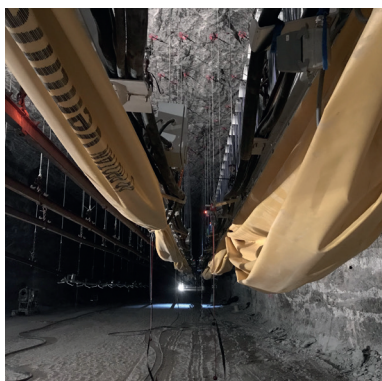
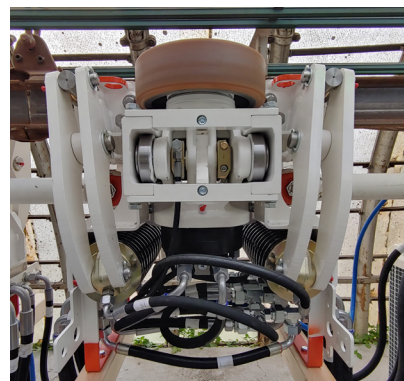
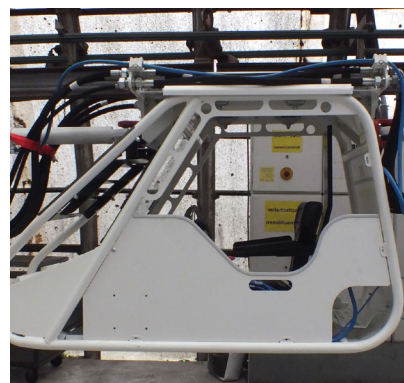
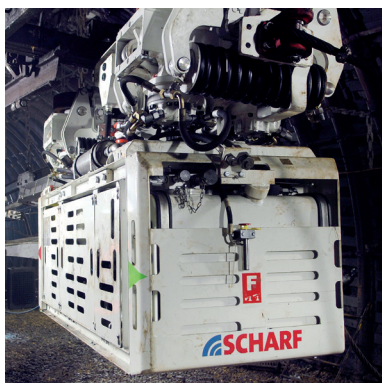


2021

6-MONTH REPORT



SUMMARY OF KEY DATA

		2018	2019	H1/2020	H1/2021
Revenue	EUR thousand	70,795	75,395	23,630	30,818
Total operating revenue	EUR thousand	71,028	74,837	24,909	39,443
EBIT	EUR thousand	5,304	6,822	-1,814	3,148
EBIT margin on total operating revenue	%	7.5	9.1	-7.3	8.0
Consolidated net profit / loss	EUR thousand	4,633	5,739	-1,491	3,609
Equity	EUR thousand	51,533	60,577	56,410	60,830
Equity ratio	%	62	63	65	57
FTEs (full-time equivalents)	on the reporting date	397	432	426	427

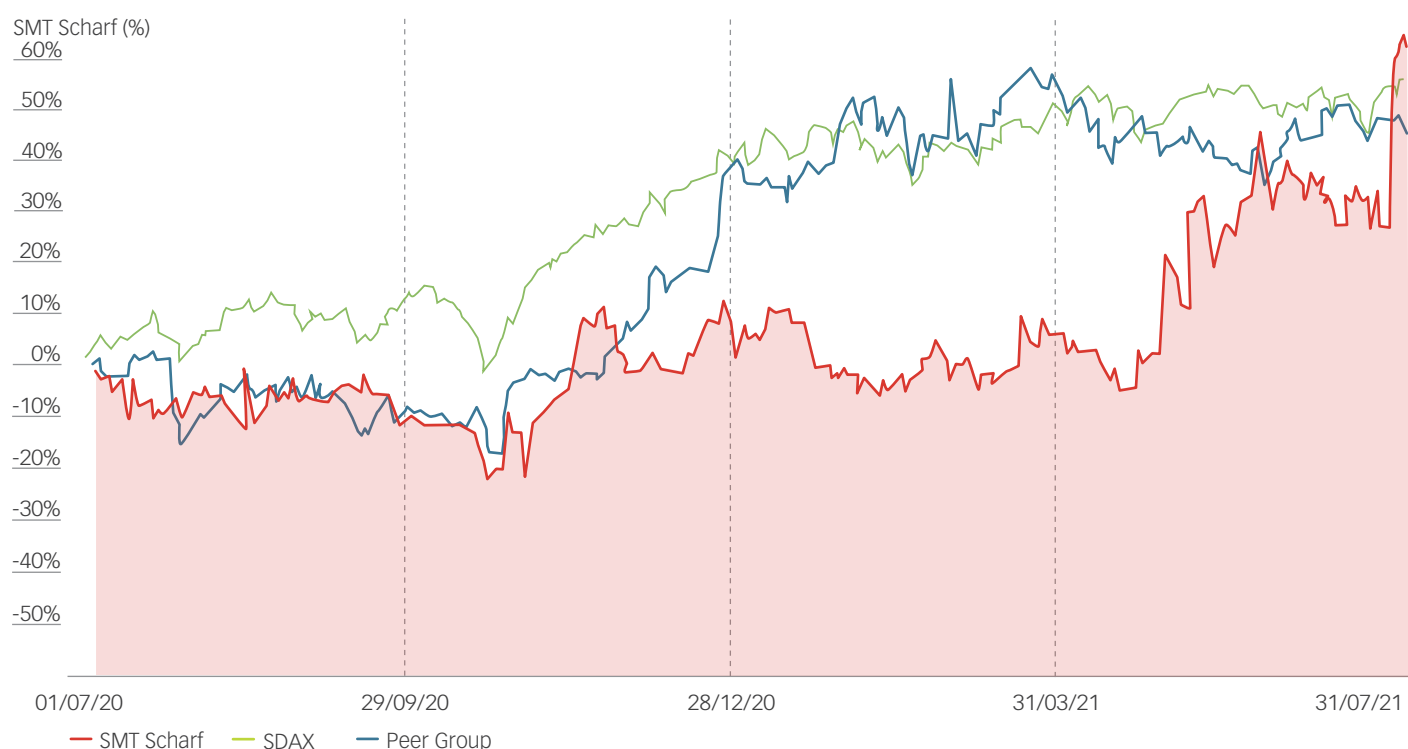
FINANCIAL CALENDAR

November 12, 2021	9M 2021 report
November 22 to 24, 2021	German Equity Forum 2021 (online)
December 7 to 8, 2021	32nd Munich Capital Market Conference
December 31, 2021	Fiscal year-end

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SHARE PRICE CHART



KEY SHARE DATA H1 2021*

Ticker/ISIN	S4A / DE0005751986
Number of shares (including 49,477 treasury shares)	5,521,456
Closing price (June 30, 2021)*	EUR 10.75
Price high/low*	EUR 8.20 / EUR 11.50
Share price performance (LTM on June 30, 2021)	23.9%
SDAX performance (LTM on June 30, 2021)	38.6%
Peer group portfolio performance (LTM on June 30, 2021)	34.4%
Market capitalisation excluding treasury shares (June 30, 2021)	EUR 58,824 thousand

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

SHAREHOLDER STRUCTURE*



*Information on shareholdings based on latest available public information (as of March 2021).

**Shareholders with a shareholding below 3% are included in the free float (exception: treasury shares).



LETTER TO SHAREHOLDERS

Dear shareholders,

SMT Scharf AG recorded very positive business performance in the first half of 2021, which is reflected in significant revenue and earnings growth. In the first six months of 2021, the SMT Scharf Group achieved consolidated revenue of EUR 30.8 million, representing a significant year-on-year increase of 30.4%. At the same time we succeeded in significantly growing the operating result (EBIT) to EUR 3.1 million, which already exceeds the original EBIT forecast of EUR 2.5 million to EUR 3.0 million for the full 2021 year. Despite COVID-19-related restrictions, both the new equipment business and the highly profitable after-sales business in our target markets worldwide performed better than we assumed at the start of the year. As a consequence, SMT Scharf has raised its previous revenue and earnings forecast and is now anticipating consolidated revenue in the range of EUR 72 to 77 million and EBIT in the range of EUR 5 million to EUR 6 million for the 2021 fiscal year.

In the Chinese market, the expected China III approval also generates attractive growth opportunities in the near future. The new China III standard is mandatory for Chinese mining companies as of this year. On the basis of IAS 18, revenues from new systems in China that have already been recorded have not yet been recognised in the financial statements. Approval is now expected to be granted in the third quarter of 2021, so that we anticipate further positive impetus for our business over the further course of the year and beyond, in addition to the significant additional recognition of revenue and earnings that are then to be made. Overall, we see signs that the forecast global economic upturn will have a positive effect on demand in the worldwide mining equipment market in the current fiscal year and beyond, in both the new equipment and after-sales businesses.

It is also gratifying that we achieved further progress in diversifying our business. As part of the important Snowy Mountain 2.0 state energy project in Australia, SMT Scharf has received a EUR 2.7 million order for the Tunnel Logistics segment. For this project, we will provide a specific transport solution for railbound passenger and ambulance transportation in the tunnel. For our company, this represents an outstanding success in tunnel logistics and, on the basis of the project's high reputation, contributes to the expansion of the business with tunnel logistics for major construction sites to form a further business pillar, and thereby to making our business gradually more independent of coal. Given this, we are considering setting up an ESG reporting system in order to make our goals and activities in this area more transparent in the future.

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

Kind regards

Hans Joachim Theiss

Wolfgang Embert

MANAGEMENT REPORT (UNAUDITED)

Basis of the Group

Business model

The SMT Scharf Group ("SMT Scharf") develops, builds 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 personnel and materials up to 45 tonnes on 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 rail-bound and cable management systems, including for energy supplies to machines, for example. In addition, SMT Scharf has a portfolio of rubbertyred 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. This additional pillar promises additional sales potential in the coming years.

SMT Scharf can draw on in-house expertise in electronics and controls via its subsidiary ser elektronik GmbH, Möhnesee. These systems, which are integrated into SMT Scharf's transport solutions for both coal and mineral mining, are manufactured in-house. In addition, ser elektronik develops customer-specific solutions for various industries, including the food industry and medical technology. 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 or 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, formerly Non-Coal 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 especially the foreign markets in Russia, Poland, China and South Africa. In addition, SMT Scharf is active in South America with its own sales subsidiary in Chile, as well as 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 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, development of new geographical markets, and development and establishment of tunnel logistics as a third business area. Furthermore, ser elektronik is responsible for business with electronic control systems and components in the Other Industries segment.
- **External growth:** Takeovers and partnerships are geared to promoting and securing SMT Scharf's core positioning. Takeovers, strategic partnerships and joint ventures have already been brought to completion and established. This will remain a strategic thrust of SMT Scharf AG.
- **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 potential more effectively through the interplay of international locations as well as in the management of development processes. The targeted analysis of specific markets and customer requirements helps SMT Scharf further enhance its competitiveness in this context.

The Managing Board team deploys these strategies to advance its measures that are further developing the company into a **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 trends less dependent on the traditionally cyclical business in mining, which remains SMT Scharf's core market.

Following the decision in 2018 to introduce a uniform Groupwide **enterprise resource planning system (ERP system)**, SMT Scharf will implement this system in 2022 at the Group's German locations. The full implementation of the ERP system is scheduled for completion in 2023/2024. 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 will open up the possibility of identifying and realising optimisation potentials at an early stage in the future.

Steering system

SMT Scharf AG steers its business 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 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 normalises again, especially on the basis of stable or a renewed uptrend in raw materials prices.

Financial performance indicators:

Key indicator	Calculation method	Target (medium-term, 3-5 years)
Key income statement figures		
Consolidated revenue growth (organic and inorganic)	(Group revenue in reporting year/Group revenue in previous year) -1	>5 %
Tunnel revenue share	Tunnel segment revenue/Group revenue	>10 %
EBIT margin	Earnings before interest and tax (EBIT)/total operating revenue	>10 %
Cost of materials ratio	Cost of materials / total operating revenue	~50 %
Key balance sheet indicators		
Net working capital	Year-average current assets – year-average liquid assets – year-average current liabilities (excluding current financial liabilities)	EUR 20 million
Equity ratio	Equity / total assets	>=30 %
Key efficiency figures		
Net working capital intensity	Net working capital/Group revenue	<50 %
Days of sales outstanding	Number of days in reporting year * (annual average trade receivables/Group revenue)	<150 days

Non-financial performance indicators:

Key indicator	Calculation method	Target (medium-term, 3-5 years)
Employee numbers		
Employee turnover	Employees leaving the company (FTEs)/Annual average number of employees (FTEs)	<10 %
Sickness rate	Number of working days lost due to sickness/budgeted	5 %

Employees

SMT Scharf AG calculates the number of its employees in the form of full-time equivalents (FTEs). As of June 30, 2021, the SMT Scharf Group employed 427 members of staff (FTEs), including six trainees at the Hamm location. The Group had a workforce of 426 FTEs in the previous year (including eight trainees). In order to manage production capacity flexibly, SMT Scharf draws on short-term and temporary help staff 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 light of the continued international demand structure, SMT Scharf is focusing on selectively increasing production capacity and consequently staffing levels at its foreign companies. Likewise, capacity has been built up in Germany in order to meet all customer demands and requirements. Compared to the previous year's reporting date, the number of employees remained constant.

In Germany, SMT Scharf further expanded its personnel capacities so that the number of employees as of June 30, 2021 stood at 137 FTEs (previous year: 133 FTEs). Moreover, in order to cover higher demand in production, temporary workers were increasingly hired, particularly in Germany.

	H1/2020	H1/2021
Total employees	426	427
Employees in Germany	133	137
Employees abroad	293	290
Proportion of female employees (%)	16.7	16.2

The number of employees at foreign locations increased by 13 FTEs to 290 FTEs in the first half of 2021. The proportion of staff employed abroad thereby reduced slightly to 68% (previous year: 69% due to normal staff changes).

Research and development

SMT Scharf continues to focus on establishing local expertise centres with increasing vertical range of manufacture, particularly in Poland and China. Given the ongoing coronavirus pandemic and associated interim restrictions at the sites in China, South Africa and Canada, in the first half of 2021, as before, no significant activities took place in this regard.

The creation of synergies through further networking of the locations is a future-related topic for SMT Scharf and is to be additionally advanced by the approved introduction of a uniform ERP system and uniform development systems worldwide. The conversion of design and production to a modular system, which has already been successfully implemented, forms a supporting pillar in this context. Since Q2 2021, the modular system has enabled maximum flexibility in the complete life cycle of an SMT product, commencing from a batch size of one unit, while at the same time ensuring the manufacturing efficiency of series production.

In order to meet high demand due to drive power and the new emissions directive, SMT Scharf is increasing corresponding production capacity at the individual locations in order to cover customer demand on time. The necessary tests within the framework of the China III approval at the Chinese regulatory authority have been successfully completed to a large extent. Given the extensive documentation still to be completed by the regulator and the authority's high workload, it is expected that the China III certificate will now be issued in the third quarter of 2021 rather than in the second quarter, as originally expected.

In light of the ongoing digitalisation of mines, SMT Scharf is intensively developing solutions for lower emission, more intelligent 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, including the Internet of Things (IoT), contribute to enhanced benefits for customers. One example is the wireless transmission of operating data, the evaluation of which makes it possible, for example, to plan and perform maintenance measures in line with requirements, and to optimise the stocking of consumables and spare parts.

Expenses for research and development amounted to EUR 893 thousand during the first half of 2021 (H1/2020: EUR 1,584 thousand). The share of development costs in overall research and development costs stood at EUR 154 thousand (H1/2020: EUR 427 thousand), while write-downs on capitalised development costs amounted to EUR 8 thousand (H1/2020: EUR 113 thousand) in the reporting period.

Economic and business report

Macroeconomic environment

Against the backdrop of the coronavirus pandemic, the International Monetary Fund (IMF) in its April 2021 World Economic Outlook finally recorded a 3.3% decrease in the global economy in 2020, despite a previously forecast 4.9% reduction. Assuming an economic recovery, the IMF now expects the global economy to expand by 6.0% in 2021. The world economy is then expected to grow by 4.4% in the following year. The global introduction of several vaccines that have reduced the severity and frequency of infections, as well as fiscal support in some economies, particularly in the USA, are lifting the global economic outlook. These measures join already supportive, unprecedented fiscal measures over the past year, as well as continued accommodative monetary policy.

The Chinese economy recorded a 2.3% increase in economic output in 2020. Effective mitigation measures to counter the impact of the coronavirus pandemic, such as support for vulnerable firms and households and the expansion of the social security net, are again projected to boost growth by 8.4% in 2021. According to the IMF, Russia recorded a reduction in economic output of 3.1% last year. For 2021, by contrast, its economists forecast a moderate 3.8% increase in economic activity due to a renewed rise in fuel prices. After the Polish economy slumped by 2.7% in 2020, the IMF now expects that its economy will expand by 3.5% in 2021. In South Africa, the COVID-19 pandemic and a deep health crisis led to a 7% decrease in economic output in 2020. However, a gradual economic recovery is expected, leading to growth of 3.1% in 2021.

The four aforementioned countries represent the most important sales markets of SMT Scharf. The customers there together usually account for more

than 75% of Group revenue.

GDP growth in the most important sales markets* (in %)

	2020
World	-3.3
China	2.3
Poland	-2.7
Russia	-3.1
South Africa	-7

Source: *IMF World Economic Outlook, April 2021

Exchange rate changes in the most important sales markets* (in %)

	2020	H1/2021
Euro / Yuan Renminbi (China)	+2.6	-4.3
Euro / Zloty (Poland)	+7.1	-0.9
Euro / Rouble (Russia)	+30.7	-5.1
Euro / Rand (South Africa)	+14.2	-5.6

*Source: European Central Bank, change during the year

Sector trends:

In the period under review, prices of many energyrelated raw materials and metals recovered following marked reductions. Accordingly, the S&P GSCI Energy and Metal Index posted a strong gain of 40% between January and June 2021. The oil price also performed well during the period, rising by 38% between January and July 2021. At the same time, the price of coal has also been steadily increasing in value in recent months, reaching a level of USD 120 (in terms of tonne of hard coal) at the end of June 2021.

According to the German Engineering Federation (VDMA), the market for mechanical and plant engineering reported tangible growth again in the first months of, after the global, pandemic-related restrictions on trade in the previous year. For the coming years, the VDMA continues to identify fundamentally good growth prospects for mechanical engineering companies: on average, the market is expected to grow by 12.7% between 2020 and 2027. A study by Grand View Research suggests that especially digital mining innovations such as robots and automation, smart sensors and 3D printing, as well as additional investment, will boost demand. Moreover, 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.

According to SMT Scharf's assessment, positive growth prospects also exist in the tunnel segment. The global tunnelling market will continue to play an essentially important role thanks to growing global demand for infrastructure. This is also confirmed by the International Tunnelling and Underground Space Association (ITA) in its report. The global tunnelling market is worth around EUR 140 billion per year (as of 2019), representing an increase of 62% compared to 2016, according to a study produced by the ITA together with the L'Association Internationale des Tunnels et de l'Espace Souterrain (AITES). An average of 5,200 km of tunnels per year have been built worldwide since 2013. India and Australia are expected to report strong growth in demand due to constant investment in infrastructure projects, according to a recent study published by Grand View Research in May 2020. Similar trends are also evident in Latin America.

Overall, worldwide output in tunnel construction is expected to stand at around EUR 1,385 billion between 2019 and 2030. This strong demand is further fuelled by ongoing development in many cities and the linking of urban centres. Furthermore, new technologies such as artificial intelligence are also expected to drive growth in the future.

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 development and growth.

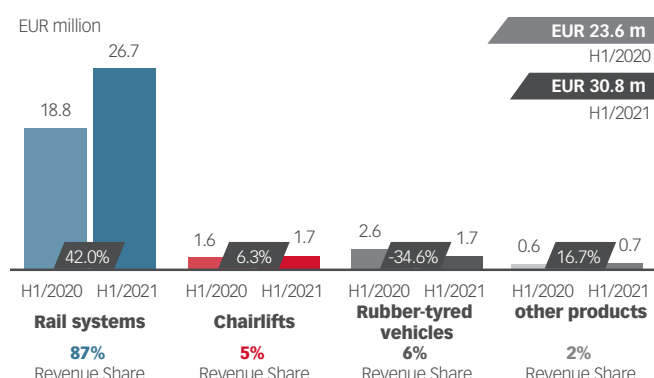
Financial position and performance

In the first six months of the current 2021 fiscal year, the SMT Scharf Group recorded successful business performance, continuing its growth trend from the first quarter of 2021. **Consolidated revenue** reached EUR 30.8 million (H1/2020: EUR 23.6 million), reflecting growth of 30.4% compared with the corresponding previous year's figure. SMT Scharf reported revenue growth in both its new equipment business as well as its spare parts and service business. In its new equipment business, SMT Scharf increased its revenues in the first half of 2021 by 23.0% year-on-year, while revenues in its highly

profitable spare parts and service business also increased by a significantly 37.4% year-on-year. This performance reflects rising demand for systems, equipment and technology from mine operators worldwide, which showed a greater willingness to invest given rising commodity prices.

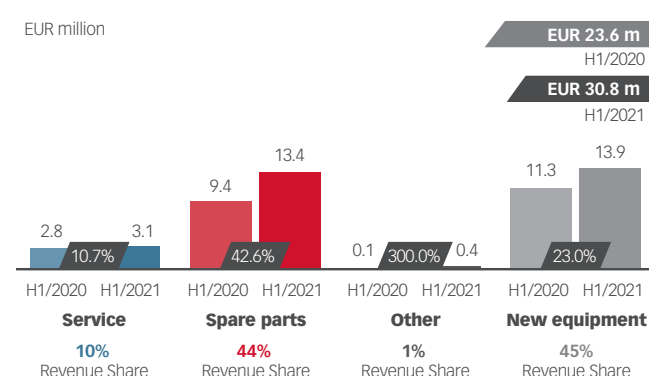
In the Rail Systems product area, SMT Scharf generated revenue of EUR 26.7 million in the first half of 2021, which improved its share of total revenue to 86.7% (H1/2020: EUR 18.8 million or 79.7%). The Chairlifts business accounted for EUR 1.7 million of revenue in the period under review, or 5.5% of total revenue (H1/2020: EUR 1.6 million or 6.8%). At the same time, the company generated revenue of EUR 1.7 million, or 5.5% in the rubber-tyred vehicle product area (H1/2020: EUR 2.6 million or 11.0%). In addition, SMT Scharf recorded revenue of EUR 0.7 million or 2.3% of total revenue with other products in the "Other Industries" segment (H1/2020: EUR 0.6 million or 2.5%).

Revenue by product



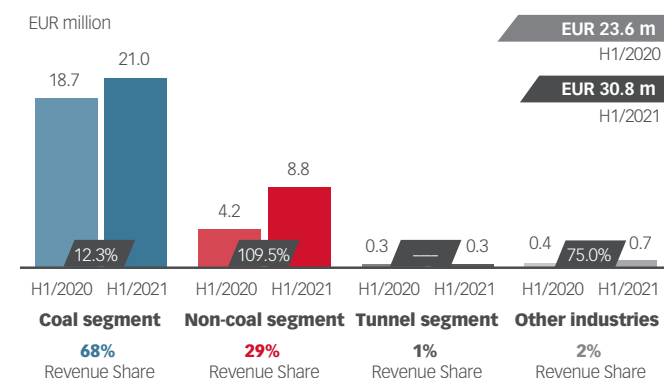
SMT Scharf generated revenue of EUR 13.9 million from new equipment, with revenue from new equipment thereby tangibly higher than in the same period of the previous year (H1/2020: EUR 11.3 million). This corresponds to a 45.1% share of Group revenue (H1/2020: 47.9%). Business with services and spare parts also reported an uptrend in the period under review. Here, revenue reached a level of EUR 16.5 million in the first half of 2021, so that the share of revenue increased accordingly year-on-year to 53.6% (H1/2020: EUR 12.2 million or 51.7%).

Revenue by type



On an operating segment basis, EUR 21.0 million was attributable to the Coal segment, which aggregates business with operators of hard coal mines. Given the revenue growth in the Mineral Mining segment, the share of consolidated revenue of 68.2% is thereby lower than in the previous year (H1/2020: EUR 18.7 million, or 79.2%). In the Mineral Mining segment, SMT Scharf grew its revenue from EUR 4.2 million to EUR 8.8 million, which corresponds to a higher share of 28.6% compared to 17.8% in the same period of the previous year. At EUR 0.3 million, revenue in Tunnel Logistics was at the previous year's level, contributing 1.0% to consolidated revenue (H1/2020: EUR 0.3 million, or 1.3%). SMT Scharf reported revenue of EUR 0.7 million in its Other Industries segment during the period under review, thereby accounting for a 2.3% share of consolidated revenue (H1/2020: EUR 0.4 million, or 1.7%).

Revenue by segment

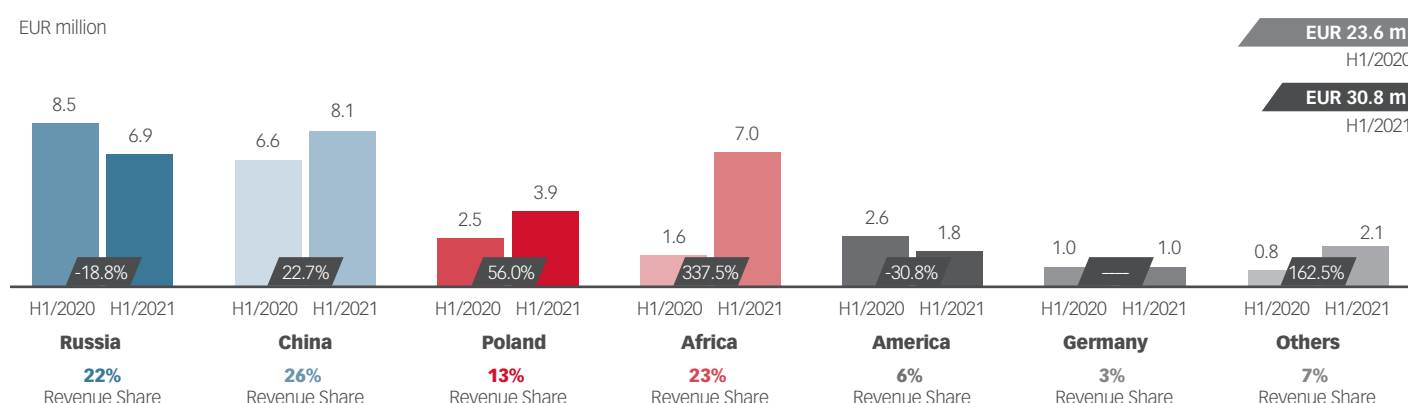


In the first half of the year, revenue in China grew by a significant year-on-year rate of 22.7% to reach EUR 8.1 million (H1/2020: EUR 6.6 million). As a consequence, China is once again SMT Scharf's most important foreign market among the national markets. The final approval of China III, which is still pending, is now expected to occur in the third quarter of 2021, according to current information. The ongoing approval issue is making a key contribution to SMT Scharf's exceptionally high order book position, as the first machines supplied to Chinese mining companies could still not be recognised as revenue in accordance with IAS 18.

In Russia, revenue decreased by 18.8% to EUR 6.9 million compared with EUR 8.5 million in the same period of the previous year, as less revenue was generated from legacy projects in the first half of the year; the share of revenue stood at 22.4% compared with 36.0% in the same period of the previous year.

A recovery was also evident in the first half of the year in the other key target markets following the strong impact of the pandemic last year. In Poland, revenue increased to EUR 3.9 million (H1/2020: EUR 2.5 million). At EUR 7.0 million, revenue in the African market was significantly above (+337.5%) the prior year period (H1/2020: EUR 1.6 million). This strong growth reflects the expansion of the product range to include rubber-tired vehicles. By contrast, the share of the business in Germany remained constant at a level of EUR 1.0 million in the reporting period (H1/2020: EUR 1.0 million). The relative share of the domestic market thereby reduced to 3.2% during the first half of 2021 (H1/2020: 4.2%).

Revenue by region



At EUR 8.6 million, **changes in inventories** were significantly higher than in the previous year (H1/2020: EUR 1.3 million) due to orders not yet invoiced in accordance with IAS 18, while total operating revenue (defined as the sum of revenue and changes in inventories) increased by a significant 58.2% to EUR 39.4 million (H1/2020: EUR 24.9 million) given higher revenue and the change in inventories.

Other operating income rose to EUR 3.1 million in the first half of 2021, 78.5% above the corresponding figure for the previous year (H1/2020: EUR 1.8 million). The increase mainly reflects own work capitalised in the amount of EUR 154 thousand, as well as foreign exchange gains of EUR 1,542 thousand.

Other operating expenses include currency losses of EUR 614 thousand. At EUR 3.8 million, other operating expenses were below the previous year's level (H1/2020: EUR 4.6 million).

The **cost of materials** of EUR 25.1 million rose by 87.3% year-on-year (H1/2020: EUR 13.4 million). This particularly reflects the significant growth in revenue in the Railway Systems segment, where SMT Scharf recorded 42.0% higher revenue year-on-year. The **cost of materials** ratio (in relation to total operating revenue) rose to 63.7% overall (H1/2020: 53.7%).

Personnel expenses amounted to EUR 9.2 million in the first half of the year, which is in line with the same period of the previous year (H1/2020: EUR 9.2 million). Given the higher total operating revenue, the **personnel expense ratio** decreased to 23.3% (H1/2020: 36.9%), while personnel expenses remained unchanged.

Depreciation, amortisation and impairment losses relating to non-current assets amounted to EUR 1.3 million, down 13.4% year-on-year (H1/2020: EUR 1.5 million). This is mainly due to the amortisation of development costs capitalised in the 2020 financial statements.

The result from operating activities (EBIT) increased to EUR 3.1 million in the first six months of 2021 (H1/2020: EUR -1.8 million) given the strong revenue growth, and was thereby back in positive territory after dropping into negative territory last year due to coronavirus. Due to an order in China that has not yet been fully executed, final revenue and earnings figures deviate slightly from the announced preliminary figures for consolidated revenue and EBIT. At segment level, EBIT increased to EUR 2.1 million in the Coal segment (H1/2020: EUR -1.4 million) and to EUR 1.2 million in the Mineral Mining segment (H1/2020: EUR -0.2 million). The smaller segments Tunnel Logistics and Other Industries reported earnings contributions of EUR 54 thousand and EUR -140 thousand, respectively. By contrast, the Group **financial result** of EUR 76 thousand was up on the previous year's level (H1/2020: EUR 0.8 million). Investment income from the existing joint ventures in China represented a positive factor in this context.

The profit from operating activities incurred **income taxes** of EUR 0.4 million in the first half of the year (H1/2020: EUR 0.4 million). Overall, consolidated net income for the first six months of 2021 amounts to EUR 3.6 million (H1/2020: consolidated net loss of EUR 1.5 million). Based on a higher average number of shares in issue compared with the prior-year period of 4,720,769 shares in issue, undiluted (basic) earnings per share amounted to EUR 0.65 during the period under review (H1/2020: EUR -0.33).

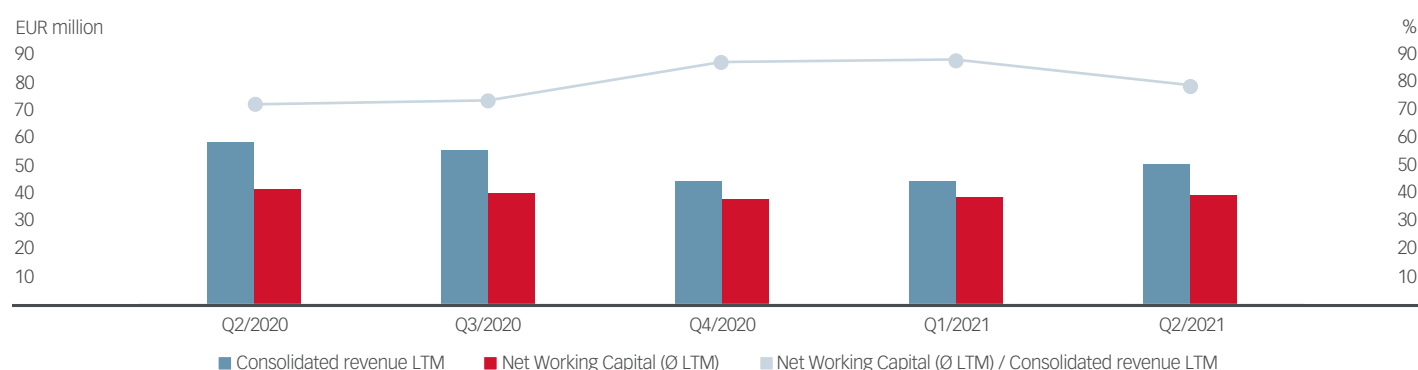
SMT Scharf's **order book position** totalled EUR 45.1 million as of June 30, 2021 (June 30, 2020: EUR 32.7 million), reflecting the delayed approval of the China III machines by the Chinese regulator. As a consequence, it is still too early to recognise the first machines delivered to Chinese mining companies as revenue under IAS 18. **New order intake** during the first six months of 2021 amounted to EUR 39.3 million, above the previous year's level of EUR 31.4 million.

Compared with the end of 2020, **total assets** increased by 27.9% to EUR 106.8 million as of June 30, 2021 (December 31, 2020: EUR 83.5 million). Thanks to improved receivables management, the receivables portfolio was reduced by a significant amount of EUR 3.7 million to EUR 15.6 million as of the reporting date, and the length of its term structure was shortened further (December 31, 2020: EUR 19.3 million). At EUR 78.8 million, **current assets** as of June 30, 2021 were 35.6% lower overall than at the end of the 2020 fiscal year (December 31, 2020: EUR 58.1 million). **Non-current assets** rose to EUR 28.0 million as of June 30, 2021, representing an increase of 9.8% compared with the 2020 year-end (December 31, 2020: EUR 25.5 million). Other current provisions increased to EUR 5.5 million as of the balance sheet date and were thereby above the level at the end of the 2020 fiscal year (December 31, 2020: EUR 3.3 million).

SMT Scharf continued to command a solid equity base in the period under review. At EUR 60.8 million, SMT Scharf's **equity** as of June 30, 2021 was 25.4% above the level as of December 31, 2020 (EUR 48.5 million). The higher equity mainly reflects the subscription rights capital increase which was successfully realised in the second quarter. The **equity ratio** decreased to 56.9% as of June 30, 2021 (December 31, 2020: 58.0%) and consequently remains at a high level.

Net working capital amounted to EUR 50.0 million at June 30, 2021, an increase of 28.9% compared to the 2020 year-end (December 31, 2020: EUR 38.8 million). The average net working capital of the past twelve months (LTM, calculated from quarterly figures) stood at EUR 44.8 million as of June 30, 2021. Rolling consolidated revenue over the past twelve months amounted to EUR 57.4 million at the balance sheet date. This reflects a significantly lower

Net Working Capital (Ø LTM) / Consolidated revenue LTM



net working capital intensity of 78.1%. However, as in previous quarters, this ratio remains at an exceptionally high level due to high inventories, partly as a consequence of the delayed delivery of machines for the Chinese market. The trend towards rising net working capital in absolute figures thereby continued during the first half of the year. Irrespective of this, SMT Scharf aims to reduce net working capital intensity in the medium term to <50%.

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

In the forecast provided in the 2020 annual report, for 2021 SMT Scharf originally anticipated consolidated revenue in a range between EUR 65 million and EUR 70 million and EBIT in a range between EUR 2.5 million and EUR 3.0 million. In the first half of 2021, the company reported significant growth in its operating result (EBIT) to EUR 3.1 million, which already stood ahead of the original EBIT forecast of EUR 2.5 million to EUR 3.0 million for the full 2021 year. Despite COVID-19-related restrictions, both the new equipment business and the highly profitable after-sales business in the target markets worldwide performed better than assumed at the start of the year. As a consequence, the Managing Board of SMT Scharf AG has raised its previous revenue and earnings forecast and is now anticipating consolidated revenue in the range of EUR 72 million to EUR 77 million and EBIT in the range of EUR 5 million to EUR 6 million for the 2021 fiscal year.

On the basis of the 2021 half-year figures, as of the reporting date SMT Scharf has not yet achieved some of its expectations for the full 2021 year, although in other cases it has already exceeded them

- Actual consolidated revenue of EUR 30.8 million was below the proportional original forecast of EUR 30.8 million to EUR 35.0 million.
- In the first half of the year, EBIT of EUR 3.1 million exceeded the original EBIT forecast of EUR 2.5 to 3.0 million. For the full 2021 year, EBIT of EUR 5 million to EUR 6 million is now forecast. The EBIT margin (based on total operating revenue) for the first half of 2021 stood at 7.9%. SMT Scharf is aiming for a target of at least 10.0% in the medium term.
- The equity ratio of 56.9% as of June 30, 2021 was slightly below the figure at the end of the 2020 fiscal year (December 31, 2020: 58.0%). For the full 2021 fiscal year, the equity ratio is expected to remain at the previous year's level
- Net working capital totalled EUR 50.0 million as of June 30, 2021, accompanied by a decrease in net working capital intensity to 78.1 %, with SMT Scharf as of June 30, 2021 thereby falling short of expectations overall in this context. As a consequence, net working capital for 2021 is expected below the previous year's level, assuming 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 recorded significant revenue and earnings growth in the first six months of the 2021 fiscal year. Despite the continuing COVID-19-related restrictions, both the new equipment business and the highly profitable after-sales business in the target markets performed better than had been assumed at the start of the year. The anticipated final China III approval offers additional potential. As of January 1, 2021, the China III emissions directive will be mandatory for mining companies, generating additional growth opportunities in the Chinese market. In principle, SMT Scharf believes that it is well positioned within this niche, and is maintaining its growth strategy with the aim of expanding its market share over the medium and long term. The company can build on a solid asset and financing position to this end. Gross proceeds of just under EUR 8 million were generated from the successful capital increase. These funds are earmarked to finance further growth. At 56.9%, the equity ratio remains at a high level, with moderate financial debt. The order book position as of the reporting date of June 30, 2021 stood at a record high of EUR 45.1 million, as the first machines delivered to Chinese mining companies could not yet be recognised as revenue in accordance with IAS 18. SMT Scharf expects the final China III approval to be granted in the third quarter of 2021.

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 2020 fiscal year (see pages 45-49).

Outlook

The global economy will record an increasing uptrend in economic output in 2021, according to the International Monetary Fund (IMF). Economists point to the overall easing in economies of restrictions relating to the COVID-19 pandemic, leading to a stronger-than-expected economic recovery worldwide. However, future growth trends will continue to be significantly affected by the course of the ongoing health crisis and related factors, such as the actual effectiveness of policy measures to limit ongoing economic damage, as well as the effectiveness of the vaccine against virus variants.

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

GDP growth in the most important sales markets* (in %)	2020	2021
World	-3.3	6.0
China	2.3	8.4
Poland**	-2.7	3.5
Russia	-3.1	3.8
South Africa	-7.0	3.1

Source: *IMF World Economic Outlook, April 2021

In the future, SMT Scharf will continue to focus on its existing core markets in China, Russia, Poland and South Africa. The IMF expects positive growth for all major target markets in 2021 for the first time since the outbreak of the coronavirus pandemic. A tangible economic upturn is again forecast in all countries for the following year.

The management expects that as 2021 progresses, the anticipated global economic recovery will continue to exert a positive effect on demand in the mining equipment market worldwide, both in the new equipment and after-sales businesses. In the Chinese market, the expected China III approval is leading to attractive growth opportunities in the near future, with the new standard being mandatory for all Chinese mining companies from January 1, 2021.

SMT Scharf will continue to very closely monitor developments relating to COVID-19, and, if necessary, initiate corresponding measures to protect its employees and customers. Business activities at the sites in Poland, Russia, South Africa and Canada continued to be affected by the COVID-19 pandemic. The SMT Scharf Group's supply chains have not been interrupted to date, with the consequence that no coronavirus-related bottlenecks occurred in the first half of the year. As a matter of principle, it still cannot be ruled out that the ongoing spread of coronavirus could exert a significant negative effect on economic growth in SMT Scharf's target markets as a whole, and on the company's own business activities.

In the first half of the year, both the new equipment business and the profitable after-sales business in the target markets worldwide performed better than assumed at the start of the year, despite COVID-19-related restrictions. This also led the company to report significant growth in its operating result (EBIT) to EUR 3.1 million in the first half of the year, which was already above the original EBIT forecast of EUR 2.5 to 3.0 million for 2021 as a whole. As a consequence, SMT Scharf has raised its previous revenue and earnings forecast, and now anticipates revenue in a range between EUR 72 and EUR 77 million for the 2021 fiscal year. Furthermore, the Managing Board now forecasts 2021 EBIT in a range between EUR 5 million and EUR 6 million. Originally, SMT Scharf anticipated consolidated revenue in a range between EUR 65 million and EUR 70 million, and EBIT in a range between EUR 2.5 million and EUR 3.0 million, for the 2021 fiscal year.

Hamm, August 12, 2021

SMT Scharf AG

The Managing Board

IFRS HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED)

Consolidated balance sheet

in EUR thousand	30/06/2021	30/06/2020	31/12/2020
Assets			
Intangible assets	5,421	6,457	4,417
Property, plant and equipment	8,872	9,265	9,104
Loans	637	637	637
Equity accounted investments	9,361	7,534	8,543
Other investments	7	7	7
Deferred tax assets	3,651	2,751	2,751
Non-current lease receivables	0	236	16
Other non-current non-financial assets	9	9	9
Non-current assets	27,958	26,896	25,484
Inventories	41,509	29,664	29,534
Trade receivables	15,626	21,638	19,342
Contract assets	4,426	111	1,031
Current lease receivables	263	645	547
Other current non-financial assets	4,977	2,502	3,052
Other current non-financial assets in connection with employee benefit entitlements	46	891	151
Cash and cash equivalents	12,008	4,797	4,402
Current assets	78,885	60,248	58,059
Total assets	106,813	87,144	83,543

in EUR thousand	30/06/2021	30/06/2020	31/12/2020
Equity and liabilities			
Subscribed share capital	5,472	4,571	4,571
Capital reserve	23,960	16,799	16,867
Revenue reserves	36,205	39,402	32,564
Other reserves	-6,246	-5,468	-6,976
Non-controlling interests	1,439	1,106	1,427
Equity	60,830	56,410	48,453
Provisions for pensions	3,390	3,484	3,393
Other non-current provisions	198	203	197
Deferred tax liabilities	510	566	505
Contract liabilities	0	3	3
Leasing liabilities	2,413	1,038	2,376
Non-current financial liabilities	2,463	3,774	3,099
Other non-current financial liabilities	2,517	1,423	1,454
Non-current provisions and liabilities	11,491	10,491	11,028
Current income tax	233	142	109
Other current provisions	5,511	3,618	3,299
Contract liabilities	2,327	42	1,479
Trade payables	5,982	3,227	4,871
Leasing liabilities	615	598	790
Current financial liabilities (cash and cash equivalents)	16,051	9,219	8,530
Current financial liabilities (not cash and cash equivalents)	1,690	2,015	1,780
Other current non-financial liabilities	2,083	1,382	3,205
Current provisions and liabilities	34,492	20,243	24,063
Total equity and liabilities	106,813	87,144	83,543

Consolidated statement of comprehensive income

in EUR thousand	Q2/2021	Q2/2020	H1/2021	H1/2020
Revenue	20,012	12,980	30,818	23,630
Changes in inventories	1,614	422	8,625	1,279
Total operating revenue (100 %)	21,626	13,402	39,443	24,909
Other operating income	1,458	954	3,137	1,951
Cost of materials	14,337	7,009	25,105	13,386
Personnel expenses	4,794	4,377	9,175	9,181
Depreciation, amortisation and impairment losses	675	749	1,322	1,487
Other operating expenses	2,111	1,946	3,826	4,620
Profit / loss from operating activities (EBIT)	1,163	275	3,148	-1,814
Result from equity accounted investments	446	182	430	898
Interest income	66	84	91	186
Interest expenses	227	197	445	328
Financial result	285	69	76	756
Profit / loss before tax	1,448	344	3,224	-1,058
Income taxes	436	394	-385	433
Consolidated net profit / loss	1,884	-50	3,609	-1,491
of which attributable to shareholders of SMT Scharf AG	1,847	-86	3,641	-153
of which attributable to non-controlling interests	37	36	-32	-1,338
Other comprehensive income items recycled later to profit or loss:				
Currency differences from translation of foreign financial statements	4,267	799	386	-2,522
Share of other comprehensive income attributable to equity accounted investments	629	-138	388	-146
Other comprehensive income	4,896	661	774	-2,668
of which, share of other comprehensive income attributable to shareholders of SMT Scharf AG	4,680	661	730	-2441
of which, share of other comprehensive income attributable to non-controlling interests	216	-42	44	-227
Total comprehensive income	6,780	611	4,383	-4,159
of which, share of total comprehensive income attributable to shareholders of SMT Scharf AG	6,527	739	4,372	-3,779
of which, share of total comprehensive income attributable to non-controlling interests	253	-128	11	-380
Earnings per share				
Undiluted (basic)	0.29	-0.03	0.65	-0.33
Diluted	0.29	-0.02	0.65	-0.32
Average number of shares, undiluted	5,471,979	4,570,523	5,471,979	4,570,523
Average number of shares, diluted	5,510,475	4,609,019	5,510,475	4,609,019

Consolidated cash flow statement

in EUR thousand	H1/2021	H1/2020
Consolidated net profit / loss	3,609	-1,491
- Income from equity accounted investments	-430	-898
+ Depreciation, amortisation and impairment losses relating to non-current assets	1,322	1,487
-/+ Gain/loss from disposal of non-current assets	48	-21
+/- Increase/decrease in provisions	2,283	-1,249
-/+ Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	-13,384	6,801
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	1,228	-4,082
+/- Other non-cash expenses / income	67	67
+/- Income tax	-385	433
+/- Financial expenses	354	142
-/+ Income tax paid / received	-386	-198
Cash flow from operating activities	-5,674	991
+ Cash inflows from disposal of property, plant and equipment	0	38
+ Cash inflows from the repayment of loans	0	75
- Capital expenditure on property, plant and equipment	-697	-986
- Capital expenditure on intangible assets	-1,000	-815
+ Interest received	88	187
Cash flow from investing activities	-1,609	-1,501
- Cash outflows for the repayment of leasing liabilities	-200	-212
+ Cash inflows from sale-and-leaseback agreements	776	0
+ Proceeds from capital increase	7,927	0
- Cash outflows to controlling and non-controlling shareholders	0	-74
- Cash outflows for the repayment of loans	-739	-963
- Interest paid	-281	-519
Cash flow from financing activities	7,483	-1,769
Net change in cash and cash equivalents	200	-2,279
Changes in cash and cash equivalents due to effects from exchange rates and the consolidation Group	-115	-244
Cash and cash equivalents at start of period	-4,128	-1,898
Cash and cash equivalents at end of period	-4,043	-4,421

Consolidated statement of changes in equity

in EUR thousand	Revenue reserves					Equity attributable to SMT Scharf AG shareholders	Non-controlling interests	Total equity
	Subscribed share capital	Capital reserve	Actuarial gains and losses	Other revenue reserves	Other reserves Currency translation difference			
Balance on 01/01/2021	4,571	16,867	-335	32,899	-6,976	47,026	1,427	48,453
Cash capital increase from authorised capital	901	7,026				7,927		7,927
Consolidated net profit / loss				3,641		3,641	-32	3,609
Currency difference from translating					342	342	44	386
Results from foreign annual financial statements					388	388		388
Equity accounted investments	0	0	0	3,641	730	4,371	12	4,383
Dividends paid by subsidiaries						0	0	0
Increase in equity due to shares to be issued		0				67	0	67
Balance on 30/06/2021	5,472	23,960	-335	36,540	-6,246	59,391	1,439	60,830

in EUR thousand	Revenue reserves					Equity attributable to SMT Scharf AG shareholders	Non-controlling interests	Total equity
	Subscribed share capital	Capital reserve	Actuarial gains and losses	Other revenue reserves	Other reserves Currency translation difference			
Balance on 01/01/2020	4,571	16,732	-327	41,066	-3,026	59,016	1,561	60,577
Consolidated net profit / loss				-1,338		-1,338	-153	-1,491
Currency difference from translating					-2,295	-2,295	-228	-2,523
Results from foreign annual financial statements					-146	-146		-146
Comprehensive income	0	0	0	-1,338	-2,441	-3,779	-381	-4,160
Dividends paid by subsidiaries						0	-74	-74
Increase in equity due to shares to be issued		0				67	0	67
Balance on 30/06/2020	4,571	16,799	-327	39,728	-5,467	55,304	1,106	56,410

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, 2021 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, 2020. 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 requires for consolidated financial statements, and consequently should be read in combination with the consolidated financial report for the fiscal year ending December 31, 2020, which provides a basis for these interim financial statements. Moreover, as regards significant modifications and business transactions up until June 30, 2021, 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 2020 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	
	30/06/2021	30/06/2020	2021	2020
Polish Zloty	4.5201	4.4560	4.5005	4.41328
South African Rand	17.0114	19.4425	16.7540	18.33178
Chinese Renminbi Yuan	7.6742	7.9219	7.7391	7.74805
Russian Rouble	86.7725	79.6300	87.4561	76.6825
Canadian Dollar	1.4722	1.5324	1.4713	1.50308

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
SMT Scharf GmbH, Hamm, Germany	100%
SMT Scharf Polska Sp. z o. o., Tychy, Poland	100%
SMT Scharf Africa (Pty.) Ltd., Johannesburg, South Africa	100%
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 Mining Equipment, Alban, Canada	100%
ser elektronik GmbH, Möhnesee, 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:

	Q2/2021	Q2/2020	H1/2021	H1/2020
New equipment	10,124	5,941	13,902	11,328
Spare parts/service/other	9,888	7,039	16,916	12,302
Total	20,012	12,980	30,818	23,630
Germany	556	708	952	1,025
Other countries	19,456	12,272	29,866	22,605
Total	20,012	12,980	30,818	23,630

(2) Income taxes

Income taxes are composed of the following items:

	Q2/2021	Q2/2020	H1/2021	H1/2020
Current tax expense	256	283	450	365
Deferred taxes	-692	110	-835	68
Total	-436	393	-385	433

(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.

	Coal mining		Mineral mining		Tunnel logistics		Other industries		Not allocated		SMT Scharf Group	
in TEUR	H1/ 2021	H1/ 2020	H1/ 2021	H1/ 2020	H1/ 2021	H1/ 2020	H1/ 2021	H1/ 2020	H1/ 2021	H1/ 2020	H1/ 2021	H1/ 2020
Revenue	21,017	18,662	8,776	4,216	312	287	713	464	-	-	30,818	23,630
of which new equipment	7,602	8,662	5,518	1,966	182	237	601	464	-	-	13,903	11,329
of which spare parts	10,280	7,451	2,986	1,939	120	46	-	-	-	-	13,386	9,436
of which service	2,748	2,465	272	311	10	4	112	-	-	-	3,142	2,780
of which other	387	85	-	-	0	-	-	-	-	-	387	85
Operating result (EBIT)	2,068	(1,397)	1,167	(167)	54	(4)	-140	(247)	-	-	3,148	(1,814)
Earnings from equity accounted companies	430	898	-	-	-	-	-	-	-	-	430	898
Segment assets	87,156	69,978	13,577	12,442	807	215	1,621	1,758	3,652	2,751	106,813	87,144
Segment liabilities	34,916	17,430	9,238	11,586	340	129	978	1,022	511	566	45,983	30,734
Segment investments	694	929	80	161	-	3	56	22	-	-	830	1,115
of which IFRS 16	114	110	-	11	-	-	19	8	-	-	133	129
Interests in equity accounted investments	9,361	7,534	-	-	-	-	-	-	-	-	9,361	7,534
Depreciation and amortisation	1,079	1,257	195	152	4	9	44	69	-	-	1,322	1,487
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
FTEs	348	343	56	62	5	3	18	18	-	-	427	426

Notes to the balance sheet

(4) Current assets

Securities as of June 30, 2021 include a hardship and social fund amounting to EUR 315 thousand (June 30, 2020: EUR 320 thousand). This fund is managed in trust by a commission consisting of the management of SMT Scharf GmbH as well as this company's works council.

(5) Non-current assets

The SMT Scharf Group leases internally developed machines and heavy load units as a lessor in the context of finance leases. The carrying amount of lease receivables as of June 30, 2021 is EUR 263 thousand (December 31, 2020: EUR 563 thousand), none of which are non-current (December 31, 2020: EUR 16 thousand).

As of the balance sheet date, EUR 163 thousand (December 31, 2020: EUR 270 thousand) in leased assets are also reported under property, plant and equipment as leased assets under operating leases.

As of June 30, 2021, non-current assets include rights of use under leases in which the Group is the lessee, which are to be accounted for in accordance with IFRS 16 since January 1, 2019. Their carrying amount as of June 30, 2021 is EUR 3,055 thousand (December 31, 2020: EUR 3,190 thousand).

In the first six months of 2021, development expenses that meet IAS 38 recognition criteria for projects amounting to EUR 154 thousand (H1/2020: 427 thousand) were capitalised.

(6) Equity

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

On June 30, 2021, 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 2021, 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

(7) Contingent liabilities and other financial commitments

As of the balance sheet date, contingent liabilities existed from advance payment and warranty guarantees with a total value of EUR 89 thousand (December 31, 2020: EUR 89 thousand), as well as a registered land charge on the German operating land.

(8) Leases

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

As of June 30, 2021, the leasing liabilities were composed as follows:

in EUR thousand	Future lease payments	Interest portion	Present value of future leasing instalments
Due within one year	629	15	614
Due in one to five years	1,831	256	1,575
Due after more than five years	1,426	588	838
Total	3,886	859	3,027

As of December 31, 2020, the leasing liabilities were composed as follows:

in EUR thousand	Future lease payments	Interest portion	Present value of future leasing instalments
Due within one year	807	17	790
Due in one to five years	1,750	252	1,498
Due after more than five years	1,506	629	877
Total	4,063	898	3,165

In 2021, the rental and lease agreements resulted in payments totalling EUR 530 thousand in the first half of the year (H1/2020: EUR 514 thousand). Some of these payments do not represent interest or principal payments, but were expensed instead.

Interest expenses of EUR 90 thousand in connection with the lease liabilities were recognised in the income statement in the first half of 2021 ((H1/2020: EUR 25 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 263 thousand (December 31, 2020: EUR 563 thousand) existed as of the reporting date. They are disclosed under lease receivables and measured at amortised cost. These led to interest income of EUR 9 thousand in the first half of 2021 (H1/2020: EUR 27 thousand). As in the previous year, no capital gains arose. The decrease in leases reflects the scheduled expiry of leasing agreements.

Their fair value on the balance sheet date amounted to EUR 584 thousand (December 31, 2020: EUR 567 thousand).

The following information is provided on receivables from finance leases:

Sum total of future minimum leasing payments (gross investment) in EUR thousand	30/06/2021	31/12/2020
Due within one year	266	558
Due in one to two years	0	16
Due in two to three years	0	0
Due in three to four years	0	0
Due in four to five years	0	0
Due after more than five years	0	0
Total	266	574

Present value of outstanding minimum lease payments in EUR thousand	30.06.2021	31/12/2020
Due within one year	263	547
Due in one to two years	0	16
Due in two to three years	0	0
Due in three to four years	0	0
Due in four to five years	0	0
Due after more than five years	0	0
Total	263	563
Unrealised financial income included in the outstanding minimum lease payments	3	11

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:

in EUR thousand	30/06/2021	31/12/2020
Due within one year	189	306
Due in one to two years	15	105
Due in two to three years	0	0
Due in three to four years	0	0
Due in four to five years	0	0
Due after more than five years	0	0
Total	204	411

In the first half of 2021, leasing income from rental leases amounting to EUR 250 thousand was realised (H1/2020: EUR 210 thousand).

(9) 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.

(10) Supervisory and Managing boards

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

- Prof. Dr. Louis Velthuis, Mainz (Chair) | 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 Chair) | Management consultant | (no positions held at other companies)
- Dipl. Volkswirtin Dorothea Gattineau, Wuppertal | Head of Finance | (no positions held at other companies)

On June 30, 2021, Professor Velthuis held 6,000, Dr. Vorsteher 1,600, Ms. Gattineau 1,760, Mr. Theiss 24,651 and Mr. Embert 14,000 shares in the company.

(11) 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 commented upon in these notes to the financial statements. Concerning at equity exchange relationships, reference is made to the explanations on joint ventures. Along with these business relationships, no transactions occurred in the first half of the year.

(12) Events after the balance sheet date

The following event occurred after the end of the first six months of 2021 and has a material impact on the financial performance and position.

SMT Scharf AG supplies tunnel logistics for the Snowy Mountain 2.0 green energy project

As part of the important Snowy Mountain 2.0 state energy project in Australia, SMT Scharf has received an order for its Tunnel Logistics segment with a volume of EUR 2.3 million. A further partial order in the amount of EUR 0.4 million has also been received in the meantime. Accordingly, SMT Scharf will provide a specific transport solution for railbound passenger and ambulance transportation in the tunnel. Supporting the Snowy Mountain 2.0 project represents an outstanding success for SMT Scharf in tunnel logistics. The company is continuously working on expanding its Tunnel Logistics business for largescale construction sites to form a further business pillar, and thereby further diversify its business. Thanks to its core competencies in underground logistics, SMT Scharf is also able to offer solutions tailored to tunnel requirements.

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 12, 2021

Hans Joachim Theiss

Wolfgang Embert

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DISCLAIMER

The Report of the first half-year 2020 is also available in English. In case of differences the German version prevails. The digital version of the Annual Report and the Interim Reports can be downloaded at www.smtscharf.com in the category "Investor Relations/Publications/Financial reports".