

SMT Scharf AG
2023 Annual financial report

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Certificate of the independent auditor

Balance sheet as of 31 December 2023

Assets (in EUR)	31/12/2023	31.12.2022
A. Non-current assets		
I. Intangible assets	4,219,033.52	4,527,257.64
Intangible assets	4,219,033.52	4,527,257.64
II. Property, plant and equipment	2,103.30	2,964.94
Factory and office equipment	2,103.30	2,964.94
III. Financial assets	29,429,042.37	20,736,091.30
1. Interests in affiliated companies	10,748,991.70	12,437,171.64
2. Loans to affiliated companies	18,030,779.83	7,581,574.82
3. Participating interests	1.00	1.00
4. Other loans	649,269.84	717,343.84
	33,650,179.19	25,266,313.88
B. Current assets		
I. Receivables and other assets	10,897,108.68	19,019,804.62
1. Receivables due from affiliated companies	10,081,448.10	17,829,334.97
2. Receivables from associated companies	200,451.20	212,351.20
3. Other assets	615,209.38	978,118.45
II. Cash at banks	0.00	238,365.49
	10,897,108.68	19,258,170.11
C. Prepayments and accrued income	51,780.55	51,780.55
D. Deferred tax assets	532,392.00	0.00
Total assets	45,131,460.42	44,576,264.54

Equity and liabilities (in EUR)	31/12/2023	31/12/2022
A. Equity		
I. Subscribed capital	5,471,979.00	5,471,979.00
Total nominal value	5,521,456.00	5,521,456.00
Nominal value of treasury shares	-49,477.00	-49,477.00
(conditional capital EUR 462,000.00 previous year: EUR 462,000.00)		
II. Share premium	24,070,092.26	24,609,036.26
III. Retained earnings	103,093.70	103,093.70
1. Statutory reserve	1,648.70	1,648.70
2. Other retained earnings	101,445.00	101,445.00
IV. Unappropriated net loss / profit	2,484,950.09	961,072.26
	32,130,115.05	31,145,181.22
B. Provisions		
1. Pension provisions	195,254.00	187,479.00
2. Tax provisions	3,253,758.37	2,043,585.64
3. Other provisions	975,190.61	760,947.39
	4,424,202.98	2,992,012.03
C. Liabilities		
1. Liabilities to banks	4,979,379.60	4,438,822.04
2. Trade payables	324,573.57	334,419.01
3. Liabilities to affiliated companies	7,230.44	1,037,524.59
4. Other liabilities of which from tax EUR 37,996.82 (previous year: EUR 24,424.03)	3,265,958.78	4,408,415.65
	8,577,142.39	10,219,181.29
D. Deferred tax assets	0.00	219,890.00
Total equity and liabilities	45,131,460.42	44,576,264.54

Income statement for the financial year from 1 January 1 to 31 December 2023

EUR	2023	2022
1. Revenue	875,028.08	1,645,167.83
2. Other own work capitalised	0.00	200,400.00
3. Other operating income of which from currency translation: EUR 752.95 (previous year: EUR 57,400.18)	922,220.30	672,617.93
4. Personnel expenses		
a) Wages and salaries	-1,326,757.81	-1,372,746.08
b) Social security contributions of which for pensions: EUR 65,142.46. (previous year: EUR 39,087.33)	-163,798.84	-118,352.49
5. Depreciation, amortisation and impairment losses	-475,308.72	-1,005,878.24
6. Other operating expenses of which from currency translation: EUR 45,319.49 (previous year: EUR 151,497.57)	-2,548,868.68	-3,698,706.04
7. Income from participating interests of which from affiliated companies: EUR 1,335,257.24 (previous year: EUR 1,052,859.54)	1,335,257.24	1,052,859.54
8. Income from profit transfer agreements of which from affiliated companies: EUR 5,450,877.90. (previous year: 9,977,258.04)	5,450,877.90	9,977,258.04
9. Other interest and similar income of which from affiliated companies: EUR 880,484.32 (previous year: EUR 620,556.50)	880,862.99	641,764.48
10. Financial assets: amortisation / impairment	-1,888,179.94	-8,097,433.88
11. Other interest and similar expenses	-346,057.18	-295,894.59
12. Taxes on income	-1,129,203.76	-2,649,807.09
13. Earnings after tax	1,586,071.58	-3,048,750.58
14. Other taxes	-62,193.75	-854.48
15. Net income/loss for the year	1,523,877.83	-3,049,605.06
16. Profit/loss carried forward	961,072.26	4,010,677.32
17. Unappropriated net income/loss	2,484,950.09	961,072.26

SMT Scharf AG, Hamm

Notes to the financial statements for the 2023 financial year

Accounting and valuation policies

These annual financial statements have been prepared pursuant to Sections 242 et seq., 264 et seq. of the German Commercial Code (HGB) and the relevant regulations of the Stock Corporation Act (AktG). The company is classified as a small corporation pursuant to Section 267 HGB. 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.

The income statement is structured according to the nature of expense method. The company takes advantage of the size-related exemptions under Sections 274a and 288 (1) HGB.

The financial year is the calendar year.

Measurement is performed on the basis of German commercial law valuation regulations applicable for incorporated firms, taking into consideration the going concern assumption. The accounting and valuation policies applied to the previous annual financial statements were retained unchanged.

Figures in the notes to the financial statements are presented in thousands of euros, unless stated otherwise.

The following specific accounting policies are applied:

Intangible assets and property, plant and equipment are measured at cost less amortisation or depreciation based on useful lives of between 3 and 5 years. Impairment losses are applied where required. The assets' amortisation and depreciation rates are determined on the basis of their normal useful operating lives. The straight-line amortisation/depreciation method is applied to the assets in this context.

Interests in affiliated companies as well as participating interests are carried at acquisition cost including incidental acquisition costs, or at fair value, whichever is lower. Loans were recognised at the lower of nominal value or fair value.

Receivables and other assets as well as deposits at banks are recognised at nominal value. Individual valuation allowances are applied to receivables to reflect identifiable risks.

Bank balances are carried at nominal value.

Prepayments recognised under prepayments and accrued income on the assets side of the balance sheet relate to expenditures before the balance sheet date representing expenses for a particular period after this date. This item is released straight-line in accordance with its consumption over time.

Deferred taxes are calculated for temporal differences between the commercial law and fiscal valuations of assets, liabilities, and deferred and accrued items. Deferred taxes are measured on the basis of the income tax rate of SMT Scharf AG, Hamm, of currently 32.1 %, and include trade and corporation tax. Any resultant net tax charge would be recognised on the balance sheet as a deferred tax liability. In the fiscal year under review, a total of one deferred tax asset was recognised.

Business transactions denominated in foreign currencies are recognised applying the exchange rate on the origination date. Foreign currency items with a remaining term of more than one year are translated applying the mid foreign currency cash rate on the reporting date, and in accordance with the purchase cost and realisation principle. Given a shorter term, translation is applied at the cash mid rate on the balance sheet date, as a matter of principle.

Treasury shares are presented as a separate item of subscribed share capital, based on their notional interest in the nominal share capital.

Provisions are recognised at the level of the amount required to satisfy the related liability on the basis of prudent commercial judgement.

Pension provisions were measured in accordance with recognised actuarial principles applying the projected unit credit method and based on the "Richttafeln 2018G" mortality tables created by the actuary Heubeck. Calculations applied the average market interest rate for the last ten years (the Bundesbank rate of interest), which amounts to 1.82 % per annum as of 31 December 2023, assuming a remaining 15-year term. The calculation imputes a pension increase rate of 1.0 % per annum. The difference pursuant to Section 253 (6) HGB amounts to EUR 2 thousand as of 31 December 2023, which is subject to the block on being paid out as a distribution.

The other provisions take all identifiable risks and contingent liabilities into appropriate account.

Liabilities are recognised at their settlement amount.

Notes to the balance sheet

The schedule of changes in non-current assets is presented below:

Purchase costs	01/01/2023	Additions	Disposals	31/12/2023
I. Intangible assets	4,643,339.64	161,767.88		4,805,107.52
Other equipment, factory and office equipment	52,293.03	4,852.18	10,174.71	46,970.50
II. Property, plant and equipment	52,293.03	4,852.18	10,174.71	46,970.50
1. Interests in affiliated companies	18,123,914.60			18,123,914.60
2. Loans to affiliated companies	11,845,803.54	10,677,258.04	28,053.03	22,495,008.55
3. Participating interests	508,675.92			508,675.92
4. Other loans	717,343.84		68,074.00	649,269.84
III. Financial assets	31,195,737.90	10,677,258.04	96,127.03	41,776,868.91
Total	35,891,370.57	10,843,878.10	106,301.74	46,628,946.93

Depreciation, amortisation and impairment losses	01/01/2023	Additions	Disposals	31/12/2023
I. Intangible assets	116,082.00	469,992.00		586,074.00
Other equipment, factory and office equipment	49,328.09	5,316.72	9,777.61	44,867.20
II. Property, plant and equipment	49,328.09	5,316.72	9,777.61	49,328.09
1. Interests in affiliated companies	5,686,742.96	1,688,179.94		7,374,922.90
2. Loans to affiliated companies	4,264,228.72	200,000.00		4,464,228.72
3. Participating interests	508,674.92			508,674.92
4. Other loans	0.00			
III. Financial assets	10,459,646.60	1,888,179.94	0.00	12,347,826.54
Total	10,625,056.69	2,363,488.66	9,777.61	12,978,767.74

In the fiscal year under review, extraordinary write-downs were applied to financial assets due to temporary impairment.

Receivables from affiliated companies include, in particular, receivables from loans to Group companies, from Group allocations, and receivables from profit and loss transfer agreements with SMT Scharf GmbH. Other assets include VAT receivables of EUR 615 thousand (previous year: EUR 978 thousand). The residual term of all receivables is less than one year.

As of 31 December 2023, SMT Scharf AG has deferred tax assets totalling EUR 532 thousand. Due to the existing fiscal union between SMT Scharf AG and SMT Scharf GmbH, the determination of deferred taxes as of the reporting date includes temporary differences of both

companies. Deferred tax assets derive essentially from taxable temporary differences resulting from currency differences (deferred taxes of EUR 838 thousand) and pension provisions (deferred taxes of EUR 347 thousand) which are offset by deferred tax liabilities essentially from deductible temporary differences resulting from development costs (EUR 716 thousand). As in the previous year, measurement was applied at the 32.1 % tax rate for corporation and trade tax valid for the fiscal year under review. The capitalisation of deferred tax assets as defined by Section 274 HGB leads to a distribution block in an amount of EUR 532 thousand.

The subscribed capital of SMT Scharf AG increased from EUR 3.0 million to EUR 4.2 million against cash capital contributions as part of the IPO in April 2007. As part of the share capital increase completed in November 2017 with partial utilisation of Authorised Capital 2016, the share capital of SMT Scharf AG rose further by EUR 420,000.00, from EUR 4,200,000.00 to EUR 4,620,000.00, against cash capital contributions and under exclusion of shareholders' subscription rights. As part of a further capital increase from authorised capital against cash capital contributions in June 2021, the share capital of SMT Scharf AG again increased by EUR 901,456.00, from EUR 4,620,000.00 to EUR 5,521,456.00, due to the issue of new shares.

As a consequence, as of the balance sheet date of 31 December 2023, a total of 5,521,456 ordinary registered shares of SMT Scharf AG were in issue in the form of no-par-value shares with a notional value of EUR 1 per share. All shares have been fully paid in and grant the holders the same rights.

The Annual General Meeting of SMT Scharf AG on 17 May 2022 passed a resolution to convert the no-par-value bearer shares into no-par-value registered shares and to implement the necessary amendments to the articles of incorporation. The corresponding amendments to the articles of incorporation were entered in the company's commercial register at Hamm District Court (commercial register sheet number 5845) on 10 June 2022 and thereby became effective.

The company's share capital of EUR 5,521,456.00 is now divided into 5,521,456 registered ordinary shares (no-par-value shares), each with a notional interest in the share capital of EUR 1.00.

The last trading day of the bearer shares was on 10 August 2022. Since 15 August 2022, the company's shares have been traded as no-par-value registered shares under the new ISIN DE000A3DRAE2. The depositary conversion to registered shares was implemented on 12 August 2022 after the stock market close.

The company held 49,477 treasury shares on 31 December 2023, equivalent to 0.90 % of the share capital. The treasury shares can be utilised for all of the purposes stated in the authorisation resolution.

In order to continue to provide the company with a high degree of flexibility to raise debt funding and strengthen its equity base, appropriate resolutions were proposed to the 2022 Annual General Meeting to make full use of the legally permissible framework by replacing both the authorisation to issue convertible bonds and the corresponding conditional capital. The Managing Board was authorised by the 2022 Annual General Meeting, with the approval of the Supervisory Board, to issue bearer convertible bonds and/or bonds with warrants or profit participation rights (collectively "bonds") with or without a limited term against cash and/or non-cash capital contributions on one or more occasions until 16 May 2027 for a total nominal amount of up to EUR 57,250,000.00 and to grant the holders or creditors of bonds conversion or warrant rights (including with conversion or subscription obligations) to no-par-value registered shares in the company with a pro rata amount of the share capital of up to EUR 2,298,728.00 in total in accordance with the terms and conditions of the convertible bonds or bonds with warrants. The 2023 Annual General Meeting of Shareholders did not lead to any changes.

The share capital was conditionally increased by up to EUR 2,298,728.00 by issuing up to 2,298,728 new no-par-value registered shares (Conditional Capital 2022). The conditional capital increase serves to service bonds issued on the basis of the authorisation resolution of the Annual General Meeting on 17 May 2022. The new shares are dividend-entitled from the beginning of the financial year in which they are created; to the legally permissible extent, the Managing Board may, with the consent of the Supervisory Board, determine the dividend entitlement of new shares thereby created, including, in derogation of Section 60 (2) of the German Stock Corporation Act (AktG), for a financial year that has already elapsed. Pursuant to the resolution of the Annual General Meeting, the existing Authorised Capital 2018 was cancelled in this context.

The annual financial statements of SMT Scharf AG, which are prepared in accordance with the principles of the German Commercial Code (HGB), disclose net income for the year of EUR 1,524 thousand. The Managing and Supervisory boards will propose to the Annual General Meeting to be held on 22 May 2024 that this unappropriated net profit be carried forward to a new account.

Provisions changed as follows in the financial year:

EUR thousand	Pension provisions	Tax provisions	Other personnel provisions	Miscellaneous other Provisions
Balance 01/01/2023	187	2,043	426	335
Reversals of discounting	3			
Consumption		635	414	317
Additions	5	1,846	637	311
Reversals				3
Balance 31/12/2023	195	3,254	649	326

The remaining terms of the liabilities are as follows:

in EUR thousand	up to 1 year	1-5 years	over 5 years	Total
Liabilities to banks	4,776	203	0	4,979
Trade payables	325	0	0	325
Liabilities to affiliated companies	7	0	0	7
Other liabilities	916	2,351	0	3,267
Total	6,024	2,554	0	8,578

In the previous 2022 year, the remaining terms of the liabilities were as follows:

in EUR thousand	up to 1 year	1-5 years	over 5 years	Total
Liabilities to banks	3,482	957	0	4,439
Trade payables	334	0	0	334
Liabilities to affiliated companies	1,038	0	0	1,038
Other liabilities	900	3,508	0	4,408
Total	5,754	4,465	0	10,219

Liabilities to affiliated companies include overheads charged on.

Notes to the income statement

Revenue of EUR 875 thousand arises from costs charged on within the Group.

Other operating income mainly includes income from the passing on of costs from the ERP project amounting to EUR 157 thousand, other costs to subsidiaries amounting to EUR 68 thousand, exchange rate gains of EUR 1 thousand, and income from the reversal of the action programme of EUR 397 thousand.

SMT Scharf AG does not have its own operating business. It is the management holding company for companies in the SMT Scharf Group. During the fiscal year under review, the Managing Board of SMT Scharf AG consisted of Mr. Hans Joachim Theiss (Managing Board Chairman/CEO), Mr. Wolfgang Embert, Mr. Volker Weiss as from 1 November 2023 as well as Mr. Reinhard Reinartz from 1 March 2024. In addition to the three members of the Managing Board in the 2023 financial year, four other employment relationships exist.

Other disclosures

The members of the Supervisory Board of SMT Scharf AG during the fiscal year under review comprised:

Period from 1 January to 31 December 2023:

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.-Ing. Dirk Vorsteher, Werne (Deputy Chairman)	Management consultant	(no positions held at other companies)
Volkswirtin Dorothea Gattineau, Wuppertal	Management consultant	(no positions held at other companies)

The Supervisory Board members receive fixed and variable remuneration for each fiscal year plus reimbursement of their out-of-pocket expenses, as well as meeting fees of EUR 1 thousand per Supervisory Board meeting, with the Supervisory Board Chair receiving twice the meeting fee per meeting. The fixed remuneration totals EUR 18 thousand, and the Chair receives twice this amount. In addition, each member of the Supervisory Board receives variable compensation in the form of a share in the consolidated net income, calculated as follows: the annual performance-related compensation corresponds to an amount calculated by multiplying a bonus factor of 0.4 % (or 0.8 % for the Supervisory Board Chair) by the residual profit. The consolidated net income of the SMT Scharf Group less interest on equity is regarded as the residual profit, whereby this interest rate corresponds to the applicable base interest rate plus 2 percentage points. The consolidated result is determined on the basis of the IFRS consolidated financial statements for the fiscal year in question, which have been audited by the auditor and approved by the Supervisory Board. If a member of the Supervisory Board can prove on the day before the Annual General Meeting that approves the appropriation of profits that he or she holds shares in the company cumulatively in the amount of one third (the purchase price being the decisive factor to this extent) of the respective fixed remuneration per year of his or her membership in the Supervisory Board, the bonus factor for the (ordinary) member of the

Supervisory Board providing proof of investment increases to 0.8 % and for the Supervisory Board Chair to 1.6 %. The variable remuneration amounts to a maximum of EUR 9 thousand (without personal investment) or EUR 12 thousand (with personal investment) per ordinary member of the Supervisory Board and EUR 18 thousand (without personal investment) or EUR 24 thousand (with personal investment) for the Supervisory Board Chair. Remuneration is paid pro rata if members leave the Supervisory Board during the course of the fiscal year. For the 2023 fiscal year, EUR 141 thousand (previous year: EUR 144 thousand) in remuneration for the Supervisory Board was expensed.

No remuneration exists for former members of the Supervisory Board or their surviving dependants. No advances, loans or contingent liabilities exist in favour of members of the Supervisory Board. Prof. Dr. Louis Velthuis, Chairman of the Supervisory Board, held a total of 9,300 shares in the company as of 31 December 2023 (previous year: 7,170 shares). Dr. Vorsteher held 4,042 shares (previous year: 3,162 shares) and Ms. Gattineau 2,103 shares (previous year: 2,103 shares).

The members of the Managing Board of SMT Scharf AG during the fiscal year under review comprised:

During the fiscal year under review, the Managing Board of SMT Scharf AG consisted of Mr. Hans Joachim Theiss (Managing Board Chairman/CEO), Mr. Wolfgang Embert and Mr. Volker Weiss as from 1 November 2023 (entered in the Commercial Register on 23 November 2023). Mr. Hans Joachim Theiss (Managing Board Chairman/CEO) and Mr. Wolfgang Embert stepped down from the Managing Board effective 31 December 2023 (entered in the Commercial Register on 10 January 2024). Mr. Reinhard Reinartz was appointed to the Managing Board effective 1 March 2024; this appointment was entered in the Commercial Register on 22 March 2024.

Managing Board members receive remuneration comprising a fixed basic annual salary and an annual performance-related bonus, plus reimbursement of their out-of-pocket expenses. In addition, Mr. Theiss and Mr. Embert are entitled to a certain number of bonus shares or a cash payment if they meet certain conditions. Pension commitments of EUR 166 thousand exist for former Managing Board members (previous year: EUR 158 thousand). Pension commitments of EUR 2 thousand exist for current Managing Board members (previous year: EUR 2 thousand). The bonus for a fiscal year is set and becomes due in the following fiscal year in each case; a related provision is formed at the end of the fiscal year.

In the 2023 fiscal year, the total remuneration granted to the Managing Board amounted to EUR 1,611 thousand (previous year: EUR 995 thousand).

In the year under review, the individual components of the variable remuneration for Board members Theiss and Embert arise from the following rules:

1. The annual bonus of 0.2 % (Theiss) and 0.15 % (Embert) is based on the growth of revenue in accordance with the IFRS consolidated financial statements for the fiscal year in question, as audited by the auditor and approved by the Supervisory Board.
2. Bonus payable annually in the amount of 3 % (Theiss) and 2.25 % (Embert) of the reported residual profit. Residual profit is the SMT Scharf Group's consolidated net profit excluding other comprehensive income (OCI), less interest on equity, with this interest rate being set at 1.5 %.
3. Share price performance: This is paid after three years during the five-year appointment period, and after five years. The basis for the bonus is the share price appreciation in the first three or last two years of the appointment period. This is included in the provision as of the fiscal year-end, but has not yet been paid out to the Managing Board members.
4. Board members Theiss and Embert are entitled to one bonus share or a cash payment for each share that they have acquired by 28 February 2019, and that they have held for at least five years and without interruption until 31 December 2023. Of Mr. Theiss' share portfolio, 24,496 shares are entitled, and of Mr. Embert's share portfolio, 14,000 shares.

The stock market price on the grant date of 3 September 2018 was decisive for the valuation of the additional remuneration. This price stood at EUR 17.50 and remains constant for the period over which the remuneration expense is distributed. The resultant total remuneration expense of EUR 673,680 is distributed pro rata temporis over the period from 1 January 2019 to 31 December 2023. Due to a change in a cash payment, an amount of EUR 243 thousand was reclassified from the capital reserve to provisions in the financial year (Theiss EUR 155 thousand, Embert EUR 88 thousand) and a further amount of EUR 397 thousand was released and reported in other operating income. The relevant share price for the payment was EUR 6.32.

The figures for basic salary, additional benefits and part of the performance-related bonus tally in terms of the provisioning and accrual amounts. As of 31 December 2023, Hans Joachim Theiss, Managing Board Chairman (CEO), held a total of 29,459 shares (previous year: 29,459), and Wolfgang Embert 16,731 shares (previous year: 16,731). Volker Weiss held no shares.

The remuneration of former members of the Managing Board or their surviving dependants includes pensions in the year under review. No advances, loans or contingent liabilities exist in favour of members of the Managing Board.

The remuneration of former members of the Managing Board or their surviving dependants includes pensions in the year under review. No advances, loans or contingent liabilities exist in favour of members of the Managing Board.

The company has assumed secondary liability to banks for EUR 17 million of its subsidiaries' credit lines. The Managing Board gauges the risk of utilisation as low thanks to the subsidiaries' creditworthiness.

Other financial obligations arise from lease and rental contracts in the following amount:

	31/12/2023	31/12/2022
up to 1 year	6	8
1-5 years	11	17

Information about the independent auditor is presented in the consolidated financial statements of SMT Scharf AG. For this reason, on the basis of the group exempting clause pursuant to Section 285 No. 17 HGB, the company refrains from publishing this information here. The tax consultancy services provided by the auditor are attributable to tax declaration services.

During the reporting year, SMT Scharf AG employed an average of 6 staff.

	Interest held	Equity (IFRS) 31/12/2023 in EUR	Profit/loss (IFRS) 2023 in EUR
SMT Scharf GmbH, Hamm, Germany	100 %****	59,608,435.48	9,656,121.99
ser elektronik GmbH, Möhnesee, Germany	51%	2,036,512.88	669,257.12
SMT Scharf Polska Sp. z o.o., Tychy, Poland	100 %	7,709,031.77	1,945,800.64
SMT Scharf Africa (Pty.) Ltd., Gauteng, South Africa	70 %	2,411,685.63	176,798.92
SMT Scharf Sudamerica SpA, Santiago, Chile	100 %	-866,953.70	-353,900.08
RDH Mining Equipment, Alban Ontario, Canada	100 %	-3,563,025.65	-229,003.23
OOO SMT Scharf, Novokuznetsk, Russian Federation	100 % *	11,216,854.75	1,068,179.61
OOO SMT Scharf Service, Novokuznetsk, Russian Federation	100 % ***	402,479.86	4,097.00
Scharf Mining Machinery (Beijing) Co., Ltd., Beijing, China	100 % **	185,967.53	-616,956.45
Scharf Mining Machinery (Xuzhou) Ltd., Xuzhou, China	100 %	10,411,027.19	759,673.41

* of which 1.25 % indirectly through SMT Scharf GmbH

** indirectly through SMT Scharf GmbH

*** indirectly through OOO SMT Scharf

**** exemption pursuant to Section 264 (3) of the German Commercial Code (HGB)

The main operating activity of all subsidiaries is the production, repair and marketing of machinery and equipment of any type, and/or trading with such assets.

Report on events after the balance sheet date

New Managing Board team at SMT Scharf AG

On 27 October 2023, SMT Scharf AG announced that the Supervisory Board had appointed Mr. Reinhard Reinartz as the new Chairman of the Managing Board (CEO). His period of office was to start at the latest on 1 May 2024, but earlier if this was possible. At the start of 2024, it turned out that Mr. Reinartz would be able to take up his duties as early as 1 March 2024.

SMT Scharf AG gains new strategic core shareholder / shares to be admitted to the Regulated Market

On 1 March 2024, SMT Scharf AG announced that its core shareholders, Shareholder Value Beteiligungen AG, the Share Value Foundation and Shareholder Value Management AG, had informed them that the core shareholders and further shareholders had concluded binding agreements with Yankuang Energy Group Company Limited with its registered head office in the Province of Shandong, China on 1 March 2024 for the acquisition of a total interest of approx. 52.66 % in SMT Scharf AG by Yankuang Energy Group Company Limited for a price of EUR 11.10 per share. This price per share is subject to a fixed adjustment mechanism depending on conclusively defined variables until the transaction has been completed which may lead to a reduction in the price per share. Implementation of the agreements is still subject to the proviso that normal completion conditions are met, in particular the conclusion of public

investment control procedures in Germany and the issuance of official permits in further jurisdictions of subsidiaries of SMT Scharf AG as well as approval from the responsible Chinese authorities.

At the same time, SMT Scharf AG announced that on completion of the agreements it intends to apply for the shares of SMT Scharf AG to be admitted to the Regulated Market of the Frankfurt Securities Exchange and to the sub-segment of the Regulated Market with further post-admission obligations (Prime Standard).

SMT Scharf AG wins major order for tunnel project in the Middle East

On 22 March 2024, SMT Scharf AG announced that it had won a major order from a new customer for a significant infrastructure project in the Middle East. The contract concluded comprises an order volume in the low double-digit million euro range. SMT Scharf will provide a total of six transport systems for the rail-bound transportation of materials and passengers for the construction of two tunnels around 4,350 metres in length. Deliveries are to be made successively in 2025 and will probably affect revenue and earnings in the coming year. With this major order, SMT Scharf is successfully driving the implementation of its corporate strategy that calls for a transformation of the business into areas beyond coal-mining, among them tunnel logistics.

Hamm, 5 April 2024

The Managing Board

Reinhard Reinartz

Volker Weiss

Certificate of the independent auditor

AUDITORS' REPORT OF THE INDEPENDENT AUDITORS

To SMT Scharf AG, Hamm

Audit Opinion

We have audited the annual financial statements of SMT Scharf AG, Hamm, comprising the balance sheet as of December 31, 2023 and the income statement for the fiscal year from January 1 to December 31, 2023 as well as the notes to the financial statements, including a description of the accounting policies.

In our opinion, based on the findings of our audit, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and of its financial performance for the fiscal year from January 1 to December 31, 2023 in accordance with German principles of proper accounting.

In accordance with Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the propriety of the annual financial statements.

Basis for the audit opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those standards is further described in the "Auditor's Responsibility for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with German commercial and professional law and have fulfilled our other German audit obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with German principles of proper accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the entity's ability to continue as a going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement is higher in the case of noncompliance than in the case of inaccuracy, as noncompliance may involve fraud, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may cause the Company not to be able to continue as a going concern.
- We evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

Cologne, April 5, 2024

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Groll	sgd. Broda
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)