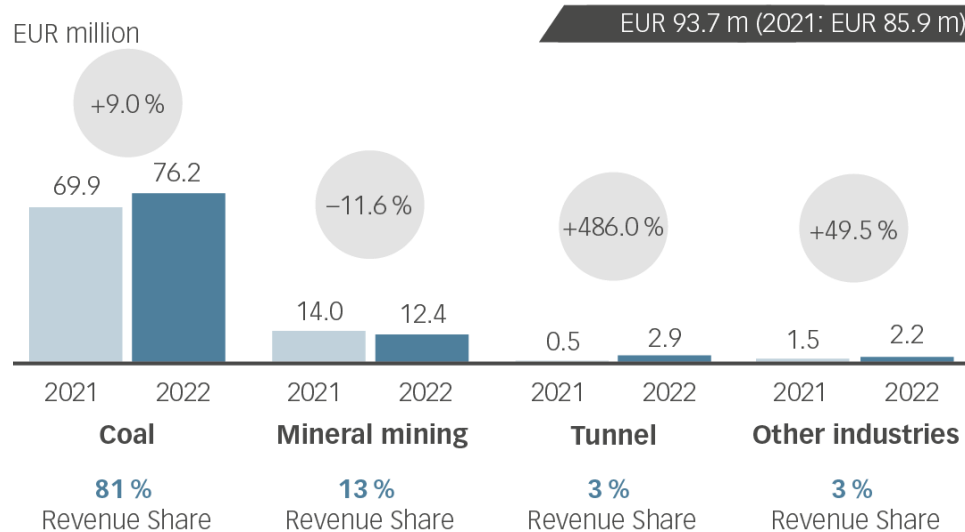
Revenue by business type

EUR million



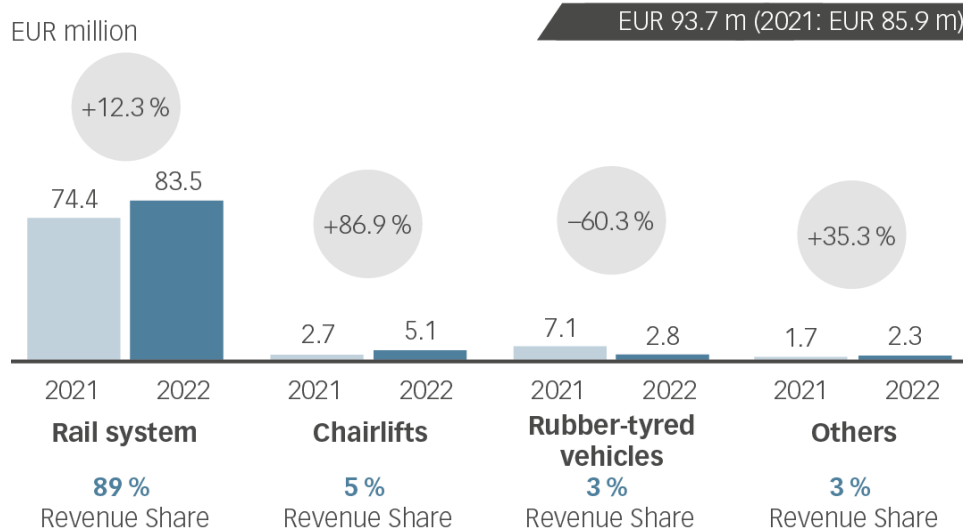
Strong revenue growth in the Tunnel logistics segment / Coal mining remains the most important segment

Revenue by segment



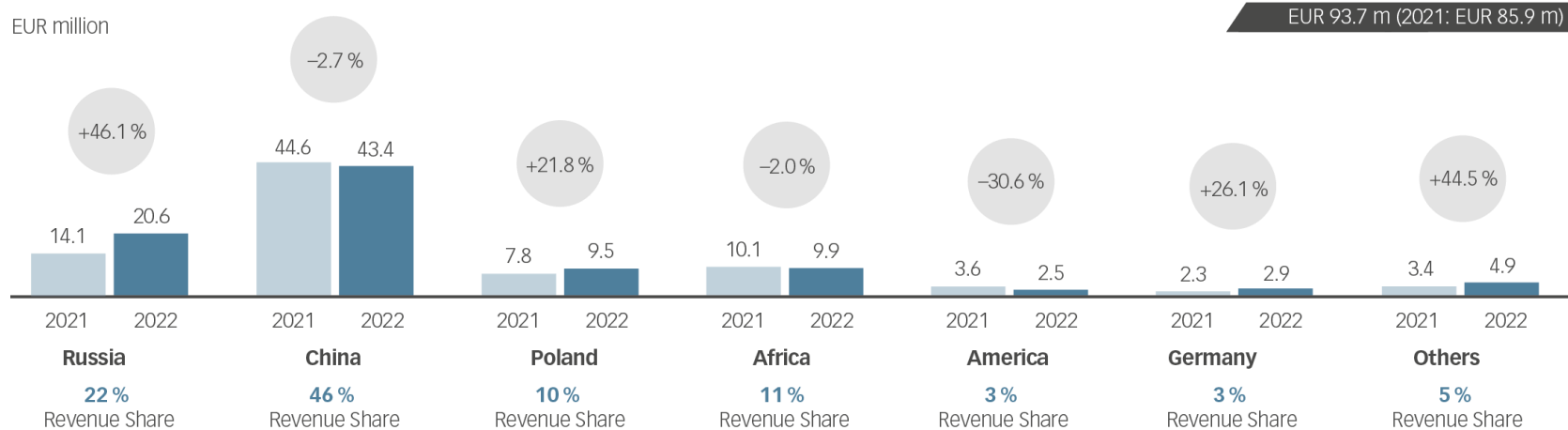
Rail systems business contributes significantly to total revenue

Revenue by product



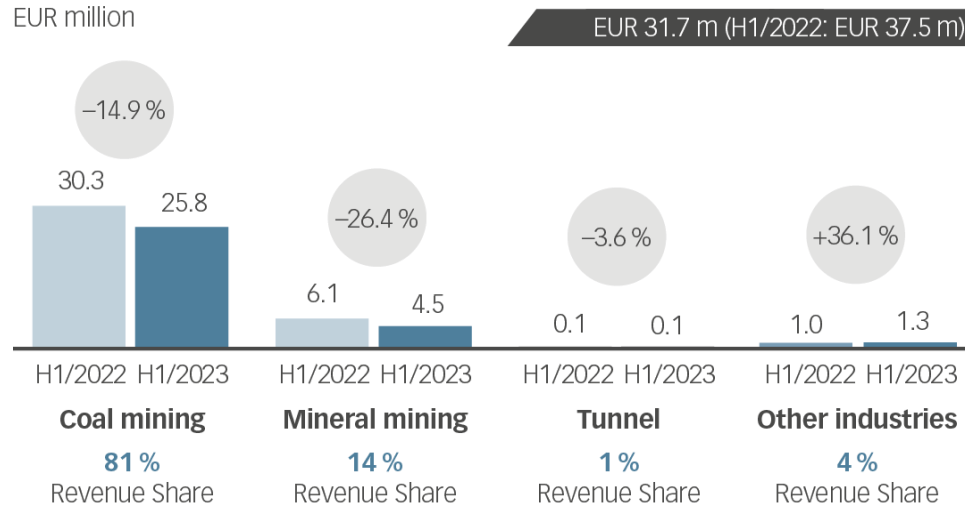
Mining markets China and Russia with largest revenue shares

Revenue by region



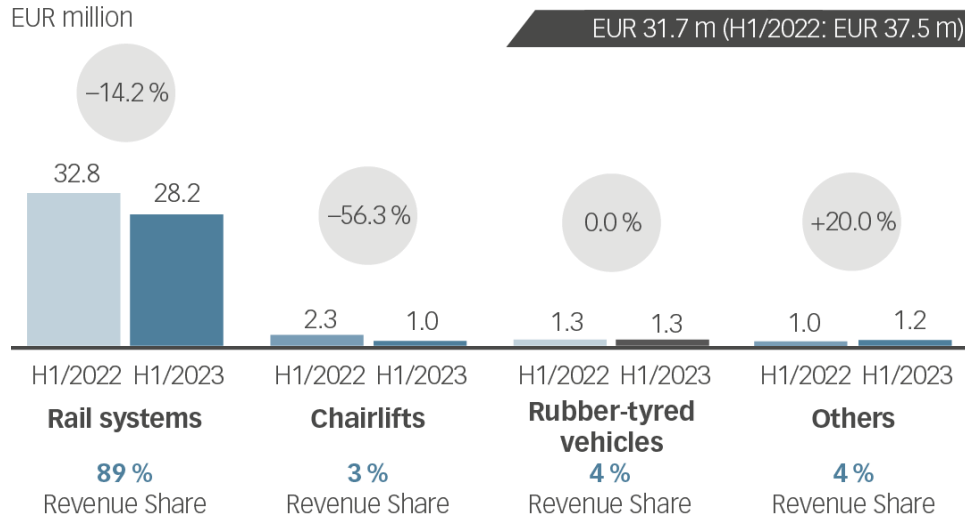
Coal remains the segment with the largest share of revenue

Revenue by segment



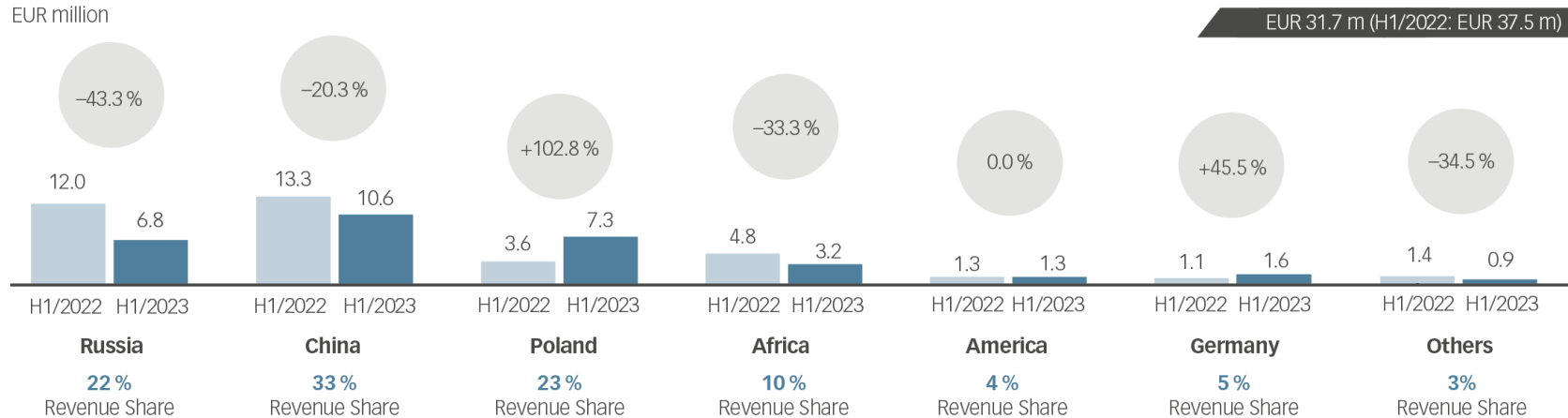
Other products with strong revenue growth

Revenue by product



Mining market Poland with largest revenue share

Revenue by region



What sets us apart

