



ANNUAL REPORT

Premium quality transport solutions
for people, material and equipment



2025

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Foreword from the Managing Board

Dear Sir or Madam, dear shareholders,

The year 2025 has once again underlined the dynamic changes the global mining industry is undergoing. Technological progress is resulting in changing customer requirements, which are reflected in ever stronger demands for low-emission, intelligent transport solutions, among other things. At the same time, the international commodity markets showed notable volatility, which in turn contributed to investment reticence on the part of mine operators. Against this backdrop, SMT Scharf continued to advance its strategic measures and achieved significant revenue growth in the Tunnel Logistics segment. In the upcoming years, tunnel logistics will remain an important strategic business area.

In order to position the SMT Scharf Group for the future, we adopted our Strategy 2026 in February of the current year. We are thereby realigning our global business activities in underground mining and tunneling. The strategic focus is on optimizing global supply chain efficiency and improving the integration of the Group's locations. The focus is also on diversifying the product portfolio as part of the overall strategy in the field of electromobility and developing low-emission intelligent transport solutions for ever rising global demand. SMT Scharf will develop and manufacture Light Electric Vehicles (LEVs) and battery-powered transport solutions for use in underground coal and non-coal mining, as well as on tunnel construction sites. We have already signed letters of intent with two Chinese suppliers in order to better access the potential in this area.

Against this backdrop, and as a blueprint for the future, we are proud that in 2025, engaging in global collaboration between our various companies, we succeeded in developing a battery-powered monorail suspension system for underground mining in areas prone to fire-damp. While the mining approval for the Chinese market was already available in 2025, we are very confident that we will also receive the important ATEX approval for the European market in the first half of 2026. New developments such as these represent significant steps towards realizing our vision of becoming a leading global provider of intelligent transport solutions for underground mining and tunneling, thereby meeting the increasing global demand for low-emission, high-quality transport systems that embody the latest technology standards.

We expect the challenging market situation in the international mining markets to continue in the current financial year. Consequently, it is all the more important for us to consistently develop our technology expertise, our international positioning and our operational excellence as part of our Strategy 2026. We are convinced that thanks to our strategic focus and the measures we have introduced, we are well positioned to even better serve customer needs for low-emission and highly efficient transport solutions in key mining markets worldwide, now and in future. For the financial year 2026, we expect consolidated revenue of between EUR 95 million and EUR 115 million, as well as EBIT in the range of EUR 1 million to EUR 2 million.

With the switch to the Prime Standard segment of the Frankfurt Stock Exchange in 2024 and the subsequent resumption of a shareholder-friendly dividend policy, we have underlined our commitment to reliability, transparency and a long-term capital market strategy.

We are aware that SMT Scharf is currently undergoing a decidedly comprehensive transformation process. However, there is no alternative to our measures in order to make the company fit for the future. Our newly defined strategic guidelines enable us to address changing customer requirements in a targeted manner and drive the necessary diversification of our product portfolio into business areas with potential forward.

We would like to take this opportunity to express our special thanks to our employees for their outstanding commitment and support over the past financial year. We would also like

to thank all of our customers, business partners and shareholders for the confidence they have placed in SMT Scharf AG. With best regards,

With best regards

Longjiao Wang

Reinhard Reinartz

Report of the Supervisory Board for the 2025 financial year

In the 2025 fiscal year, the Supervisory Board of SMT Scharf AG conscientiously performed the tasks incumbent on it under the law and the Articles of Association. It supervised and consulted with the Managing Board on an ongoing basis. The Supervisory Board received regular, prompt, comprehensive written and verbal reports from the Managing Board on the business trends of SMT Scharf AG and its Group companies, the company's strategic orientation, as well as the status of strategy implementation. Between meetings, the Managing Board also informed the Supervisory Board of plans of particular importance or urgency. When resolutions were passed, approval requirements for certain transactions as defined in the Managing Board's bylaws procedure were always upheld. In addition, regular video conferences were held between Supervisory Board meetings to ensure a continuous exchange between the Managing Board and the Supervisory Board.

Meetings of the Supervisory Board

The Supervisory Board held eleven ordinary meetings in 2025. The Supervisory Board meeting on May 20 took place directly after the 2025 Annual General Meeting, and entirely in person. The Supervisory Board meeting on October 23 was held in hybrid form. While the entire Supervisory Board and one Managing Board member attended the meeting on site, two other Managing Board members were connected by way of a video conference. All other Supervisory Board meetings were held entirely by video conference. All members of the Supervisory Board attended all the meetings of the Supervisory Board and the committees to which they belong. The Supervisory Board's deliberations were regularly supported by the involvement of internal and external experts from the business and legal areas, and from various specialist departments of the company in order to examine individual topics in greater depth. At its meetings, the Supervisory Board concerned itself with all the matters of relevance to the company. In advance of these meetings, the Managing Board of SMT Scharf AG regularly informed the Supervisory Board about the SMT Scharf Group's current business position by way of written reports.

Key Areas of Discussion

In fiscal 2025 one key focus of the Supervisory Board's deliberations was the further development of the SMT Scharf Group's corporate strategy. The central issue here was sharpening the company's strategic orientation and developing an overall strategic concept with the aim of positioning SMT Scharf AG as a leading global provider of intelligent solutions for underground mining and tunnel logistics. In this context, the Supervisory Board supported the comprehensive analysis of business activities conducted by the Managing Board and provided advice on the further development of the mission statement and corporate objectives. The Supervisory Board's activities also focused on the future development of individual subsidiaries, in particular the Canadian subsidiary RDH Mining Equipment Ltd. and ser elektronik GmbH. Against the backdrop of the ongoing international sanctions regulations, the Russian companies and the compliance issues associated with them were also a regular part of the Supervisory Board's discussions. The Supervisory Board, together with the Managing Board, sent a positive signal to shareholders by deciding to resume the dividend payments.

Personnel Changes on the Managing Board and Supervisory Board

In the 2025 financial year, the Supervisory Board was intensively concerned with personnel changes and new appointments to the Supervisory Board and the Managing Board. In May, the previous Chairman of the Managing Board, Mr. Jun Liu, stepped down from the Man-

aging Board. The Supervisory Board then appointed Mr. Longjiao Wang as a further member of the Managing Board as well as appointing him as the new CEO of SMT Scharf AG. New elections for the Supervisory Board were also held in May as part of the Annual General Meeting. Prof. Dr. Louis Velthuis resigned from the Supervisory Board; Dr. Lei Zhang, Prof. Wei Luan and Prof. Dr. Ferdinand Bernhard Mager were newly elected to the Supervisory Board, which was expanded to five members. In July, Mr. Jian Liu became a member of the Supervisory Board by court appointment and took over as Chairman of the Supervisory Board after Mr. Li Zhang had stepped down. In addition, Mr. Qiang Yu resigned from the Supervisory Board with effect as from August 1, 2025. Mr. Hui Guo was subsequently appointed as his successor by court order. As already announced in December 2025, the former Chief Financial Officer, Mr. Volker Weiss, resigned from his position by mutual agreement with the company on February 25, 2026 for health reasons with immediate effect. In December 2025, the Supervisory Board had already started to develop suitable measures, including the identification of qualified candidates for the position of Chief Financial Officer (CFO).

Audit and Risk Management Committee

At the time of the constitution of the new Supervisory Board following on from the Annual General Meeting on May 20, 2025, the Supervisory Board resolved to establish the Audit and Risk Management Committee with three members. Prof. Dr. Ferdinand Mager (Chairman), Mr. Qiang Yu and Prof. Wei Luan were appointed to the committee. Given the resignation of Mr. Qiang Yu from the Supervisory Board, the Audit and Risk Management Committee consisted of two members. By resolution of the Supervisory Board, Mr. Hui Guo was appointed as an additional member of the committee in February 2026.

The Audit and Risk Management Committee convened consistently alongside the Supervisory Board's meetings in the 2025 reporting year. The committee's meetings focused on monitoring and auditing the accounting and the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system and the audit of the financial statements, as well as the preliminary audit of the annual financial statements and the discussion of the audit report with the auditor and with compliance. The Committee discussed the 2025 half-year report and the 2025 nine-month report with the Managing Board. The Audit and Risk Management Committee also reviewed and monitored the independence of the auditor.

Key Topics of Individual Meetings

At the first meeting of the year on March 5, 2025, the Supervisory Board and Managing Board initially discussed the status of the audit for the 2024 financial year. The possibility of a dividend payment by SMT Scharf AG for the 2024 fiscal year was then discussed in greater detail. In this context, it was determined that – subject to approval by the General Meeting – a general, legally non-binding declaration of intent on future dividend policy should be included in SMT Scharf AG's Articles of Association. The meeting also focused on the composition of the Supervisory Board and the remuneration of the Managing Board and Supervisory Board.

At the second Supervisory Board meeting on March 20, the preliminary consolidated results for the 2024 financial year were presented to the Supervisory Board. With regard to the possible inclusion of dividend payments, the Managing Board and Supervisory Board agreed on the proposal for the Annual General Meeting according to which 20% of the consolidated net profit for the year after deduction of non-controlling interests should be distributed to shareholders as a dividend. The Supervisory Board also approved the short-term incentive plan for the Managing Board for the years 2024 and 2025. This meeting also focused on preparations for the Annual General Meeting, which included the approval of a provisional agenda including the nomination of three new Supervisory Board members. In

addition, the Managing and Supervisory boards discussed risk management, the international Group structure and the SMT Scharf Group's further strategic orientation.

The Managing and Supervisory boards held an additional meeting on March 26. A key component of the meeting was the presentation and explanation of the audited annual financial statements of the AG and the Group for the 2024 financial year by the auditors. The Supervisory Board then unanimously resolved to approve the audited consolidated financial statements and the audited annual financial statements, including the Group management report and the remuneration report. The Supervisory Board also resolved to adopt the report of the Supervisory Board for the 2024 financial year as well as the declaration of compliance with the German Corporate Governance Code and the corporate governance declaration pursuant to Sections 289f and 315d Commercial Code (HGB). The Supervisory Board also dealt with the introduction of a remuneration system for new Managing Board contracts and the updated agenda for the Annual General Meeting.

At the fourth meeting on April 19, the Supervisory Board resolved to approve the audited and ESEF-tagged annual financial statements for 2024.

The fifth Supervisory Board meeting on May 20 took place immediately after the 2025 Annual General Meeting and was held in person. At the meeting, the newly composed Supervisory Board, which was expanded to five members by resolution of the Annual General Meeting, met for the first time and elected Mr. Li Zhang as Chairman and Prof. Dr. Ferdinand Mager as Deputy Chairman. In addition, the Supervisory Board resolved to form an Audit and Risk Management Committee and appointed Prof. Dr. Mager as its Chairman. In the further course of the meeting, the Supervisory Board resolved to appoint Mr. Longjiao Wang as the new Chairman of the Managing Board of SMT Scharf AG, after the previous Chairman of the Managing Board, Mr. Jun Liu, had stepped down from this post in the context of taking on a new role within the Yankuang Group.

At the sixth Supervisory Board meeting on July 17, the focus was on current business developments and various strategic issues. Among other things, the Managing Board reported on the status of key innovation and development projects, strategic cooperation opportunities and brand-related licensing issues. The Managing and Supervisory boards then discussed the preliminary financial figures for the first half of 2025 as well as the further corporate strategy and the respective operational implementation within the SMT Scharf Group. The participants also discussed compliance issues in connection with the Russian subsidiaries. Moreover, the Supervisory Board unanimously elected the new member Mr. Jian Liu as Chairman of the Supervisory Board following the departure of Mr. Li Zhang.

At the meeting on August 22, the Supervisory Board reviewed the half-year report and the forecast for the full year 2025. In addition, the approach of an individual shareholder was discussed. The Managing Board then presented an initial conceptual outline of an action plan on key corporate issues. The Supervisory Board assessed the measures contained therein as fundamentally sound and necessary. In the further course of the meeting, individual contents of the outline presented were discussed. The Supervisory Board advocated the further elaboration and specification of the action plan.

The Supervisory Board held its eighth meeting in the 2025 fiscal year on September 4 together with the Managing Board. The Managing Board's reporting focused on the works council meeting at SMT Scharf GmbH in Hamm on September 1. The participants then discussed the results of the meeting and the next steps to be taken. In particular, focal points were discussed as part of the further strategic orientation.

At a further meeting on September 19, the Managing Board presented its strategy concept and the associated action plan in greater detail. This was based on the results of a comprehensive company and SWOT analysis, whereby internal and external influencing factors

were taken into account. The Supervisory Board dealt with the further development of the action plan and, in particular, discussed individual contents and the strategic measures derived therefrom in greater depth. Corporate management issues, including the roles and responsibilities of the Managing Board, remuneration and incentive systems for management and selected compliance and risk issues, were also dealt with.

All Supervisory Board members were present at the tenth Supervisory Board meeting held on October 23. The Supervisory Board and Managing Board engaged in intensive discussions on strategic issues, including the planned optimization of product solutions for coal mining. In addition, both committees agreed on a roadmap for the development of light electric vehicles (LEVs). The other items on the agenda included Managing Board remuneration and business development in the first nine months of 2025.

The eleventh and last Supervisory Board meeting of the 2025 fiscal year was held on November 27 and was once again concerned with strategic issues, in particular the strategic concept for 2026 and beyond. The Managing Board also reported on the current project status in terms of the development of LEVs and the optimization of the existing product portfolio for Chinese coal mining. Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne branch also presented the status of the 2025 annual audit, including key audit areas. The Managing Board also reported on the business results for the first nine months, the outlook for 2025 as a whole and the budget planning for 2026. The Supervisory Board also dealt with the subsidiaries ser Elektronik and RDH Mining. With regard to ser Elektronik, the Supervisory Board unanimously decided to sell back the majority shareholding of 51% to the company.

Annual Financial Statements and Consolidated Financial Statements

The separate financial statements and separate management report, as well as the IFRS consolidated financial statements and Group management report for the 2025 fiscal year, which the Managing Board prepared, were audited by Rödl & Partner and issued with unqualified auditors' opinions. As part of statutory requirements, SMT Scharf Group's risk management system and internal control system, as well as its data system, were also covered by the audit. At its meeting on April 10, 2026, also attended by the auditor, the Supervisory Board reviewed the separate financial statements and separate management report, as well as the IFRS consolidated financial statements and Group management report for the 2025 fiscal year. After thorough discussion and based on its own review, the Supervisory Board concurs with the results of the audit of the separate and consolidated financial statements by the auditor, and raises no reservations against either the separate or consolidated financial statements. The Supervisory Board expressly approved the separate financial statements and separate management report, as well as the consolidated financial statements and the Group management report, prepared by the Managing Board for the 2025 fiscal year on April 10, 2026. The annual financial statements are thus adopted.

Independent Forensic Investigation

Amid the backdrop of the numerous personnel changes on the Managing Board and Supervisory Board that occurred during the 2025 fiscal year and in early 2026, the company engaged PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (PwC), in January 2026 to conduct an independent forensic investigation. The purpose of the investigation was to clarify various issues and identify facts that may be relevant to the preparation and audit of the 2025 annual and consolidated financial statements. PwC has since submitted several drafts. The Supervisory Board has discussed the results in detail with the Managing Board and the auditor. In the Supervisory Board's assessment, some of the insights require further clarification and will be appropriately addressed in the future. These insights did not ultimately affect SMT Scharf AG's financial reporting for the

2025 fiscal year. Accordingly, the auditor issued an unqualified audit opinion for both the 2025 annual financial statements and the consolidated financial statements.

Dependency Report

The report on relationships with affiliated companies prepared by the Managing Board and audited by the auditor in accordance with Section 312 of the German Stock Corporation Act (AktG) was issued with an unqualified audit opinion by the auditor, according to which the factual information in the report is correct, the consideration paid by the company for the legal transactions listed in the report was not inappropriately high or any disadvantages were compensated and there are no circumstances that indicate a materially different assessment of the measures listed in the report than that of the Managing Board. The Supervisory Board has also examined the report itself and, following the final results of its examination, has no objections to the final declaration by the Managing Board and is in agreement with the results of the audit conducted by the auditors.

Appropriation of Profits

Due to the net loss of EUR 5.3 million in the company's individual financial statements, the Managing Board and Supervisory Board will not propose a dividend payment for the 2025 financial year at the Annual General Meeting on 19 May 2026.

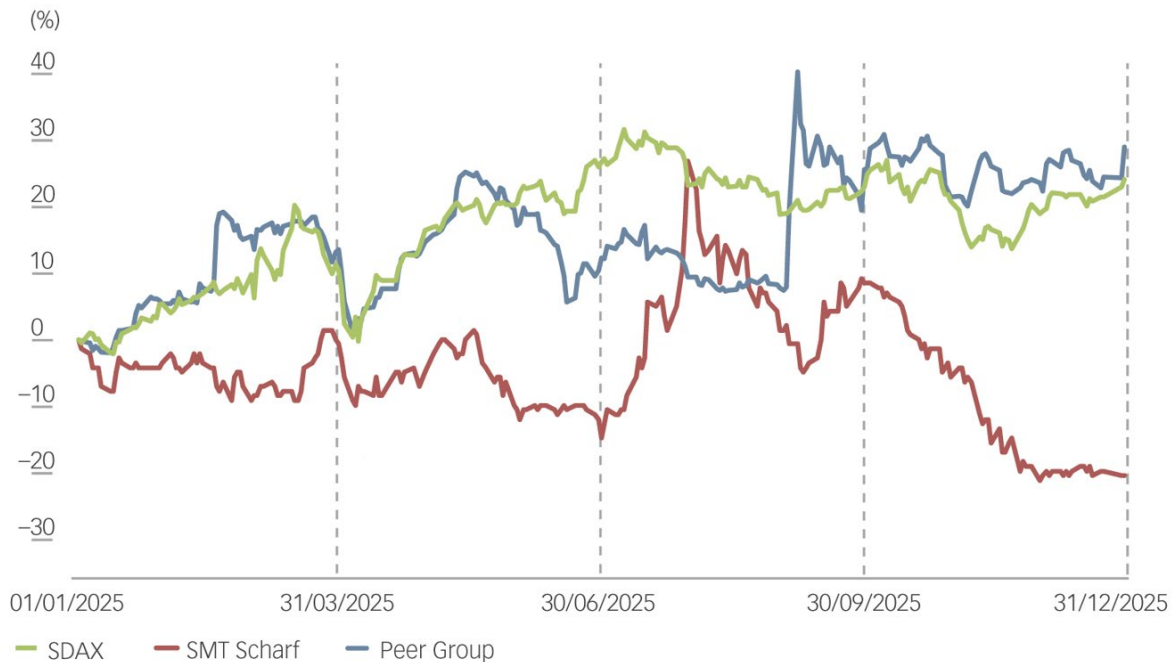
Acknowledgements

The Supervisory Board wishes to thank all members of the Managing Board and all employees for their determined dedication and strong commitment during the 2025 fiscal year. The Supervisory Board would like to wish the Managing Board and the Group's employees continuing success in meeting the upcoming challenges in the new fiscal year 2026.

Hamm, April 10, 2026

Information about the share

Share price performance 2025



At the outset of 2025, the SMT Scharf share was quoted at EUR 7.20. Up to the middle of the year, a downward sideways trend set in, during which the share price dipped to just below the EUR 6 mark. As from mid-July, the share price climbed temporarily and reached its high for the year of EUR 9.10 on 1 August 2025. This was followed by a decline in the share price until the end of the year, which was only briefly interrupted by a small interim high in September, when the share once again traded close to the EUR 8 mark. On 1 December 2025, the share reached its low for the year of EUR 5.70 and finally closed the year at EUR 5.75. Overall, SMT Scharf's share price thereby developed counter to the SDAX and the peer group (weighted portfolio consisting of Epiroc and Grenevia), both of which recorded significant price gains at the end of the year. The SDAX reached its high in July 2025 and was able to maintain this level, slightly weakened, until the end of the year. The peer group portfolio developed positively, particularly in the final months of the year, after it was announced at the beginning of September that Grenevia had signed a letter of intent to cooperate with the Polish Armaments Group (PGZ).

Given these developments, the SMT Scharf AG share price was down by around 20% by comparison with the outset of the year. By contrast, the SDAX small cap index recorded price gains of around 24%. The peer group also achieved significant price growth of around 28% over the year as a whole.

Share price data for 2025 (XETRA)

Closing price 2024	EUR 7,20
High for the year (1 August 2025)	EUR 9,10
Low for the year (1 December 2025)	EUR 5,70
Closing price 2025	EUR 5,75

SMT Scharf's share price rose by 22.6% since the start of 2026, from EUR 5.75 to EUR 7.05 (Basis: Xetra closing prices, status: 2 March 2026).

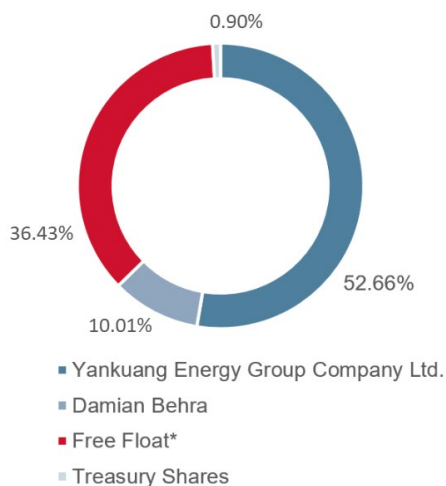
In 2025, an average of 3,118 shares were traded per day on the Frankfurt Stock Exchange's Xetra trading platform.

Key data

German Securities Identification Code (WKN)	A3DRAE
ISIN	DE000A3DRAE2
Ticker symbol	S188
Trading segment	Regulated market (Prime Standard), Frankfurt Stock Exchange
Number of shares	5,521,456 no par bearer shares
Paying agent	Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt / Main
Initial listing	11 April 2007

Shareholder structure

Based on the voting rights notifications received by the company in accordance with the German Securities Trading Act (WpHG) and public announcements, as of 2 March 2026 the following shareholder structure resulted:



* Investors with a shareholding of less than 3%

Investor relations activities

In its interaction with all capital market participants, SMT Scharf AG attaches great importance to transparency, openness and reliability. Investors were regularly informed about current business trends through detailed financial information in German and English by way of quarterly, half-yearly and annual reports as well as through the timely publication of press releases and ad hoc announcements.

The Managing Board maintains an ongoing dialog with institutional investors and major shareholders. This takes place at investor conferences as well as through personal meetings and telephone calls.

Over and beyond this, the Managing Board also takes the opportunity in the course of the year to provide continuous information about the development and performance of SMT Scharf AG in discussions with investors, analysts and financial journalists.

Annual General Meeting 2025

SMT Scharf AG successfully held its Annual General Meeting on May 20, 2025. The presence of the represented share capital amounted to around 61.02%. All the agenda items were approved by a large majority at the Annual General Meeting. Among other things, the Annual General Meeting approved a dividend disbursement of EUR 0.21 per dividend-bearing share for the 2024 financial year. The dividend policy adopted by the Managing Board and Supervisory Board was also enshrined in the Articles of Association. Accordingly, the aim is to distribute the balance sheet profit amounting to at least 20% of the consolidated net profit for the year after deduction of non-controlling interests as a dividend to the company's shareholders. Furthermore, the shareholders approved the actions of the members of the Managing Board and Supervisory Board for the past financial year by a large majority in each and every case. New elections were also held for the Supervisory Board – further information on the activities of the Supervisory Board can be found on pages 5 ff. Rödl Audit GmbH Wirtschaftsprüfungsgesellschaft, Cologne branch, were reappointed as the auditor for the 2025 fiscal year.

At the meeting, the Managing Board reported on SMT Scharf AG's business development in 2024, followed by an overview of developments in the first quarter of 2025 and expectations for 2025 as a whole. Despite challenging conditions in the mining equipment market, SMT Scharf was able to achieve the revenue and earnings forecast for the full year 2024, which was raised significantly in October 2024.

The voting results for the respective agenda items are available online at www.smtscharf.com in the Investor Relations area.

SMT Scharf AG, Hamm

Group management report for the 2025 fiscal year

Basis of the Group

Business model and Group structure

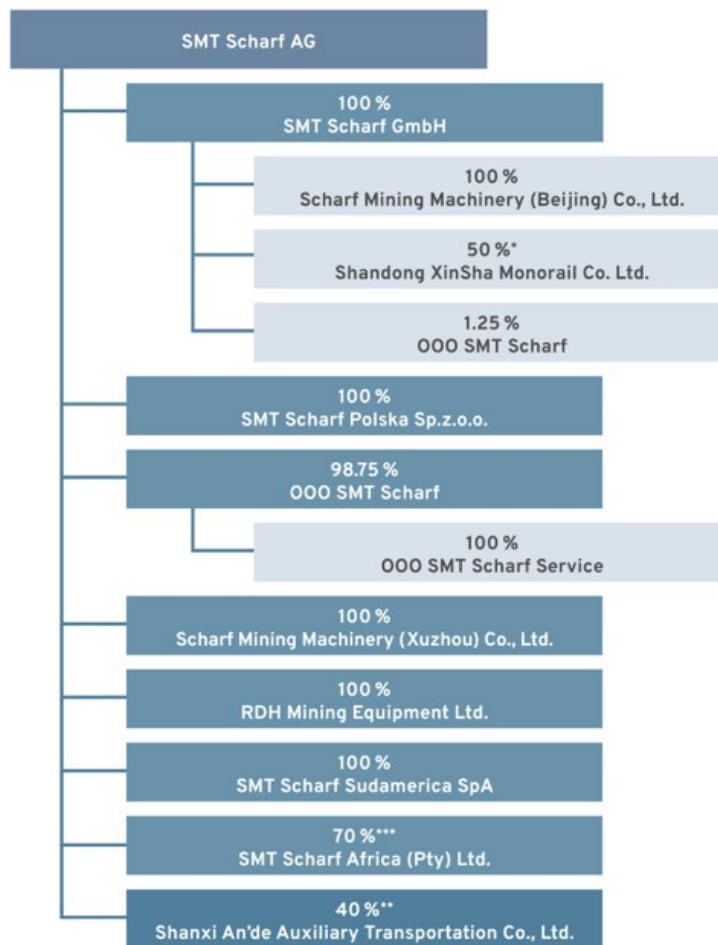
The SMT Scharf Group (“SMT Scharf”) develops, manufactures and services transportation equipment and logistics systems for underground mining and tunnel construction. SMT Scharf’s business profile can be described on the basis of the following criteria:

- **Business areas:** Overall, SMT Scharf positions itself as a provider of intelligent transport solutions in the underground logistics sector. The SMT Scharf Group’s core product comprises diesel and battery powered rail-bound railway systems that are deployed in underground mining. These systems are technically capable of transporting loads of up to 48 tonnes and handling 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 rail-bound fresh air and cable management systems, including for energy supplies to machines, for example. Moreover, SMT Scharf also offers a portfolio of rubber-tired vehicles. As part of its Strategy 2026, SMT Scharf is also pursuing the targeted expansion of its product portfolio in the electromobility sector. The aim is to develop low-emission, intelligent transportation solutions to meet the globally growing demand. In this context, the company plans to develop and produce light electric vehicles (LEVs) and battery-powered transport solutions for use in underground coal and non-coal mining. This also supports the further diversification of the tunnel logistics business.

In addition, the business of ser elektronik GmbH, Möhnese, in the field of electronics and control systems was reported in the Other Industries segment in 2025. The sale of the stake became effective as of 31 December 2025.

- **Type of business:** The production and installation of new equipment forms the core of operating activities. SMT Scharf also focuses on downstream services. The product range encompasses the provision of spare parts, maintenance, repairs or servicing work. SMT Scharf occasionally acts as a railway operator in response to customer demand.
- **Customer groups:** SMT Scharf products are deployed mainly in hard coal mining (the Coal Mining segment), as well as increasingly in producing gold, platinum, copper, nickel and salts (aggregated within the Mineral Mining segment). In the Tunnel Logistics business segment, companies from the tunnel construction sector represent a relevant customer group.
- **Regions:** SMT Scharf sells its own products in its main markets through subsidiaries located in the world’s most important mining nations. These include, in particular, the foreign markets in China, Poland, Russia and South Africa. In addition, SMT Scharf also operates in South America with its own sales subsidiary in Chile. In the 2025 financial year, SMT Scharf was also active by way of another subsidiary in North America, whose business operations were discontinued at the start of the current year. The German domestic mining market plays only a minor role nowadays. In smaller markets, SMT Scharf works together with dealers or agents.

Ownership interests within the SMT Scharf Group



* Until 04/01/2023 a further 50%: Shandong Liye Equipment Co. Ltd.;
since 5 January 2023 a further 50%: Xinwen Mining Group Material Supply
and Marketing Co., Ltd.

** A further 51% held by Shanxi Lu'an Coal Technology Equipment Co., Ltd.,
and a further 9% held by Shanxi Lu'an Haitong Industry & Trade Co., Ltd.

*** Until 11/09/2022 a further 30% AERO AFRICA LEASING (Pty.) Ltd.;
since 12/09/2022 a further 30% Aran Capital (Pty.) Ltd.

Corporate objectives and strategy

In principle, SMT Scharf pursues a strategy based on three areas of activity. As part of the Strategy 2026, the Managing Board team has defined an extensive **list of measures** that are being consistently addressed and implemented.

The **three strategic areas of activity** comprise:

- **Organic growth:** The focus is on the development and launch of new products in the area of underground logistics in coal mining and, with increasing importance, in mineral mining, the development of new geographical markets, as well as the further expansion of tunnel logistics as a third business area. With its Strategy 2026, SMT Scharf is focusing in particular on the development of low-emission intelligent transport solutions in order to drive the further diversification of its product portfolio.
- **External growth:** As a further growth driver, SMT Scharf strives for targeted cooperations, participations and takeovers, with which the core positioning of SMT Scharf is advanced and secured. Takeovers, strategic partnerships and joint ventures have already been brought to completion and established. Here, SMT Scharf AG is paying particular attention to expanding its business activities outside of coal mining.
- **Operational excellence:** SMT Scharf is constantly working to improve its productivity, profitability and market position. A particular focus of the Strategy 2026 is on optimizing efficiency in the global supply chains and integrating the Group's international locations. Furthermore, SMT Scharf continuously analyses specific markets and customer requirements on a targeted basis in order to further enhance its competitiveness. In this context, the aim is to serve the growing customer demand for low-emission and highly efficient transport solutions even better in the future.

With these strategies, the Managing Board is advancing its measures to further develop the company into a leading global provider of intelligent transport solutions for underground mining and tunnelling that meets the growing global demand for low-emission, high-quality transport systems in line with the latest technology standards. At the same time, this is intended to tap additional revenue potential and make revenue growth less dependent on the traditionally cyclical mining business, which remains SMT Scharf's core business.

Management and control system

SMT Scharf AG steers its business by applying financial and non-financial performance indicators whose trends exert a positive influence on the company's value in different ways. Financial and non-financial performance indicators are monitored continuously and 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 performance indicators:

The key financial performance indicators for managing the Group are consolidated revenue and EBIT. The non-financial performance indicators are not used to manage the Group but are factored in as indicators of the Group's development.

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 will continue to normalize, especially based on stable or a further uptrend in raw materials prices.

Key indicator	Calculation method	Target (medium-term, 3–5 years)
Key income statement figures		
Consolidated revenue	(Consolidated revenue in reporting year vs Consolidated revenue in previous year) -1	>5%
EBIT	Earnings before interest and tax (EBIT)	>10%

Non-financial performance indicators:

Key indicator	Calculation method	Target (medium-term, 3–5 years)
Employee numbers		
Employee turnover	Employee-related departures (FTEs) / Annual average number of employees (FTEs)	<10%
Sickness rate	Number of workdays lost due to sickness / Budgeted working days	<5%

Following the decision on 1 December 2025, to wind down the subsidiary RDH Mining Equipment Ltd. (RDH), which comprised the Group's Canadian operations, RDH has been classified as a discontinued operation in the consolidated financial statements since December 2025. The figures for the previous year have been restated retrospectively in accordance with IFRS 5. However, in the Group management report, we continue to present the results of operations from a management perspective including RDH's contributions. The table below provides a reconciliation of the amounts reported in the consolidated income statement to key financial performance indicators used for management purposes:

EUR	Notes	01/01-31/12/2025		
		Total	Discontinued operations	Continuing operations
Revenue	(1)	103,898,776.91	964,649.94	102,934,126.97
Changes in inventories		-5,093,462.59	-213.97	-5,093,248.62
Total operating revenue (100%)		98,805,314.32	964,435.97	97,840,878.35
Other operating income	(2)	4,149,609.40	0.00	4,149,609.40
Cost of materials	(3)	51,483,949.63	603,980.60	50,879,969.03
Personnel expenses	(4)	23,575,784.10	950,094.69	22,625,689.41
Depreciation, amortisation and impairment losses	(5)	3,436,669.75	2,042.82	3,434,626.93

Other operating expenses	(6)	21,897,378.28	647,642.55	21,249,735.73
Earnings from operating activities (EBIT)		2,561,141.96	-1,239,324.69	3,800,466.65
Result from equity accounted investments	(7)	0.00	0.00	0.01
Interest income	(26)	585,992.23	7,941.62	578,050.61
Interest expenses	(26)	1,232,754.30	0.00	1,232,754.31
Financial result		-646,762.07	7,941.62	-654,703.69
Profit / loss before tax		1,914,379.89	-1,231,383.07	3,145,762.96
Income taxes	(8)	2,937,385.31	0.00	2,937,385.31
Consolidated net profit / loss		-1,023,005.42	-1,231,383.07	208,377.65

01/01-31/12/2024

EUR	Notes	Total	Discontinued operations	Continuing operations
Revenue	(1)	95,029,055.26	2,360,084.20	92,668,971.06
Changes in inventories		7,406,066.76	-126,891.62	7,532,958.38
Total operating revenue (100%)		102,435,122.02	2,233,192.58	100,201,929.44
Other operating income	(2)	6,488,839.92	37,227.95	6,451,611.97
Cost of materials	(3)	60,643,029.76	2,016,306.75	58,626,723.01
Personnel expenses	(4)	21,530,625.73	442,686.41	21,087,939.32
Depreciation, amortisation and impairment losses	(5)	3,942,360.29	2,948.68	3,939,411.61
Other operating expenses	(6)	17,962,503.42	330,538.65	17,631,964.77
Earnings from operating activities (EBIT)		4,845,442.74	-522,059.96	5,367,502.70
Result from equity accounted investments	(7)	3,041,915.08	0.00	3,041,915.08
Interest income	(26)	636,221.02	10,504.26	625,716.76
Interest expenses	(26)	1,510,057.55	0.00	1,510,057.55
Financial result		2,168,078.55	10,504.26	2,157,574.29
Profit / loss before tax		7,013,521.29	-511,555.70	7,525,076.99
Income taxes	(8)	-179,010.05	0.00	-179,010.05
Consolidated net profit / loss		7,192,531.34	-511,555.70	7,704,087.04

Employees

SMT Scharf AG calculates the number of its employees in the form of full-time equivalents (FTEs). As of December 31, 2025, the SMT Scharf Group had 514 employees (FTE), including 3 trainees at the Hamm facility. In the previous year, the Group employed a workforce of 549 FTEs (including 5 trainees). As of December 31, 2025, 108 people were employed in Germany (FTE). This represents a decrease compared to the previous year (31.12.2024: 137 FTEs). The number of employees at foreign locations decreased slightly by 6 FTEs to 406 FTEs in the 2025 financial year. The proportion of employees working abroad is therefore around 79%.

SMT Scharf Group employees:

	2025	2024
Total employees	514	549
Employees in Germany	108	137
Employees abroad	406	412
Female employees	76	85
Male employees	438	464

In order to manage production capacity flexibly, SMT Scharf also draws on short-term and temporary staff in accordance with the three-layer model. In the event of sustainable growth, these temporary workers are taken on in the respectively higher layer. In view of the continued international demand structure, SMT Scharf is focusing on aligning production capacity and consequently staffing levels at its foreign companies with local requirements.

Employee turnover fell to 6.1% in the reporting year, down from 8.1% in the previous year. As a consequence, the employee turnover rate in the reporting year was within the medium-term target of <10%. The sickness rate among the workforce rose slightly to 6.0% in 2025 (2024: 5.1%).

Research and development

The SMT Scharf Group's research and development activities comprise selected focus points in order to further develop the product portfolio in the individual business areas in a specific and targeted manner. In order to optimally leverage synergies within the SMT Scharf Group, one focus is on close integration with the Xinsha joint venture company in China. The Global Technical Council represents a central control and steering element in this context, which harmonizes the development systems and design methodology across the Group.

The **development of battery-powered monorail systems** for the core business is an important focus in order to meet customer demand for sustainable and emission-free transportation solutions. As part of a cross-location development project involving the companies in Germany, China, Poland and South Africa, SMT Scharf has developed a new transport system for scenarios involving environments exposed to firedamp. Following the mining approval of the system for use in China, SMT Scharf expects to receive the relevant ATEX approval for use in potentially explosive atmospheres for the European market in the first half of 2026. In developing the system, attention was paid to a modular and flexible system architecture. This means that both the requirements for variable operating conditions in Chinese mines and the specific installation space and infrastructure specifications in Polish underground operations were taken into account. The development work was therefore aimed at achieving the broadest possible technical applicability of the system in different regional markets.

The implementation of a **major project for light electric vehicles (LEVs)** features as another strategic focus for 2026. The aim is to build up a globally applicable product portfolio for passenger transportation that meets the various safety and regulatory requirements in underground mining. In coal mining, the focus is on the development of systems for potentially explosive environments, taking into account ATEX and national mining approvals, while in hard rock mining, particularly the mining of copper, gold and platinum, the emphasis is on CE conformity for worldwide use. The range of LEVs is especially aimed at selected growth markets such as Poland, Chile, South Africa, Turkey, Vietnam and India, with development work geared towards the respective regional market and approval requirements.

SMT Scharf is also pressing ahead with the digitalization of the fleet. **Automation solutions and smart machine control** for underground transport systems are being incrementally transferred to series production. Here, SMT Scharf draws on its decades of experience in underground mining and tunnel construction to further develop its proven, sustainable product designs to meet the requirements of the respective market segments. SMT Scharf is also increasingly making use of the possibilities of artificial intelligence.

In the **Tunnel Logistics** area, SMT Scharf focuses on meeting the demand for transport systems for rail-bound material and passenger transportation. A specific transport system for a major project in the Middle East has been delivered and is currently in the final stages of commissioning by the customer. Here, too, the individual customization of the system control plays a decisive role. The modular control architecture enables the integration of site-specific safety and emergency functions, as well as the connection to higher-level control and logistics systems, thereby forming an essential prerequisite for the use of the transport systems in complex tunnel construction projects.

In **hard rock mining**, SMT Scharf is focusing on the ongoing further development of its electric overhead monorail systems. The systems are offered for deployment in potentially explosive areas, as well as in mineral mining and tunnel logistics, and can be operated with different energy sources depending on the relevant application – this includes current collectors and battery-supported solutions based on explosion-proof lithium iron phosphate batteries or nickel manganese cobalt technology.

Overall, many years of in-depth experience in mining and close cooperation with customers are continuously incorporated into the further development of the transport systems. In conjunction with the existing development capacities, this forms the foundation for SMT Scharf's positioning as a provider of intelligent transport solutions for underground mining and tunnel logistics.

Expenditure on research and development increased slightly in the 2025 financial year to EUR 2.7 million (2024: EUR 2.6 million). The proportion of capitalized development costs in overall research and development stood at EUR 86 thousand (2024: EUR 585 thousand), while amortization charges for capitalized development costs decreased significantly to EUR 842 thousand (2024: EUR 1,792 thousand). In addition, extraordinary write-downs totaling EUR 798 thousand were recorded in connection with the "Strategy 2026" reorganization.

Economic and business report

Macroeconomic environment

According to estimates by the International Monetary Fund (IMF), the global economy grew by 3.3% in 2025, proving to be robust despite ongoing geopolitical tensions and trade policy uncertainties. This development was driven in particular by continued expansive investment activities in the technology sector, as well as supportive fiscal and monetary policy conditions in individual regions. With a look ahead to 2026, the IMF forecasts that the growth rate will remain at 3.3%.

The process of global disinflation continued in 2025. According to the IMF, global inflation dropped to 4.1%. A further decline to around 3.8% is anticipated for 2026. This means that inflation rates in many economies are gradually approaching the central banks' target values, although the adjustment process in the USA is slower than in other major economies. With regard to energy commodity prices, the IMF forecasts that these will drop by around 7% in 2026. Oil prices are likely to decline further as a result of subdued global demand and high supply.

In the US, economic growth in 2025 was supported by sustained high investment dynamics, particularly in the technology sector, and amounted to 2.1% according to IMF estimates. Growth of 2.4% is forecast for 2026. In the eurozone, growth in 2025 remained subdued at 1.4%. Structural weaknesses in industry, modest export growth and the after-effects of the energy price shocks of previous years had a negative impact. This particularly impacted on the German economy – which according to the IMF was at least able to again record slight growth of 0.2% in 2025. In 2026, the IMF expects moderate growth of 1.1% in Germany and 1.3% in the eurozone, driven by public investment and a gradual stabilization of industrial production.

According to the IMF, China recorded economic growth of 5.0% in 2025, with foreign trade in particular proving a key growth driver and achieving a record surplus despite the tariff conflict with the US and global trade disputes. Over and beyond this, stimulus measures and additional investment loans from state development banks also underpinned economic development. Against this backdrop, the IMF has adjusted its forecast slightly upwards compared to the projections issued in the fall. Nevertheless, economic development in China remains characterized by structural challenges overall. The ongoing downturn in the real estate sector and weak domestic demand continue to have a negative impact. Accordingly, the IMF expects lower growth of 4.5% for 2026.

With regard to Russia, the IMF is forecasting a significant slowdown in economic growth of 0.6% in 2025, after growth in the previous year was still strongly influenced by government investments and high income from energy exports. Only a moderate increase in economic output of 0.8% is expected for 2026. High inflation rates, a tight labor market and weakening impetus from government spending – against the backdrop of the ongoing war in Ukraine – are clouding the medium-term outlook.

In Poland, economic output in 2025 continued to grow at a robust pace. The IMF estimates growth at 3.3%, driven by an expansionary fiscal policy, the increased use of EU investment funds and robust domestic demand. Growth of 3.5% is anticipated for 2026, making Poland one of the fastest-growing economies in the European Union.

In South Africa, economic growth in 2025 remained comparatively moderate at around 1.3%. Structural challenges such as bottlenecks in the energy supply, infrastructure deficits and high unemployment continued to have a negative impact. The IMF expects growth to

accelerate slightly to 1.4% in 2026, supported by the government's reform efforts. In addition, South Africa's first rating upgrade in almost 20 years by S&P in November 2025 underlines the improved fiscal starting position and a gradual stabilization of the general economic environment.

China, Poland and South Africa represent SMT Scharf's most important sales markets. Together, the customers in these countries regularly account for more than 75% of consolidated revenue.

GDP growth in the most important sales markets* (in %)	2025	2024
World	3.3	3.3
China	5.0	5.0
Poland	3.3	3.0
Russia	0.6	4.3
South Africa	1.3	0.5

*Source: IMF World Economic Outlook, January 2026

SMT Scharf limits the impact of foreign exchange risks through partial relocation of production and purchasing processes to the company's sales markets. In the 2025 financial year, new systems were mainly manufactured in Germany and China. In addition, SMT Scharf has adapted its organization to these influences and reduced the costs incurred by exchange rate effects in the reporting period by deploying hedging transactions.

Exchange rate changes in the most important sales markets* (in %)	2025	2024
Yuan Renminbi (China) / Euro	+9.2	-3.1
Zloty (Poland) / Euro	-1.3	-2.2
Ruble** (Russia) / Euro	-16.9	+12.6
Rand (South Africa) / Euro	+0.9	-3.7

*Source: European Central Bank, change during the year

**Source: Currency exchange rates from Commerzbank AG, Frankfurt am Main

In 2025, the euro appreciated by 9.2% against the Chinese Renminbi, whereas it had lost purchasing power in the previous year. The euro also appreciated slightly against the South African rand (+0.9%). In contrast, the euro depreciated by 1.3% against the Polish zloty in 2025. The euro lost around 16.9% in value against the Russian ruble in 2025.

Sector trends

Prices on the global market for energy commodities largely moved sideways in 2025 as a whole, with no clear trend in evidence. The S&P GSCI Energy and Metal Index, which is important for the sector, dipped by around 1.0% in 2025. The Brent oil price sagged by 19.9% in 2025 and remained highly volatile despite an overall downward trend. The price

of lithium rose significantly by 81.3% in the reporting year. After the price initially declined, there was a dynamic price increase as from the middle of the year. This was mainly attributable to the sharp rise in demand from the energy storage and data center sector coupled with a shortage of supply as a result of production cutbacks. The coal price, which is important for SMT Scharf, fell by 15.0% in 2025. Although global coal consumption remained at a high level, demand in key sales regions such as China and Europe stagnated. At the same time, high supply and increased inventories led to a decline in the price of coal over the course of the year.

German mechanical and plant engineering companies continued to be burdened by persistently high costs, geopolitical uncertainties and subdued demand in 2025. The mechanical engineering barometer conducted by the consulting firm PwC in December 2025 revealed that the industry as a whole is expecting a 2.8% decline in sales revenues for the full year 2025. In addition, in the fourth quarter of 2025, 56% of respondents stated that they had a negative outlook for sales developments in 2026. The German Engineering Federation (VDMA) also confirms the tense situation. With a look to 2025 as a whole, the association is forecasting a 5.0% year-on-year decline in production, which would continue the decline in production that has been ongoing since the beginning of 2023. Despite the difficult overall conditions, the German mechanical and plant engineering sector was able to generate positive momentum in November, recording a real increase of 7% in incoming orders compared to the previous year. With regard to the period from January to November 2025, real incoming orders are expected to stagnate at the previous year's level, according to the VDMA.

According to the VDMA's Mining Association, mining technology companies in Germany are expecting nominal sales growth of 3% in 2025. The European mining industry is pinning its hopes on the European Critical Raw Materials Act, which aims to ensure that 10% of raw materials are from European mining and 40% are processed in Europe by 2030. The global market for mining technology companies is forecast to grow at a CAGR of 5.2% from 2026 to 2034, reaching a volume of USD 53.7 billion by 2034.

In principle, it can be assumed that global demand for raw materials will rise significantly over the coming decades. Forecasts by the OECD and the International Resource Panel predict that global raw material consumption will almost double by 2060. The main drivers of this development are population growth, advancing industrialization as well as the green and digital transformation. The European Commission also expects a sharp rise in demand for strategically relevant raw materials, which should have a positive overall impact on demand for mining technology and equipment.

Accordingly, the mining supply industry is also forecast to benefit from higher demand for mineral fertilizers for agricultural production. As a consequence, the global mining equipment market is forecast to grow from USD 83.7 billion in 2024 to USD 136.3 billion in 2034, representing annual average growth (CAGR) of 5.2% (2025–2034). At the same time, more stringent legislation and environmental regulations are expected to slow growth. In contrast, the VDMA emphasizes that only state-of-the-art mining technology will be able to ensure the supply of raw materials needed for climate protection and digitalization.

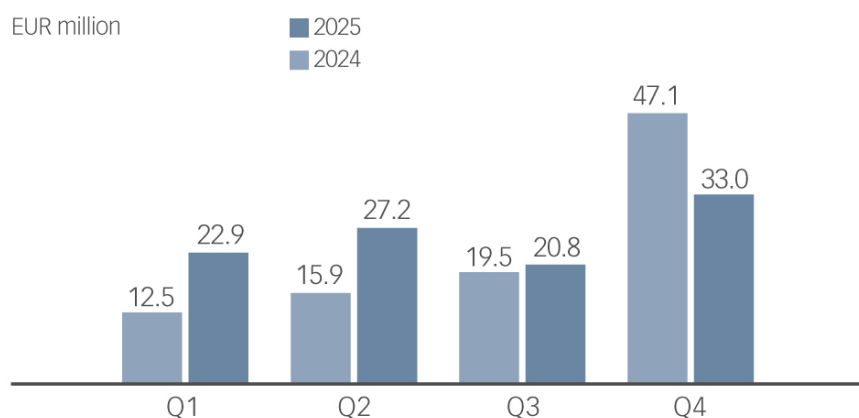
The global expansion of traffic and transportation infrastructure will require considerable investment in the coming decades, which includes tunnel and underground construction projects. This results in attractive sales opportunities for SMT Scharf. The Global Infrastructure Hub puts global infrastructure investment requirements at around USD 94,000 billion by 2040. With regard to tunnel construction projects currently in the planning stage, the International Tunneling and Underground Space Association (ITA) forecasts that global investment will total EUR 1,385 billion by 2030. Business Research Insights also confirms the growth trend and forecasts growth of the global tunnel construction market from USD 126.6 billion in 2026 to USD 240.3 billion in 2035. This corresponds to a CAGR of 7.4%.

By diversifying by products, areas of deployment, customer groups and regional markets, SMT Scharf is placing its business model on several pillars. This mitigates the impact of the cyclical nature of the coal mining industry on SMT Scharf's business growth and development.

Business trends

The SMT Scharf Group generated consolidated revenue of EUR 103.9 million in the 2025 financial year. This corresponds to an increase in revenue of 9.4% compared to the previous year (2024: EUR 95.0 million). The increase in revenue was largely due to the first-time full consolidation of the joint venture company Shandong Xinsha Monorail Co., Ltd. ("Xinsha") for the year as a whole. The successful progress of order processing in the Tunnel Logistics segment also contributed to the positive revenue trend. Apart from these positive effects, the SMT Scharf Group's business activities in its international core markets were characterized by a challenging market environment in the 2025 financial year, which was reflected in a restrained willingness to invest on the part of mine operators and intense competition from local suppliers.

Group revenue quarter-by-quarter



SMT Scharf's revenue amounted to EUR 33.0 million in the fourth quarter of 2025. This was the quarter with the highest sales in the 2025 reporting year. Compared to the final quarter of 2024 (EUR 47.1 million), revenue was 29.9% lower.

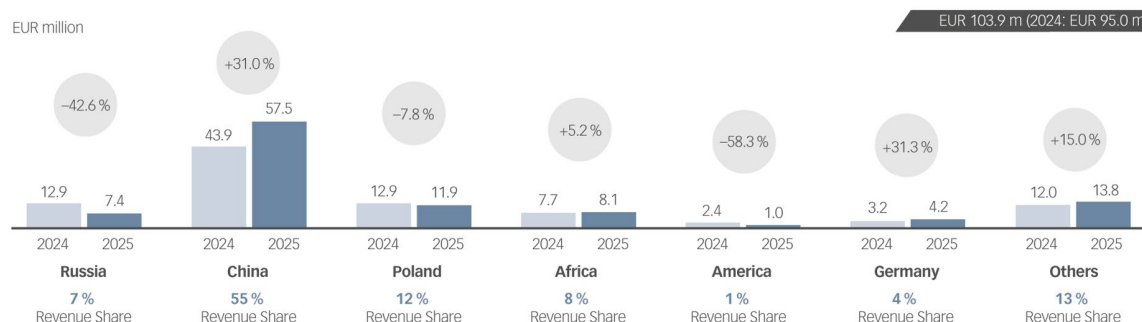
The operating result (EBIT) in the 2025 financial year amounted to EUR 2.6 million and was therefore below the previous year's level (2024: EUR 4.8 million). At the same time, SMT Scharf slightly exceeded the forecast EBIT range of EUR 0.5 million to EUR 2.5 million.

With revenue of EUR 57.5 million (2024: EUR 43.9 million), China remained SMT Scharf's most important sales market, as in the previous year, and was able to further expand this position. The 31.0% increase in revenue in China was also largely due to the first-time annual full consolidation of the joint venture company Xinsha. Accordingly, China's share of total revenue increased from 46.2% to 55.3% in 2025.

With regard to the other sales markets, despite a slight decline in revenue of 7.8% to EUR 11.9 million (2024: 12.9 million), Poland remains SMT Scharf's second most important market, which SMT Scharf aims to tap even more effectively with new innovative transport solutions. Accordingly, Poland's share of total revenue fell from 13.6% in the previous year to

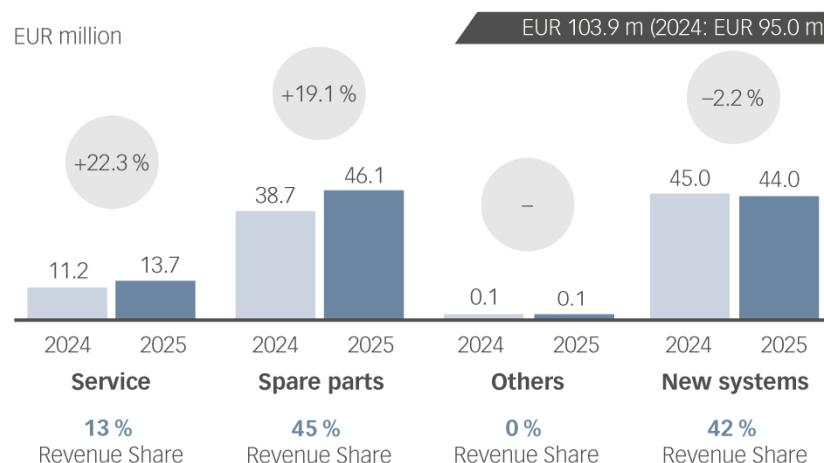
11.5% in 2025. Against the backdrop of the ongoing sanctions, revenue in Russia fell significantly by 42.6% from EUR 12.9 million in the previous year to EUR 7.4 million. This region therefore accounted for 7.1% of total revenue (2024: 13.6%).

Revenue shares by region



Revenue in the Americas region also fell from EUR 2.4 million to EUR 1.0 million. By contrast, revenue in the Africa region rose slightly by 5.2% to EUR 8.1 million in 2025 (2024: EUR 7.7 million), with the business with chairlifts for complex underground geographical conditions also making a significant contribution to revenue in the reporting year. In Germany, the company also recorded an increase in revenue to EUR 4.2 million in 2025, following revenue of EUR 3.2 million in the previous year. In addition, revenue in the Other region also increased from EUR 12.0 million in the previous year to EUR 13.8 million in 2025 against the backdrop of the international tunnel logistics projects. Accordingly, the Other region's share of SMT Scharf's total revenue rose again from 12.6% in the previous year to 13.3% in 2025. The share of revenue generated by the other regions varied compared to the previous year: While the share in the Africa region (2025: 7.8%; 2024: 8.1%) and in the Americas region (2025: 1.0%; 2024: 2.5%) reduced, Germany (2025: 4.0%; 2024: 3.4%) recorded an increase.

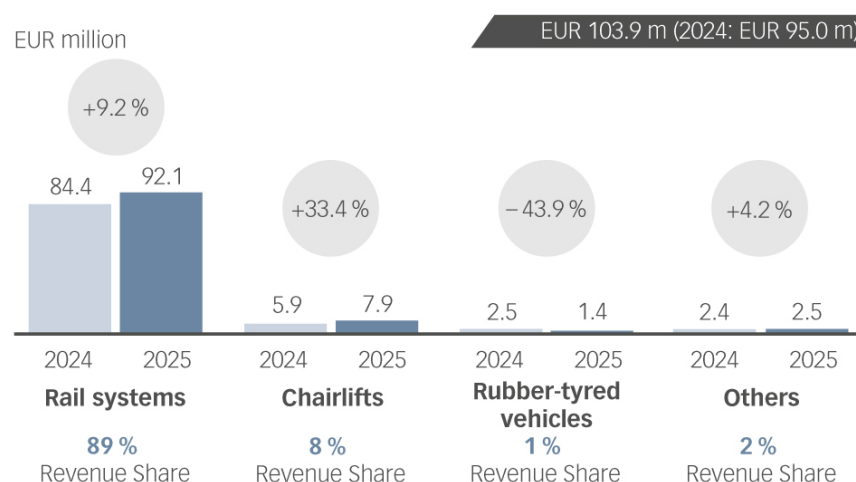
Revenue by type of business



Revenue in the New Equipment business remained at a constant level in the 2025 financial year, but decreased slightly by 2.2% year-on-year to EUR 44.0 million (2024: EUR 45.0 million). Although the rail systems business in China continued to make a significant contribution to revenue, it was unable to compensate for the overall decline in demand for new systems.

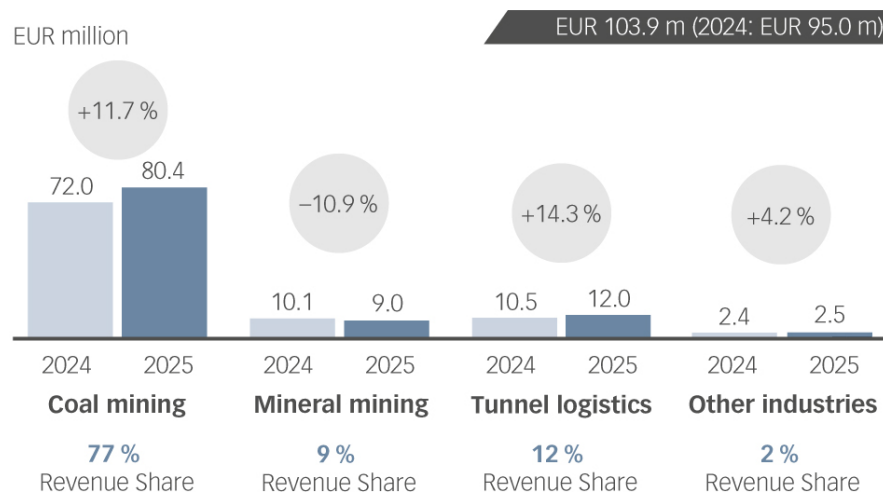
By contrast, the spare parts and service business grew significantly in the 2025 financial year posting revenue of EUR 59.8 million (2024: EUR 49.9 million). As a result, the share of the spare parts and service business in total revenue increased from 52.5% in the previous year to 57.6%. As in the previous year, the Other segment also contributed to business with revenue of EUR 0.1 million.

Revenue share by product



With revenue of EUR 92.1 million (2024: 84.4 million), rail systems represented SMT Scharf's most important product group by some distance. Compared to 2024, revenue of rail systems increased by 9.2%. The main driver for this was the first-time full consolidation of Xinsha. At 88.7%, the product group's share of total revenue in 2025 was identical to the previous year. In addition, chairlifts contributed revenue of EUR 7.9 million or 7.6% of total revenue (2024: EUR 5.9 million or 6.2%), rubber-tired vehicles EUR 1.4 million or 1.3% (2024: EUR 2.5 million or 2.6%) and Other Products EUR 2.5 million or 2.4% (2024: EUR 2.4 million or 2.5%).

Revenue share by segment



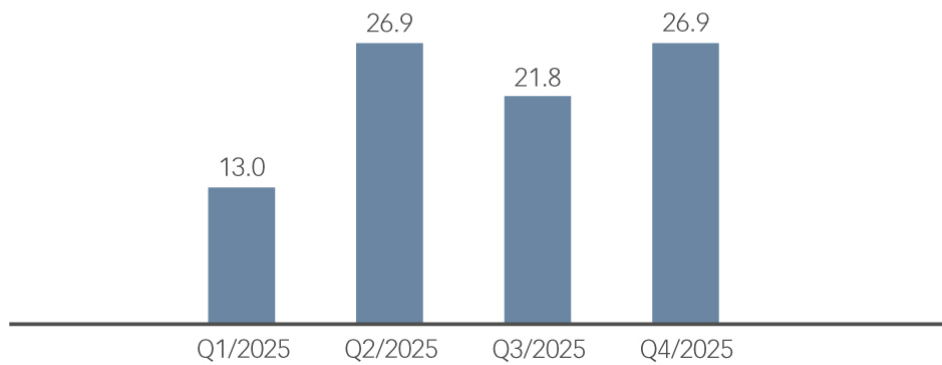
Broken down by segment, the coal segment recorded the highest share of consolidated revenue at 77.4% in the 2025 financial year (2024: 75.8%). Compared to the previous year, SMT Scharf increased its revenue by 11.7% to EUR 80.4 million (2024: EUR 72.0 million). The main driver of this development was also the full consolidation of Xinsha.

The second most important business segment for SMT Scharf was tunnel logistics with revenue of EUR 12.0 million (2024: EUR 10.5 million). The successful progress in order processing and, in particular, a major project in the Middle East contributed to the increase in revenue. The segment was thus responsible for 11.6% of total revenue (2024: 11.1%).

In addition, the Mineral Mining segment generated revenue of EUR 9.0 million in the reporting period (2024: EUR 10.1 million). The segment was thus responsible for 8.7% of total revenue (2024: 10.6%). The Other Industries segment contributed revenue of EUR 2.5 million (2024: EUR 2.4 million) and accounted for 2.4% of total revenue (2024: 2.5%).

New order intake

EUR million



SMT Scharf recorded new order intake of EUR 88.6 million in the 2025 financial year, compared with EUR 103.9 million in the previous year, given the challenging market conditions and the associated subdued willingness to invest in the mining equipment market. New order intake in the fourth quarter amounted to EUR 26.9 million and was therefore below the level of the fourth quarter of the previous year (2024: EUR 30.3 million). This resulted in an order backlog of EUR 26.9 million as of 31 December 2025 (2024: EUR 31.5 million).

Financial position and performance

Results of operations

The SMT Scharf Group generated consolidated revenue of EUR 103.9 million in the 2025 financial year (2024: EUR 95.0 million). This corresponds to significant revenue gains of 9.4%. The increase in revenue was mainly due to the inclusion of the joint venture company Shandong Xinsha Monorail Co., Ltd., which was consolidated for the first time for the full reporting year and made a significant contribution to consolidated revenue and the growing business in coal mining. In addition, further significant growth in the Tunnel Logistics segment made a major contribution to the positive revenue trend. Fundamentally, SMT Scharf continued to face challenging conditions on the market for mining equipment during the period under review, as well as general investment reticence evident on its core markets.

Total operating revenue (consolidated revenue plus changes in inventories) declined to EUR 98.8 million (2024: EUR 102.4 million). The reduction in inventories in the reporting period was noticeable here. In addition, Other operating income was down from EUR 6.5 million in the previous year to EUR 4.1 million in 2025.

Given the reduced total operating revenue, the cost of materials was also down by 15.0% to EUR 51.5 million in the reporting period (2024: EUR 60.6 million). In particular, this reflects the more extensive order processing in the Tunnel Logistics segment. The cost of materials ratio (as a percentage of total operating revenue) was down to 52.1% (2024: 59.2%).

Personnel expenses in the year under review rose by 9.4% to EUR 23.6 million (2024: EUR 21.5 million). As a consequence, the ratio of personnel expenses to total operating revenue was higher year-on-year at 23.9% (2024: 21.0%). The increase is due to the closure of the RDH site in Alban and the full consolidation of Xinsha, which is included in the annual report for the first time for a full 12-month period.

Accumulated depreciation and amortization dropped to EUR 3.4 million (2024: EUR 3.9 million). Depreciation and amortization includes extraordinary write-downs of EUR 799 thousand (previous year: EUR 1,750 thousand), which are related to the reorganization in connection with Strategy 2026.

Other operating expenses were up by 21.7% to EUR 21.9 million (2024: EUR 18.0 million). The weakness of the Chinese yuan against the euro contributed approximately EUR 1.7 million to this increase. In addition, the figure includes one-time items resulting from the deconsolidation of ser elektronik (EUR 0.5 million), costs associated with the closure of the RDH site in Alban (EUR 0.9 million), and one-time expenses for event-related consulting and investigations (EUR 1.1 million).

Overall, exchange rate gains and exchange rate losses led to a negative net result of EUR 0.4 million in the 2025 financial year (2024: EUR 0.5 million).

In the 2025 financial year, the SMT Scharf Group generated an operating result (EBIT) of EUR 2.6 million (2024: EUR 4.8 million). Positive effects resulted from the first-time full-year consolidation of the joint venture company Shandong Xinsha Monorail Co., Ltd. as well as, in the Tunnel Logistics segment, from the ongoing order processing and a major project in the Middle East. Accordingly, the EBIT margin (in relation to total operating revenue) reduced by 2.1 percentage points to 2.6% in the reporting year (2024: 4.7%). External services used and increased personnel costs incurred a negative impact.

The financial result decreased to EUR -0.6 million, following on from EUR 2.2 million in the previous year. This results from the lack of income from investments due to the full consolidation of the Xinsha joint venture as of 1 November 2024. In addition, the interest result amounted to EUR -0.6 million (2024: EUR -0.9 million).

On balance, the Group generated a profit before tax of EUR 1.9 million (2024: EUR 7.0 million). The tax expense of EUR 3.6 million in the reporting year was significantly above the previous year's level (2024: EUR -0.2 million). Of this amount, EUR 1.8 million comprised current tax expenses (2024: EUR 1.4 million), and EUR 1.9 million deferred tax (2024: EUR -1.5 million). The Group's tax rate stood at 32.1%, as in the previous year (2024: 32.1%).

EUR million	2025	2024	Change
Revenue	103.9	95.0	9.4%
Total operating revenue	98.8	102.4	-3.5%
EBIT	2.6	4.8	-45.8%
EBIT margin (in %)	2.6	4.7	-2.1 pp
Consolidated net profit / loss	--1.0	7.2	-86.1%
Earnings per share, basic (in EUR)	-0.81	1.02	-79.4%

Overall, SMT Scharf AG achieved a negative consolidated net income for the year of EUR -1.0million (2024: EUR 7.2 million). This corresponds to earnings per share of EUR -0.81 (2024: EUR 1.02).

Net assets

The total assets of the SMT Scharf Group decreased to EUR 155.3 million as of 31 December 2025 (31 December 2024: EUR 179.7 million). Non-current assets stood at EUR 20.0 million (31 December 2024: EUR 24.2 million). In the area of land and buildings, property, plant and equipment decreased slightly to EUR 5.4 million as at the reporting date (31 December 2024: EUR 6.0 million). Intangible assets also dropped to EUR 5.9 million as of the reporting date (December 31, 2024: EUR 7.8 million). Compared to the previous year's reporting date, deferred tax assets decreased to EUR 4.7 million (31 December 2024: EUR 6.7 million).

Current assets decreased to EUR 135.4 million as of the reporting date (31 December 2024: EUR 155.6 million), however continued to account for the largest share of assets. Current assets totaled EUR 42.5 million as of the reporting date (31 December 2024: EUR 50.7 million) and are partly related to existing orders that are expected to impact revenue in the current financial year. Trade receivables were down to EUR 68.6 million as of the reporting date of 31 December 2025, as a result of consistent working capital management (31 December 2024: EUR 75.9 million). In relation to consolidated revenue of EUR 103.9 million in the 2025 financial year (2024: EUR 95.0 million), as well as average trade receivables outstanding of EUR 65.6 million (2024: EUR 35.4 million), the average days of sales outstanding increased to 231 days (2024: 136 days) compared to the previous year and stood at 241 days as of the reporting date (2024: 211 days). The payment schedules arranged with major customers in previous years were adhered to as agreed. Cash and cash equivalents amounted to EUR 18.7 million as of the reporting date of 31 December 2025, and were therefore above the level of the previous year's reporting date (31 December 2024: EUR 15.1 million). The cash and cash equivalents of the Russian companies contained therein, amounting to EUR 2.8 million, are subject to restrictions on disposal.

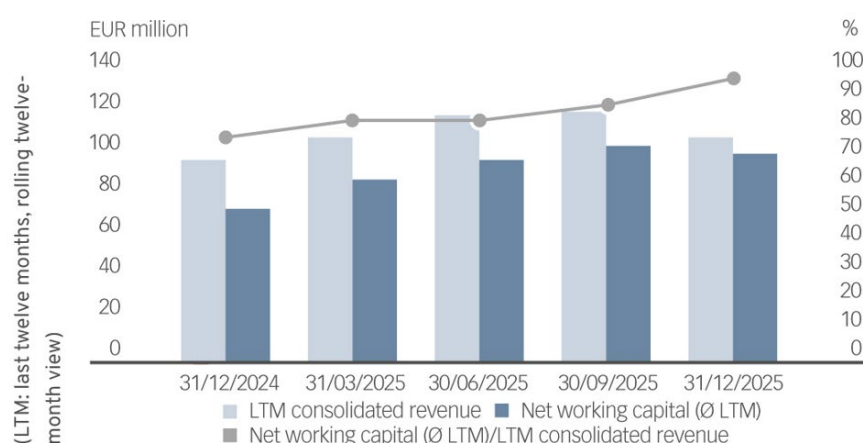
In view of the significant decrease in total assets compared to equity, the equity ratio amounted to 71.1% as of the balance sheet date, up 5.3 percentage points on the previous year (31 December 2024: 65.8%). Non-current provisions and liabilities increased to EUR 9.0 million as of the balance sheet date (31 December 2024: EUR 8.2 million). Furthermore, pension provisions decreased by EUR 0.1 million to EUR 2.4 million (31 December 2024: EUR 2.5 million).

Current provisions and liabilities dropped markedly to EUR 36.5 million as of the balance sheet date (31 December 2024: EUR 53.4 million). This corresponds to a decrease of EUR 16.8 million compared to the previous year's reporting date. By contrast, trade payables decreased markedly to EUR 11.0 million as of the reporting date (31 December 2024: EUR 15.1 million). Current liabilities decreased to EUR 11.2 million (31 December 2024: EUR 18.5 million). Other current provisions also increased to EUR 7.4 million compared to the previous year's reporting date (31 December 2024: EUR 6.2 million).

EUR million	31/12/2025	31.12.2024
Total assets	155.3	179.7
Equity	110.5	118.2
Equity ratio (in %)	71.1	65.8
Non-current and current provisions and liabilities	44.8	61.6
Non-current assets	20.0	24.1
Current assets	135.4	155.6
Days of sales outstanding	231	136
Net working capital* on the balance sheet date	91.3	105.6
Net working capital* – year-average	97.8	71.5
Net working capital* intensity (%)	94.1	75.2

*Calculation of net working capital: Current assets – liquid assets – current liabilities (excluding current financial liabilities)

Net working capital



Equity and particular legal relationships

The subscribed capital of SMT Scharf AG was 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 utilization of Authorized Capital 2016, the share capital of SMT Scharf AG was increased by a further 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 authorized capital against cash capital contributions in June 2021, the share capital of SMT Scharf AG was increased again by EUR 901,456.00, from EUR 4,620,000.00 to EUR 5,521,456.00, as a consequence of the issue of new shares.

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 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.

As a consequence, as of the 31 December 2025 reporting date, 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.

In order to provide the company with a high degree of flexibility to raise debt funding and strengthen its equity base, the replacement of both the existing authorization to issue convertible bonds and the corresponding Conditional Capital 2022 was proposed to the 2025 Annual General Meeting. The Annual General Meeting of Shareholders acceded to this proposal and authorized the Managing Board, with the approval of the Supervisory Board, to issue bearer convertible bonds with or without a limited term against cash and/or non-cash capital contributions on one or more occasions until 19 May 2030 for a total nominal amount of up to EUR 50,000,000.00 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 2,760,728.00 in total in accordance with the terms and conditions of the convertible bonds or bonds with warrants.

The share capital was conditionally increased by up to EUR 2,760,728.00 by issuing up to 2,760,728 new no-par-value registered shares (Conditional Capital 2025/I.). The conditional capital increase serves to service bonds issued on the basis of the authorization resolution of the Annual General Meeting on 20 May 2025. 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.

At the same time, the Supervisory Board was authorized to amend the wording of the Articles of Association in accordance with the respective scope of the issue of shares from Conditional Capital 2025/I.

At the end of the financial year, the company held a total of 49,477 of these shares (0.90% of the share capital).

The company is subject to general statutory restrictions on voting rights, especially deriving from the German Stock Corporation Act (AktG) and the German Securities Trading Act (WpHG). The Managing Board is not aware of any restrictions on voting rights above and beyond the aforementioned, including any restrictions that could derive from agreements between shareholders. In addition, the Managing Board is not aware of any restrictions relating to the transfer of the company's shares, including any restrictions deriving from agreements between shareholders.

No shares exist with extraordinary rights that grant the holders controlling powers. The company is not aware of any interests held by employees who do not exercise their controlling rights directly. The Supervisory Board can implement changes to the articles of incorporation affecting solely their wording. Otherwise, changes to the articles of incorporation require a resolution by the Shareholders' General Meeting in the meaning of Sections 133 and 179 of the German Stock Corporation Act (AktG), whereby pursuant to article 17 of the articles of incorporation, resolutions by the Shareholders' General Meeting are to be passed with a simple majority of votes cast, unless mandatory statutory requirements exist to the contrary, and – to the extent that the law prescribes a capital majority in addition to the majority of votes cast – with a simple majority of the share capital represented when the resolution is passed; this also applies to resolutions on amendments to the articles of incorporation.

Pursuant to Section 8 of the articles of incorporation, the company's Managing Board comprises one or several members, including in the event that the share capital exceeds EUR 3.0 million, whereby the Supervisory Board determines the number of members of the Managing Board, and can appoint a Chair (CEO) as well as a Deputy Chair (Deputy CEO) of the Managing Board, and also deputy Managing Board members. In all other respects, the statutory regulations apply to the appointment and discharge of Managing Board members. The company has not concluded any key agreements that are subject to the condition of a change in control as a consequence of an acquisition offer.

Financial position

SMT Scharf AG mainly performs the central steering of financial management for the SMT Scharf Group. The Group's financial management comprises the management of liquidity, the hedging of interest, currency and raw materials price risks, Group financing, the issuing of guarantees and letters of comfort, and communicating with rating agencies. We manage the processes centrally, which enables us to work efficiently and successfully control risks.

The main task is to minimize financial risks and capital costs and thereby maintain the Group's sustainable financial stability and flexibility. The Group's financial strategy is based on the principles and objectives of financial management and takes into consideration not only shareholders' interests but also debt capital providers' claims. A high level of continuity and predictability for investors aims to maintain financial flexibility and low capital costs for the SMT Scharf Group.

The SMT Scharf Group's financial position 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, as well as marketable securities less current financial liabilities.

SMT Scharf AG also utilizes a framework loan agreement from Zhongyin Hong Kong Co., Ltd., a wholly owned subsidiary of Yankuang Financial Leasing Company Limited, Hong Kong, China. This framework loan agreement was granted at the end of 2024 in the amount of USD 28 million, of which only USD 6.5 million was utilized in the reporting year and repaid in full as of the reporting date. There is a framework of USD 12 million for the new financial year, which had not yet been used by the time the balance sheet was approved. There are further committed but unutilized credit lines amounting to EUR 12.0 million.

Although the SMT Scharf Group reported a consolidated net loss for 2025 of EUR 1.0 million, it recorded cash flow from operating activities of EUR 14.6 million in the reporting year (2024: EUR 0.4 million). The delivery and acceptance of completed projects in financial year 2025, combined with consistent spare parts management, led to a significant reduction in inventory and contract assets. Similarly, enhanced receivables management has significantly reduced accounts receivable. These two changes have had a substantial positive effect on operating cash flow. Furthermore, ongoing depreciation and amortization, as well as an increase in other provisions, have had a positive impact on operating cash flow. Conversely, the decrease in trade payables and contract liabilities has reduced operating cash flow.

Cash flow from investing activities amounted to EUR -1.3 million (2024: EUR -1.0 million) and is mainly attributable to payments for investments in property, plant and equipment.

Cash flow from financing activities amounted to EUR -14.6 million for the 2025 reporting period (2024: EUR 4.6 million) and is primarily attributable to the repayment of financial loans, with principal repayments totaling EUR 13.2 million in the 2025 reporting year. Thanks to cash inflows from operating activities, current financial liabilities were significantly reduced, which contributes to the Group's further strengthening and stability.

Comparison of the actual financial position and performance with the forecast

SMT Scharf AG originally announced in February 2025 that, due to the first-time full-year consolidation of the joint venture company Shandong Xinsha Monorail Co., Ltd., consolidated revenue of between EUR 110 million and EUR 130 million with EBIT of between EUR 5.5 million and EUR 7.5 million is anticipated for the reporting year 2025.

In August 2025, SMT Scharf AG reassessed its revenue and earnings expectations for the 2025 financial year on the basis of final figures for the first half of 2025 and in view of the challenging market developments. Accordingly, the Managing Board now expects consolidated revenue of between EUR 100 million and EUR 120 million and an operating result (EBIT) of between EUR 0.5 million and EUR 2.5 million for the 2025 financial year.

The actual figures at the end of the financial year were recorded as follows:

- With actual consolidated revenue of EUR 103.9 million, SMT Scharf achieved the revenue guidance that had been revised downward in August 2025, whereby consolidated revenue was projected to come in at between EUR 100 million and EUR 120 million. This was due in particular to the first-time consolidation of Xinsha for the year as a whole. In addition, the significant growth in the Tunnel Logistics segment made a major contribution to the positive revenue trend.
- EBIT amounted to EUR 2.6 million in 2025, compared to EUR 4.8 million in the previous year, slightly exceeding the most recently announced forecast range of EUR 0.5 million to EUR 2.5 million.

Overall statement on the company's business position

The SMT Scharf Group succeeded in boosting consolidated revenue to EUR 103.9 million in the 2025 financial year. The main drivers of revenue growth were the first-time full consolidation of Xinsha for the full year, with a clearly positive effect on the growing business in coal mining, and the significant increase in sales in the Tunnel Logistics segment. Based on EBIT of EUR 2.6 million, SMT Scharf achieved an EBIT margin of 2.6% (based on operating revenue) in 2025. The company's asset and financing positions continue to be robust. As of the reporting date, the equity ratio remained at a high level of 71.1%. Financial liabilities remain at a comparatively low level in relation to the revenue volume and total assets. Overall, the SMT Scharf Group believes that it is well equipped to consistently continue the systematic implementation of Strategy 2026.

Risk and opportunities report and outlook

Risk report

Key features of the internal control and risk management system

All business activities inherently involve risk. These risks can generally be classified as either external – such as those arising from regulatory changes, market and competitive developments, or macroeconomic conditions – or internal, including financial, operational, and strategic risks in particular. Both categories of risk can materially affect the company's financial position, results of operations, and overall business performance.

The company maintains an integrated internal control and risk management system designed to identify, analyze, and assess material risks at an early stage and to determine appropriate measures for their management and monitoring. The system supports transparent and efficient corporate governance and ensures that potential risks are identified according to their significance and managed appropriately.

Regular communication with operational units is a key element of this group-wide risk management framework. In addition, during the annual planning rounds with the management of the Group companies, any material risks identified are systematically discussed. This approach ensures that both country-specific risks and those related to individual Group companies are properly taken into account, providing a comprehensive view of the Group's overall risk profile. The ongoing involvement of Group companies enables the company to promptly identify risk-related developments and to effectively implement the necessary measures to prevent or mitigate these risks.

The internal control and risk management system is continuously enhanced and adapted to evolving regulatory and business requirements. The aim is to maintain an appropriate and effective level of protection, while ensuring that opportunities and risks are considered in a balanced manner within the framework of responsible corporate governance.

The internal control system is designed to ensure that business processes are conducted properly and to prevent financial loss. Clear organizational procedures have been defined for key and critical business processes, which specifically include approval processes and segregation of duties. Wherever possible, these controls are implemented within the IT systems currently in use. In areas where full implementation within IT systems is not possible or only partially feasible, additional organizational controls are applied.

The Supervisory Board collectively monitors the effectiveness of the internal control and risk management system as well as compliance with regulatory requirements. The Managing Board regularly updates the Supervisory Board on material risks, the results of risk analyses, and any measures taken.

As with any internal control and risk management system, this system also has inherent limitations. It is therefore not possible to provide absolute assurance that all risks will be promptly identified or that all errors and violations will be completely prevented.

Description of the key features of the internal control and risk management system in relation to the financial reporting process

The Group's financial reporting process is decentralized. The Group companies prepare their individual financial statements independently in accordance with the applicable local legal requirements and use standardized accounting systems tailored to both national and

company-specific requirements. IT systems are used to process business transactions that occur frequently, thereby reducing the risk of errors.

Internal control of the financial reporting process is carried out primarily through the four-eyes principle and through regular checks for plausibility and completeness. Internal monthly reports are generated directly from the accounting system; since no imputed figures or flat-rate allocations are used, the financial reporting process is closely integrated with the management control system.

The consolidated financial statements are prepared centrally by SMT Scharf AG. To this end, the Group companies map their individual financial statements to a standardized consolidated chart of accounts and supplement them with standardized information in a Group-wide reporting package, which is used both for monthly reporting and for preparing the consolidated financial statements. The data are then transferred into the consolidation system through defined interfaces.

Findings from the Compliance Management System

In light of the numerous personnel changes that occurred on the Managing Board and Supervisory Board during the 2025 fiscal year and in early 2026, the indications of potential compliance violations involving the Russian subsidiaries, and the findings from the company's own investigations, the company commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, (PwC) to conduct a comprehensive independent forensic investigation. The investigation served to clarify various issues and to gather facts potentially relevant to the preparation of the 2025 annual and consolidated financial statements. The following findings emerged from the report submitted by PwC:

a) Notes on Deficiencies in the Compliance System

As part of the special investigation conducted in fiscal year 2026, structural deficiencies were identified in the existing compliance system. These relate in particular to the absence of a consistent and uniformly documented KYC ("Know Your Client") process for the foreign subsidiaries.

The Managing Board has addressed the identified weaknesses and incorporated them into a Group-wide improvement and optimization process. The corresponding measures will be implemented gradually over the course of the 2026 fiscal year with the aim of harmonizing identification, verification, and documentation processes across the Group and strengthening compliance structures in the long term.

b) Business Transactions with OOO EglTech LLC

The business relationships between the Russian subsidiary OOO SMT Scharf and OOO EglTech LLC, which is also based in Russia, have been reviewed on a fact-based basis. OOO EglTech LLC, whose sole shareholder is also the managing director of OOO SMT Scharf, is one of OOO SMT Scharf's major customers. Against this background, the transactions in question are to be classified as transactions with related parties within the meaning of IAS 24.

Current Russian legislation significantly restricts transactions between Russian companies and companies with parent companies from "unfriendly states." The managing director of OOO SMT Scharf, Mr. Logvenkov, founded his own company, OOO EglTech, through which customers are supplied with goods from OOO SMT Scharf, among other things. Revenue from OOO EglTech in the 2025 fiscal year amounted to EUR 1,840,502.06, and receivables from OOO EglTech totaled EUR 1,521,651.49 as of the reporting date of 31 December 2025.

The audit engagement with PwC specifically included an analysis of outstanding receivables and the control mechanisms in place with regard to potential conflicts of interest and any impact on the company. The results may, if necessary, serve as a basis for initiating further measures, but require a thorough legal review.

c) Suspected cases relating to sanctions lists

During the reporting period, indications of potential links to listed individuals or organizations were identified in connection with the Russian subsidiary OOO SMT Scharf. These indications relate in particular to potential matches with entries on the OFAC SDN List (Office of Foreign Assets Control – Specially Designated Nationals) as well as on relevant Ukrainian sanctions lists. Furthermore, a suspected case has been identified at SMT Scharf GmbH relating to other services and which may be linked to EU sanctions.

The company assesses these suspicious circumstances as compliance-relevant and potentially risky. Against this backdrop, a structured review process has been initiated. This initially involves a qualified verification of the reported suspicions by external service providers. The aim is to establish reliable identity matches and conclusively determine the actual relevance of the indications.

Based on the results of this verification, the company will subject the facts to a comprehensive legal assessment. In particular, this assessment will evaluate possible impacts on existing business relationships, potential sanctions-related risks, and necessary measures to ensure regulatory compliance.

The Managing Board is closely monitoring the ongoing review and will implement any necessary measures to comply with regulatory requirements and minimize compliance risks for the company.

Evaluation of risks and opportunities

Individual risks are quantitatively described on the basis of the probability of their occurrence and the level of damages. Triangular distributions with the parameters of minimum value, maximum value and most likely value are used to take account of market fluctuations. Once a year, the top net risks and market fluctuations are aggregated by means of Monte Carlo simulations for the early detection of existentially threatening developments and to determine the scope of the overall risk and the company's risk capacity. In the simulation, potential, risk-related future scenarios are analyzed by means of software using independent simulation runs.

Opportunities and risk position

The opportunities and risk position offers an insight into the key opportunities and risks. As a general rule, the time horizon in SMT Scharf's risk management system is 12 months on a rolling basis. The TOP net risks are listed in the following table in descending order. The size of the loss caused by the net risks to the Group EBIT is regarded as medium from EUR 0.5 million upwards and as high from EUR 2.5 million upwards:

Risks (net)	Size of loss
Geopolitical risks	high
Market and sales risks	high
Information security risks	medium
Tax risks Trading restrictions	medium
Bad debt risk	medium
Currency risks	medium
Compliance risks	high

Geopolitical risks and sales fluctuations were assessed with a medium probability of occurrence (15% to 50%) and all other risks with a low probability of occurrence (1% to 14%).

The key risk categories for SMT Scharf listed in the table are described in more detail below.

Geopolitical risks

Geopolitical risks arise from extraordinary events such as the war between Israel and the USA against Iran, the war between Russia and Ukraine and the conflicts in the Gaza Strip.

The military escalation that has been ongoing since 28 February 2026, in connection with the conflict between Israel, the USA, and Iran is increasing uncertainty in the international mining and tunneling markets relevant to SMT Scharf. For the SMT Scharf Group, this may result in particular risks arising from disruptions to global supply chains as well as rising energy, material, and transportation costs. In addition, exchange rate fluctuations and a cautious investment climate may weigh on operating activities. SMT Scharf is closely monitoring further developments and continuously assessing potential impacts on its net assets, financial position, and results of operations.

Against the backdrop of the ongoing Russia-Ukraine war, there is a risk that further tightening of sanctions by Western countries could increasingly impair the SMT Scharf Group's business operations in Russia. Under the sanctions imposed by the EU on 10 July 2022, the delivery of complete machines to Russia is prohibited. Furthermore, since 25 February 2023, the delivery of spare parts has been possible only to a very limited extent. This results in the risk that deliveries of our products to Russia will be completely prohibited. On the other hand, in connection with countermeasures by the Russian government, there is a risk of expropriation of the Russian subsidiaries. Furthermore, due to existing restrictions in the banking and financial sectors, financial resources from the Russian subsidiaries could not be repatriated during the reporting year. There remains a risk that cash inflows to the parent company cannot be realized as a result of these restrictions. SMT Scharf is continuously monitoring developments and taking this risk into account as part of its liquidity management.

At present, there are no restrictions on SMT Scharf AG's shareholder position in its Russian subsidiaries. Nevertheless, there is a risk of losing control in relation to Russia.

Market and sales risks

SMT Scharf AG and its subsidiaries operate worldwide. They are exposed to various and differing political, legal and economic conditions. SMT Scharf counters the resultant risks by carefully monitoring the environment and anticipating market trends as far as possible. Against the backdrop of the Chinese government's five-year plan (2026–2030) adopted in March 2026, the intended localization could increase competitive pressure from local providers. Any decline in demand will have a directly negative impact on SMT Scharf's profit margins. In addition, the trend from powerful electric and diesel trolleys to smaller battery-powered units, which was particularly evident in China, Poland and South Africa, was confirmed in 2025. The reason for this is the desire to avoid underground emissions and benefit from the associated lower ventilation requirements (ventilation) or the reduction in infrastructure (discontinuation of power lines in the platinum mines). In this context, a battery-powered trolley from China that was modified in 2025 is expected to receive ATEX approval in Q3 2026 and will then be put into operation in a Polish mine.

In addition, political continuity and stability in mine ownership play a role in many countries. A change of government or a change in mines' ownership structures could lead to staffing changes at SMT Scharf customers. This could result in considerable project delays. SMT Scharf counters this risk by constantly monitoring the market as well as further diversifying its business by entering new markets.

Information security risks

Serious malfunctions such as system downtime, attacks on SMT Scharf's network or the loss or manipulation of data can lead to operational disruptions and even affect customers. SMT Scharf works tirelessly on optimizing its IT architecture both from a design and operational perspective.

In addition, the threats to information security are trending upwards due to the global rise in computer crime.

In order to avoid risk processes and detect threats at the earliest possible juncture, SMT Scharf is implementing a series of technical and organizational measures (TOMs for short). These are listed in the 2025 Cyber Security Strategy and Measures, so that the objectives and requirements in the SMT Scharf Group are clearly defined. A series of IT security improvements are derived from this. These are prioritized according to probability of occurrence and size of losses and implemented incrementally. Standard solutions such as multi-factor authentication, encryption and regular training are a matter of course. The continuous adaptation of the cybersecurity strategy to meet new threats guarantees lasting protection of the IT architecture and thus also of business processes and customer relationships.

Tax risks | Trading restrictions

The differing political and economic interests of the USA and China represent a major potential for conflict in global trade relations due to the further tightening of trade barriers (e.g. tariffs, import/export restrictions). If the arising costs cannot be passed on, they will incur direct negative impacts on SMT Scharf's profits.

Bad debt risk

The default of the receivables portfolio of one or more major customers represents a risk that is mitigated by the use of letters of credit and by restricting credit limits for individual customers, among other things.

Currency risks

As part of its business and entrepreneurial activities, SMT Scharf is especially exposed to currency and default risks. These risks are mitigated by the relevant national companies servicing their revenues and expenses as far as possible in their respective national currencies and therefore without entailing currency risks. If subsidiaries negotiate transactions with customers and/or suppliers in currencies other than their local currency, care is taken to ensure that the contractual currency matches that of the country in which the subsidiary has its head office. Should this not be possible in exceptional circumstances, the option of hedging transactions with the banks would be explored. Otherwise, investments are valued at the rates of exchange applicable on the reporting dates at the end of the quarter or year. Any resulting currency losses or gains cannot be hedged and will impact the result. The risk of higher product prices on foreign markets due to a strong euro is mitigated by increasing the proportion of parts purchased abroad. In addition, a total of 75% of the workforce of the SMT Scharf Group was employed outside the Eurozone as of the 31 December 2025, reporting date, thereby reducing the risk of higher personnel costs due to exchange rate effects.

Compliance

As a general rule, compliance infringements such as corruption can entail considerable fines, loss of reputation and demands for compensation. Depending on the country, custodial sentences for managers are also possible. SMT Scharf mitigates these risks resulting from breaches of the law and infringements of directives with a Code of Conduct and an external compliance officer.

Despite extensive arrangements, SMT Scharf cannot fully rule out the possibility that individual employees will breach statutory provisions which might lead to the imposition of fines or penalties or to the assertion of claims for damages. An existing D&O insurance policy

protects SMT Scharf against claims for damages resulting from compliance violations, among other things.

The subsidiaries based in Europe counter this risk by way of an installed procedure. As soon as a customer enquires about products and services, checks are conducted to ascertain whether the enquiry can be processed. In this way, our trained staff throughout the value chain, from a customer enquiry, order processing to delivery, make sure that legal requirements are adhered to. The EU specifications regarding the "No Belarus clause" and the "No Russia clause" are also incorporated into invoicing.

Opportunities report

Growth of the global economy and energy prices

In its economic report from January 2026, the International Monetary Fund (IMF) assumes global economic growth of 3.3% for 2026 and thereby unchanged momentum by comparison with 2025. Overall, however, economic policy uncertainty remains high. With a look to China, the IMF expects growth of 4.5% in 2026 after 5.0% in 2025. Weak domestic demand and the ailing real estate sector continue to have a negative impact there. Meanwhile, growth in Europe continues to be hampered by structural challenges. The IMF expects the prices of energy commodities to decline by around 7% overall in 2026, thereby revising its expectations downwards.

Hard coal and mineral commodity prices are particularly important for the SMT Scharf Group. These are decisive for the investment propensity of mine operators. Most recently, volatility has resulted in investment reticence. The price of coal showed an overall downward trend in 2025. Prices were down from USD 114.50 per metric ton at the start of the year to USD 96.90 per metric ton as of 31 December 2025, around 15% below the level at the start of the year. The trend was primarily driven by weak demand in China and India as well as high inventories, before prices recovered somewhat over the course of the year thanks to stronger East Asian imports and lower Chinese production.

In contrast, the price of platinum showed an exceptionally strong upward trend in 2025. After starting the year at USD 906.75 per troy ounce, the price of platinum climbed to an interim high of USD 2,452.50 per troy ounce by the end of December and finally ended the year at USD 2,054.50 per troy ounce, up around 127% on the start of the year. The price increase was mainly due to a temporary shortage of supply from South Africa, strong Chinese demand, deliveries to the USA brought forward due to customs duties and, towards the end of the year, additional impetus stemming from rising investment demand and the EU's turnaround on the phase-out of combustion engines.

The SMT Scharf Group is preparing for continued volatility in commodity prices in the light of multiple geopolitical tensions and trade conflicts, especially in the form of additional customs measures. SMT Scharf believes that rising demand for raw materials in the face of a growing global economy will have a positive impact on the willingness to invest in the mining equipment market over the medium and long term, thereby entailing good growth prospects for the SMT Scharf Group.

Rising global demand for raw materials

In its economic report of January 2026, the IMF expects the global economy to grow by 3.3% in 2026 and by 3.2% in 2027. In detailed terms, the IMF expects growth of 1.8% for industrialized countries in 2026 and 1.7% in 2027. The IMF is forecasting growth of 4.2% for emerging and developing countries in 2026 and 4.1% in 2027. Consequently, the growth momentum in emerging and developing countries remains significantly higher than in industrialized countries. The SMT Scharf Group perceives the disproportionately high share

of emerging markets as an indicator of further rising demand for raw materials, which should encourage mining operators to invest in the medium and long term.

More complex geological locations of raw materials deposits

Raw material deposits around the world will increasingly be mined in more and more inaccessible locations. This is an advantage for the SMT Scharf Group's transportation technology, which has been specially developed for challenging and demanding underground conditions. Their high quality encompasses extensive safety aspects, enabling the equipment to be overhauled, assuming proper maintenance, thereby leading to above-average life cycles.

The mining sector is willing to embrace innovation

The SMT Scharf Group is seeing an increasing willingness in underground mining to demand innovative solutions, particularly in the area of digitalization and automation. For example, this includes automatic speed regulation, intelligent camera systems, radar detection or even remotely controlled machines all the way to driverless machines underground. Control and measurement technology is another area reflecting increasing demand, which is evolving towards preventive maintenance, referred to as monitoring. The SMT Scharf Group believes that it is well positioned in these areas holding good growth prospects.

China as a key market in global coal mining

According to the International Energy Agency (IEA), global coal production is expected to reach around 9,111 million metric tons in 2025. With an estimated production volume of around 4,730 million metric tons, China remains by far the world's largest coal producer, exerting significant influence on the development of global coal production. Since September 2024, Yankuang Energy Group Company (YKE) has been the majority shareholder of SMT AG. YKE itself operates numerous mines worldwide and is majority-owned by the Shandong Energy Group. The majority interest is of a strategic nature and enables better market access conditions for the SMT Scharf Group, particularly in China.

In its Energy Outlook 2025, BP emphasizes that geopolitical tensions, in particular the war in Ukraine and conflicts in the Middle East, are shifting the focus of many countries back to energy security and more resilient energy supplies. In this context, diversification of energy supplies, the greater use of domestic energy resources and efficiency improvements are becoming increasingly important. According to BP, fossil fuels will remain a central component of the global energy system in the future. Global demand for oil is set to initially remain largely stable and is increasingly supported by its use in the petrochemical industry. Natural gas is also becoming increasingly significant in emerging markets, particularly in China and other Asian economies. Coal remains an important source of energy for power generation in large emerging markets, but according to BP, it is likely to reach its global peak in the second half of the 2020s and then decline.

The outlook from market observers and the SMT Scharf Group's global presence allow us to take a positive view of demand in underground mining and tunnel construction involving the use of the SMT Scharf Group's high-quality products, particularly in the main market of China.

Diversification advanced

As part of its Strategy 2026, the SMT Scharf Group intends to drive the diversification of its product portfolio forward as part of its overall strategy in the electromobility area and the development of low-emission intelligent transportation solutions for growing global demand. To this end, SMT Scharf will develop and produce light electric vehicles (LEVs) and battery-powered transportation solutions for use in underground coal and mineral mining as well as on tunnel construction sites. The products are to be mainly developed and manufactured in China with global support from the SMT Scharf Group's subsidiaries in order to leverage the high level of industry expertise and the benefits of Chinese lithium batteries.

The significant revenue growth in the Tunnel Logistics segment in 2025 reflected SMT Scharf's ongoing order processing and activities in this segment. The Tunnel Logistics segment offers the advantage of greater independence from commodity price cycles, as the demand for infrastructure is driven by other factors. According to Business Research Insights, the global tunnel construction market is expected to grow significantly from USD 126.6 billion in 2026 to USD 240.3 billion in 2035. This corresponds to a CAGR of 7.4%. SMT Scharf is pursuing the aim of systematically leveraging the existing market opportunities by consistently implementing its Strategy 2026.

Positive effects of strategic measures

The closer cooperation between SMT Scharf companies that began in 2024 and continued in 2025 will be successfully continued. Synergies, particularly in the technical area, but also in purchasing and sales, are being continuously planned and implemented. Joint sales activities in the Chinese coal mining industry, in particular between the two companies Xinsha and Xuzhou, enable better market penetration. Joint global purchasing activities result in lower purchase prices and the standardization of parts due to higher volumes, for example.

SMT Scharf's Global Technology Council now coordinates almost all of the Group's development activities, thereby ensuring that projects, technical changes and new developments are processed more effectively. Examples of this include the joint development of a battery-powered trolley for the European market and technical cooperation in the relaunched LEV product segment.

In the Tunnel segment, which is managed exclusively by SMT Scharf GmbH in Hamm, the major project won in the Middle East in 2024 was successfully completed in 2025. Some of the machines are already in operation, while others are ready for use on the construction site. The expertise gained from this order supports the Hamm site in its strategic focus on tunnel construction.

Summarized presentation of the opportunities and risk position

On the one hand, the SMT Scharf Group's risk and opportunities position is characterized on the risk side primarily by geopolitical and market-related risks and the resulting decline in revenue volumes. On the other hand, growth opportunities arise from the increasing demand for raw materials driven by a growing global economy and the demand for low-emission, high-quality transport solutions, which are needed in the globally expanding tunnel market, for example. In the 2025 financial year, no specific impairments to the net assets, financial position and results of operations that could jeopardize the continued existence of individual subsidiaries or the Group were identified as part of regular risk reporting. The risk aggregation shows that developments that could jeopardize the company as a going concern can largely be ruled out in the planning period. The company's risk coverage potential is sufficient to ensure the company's continued existence. The analysis has determined the total risk to be EUR 25.7 million. This is offset by a risk-bearing capacity of EUR 46.0 million. There is no complete certainty, however, that all relevant risks can be identified and managed.

Outlook

The year 2025 was characterized by an overall robust, but regionally and sectorally heterogeneous development of the global economy. According to the assessment from the International Monetary Fund (IMF), global economic growth reached 3.3% last year. The IMF expects the global economy to remain stable in 2026 and is also forecasting global economic growth of 3.3 % before growth is set to slow slightly to 3.2 % in 2027. The economic environment remains fundamentally burdened by the ongoing geopolitical tensions and trade policy uncertainties. Against this backdrop, the IMF expects the different growth dynamics between regions and economic sectors to continue.

Inflation rates edged down in many economies in 2025 but remained above the target values in terms of region and sectors. While the decline in core inflation in the USA proved to be comparatively sluggish, inflation in the eurozone largely stabilized around the target level of 2%. Against this backdrop, several major central banks began to cautiously ease their previously restrictive monetary policies in the course of 2025. According to the IMF, global inflation fell to 4.1% in 2025 and is expected to slow further to around 3.8% in 2026.

The IMF forecasts the following GDP growth rates in SMT Scharf's target markets:

GDP growth in the most important sales markets for SMT Scharf AG* (in %)	2026e	2025
World	3.3	3.3
China	4.5	5.0
Poland	3.5	3.3
Russia	0.8	0.6
South Africa	1.4	1.3

*Source: IMF World Economic Outlook, January 2026

After a rise in gross domestic product of 5.0% in 2025, the IMF expects economic growth in China to decelerate to 4.5% in 2026. The ongoing downturn in the real estate sector and weak domestic demand continue to incur structurally negative impacts on demand. Demographic trends are also exacerbating structural challenges, as they are dampening consumption potential and placing an additional burden on social security systems. By contrast, Chinese exporters were able to successfully diversify their sales markets, meaning that foreign trade is proving resilient regardless of the tariff disputes with the US and global trade conflicts.

Despite continued high volatility in the market environment, SMT Scharf believes that it is fundamentally well positioned in the niche to implement intelligent transport and logistics solutions for underground mining and tunnel construction sites for its customers worldwide. SMT Scharf is continuing to focus on its core markets of China, Poland, South Africa and America. While the IMF is forecasting a slowdown in growth for China in 2026, the economies in the key sales markets of Poland and South Africa is expected to grow in the current year. Overall, the Managing Board anticipates a challenging market environment in the international mining markets, which is reflected by intense competition and an accompanying reluctance on the part of coal mining companies to commit investments. In the long term, trends such as the growing global economy and the associated increase in demand for raw materials, stricter regulation, for example in connection with emissions standards, and the high demand for innovative mining technology and intelligent transportation solutions for underground deployment scenarios will continue to ensure attractive growth prospects in these important core markets, according to the company.

With a look to the 2026 financial year, the Managing Board expects consolidated revenue of between EUR 95 million and EUR 115 million. In addition, the Managing Board expects an operating result (EBIT) in the range of EUR 1 million to EUR 2 million. The revenue and earnings forecast for 2026 takes the expected one-off earnings effects from the strategic realignment of the company into account. Among other things, the Strategy 2026 is pursuing personnel measures and a reorganization of the distribution of tasks within the Group between the various companies. In future, the operating business of SMT Scharf GmbH in Hamm will concentrate on the Tunnel Logistics segment and the associated after-sales business worldwide. In addition, SMT Scharf AG will expand central staff functions in the areas of shareholder engagement, R&D, procurement, product quality and Group synergies.

The recent escalation of the Middle East conflict underscores the current heightened geopolitical uncertainty. Given the Group's limited business activities in the affected region, the Managing Board does not currently anticipate any significant immediate impact on the Group's financial position or results of operations. However, in accordance with the requirements of DRS 20, indirect risks are also taken into account. A prolonged escalation of the conflict could lead to further increases in energy and raw material prices, as evidenced by recent market reactions with significant price surges in oil and gas. If geopolitical tensions persist, this could have a negative impact on the gross profit margin. The Managing Board is continuously monitoring developments and assessing their potential impact as part of the Group-wide risk management process.

Over the medium to long term, the Managing Board anticipates lower investments in some raw materials industries, while operators will continue to invest in innovative mining technology to increase productivity and reduce costs. These traditionally include coal and now increasingly platinum operations. Other mining companies, especially those producing gold, are focusing on expanding capacity, either by developing geologically more challenging mines or by accelerating existing rights. SMT Scharf supports both approaches with high-performance transport solutions.

The trend towards the use of battery-powered monorail systems that has emerged in recent years is continuing and is to be addressed by the development of new battery-powered transport systems. SMT Scharf is also pushing ahead with its activities in the light electric vehicles (LEVs) area. In February, a letter of intent was signed with two Chinese suppliers for the joint development of LEVs. The development of LEVs and battery-powered transport solutions is one of the central cornerstones of SMT Scharf's strategic realignment. Pursuing its Strategy 2026, SMT Scharf is responding to growing customer requirements for low-emission and energy-efficient transportation solutions for underground mining, especially in coal mining.

At the same time, this will drive forward the diversification of the product portfolio as part of the overall strategy in the field of electromobility. In addition, the future strategic focus will be on optimizing efficiency in the global supply chains and integrating the Group's locations. Furthermore, the company will continue selling the mining equipment available at Shandong Energy and Yankuang Energy across the global markets. SMT Scharf provides support with the necessary certifications, the implementation of individual customer requirements as well as the integration into existing technologies.

In pursuing its strategic measures, SMT Scharf strives to secure the company's future viability and competitive capabilities over the medium and long term. The aim is to be a leading global provider of intelligent transport solutions for underground mining and tunnelling.

Corporate Governance

Corporate governance declaration (in accordance with Section 289f and Section 315d HGB)

In March 2026, the Managing and Supervisory Boards submitted their Corporate Governance Declaration pursuant to Sections 289f and 315d HGB and made it publicly accessible on the website at:

<https://www.smtscharf.com/investorrelations/corporate-governance/erklaerung-zur-unternehmensfuehrung/>.

Remuneration Report

Details of the remuneration of the members of the Managing Board and the Supervisory Board are set out in the Remuneration Report in accordance with Section 162 of the German Stock Corporation Act (AktG). The Remuneration Report is made publicly available on the company's website.

Takeover-related disclosures

The disclosures required by Sections 289a Sentence 1, 315a Sentence 1 HGB under takeover legislation as of 31 December 2024 are set out below.

Composition of subscribed capital

As of 31 December 2025, the company's share capital amounted to EUR 5,521,456.00 shares 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.

All shares have been fully paid in and grant the holders the same rights. Each ordinary share grants the holder one vote at the company's Annual General Meeting of Shareholders.

The company held 49,477 treasury shares on 31 December 2025, equivalent to 0.90 % of the share capital.

Restrictions relevant to voting rights and transfers

In connection with the admission of the company's shares to the regulated market in September 2024, Yankuang Energy Group Company Ltd gave an undertaking to the ICF BANK AG securities bank acting as the listing agent with regard to 2,907,454 shares in the company not to offer or sell any of these shares directly or indirectly, make any such announcement or take other actions financially equivalent to a sale until 23 March 2025.

Furthermore, no agreements exist or existed in the 2025 financial year of which the Managing Board is aware that could be construed as restrictions as defined by Section 315a Sentence 1 Item 2 and Section 289a Sentence 1 Item 2 HGB.

Shareholdings

As of 31 December 2025, the following direct and indirect shareholdings existed that exceeded 5 % of the voting rights:

Yankuang Energy Group Company Ltd.	52.66%
Damian Behra	5.10%

After the reporting date, the company also received a voting rights notification under Section 33 (1) of the German Securities Trading Act (WpHG) according to which Mr. Damian Behra

exceeded the 10% voting rights threshold on 27 February 2026. His share of the voting rights on this date amounted to 10.01%.

Fundamentally, the disclosures above are in particular based on the notifications pursuant to Sections 33 ff. WpHG which SMT Scharf AG received and published.¹

Holders of shares with special rights as well as type of voting rights control of employee shares

The company has not issued shares with special rights pursuant to Section 315a Sentence 1 Item 4 and Section 289a Sentence 1 Item 4 HGB. Employees do not hold an interest in the capital as defined by Section 315a Sentence 1 Item 5 and Section 289a Sentence 1 Item 5 HGB.

Provisions on the appointment and discharge of the Managing Board and amendments to the articles of incorporation

Sections 84, 85 of the Stock Corporation Act (AktG) are decisive for the appointment and discharge of members of SMT Scharf AG's Managing Board. Pursuant to Section 8 of the articles of incorporation, the company's Managing Board comprises one or several members, including in the event that the share capital exceeds EUR 3.0 million, whereby the Supervisory Board determines the number of members of the Managing Board, and can appoint a Chair (CEO) as well as a Deputy Chair (Deputy CEO) of the Managing Board, and also deputy Managing Board members.

Pursuant to Section 11 (6) of the articles of incorporation, the Supervisory Board can make amendments to the articles of incorporation that only affect their wording. Otherwise, changes to the articles of incorporation require a resolution by the Shareholders' General Meeting in the meaning of Sections 133 and 179 of the German Stock Corporation Act (AktG), whereby pursuant to article 17 of the articles of incorporation, resolutions by the Shareholders' General Meeting are to be passed with a simple majority of votes cast, unless mandatory statutory requirements exist to the contrary, and – to the extent that the law prescribes a capital majority in addition to the majority of votes cast – with a simple majority of the share capital represented when the resolution is passed. This can also apply to resolutions on amendments to the articles of incorporation.

Powers of the Managing Board to issue or buy back shares

A proposal was put to the 2025 Annual General Meeting of Shareholders to replace both the existing authorisation to issue convertible bonds and the corresponding 2022 Contingent Capital in order to give the company a high degree of flexibility in raising capital and to reinforce the equity base. The Annual General Meeting of Shareholders acceded to this proposal and authorized the Managing Board, with the approval of the Supervisory Board, to issue bearer convertible bonds with or without a limited term against cash and/or non-cash capital contributions on one or more occasions until 19 May 2030 for a total nominal amount of up to EUR 50,000,000.00 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 2,760,728.00 in total in accordance with the terms and conditions of the convertible bonds or bonds with warrants.

Key agreements subject to the condition of a change of control

SMT Scharf AG is currently a party to loan agreements as the borrower with a total credit limit of EUR 12 million as well as USD 12 million which can be terminated by the lenders in

¹ Voting rights notifications published by SMT Scharf AG are available on the website at <https://www.smtscharf.com/investorrelations/corporate-governance/stimmrechtsmitteilungen/>.

the event of a change of control. The banks can then demand the return of any loans extended. There was a change of control in the 2024 financial year. Consequently, 2 principal banks withdrew from the credit lines they had granted. SMT Scharf AG was able to more than make up for this loss by winning new banks.

Compensation agreements in the event of a takeover bid

No compensation agreements exist between SMT Scharf AG and members of the Managing Board or employees in the event of a takeover bid.

Hamm, 10 April 2026

The Managing Board

Longjiao Wang

Reinhard Reinartz

Consolidated financial statements (IFRS) 2025

Consolidated balance sheet as of 31/12/2025

EUR	Note	31/12/2025	31/12/2024
Assets			
Intangible assets	(10)	5,949,470.70	7,776,916.17
Property, plant and equipment	(10)	8,660,358.09	8,872,453.20
Loans	(11)	628,351.32	628,498.63
Equity accounted investments	(12)	1.00	1.00
Other investments		0.00	7,039.97
Deferred tax assets	(8)	4,658,823.00	6,662,701.39
Non-current lease receivables	(25)	0.00	191,708.82
Other non-current non-financial as- sets	(16)	68,218.22	27,875.23
Non-current assets		19,965,222.87	24,167,194.41
Inventories	(13)	42,519,979.36	50,670,307.47
Trade receivables	(15)	68,619,987.50	75,888,564.10
Contract assets	(14)	115,713.53	7,504,314.62
Current lease receivables	(25)	148,290.07	126,209.28
		4,187,291.56	
Other current non-financial assets	(16)		5,568,261.28
Other current non-financial assets in connection with employee benefit entitlements	(17)	1,073,901.95	715,159.25
Cash and cash equivalents	(18)	18,708,621.40	15,099,835.32
Current assets		135,373,785.37	155,572,651.32
Total assets		155,339,008.24	179,739,845.73

EUR	Note	31/12/2025	31/12/2024
Equity and liabilities			
Subscribed share capital		5,471,979.00	5,471,979.00
Capital reserve		23,623,327.12	23,623,327.12
Revenue reserves		65,022,230.55	70,598,394.49
Other reserves		-9,410,338.55	-9,023,095.48
Non-controlling interests		25,798,109.93	27,508,087.82
Equity	(19)	110,505,308.05	118,178,692.95
Provisions for pensions	(20)	2,408,029.00	2,521,025.00
Other non-current provisions	(21)	2,033,744.74	232,565.34
Deferred tax liabilities	(8)	288,725.83	1,151,956.41
Lease liabilities	(25)	1,457,646.18	1,835,662.29
Non-current financial liabilities	(26)	1,250,966.81	434,725.38
Other non-current financial liabili- ties	(22)	860,312.73	2,016,337.63
Non-current provisions and lia- bilities		8,299,425.29	8,192,272.05
Current income taxes	(8)	5,471.77	340,714.41
Other current provisions	(21)	7,401,813.11	6,182,146.29

Contract liabilities	(22)	27,343.84	6,354,514.56
Trade payables	(22)	11,047,358.92	15,062,977.96
Lease liabilities	(25)	871,905.46	925,124.66
Current financial liabilities (cash and cash equivalents)	(23)	8,673,063.17	3,433,266.47
Current financial liabilities (not cash and cash equivalents)	(26)	2,530,958.50	15,093,150.16
Other current non-financial liabilities	(22)	5,976,360.13	5,976,986.22
Current provisions and liabilities		36,534,274.90	53,368,880.73
Total equity and liabilities		155,339,008.24	179,739,845.73

Consolidated statement of comprehensive income from 01/01 to 31/12/2025

EUR	Note	2025	2024 restated
Revenue	(1)	102,934,126.97	92,668,971.06
Changes in inventories		-5,093,248.62	7,532,958.38
Total operating revenue (100%)		97,840,878.35	100,201,929.44
Other operating income	(2)	4,149,609.40	6,451,611.97
Cost of materials	(3)	50,879,969.03	58,626,723.01
Personnel expenses	(4)	22,625,689.41	21,087,939.32
Depreciation, amortisation and impairment losses	(5)	3,434,626.93	3,939,411.61
Other operating expenses	(6)	21,249,735.73	17,631,964.77
Profit / loss from operating activities (EBIT)		3,800,466.65	5,367,502.70
Result from equity accounted investments	(7)	0.00	3,041,915.08
Interest income	(26)	578,050.61	625,716.76
Interest expenses	(26)	1,232,754.30	1,510,057.55
Financial result		-654,703.69	2,157,574.29
Profit / loss on ordinary activities		3,145,762.96	7,525,076.99
Income taxes	(8)	2,937,385.31	-179,010.05
Profit after taxes from continuing operations		208,377.65	7,704,087.04
Profit after taxes from discontinued operations	(9)	-1,231,383.07	-511,555.70
Consolidated net profit / loss		-1,023,005.42	7,192,531.34
of which attributable to shareholders of SMT Scharf AG		-4,448,601.69	5,602,259.26
of which attributable to non-controlling interests		3,425,596.27	1,590,272.08
Other items of comprehensive income to be reclassified to profit or loss at a later date:			
Currency translation difference in foreign annual financial statements		-2,242,998.93	461,106.10
Share of other comprehensive income attributable to equity-accounted companies		0.00	303,740.83
Other items of comprehensive income not to be reclassified to profit or loss at a later date:			
Actuarial gains / losses	(20)	31,745.00	-78,093.00
Deferred taxes	(8)	-10,191.66	25,071.58
Other comprehensive income		-2,221,445.59	711,825.51

of which attributable to shareholders of SMT Scharf AG	-365,689.73	129,761.25
of which attributable to non-controlling interests	-1,855,755.86	582,064.26
Total comprehensive income	-3,244,451.01	7,904,356.86
of which attributable to shareholders of SMT Scharf AG	-4,814,291.42	5,732,020.52
of which attributable to non-controlling interests	1,569,840.41	2,172,336.34
Earnings per share *		
From continuing operations, undiluted (basic)	-0,59	1.12
Diluted	-0,59	1.12
From discontinued operations, undiluted (basic)	-0,22	-0.09
Diluted	-0,22	-0.09

As a result of the decision made on 1 December 2025, to wind down the subsidiary RDH Mining Equipment Ltd. (RDH), which had consolidated the Group's business activities in Canada, RDH has been reported as a discontinued operation in the consolidated financial statements since December 2025. The prior-year figures have been restated retroactively.

Consolidated cash flow statement from 01/01 to 31/12/2025

EUR	2025	2024
Consolidated net profit / loss	-1,023,005.42	7,192,531.34
- Income from equity accounted investments	-0.00	-3,041,915.08
+ Depreciation and amortisation of non-current assets	3,436,669.75	3,942,360.29
+/- Loss/gain on fixed asset disposals	168,310.36	138,198.26
-/+ Decrease/increase in provisions	3,201,290.37	-485,737.38
-/+ Increase/decrease in inventories, trade receivables as well as other assets not allocable to investing or financing activities	19,255,518.84	-10,505,945.97
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	-12,507,697.49	7,220,639.90
+/- Other non-cash expenses/income	487,736.99	20,771.21
+ Income taxes	2,937,385.31	-179,010.05
+ Financial expenses	646,762.08	873,836.52
- Income taxes paid	-1,972,546.86	-4,745,264.19
Cash flow from operating activities	14,630,423.92	430,464.85
of which from discontinued operations	663,485.72	149,602.23
+ Cash inflows from disposal of property, plant and equipment	5,931.00	75,661.32
- Cash outflows for investments in property, plant and equipment	-1,082,149.66	-553,001.38
- Cash outflows for investments in intangible assets	-304,988.77	-1,068,600.13
- Change in cash and cash equivalents related to the de-consolidation of ser elektronik GmbH	-436,656.24	0.00
+ Interest received	532,210.17	557,964.83
Cash flow from investing activities	-1,285,653.50	-987,975.36
of which from discontinued operations	7,550.04	9,775.07
+ Cash inflow from the drawing down of loans/securities	1,243,677.45	17,244,564.92
- Cash outflow for the repayment of lease liabilities	-911,803.77	-744,430.40
+ Cash inflow from sale-and-leaseback agreements	23,356.01	584,716.83
- Cash outflow for the repayment of loans	-13,182,850.42	-11,161,774.88
- Interest paid	-627,781.94	-1,337,391.64
- Payments to shareholders	-1,149,115.59	
Cash flow from financing activities	-14,604,518.26	4,585,684.83
of which from discontinued operations	-68,837.65	-39,416.64
Net change in cash and cash equivalents	-1,259,747.85	4,028,174.32
Changes in cash and cash equivalents due to effects from exchange rates and consolidated Group	371,262.77	284,038.48
Consolidation-related changes in cash and cash equivalents	0.00	9,960,277.81
Cash and cash equivalents at start of period	11,666,568.84	-2,605,921.77
Cash and cash equivalents at end of period	10,035,558.24	11,666,568.84

Following the decision on 1 December 2025, to wind down subsidiary RDH Mining Equipment Ltd. (RDH), which comprised the Group's Canadian operations, RDH has been classified as a discontinued operation in the consolidated financial statements since December 2025. The consolidated cash flow statement for both the reporting period and the comparative period includes the discontinued operation. In the consolidated cash flow statement, the contributions of RDH are indicated throughout with a "of which" note.

Consolidated statement of changes in equity from 01/01 to 31/12/2025

EUR	Gezeich- netes Kapital	Capital reserve	Revenue reserves	
			Actuarial gains and losses	Other revenue reserves
Balance on 1/1/2025	5,471,979.00	23,623,327.12	-34,679.14	70,633,073.63
Consolidated net profit / loss	0.00	0.00	0.00	-4,448,601.69
Currency difference from translation of foreign annual financial statements	0.00	0.00	0.00	0.00
Share of other comprehensive income attributable to equity investments	0.00	0.00	0.00	0.00
Recognition of actuarial gains / losses	0.00	0.00	31,745.00	0.00
Deferred taxes on actuarial gains / losses recognized	0.00	0.00	-10,191.66	0.00
Comprehensive income	0.00	0.00	21,553.34	-4,448,601.69
Changes in the scope of consolidation	0.00	0.00	0.00	0.00
Distributions at subsidiaries (disproportionate and proportionate)	0.00	0.00	0.00	0.00
Distributions by parent company	0.00	0.00	0.00	-1,149,115.59
Balance on 31/12/2025	5,471,979.00	23,623,327.12	-13,125.80	65,035,356.35

	Difference from	Other reserves currency trans- lation	Equity at- tributable to SMT Scharf AG shareholders	Non-control- ling interests	Total equity
EUR					
Balance on 1/1/2025		-9,023,095.48	90,670,605.13	27,508,087.82	118,178,692.95
Consolidated net profit / loss		0.00	-4,448,601.69	3,425,596.27	-1,023,005.42
Currency difference from translation of foreign annual financial statements		-387,243.07	-387,243.07	-1,855,755.86	-2,242,998.93
Share of other comprehensive income attributable to equity investments		0.00	0.00	0.00	0.00
Recognition of actuarial gains / losses		0.00	31,745.00	0.00	31,745.00
Deferred taxes on actuarial gains / losses recog- nized		0.00	-10,191.66	0.00	-10,191.66
Comprehensive income		-387,243.07	-4,814,291.42	1,569,840.41	-3,244,451.01
Changes in the scope of consolidation		0.00	0.00	-925,641.84	-925,641.84
Distributions at subsidiaries (disproportionate and proportionate)		0.00	0.00	-2,354,176.46	-2,354,176.46
Distributions by parent company		0.00	-1,149,115.59	0.00	-1,149,115.59
Balance on 31/12/2025		-9,410,338.55	84,707,198.12	25,798,109.93	110,505,308.05

Consolidated statement of changes in equity from 01/01 to 31/12/2024

EUR	Subscribed share capital	Capital reserve	Revenue reserves	
			Actuarial gains and losses	Other revenue reserves
Balance on 1/1/2024	5,471,979.00	23,623,327.12	18,342.28	65,030,814.36
Consolidated net profit / loss	0.00	0.00	0	5,602,259.27
Currency difference from translation of foreign annual financial statements	0.00	0.00	0	0
Share of other comprehensive income attributable to equity investments	0.00	0.00	0	0
Recognition of actuarial gains / losses	0.00	0.00	-78,093.00	0
Deferred taxes on actuarial gains / losses recognized	0.00	0.00	25,071.58	0
Comprehensive income	0.00	0.00	-53,021.42	5,602,259.27
Distributions at subsidiaries (disproportionate and proportionate)	0.00	0.00	0	0
Change to consolidation group	0.00	0.00	0	0
Balance on 31/12/2024	5,471,979.00	23,623,327.12	-34,679.14	70,633,073.63

EUR	Difference from	Other reserves currency trans- lation	Equity at- tributable to SMT Scharf AG shareholders	Non-control- ling interests	Total equity
Balance on 1/1/2024		-9,205,878.16	84,938,584.60	1,773,433.00	86,712,017.60
Consolidated net profit / loss		0	5,602,259.27	1,590,272.08	7,192,531.35
Currency difference from translation of foreign annual financial statements		-120,958.15	-120,958.15	582,064.25	461,106.10
Share of other comprehensive income attributable to equity investments		303,740.83	303,740.83	0	303,740.83
Recognition of actuarial gains / losses		0	-78,093.00	0	-78,093.00
Deferred taxes on actuarial gains / losses recog- nized		0	25,071.58	0	25,071.58
Comprehensive income		182,782.68	5,732,020.53	2,172,336.33	7,904,356.86
Distributions at subsidiaries (disproportionate and proportionate)		0	0	0	0
Change to consolidation group		0	0	23,562,318.49	23,562,318.49
Balance on 31/12/2024		-9,023,095.48	90,670,605.13	27,508,087.82	118,178,692.95

Notes to the IFRS consolidated financial statements for the 2025 financial year

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 31 May 2000 under German law. It is the management holding company for the companies in the SMT Scharf Group. In addition to 49,477 treasury shares, all remaining 5,471,979 shares are available for trading on the Frankfurt Stock Exchange in the Prime Standard. The switch to the Frankfurt Stock Exchange’s Prime Standard segment was successfully completed in September 2024. The prospectus was approved by BaFin to admit the company’s shares to the Regulated Market of the Frankfurt Stock Exchange and to the sub-segment of the Regulated Market with further post-admission obligations (Prime Standard) on 20 September 2024. The purpose of the companies in the SMT Scharf Group is to plan, produce, sell, install and maintain machinery and equipment to transport people, equipment and material and to hold participating interests. 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.

Information about the consolidated financial statements

SMT Scharf AG prepares its consolidated financial statements in accordance with IFRS pursuant to Section 315e (3) of the German Commercial Code (HGB). The consolidated financial statements, comprising balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity, and supplementary disclosures in the notes to the financial statements of the SMT Scharf Group as of 31 December 2025, have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) valid as of the reporting date and as applied in the EU. The term IFRS also includes the International Accounting Standards (IAS) and the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) that continue to be valid. In addition, the requirements of Section 315e of the German Commercial Code (HGB) have been complied with. The consolidated financial statements of SMT Scharf AG includes the smallest and largest consolidated group. The consolidated financial statements and the Group management report are published in the company register.

The consolidated financial statements have been prepared in euros. Unless otherwise indicated, all amounts in the notes to the financial statements are stated and rounded to thousands of Euros (EUR thousand).

The IFRS consolidated financial statements were reviewed by SMT Scharf AG’s Supervisory Board, approved by the Board on 10 April 2026 and subsequently released for publication.

a) New and revised standards and interpretations requiring first-time application in the financial year under review

- Lack of exchangeability – Amendments to IAS 21 (effective from 1 January 2025): The amendments to IAS 21 relate to determining an exchange rate when one currency cannot be converted into another, as well as additional disclosure requirements. The initial application of these amendments had no material impact on the consolidated financial statements.

b) Standards and interpretations not applied (published but not yet requiring mandatory application, or partly not yet to be applied in the EU)

- Classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7 (effective from 1 January 2026): The amendments primarily relate to clarifications on the classification of financial assets and additional disclosure requirements.
- Annual improvements to IFRS – 2020–2022/2021–2023 cycles (Amendments to IAS 7, IFRS 1, IFRS 7, IFRS 9 and IFRS 10) (effective from 1 January 2026): The annual improvements include minor amendments and clarifications to various standards.
- Presentation and disclosure in financial statements – IFRS 18 (effective date 1 January 2027; EU endorsement still pending at the time of preparing the financial statements)
IFRS 18 replaces IAS 1 and introduces new requirements for the presentation of the income statement, as well as additional disclosure requirements.
Disclosure of subsidiaries not subject to public accountability – IFRS 19 (effective date 1 January 2027; EU endorsement still pending at the time of preparing the financial statements): IFRS 19 allows certain subsidiaries to apply simplified disclosure requirements.

The Group does not currently intend to adopt these standards early. At present, the aforementioned amendments are not expected to have a material effect on the consolidated financial statements. The impact of IFRS 18 on presentation and disclosures is still under review.

Disclosures on subsidiaries

Along with SMT Scharf AG, the consolidated financial statements include all subsidiaries over which it exercises control:

	Interest held	Equity (IFRS) 31/12/2025	Profit / loss (IFRS) 2025
SMT Scharf GmbH, Hamm, Germany	100 %****	64,460,624.51	-1,440,211.99
SMT Scharf Polska Sp. z o.o., Tychy, Poland	100%	7,743,691.48	1,920,863.00
SMT Scharf Africa (Pty.) Ltd., Gauteng, South Africa	70%	2,603,209.29	632,093.73
SMT Scharf Sudamerica SpA, Santiago, Chile	100%	-1,147,250.05	-173,878.98
RDH Mining Equipment, Alban Ontario, Canada	100%	-5,092,823.39	-1,249,158.76
OOO SMT Scharf, Novokuznetsk, Russian Federation	100 % *	12,521,726.10	45,945.77
OOO SMT Scharf Service, Novokuznetsk, Russian Federation	100 % ***	411,961.40	-30,186.52
Scharf Mining Machinery (Beijing) Co., Ltd., Beijing, China	100 % **	-746,997.83	-397,605.28
Scharf Mining Machinery (Xuzhou) Ltd., Xuzhou, China	100%	10,612,651.18	336,001.63
Shandong Xinsha Monorail Co. Ltd. Shandong Province, China	50 % **	50,091,920.46	6,676,509.30

* 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) (HGB)

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

Until 31 December 2025, ser elektronik GmbH, Möhnesee, Germany, in which SMT Scharf AG held 51% of the shares, was included in the scope of consolidation.

Under the sale and transfer agreement dated 18 December 2025, SMT Scharf AG sold 15,606 shares, representing a 51.0% stake in ser elektronik GmbH, for a sale price of EUR 480 thousand. This resulted in a loss on disposal of EUR 488 thousand, which is included in other operating expenses. The business was previously reported in the "Other Industries" segment.

The carrying amounts of the main categories of derecognized assets and liabilities of ser elektronik GmbH were:

EUR thousand

Cash and cash equivalents	597
Trade receivables and other receivables	795
Contract assets	385
Inventories	749
Property, plant and equipment	285
Other assets	89
Total assets sold	2,900
Trade payables	106
Contract liabilities	297
Other current liabilities	348
Provisions	169
Deferred taxes	91
Total liabilities disposed of	1,011

The sale also resulted in the reduction of non-controlling interests by EUR 925 thousand.

Last year, effective 1 November 2024, SMT Scharf AG had gained control over its previous joint venture company Shandong Xinsha Monorail Co. Ltd, Xintai/China via SMT Scharf GmbH. The investment remains at 50% but agreements were reached with the joint venture partner to ensure that SMT Scharf GmbH enjoys a boardroom majority and thus gains control. No payments were associated with acquiring a boardroom majority. The agreement was reached for organisational reasons.

The main operating activity of Shandong Xinsha Monorail Co. Ltd. is the production, repair and marketing of machinery and equipment of any type, and trading in such assets.

As both joint venture partners have a common Group parent company in the Shandong Energy Group, the transaction is to be regarded as a transaction under common control. As transactions under common control are exempted from the scope of IFRS 3, the hierarchy of IAS 8.10 to IAS 8.12 was used for the accounting. SMT opted for the pooling of interest accounting method. Accordingly, the assets and liabilities were included in the consolidated

financial statements at their carrying amounts and the investment accounted for using the equity method was derecognised. The transaction was recognised in equity. No goodwill was created and consequently, none was recognised.

Disclosures regarding joint ventures

Shanxi Ande Auxiliary Transportation Co. Ltd., Changzhi, Shanxi Province, China

SMT Scharf AG holds a 40% interest in Shanxi Ande Auxiliary Transportation Co. Ltd., Changzhi, Shanxi Province, China. The main operating activity is the production, repair and marketing of machinery and equipment of any type, and trading in such assets. SMT Scharf AG also classifies this company as a joint venture in accordance with IFRS 11, since, together with its partner entity, it owns the rights to the net assets. Joint ventures are recognised on the date of addition at cost, and measured subsequently using the equity method.

The investment was written down in full in the previous year. The valuation is retained as no earnings are expected.

In accordance with IFRS, the summarised financial information is provided below and corresponds to the amounts in the joint venture's financial statements as of 31 December 2025.

EUR thousand	31/12/2025	31/12/2024
Non-current assets	111	1
Current assets	4,887	5,171
Current liabilities	3,501	3,623

The assets and liabilities listed above include the following amounts:

EUR thousand	31/12/2025	31/12/2024
Cash and cash equivalents	31	47
Current financial liabilities	0	0

EUR thousand	31/12/2025	31/12/2024
Revenue	2,194	2,006
Profit from continuing operations	18	12
Total comprehensive income	18	12

The profit listed above includes the following amounts:

EUR thousand	31/12/2025	31/12/2024
Interest expenses	2	1
Income taxes	1	3

No deliveries of goods to the joint venture were realised in the year under review. No outstanding receivables existed as of the balance sheet date.

Consolidation principles

The consolidated financial statements are based on the separate financial statements of the companies in the SMT Scharf Group, which were prepared according to standard Group accounting and valuation methods. The separate financial statements were prepared as of 31 December.

Subsidiaries are companies that SMT Scharf AG directly or indirectly controls. The Group obtains control when it can exercise power over the investee, is exposed to fluctuating returns from the investee, and possesses the capability of exercising its power over the investee to affect the level of return from the investee.

Control can also arise in cases where SMT Scharf AG does not hold the majority of the voting rights, if the Group is able to unilaterally determine the significant activities of the investee. All facts and circumstances are taken into consideration when assessing whether control exists. These especially include the purpose and structure of the investee, identifying its significant activities and decisions relating to them, and the relationship of the company's own voting rights in comparison to the scope and distribution of other voting rights, potential voting rights and rights arising from other contractual arrangements. All facts and circumstances subject to the exercising of management discretion must be taken into consideration when assessing whether control exists. No such case arose in the 2025 financial year.

SMT examines its assessment of control if indications exist that one or several of the aforementioned control criteria have changed.

Results from subsidiaries acquired or sold during the course of the financial year are recognised in the consolidated income statement and in the consolidated statement of comprehensive income with effect from the actual acquisition or disposal date.

Capital for the companies in SMT Scharf Group is consolidated applying the purchase method pursuant to IFRS 3. This entails carrying acquired assets and liabilities at fair value. If these companies were not formed by the Group itself, and if a positive difference exists between acquisition cost and the subsidiaries' proportionate revalued equity, the difference is carried as goodwill and tested annually for impairment. Any remaining negative difference is recognised in profit or loss after a second assessment. Acquisition-related costs are expensed as incurred. Expenses, income, receivables and liabilities between the fully consolidated companies and intragroup profits from deliveries and services within the Group are eliminated. Deferred taxes are recognised if consolidation steps affect profit or loss.

Changes to the Group's shareholding quotas in subsidiaries which do not lead to a loss of control are recognised as transactions between owners.

Currency translation

The separate statements for the fully consolidated subsidiaries are translated based on the functional currency concept according to IAS 21. The subsidiaries' functional currencies are based on their primary economic environments. As a consequence, this corresponds to the relevant national currency. Balance sheet items are translated at the rate of exchange on the balance sheet date; items in the income statement are translated at the average annual rate of exchange. In statements of changes in assets, provisions and equity, the company translates balances at the start and end of fiscal years as well as consolidation scope

changes, at the exchange rate on the respective date. The remaining items are translated at the annual average exchange rate. Year-on-year differences in the currency translation of balance sheet items are recognised in equity through other comprehensive income within other reserves.

Foreign-currency transactions are translated into the functional currency applying the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency applying the exchange rate on the reporting date. As the Bundesbank has not provided any figures for the Rouble exchange rate since March 2022, alternative exchange rates from Commerzbank AG, Frankfurt am Main, were used. The foreign currency gains and losses arising from these translations are recognised in the consolidated income statement under “other operating income” or “other operating expenses”.

The exchange rates for the key currencies were:

1 Euro =	Closing rate		Average rate	
	31/12/2025	31/12/2024	2025	2024
Polish Zloty	4.221	4.2750	4.2397	4.3058
South African Rand	19.4439	19.6188	20.1789	19.8297
Chinese Renminbi Yuan	8.2262	7.5833	8.1185	7.7875
Russian Rouble	95.60	113.1500	94.6834	100.4236
Canadian Dollar	1.6088	1.4948	1.5787	1.4821

A discontinued operation is a component of the Group whose operations and cash flows can be clearly distinguished from the rest of the Group. It is either a separate, significant line of business or geographic area that is part of a single, coordinated plan to sell such a line of business or geographic area, or a subsidiary acquired solely for the purpose of resale. A component is classified as a discontinued operation upon sale, or as soon as it meets the criteria to be classified as held for sale, if this occurs earlier. When a component is classified as a discontinued operation, the statement of comprehensive income for the comparative year is adjusted as if the component had been discontinued from the beginning of that year.

Accounting and valuation policies

The recognition, disclosure and measurement principles were applied unchanged from the application to the previous years' annual financial statements, unless indicated otherwise in the following.

The statement of comprehensive income is prepared applying the nature of expense method.

Since 1 January 2018, revenue has been recognised applying the 5-step model of IFRS 15.

Revenue from the sale of new equipment and spare parts is generally recognised when the customer obtains control over the product. Depending on the contractual arrangement, this may be the case when the goods are transferred ex-works or also after acceptance or commissioning. If SMT Scharf AG provides other services of comparatively minor importance in a direct factual and temporal context that, from the customer's perspective, are inseparably linked to the main service, such as training for the customer's employees, these services do not constitute a regularly separable service obligation but rather form part of the main

service. The new systems and spare parts are usually standard products and catalogue goods which are configured according to the customer's wishes.

To the extent that SMT Scharf AG, in addition to supplying new systems whose customer-specific configuration does not extend beyond the usual scope, also provides extensive installation services, which is the case particularly with the construction of chairlifts, revenue is recognised over the period in which the service is provided after contractually agreed milestones have been reached, in deviation from the above principle. If no milestones have been agreed, revenue is recognised according to the stage of completion, on the basis of an output-oriented method, and according to the already delivered and installed parts (units produced or delivered).

In the case of customer-specific orders for which SMT Scharf AG has no alternative use for the product manufactured, but for which a legal claim exists to payment for the services already rendered, revenue is also recognised on a period basis. Revenue is recognised according to the percentage of completion which is the ratio of the factor input already rendered to the expected total factor input. Alternatively, if milestones have been agreed for which individual selling prices have been defined and their definition reflects the course of the project, separate contractual obligations apply for which the revenue agreed in each case can be recognised at specific points in time.

SMT Scharf AG also provides services such as maintenance and repairs. If these are commissioned by the customer, they are charged on an hourly basis. Revenue is recognised on a period basis. The progress of performance is determined on an output basis according to the units produced or delivered, i.e. hours worked.

SMT Scharf AG also offers its customers so-called operator models in which the customer receives a logistics service. In addition to the system, SMT also provides the personnel for its operation and performs the logistics services commissioned by the customer. The actual hours worked are invoiced on a monthly basis. Revenue is recognised according to the period in which it is generated or delivered, based on output.

In some countries, the SMT Scharf Group offers an extended warranty for new systems, the remuneration for which is already received along with the proceeds from the main product. The revenue attributed to this is determined on an input basis (cost-to-cost method), initially deferred as a contract liability and only recognised in the income statement over the extended warranty period. No such agreements existed as of 31 December 2025.

SMT Scharf AG does not adjust the amount of the promised consideration for the effects of a significant financing component if, at the inception of the contract, it is expected that the period between the transfer of a promised product or service to the customer and its payment by the customer will not exceed one year. No uniform payment terms exist within the Group, as agreements for equipment orders are concluded individually. However, no payment terms of more than one year after fulfilment of the performance obligation are agreed with customers.

Contractual assets or contractual liabilities arise from the divergence between revenue recognition and payment by the customer prior to full performance of the service obligation. Unconditional payment claims from contracts with customers constitute trade receivables.

Revenues also include income from rental and lease transactions. Revenues from rental and lease transactions derive from operating lease transactions, and are recognised on a straight-line basis over the term of the contracts. In addition, proceeds are sometimes generated at the end of the contract term.

Income from rental agreements was recognised on an accrual basis under other operating income in accordance with the provisions of the underlying agreements. Income from lease contracts classified as operating leases in accordance with IFRS 16 was recognised on an accrual basis as revenue in accordance with the provisions of the underlying leases.

Interest income is accrued pro rata temporis applying the effective interest method. Interest income in the amount of the interest portion of the lease payments received within the period derived from finance leases.

Borrowing costs are not capitalised as part of the acquisition or production cost as per IAS 23, but are instead expensed immediately if the criteria for a qualifying asset as defined by IAS 23 are not met.

Goodwill is tested for impairment annually as a matter of principle, and additionally if indications of potential impairment otherwise apply. As a general rule, the recoverable amount of this CGU is measured by calculating values in use applying the discounted cash flow method. This approach utilises the planned post-tax cash flow deriving from the five-year planning for the CGU, prepared on a bottom-up basis and approved by the Managing Board of SMT Scharf AG. Cash flows beyond the five-year horizon are calculated on the basis of the average for the five-year period, as a matter of principle. No growth rate is applied to extrapolate the five-year average.

Assuming that the criteria of IAS 38 are met, purchased intangible assets are recognised at cost and amortised straight-line over a period of between three and ten years depending on their useful life. Apart from goodwill, all acquired intangible assets have a limited useful life.

Separate internally generated intangible assets are capitalised as soon as IAS 38 criteria are cumulatively fulfilled. From this date, the development or production costs that can be directly allocated to the individual intangible assets (mostly personnel expenses), including development-related overheads, are capitalised. The capitalised assets are amortised straight-line from the date from which they are available for disposal (marketability), over the anticipated product life cycle of two to eight years. All capitalised internally generated intangible assets have a limited useful life. If an intangible asset developed in house cannot be capitalised or does not yet exist, the development costs are expensed in the period in which they arise.

Research and development costs that do not meet the IAS 38 capitalisation criteria are expensed immediately.

Property, plant and equipment utilised in operations are measured at cost less straight-line depreciation.

Depreciation is based on the following useful lives throughout the entire Group:

	In years
Buildings	10 to 50
Technical equipment and machinery	5 to 20
Technical equipment and machinery – rented	5 to 8
Other office equipment, fixtures and fittings	2 to 13
Other office equipment, fixtures and fittings – rented	4 to 7

Expenses for maintenance and repairs are recognised as expenses to the extent that these are not subject to mandatory capitalisation.

Intangible assets and property, plant and equipment are impairment tested if indications of impairment exist based on cash-generating units. If the carrying amounts of individual non-

current assets fall below their fair values, additional impairment losses are recognised where the impairment is expected to be permanent.

Government grants are recognised if sufficient certainty exists that such subsidies will be granted, and that the company fulfils the conditions with which they are linked. As in the previous year, no such grants were received in 2025.

As a lessee, the SMT Scharf Group has entered into leases (mostly for cars, office space and office equipment), which are subject to lease accounting in accordance with IFRS 16. A lease is defined as an agreement or part of an agreement granting the right to utilise an asset for a specified period of time in return for payment. In the case of multi-component contracts, each lease component is accounted for separately. The SMT Scharf Group utilises the option to waive the right to separate non-leasing components.

The SMT Scharf Group recognises a right of use and a lease liability carried under property, plant and equipment on the date when the asset is delivered. The cost of the right of use at the inception of the lease is equal to the amount of the lease liability adjusted for the Group's initial direct costs, an estimate of the cost of dismantling and removing the asset at the end of the lease, and the lease payments made before the inception of the lease, less any incentives. In subsequent periods, the right of use is amortised and tested for impairment. As a rule, amortisation is applied straight-line over the term of the lease. If a transfer of ownership at the end of the lease term has been agreed or if the lease payments taken into consideration assume the exercise of a purchase option, depreciation is applied over the economic life.

The lease liability is measured as the present value of the lease payments to be made during the lease term. The marginal borrowing rate is applied for discounting. In subsequent measurement, discounts applied to the carrying amount of the lease liability are reversed applying the interest rate used for discounting, and reduced by the lease payments made.

The lease payments included in the measurement of the lease liability comprise fixed payments (including de facto fixed payments), variable payments linked to an index or (interest) rate, payments expected to be made under residual value guarantees, and payments that will be made with reasonable certainty under purchase options. Penalties for termination are also taken into consideration if the term reflects the fact that the lessee will exercise a termination option, and corresponding penalties have been agreed. Changes in leases and revaluations of lease liabilities are generally recognised directly in equity against the right of use.

The SMT Scharf Group uses the facilitation options relating to current and low value leases. The lease payments associated with the leases are expensed either on a straight-line basis over the lease term or on another systematic basis.

For detailed information on the assumptions and estimates made in connection with leases, particularly concerning the determination of the lease term and the marginal interest rate on debt, please refer to the comments on accounting estimates and the exercising of discretion.

The approach described here has been effective since 1 January 2019, the date of initial application of IFRS 16. At that time, all existing leases from IAS 17 were transferred to the new accounting model in IFRS 16.

The SMT Scharf Group has also concluded leases as a lessor (mostly for diesel trolleys and heavy-load lifting beams). Finance leases exist in which the economic ownership has been transferred to the lessee. In the case of finance leases, a receivable in the amount of the net investment is reported under other receivables. This is reduced proportionally by the

lease payments received. The rented leased assets are capitalised as technical equipment and machinery. Lease payments for these operating leases are recognised as revenue over the lease period.

The financial assets are classified for accounting and valuation according to IFRS 9. Classification depends on the underlying business model and the so-called cash flow criterion, which is considered to be met if the contractual cash flows consist exclusively of interest and principal payments on the outstanding principal amount of the financial instrument. The business model can be either to hold, to sell, or a combination of both. If the cash flow condition is met and the business model consists in holding the financial instrument, the financial asset is recognised at amortised cost. The SMT Scharf Group mostly has financial assets that are allocated to this category. Financial assets also exist that are measured at fair value through profit or loss. This measurement category applies if either the cash flow criterion is not met, or the business model is "for sale".

Assets in the amortised cost category are measured at amortised cost applying the effective interest method, and are subject to IFRS 9 impairment regulations. The amount of the impairment loss is based on expected credit losses, which are generally recognised in three stages. For financial assets for which no significant increase in default risk has occurred since initial recognition, the impairment loss is measured at the amount of the expected 12-month credit loss (Stage 1). In the event of a significant increase in the default risk, the expected credit loss is calculated for the remaining term of the asset (Stage 2). Past due is considered to be an indication of a significant increase in the risk of default, with additional information based on individual cases. If objective evidence of impairment exists, the underlying assets are allocated to Stage 3 with the consequence that the effective interest rate is based on the net carrying amount instead of the gross carrying amount. Indications of impaired creditworthiness exist particularly if financial difficulties on the part of the debtor become known in conjunction with an increased probability of insolvency.

For receivables deriving from operating leases, for contract assets and for trade receivables, the SMT Scharf Group applies the simplified procedure in accordance with IFRS 9, according to which the amount of the allowance for doubtful accounts is measured from the initial recognition of the receivable on the basis of the expected credit losses over the term of the receivable, i.e. Stage 1 of the recognition of expected credit losses is omitted. The SMT Scharf Group does not have any indications that the risk of default has increased significantly or that impairment is required for any other financial assets subject to IFRS 9 impairment requirements. As the probability of default is also estimated to be correspondingly low, no significant expected credit losses exist for these assets.

The calculation of impairment charges on financial assets that are tested for impairment on the basis of the simplified approach is based primarily on historical experience of credit defaults and current data on overdue payments. Receivables in foreign currencies are translated by applying the closing rate of exchange, and any resultant exchange rate differences are carried under other operating income or expense. Where available, recourse is made to internal or external information that indicates that the contractual payments cannot be made in full. If objective evidence of impairment exists, an individualised estimate of expected credit losses is made, taking events that have become known into consideration.

Financial assets are regarded as defaulted and are derecognised if no reasonable expectation of future payment exists.

Financial assets measured at fair value through profit or loss are carried at the value deriving from the current market valuation on the balance sheet date. This corresponds to Stage 1 of the fair value hierarchy and relates exclusively to securities.

Liquid assets comprise cash, sight deposits and short-term bank deposits which had a remaining term of up to three months on addition and are subject to only minor value fluctuations. These items are measured at amortised cost.

Inventories are measured at the lower of cost or net realisable value. Pursuant to IAS 2, manufacturing costs are identified as fully absorbed costs (comprising unit costs and reasonable overheads including production-related administrative expenses) applying the standard cost method or the average method with respect to purchase costs. Net realisable value corresponds to the selling price in the ordinary course of business, less estimated costs of completion and costs necessary to realise sale.

Deferred and current taxes are measured in accordance with IAS 12. Deferred taxes are determined for temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and their tax base, and for realisable tax loss carryforwards. Calculations are based on the tax rates which apply in the respective country on the expected date of realisation, as passed by law on the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that the associated tax receivables will be used. Tax loss carryforwards are included in tax deferrals only if it is probable that these will be realised.

Provisions for pensions are measured applying the projected unit credit method. In this context, the future obligations are measured based on the benefit entitlements proportionately acquired by the balance sheet date. Measurement entails assumptions regarding the future development of specific parameters that affect the future benefit amount. The calculation is based on actuarial reports that apply biometric principles. Actuarial gains and losses are offset in full against equity. As a consequence, no amortisation of actuarial gains and losses is recognised in profit or loss.

The other provisions are formed for all identifiable risks and uncertain liabilities, if it is probable that such risks will materialise and their amount can be reliably estimated. To the extent that the Group expects at least a partial refund for a provision carried as a liability (as is the case, for example, in insurance policies), the refund is only then recognised as a separate asset if the refund is as good as certain to be paid. Expenses for the formation of provisions are reported in the consolidated statement of comprehensive income after deduction of the refund.

Other provisions are measured in line with IAS 37 applying the best possible estimate of the amount of the liability. If provisions only become due after one year, and if it is possible to reliably estimate the amount or date of the payments, the present value is measured by discounting.

The amount of the provision for warranties is measured applying the warranty expense that was incurred in the past, the warranty period, and the revenues affected by warranties. Individual provisions are formed for known losses. Provisions for other business-related liabilities are measured based on the services that are still to be rendered, in the amount of the production costs that are yet to be incurred, as a rule.

Financial liabilities are carried at cost on initial recognition. This corresponds to the fair value of the compensation received. Transaction costs are also taken into consideration in this regard. All liabilities are measured in subsequent years at amortised cost applying the effective interest method. Liabilities in foreign currencies are translated by applying the closing rate of exchange, and any resultant exchange rate differences are carried under other operating income or expense.

Non-financial assets and liabilities are recognised provided that the relevant recognition criteria set out in the applicable standard are met. They are generally measured at cost,

unless subsequent measurement at fair value or another measurement basis is expressly required or chosen.

Accounting estimates and the exercising of discretion

The preparation of the consolidated financial statements requires assumptions to be made and the utilisation of accounting estimates that relate to the recognition and measurement of assets and liabilities, income and expenses, and the extent of contingent liabilities. Estimates made by the company are based on historical amounts and other assumptions considered appropriate in the particular circumstances. Actual amounts may differ from estimates. The estimates and assumptions made are subject to constant review and adjusted accordingly.

The main estimates and related assumptions, as well as uncertainties connected with the selected accounting policies, as listed below, are critical to an understanding of the risks underlying the financial reporting, as well as the effects that such estimates, assumptions and uncertainties could have on the consolidated financial statements:

Goodwill

The SMT Scharf Group did not recognise any goodwill in the reporting year.

Useful lives of other intangible assets, and of property, plant and equipment

At every fiscal year-end, the Group reviews the estimated useful lives of its other intangible assets, and of its property, plant and equipment. No modifications were required for such estimates in 2025 and 2024.

Term of lease agreements, amount of minimum lease payments and estimate of the discount rate

The Group determines the expected lease term, the minimum lease payments and the discount rate at the inception of each lease. Discretionary scope arises above all if the term is not clearly defined in the contract but depends on the exercise of termination, extension or purchase options. When determining the terms of leases, the SMT Scharf Group takes into consideration all of the key facts and circumstances that provide an economic incentive to exercise or not exercise options to extend or terminate the lease. The corresponding option periods are only taken into consideration during the term of the lease if sufficient certainty exists that termination options will not be exercised, or renewal options will be exercised. This also has a direct bearing on the amount of the minimum lease payments.

The discount rate represents a further parameter associated with discretion. If not implicitly and identifiably derivable from the respective lease agreement, the interest rate is based on the risk-free interest rate for the respective country in line with the term plus the credit surcharge of SMT Scharf AG of 2.0%. This surcharge is uniform throughout the Group, as there are no material differences with regard to the credit risk within the Group.

Impairment testing of other intangible assets, and of property, plant and equipment

On each balance sheet date, the Group is required to estimate whether any indication exists that the carrying amount of an item reported under other intangible assets, or of property, plant and equipment, might have become impaired. In such cases, the recoverable amount of the respective asset is estimated. The recoverable amount corresponds to the higher of fair value less costs of disposal, and value in use. To calculate value in use, the discounted future cash flows of the respective asset are calculated. Estimating discounted future cash

flows entails significant assumptions, including especially those relating to future sales prices and sales volumes, costs, and discounting rates. Although management assumes that the estimates of the relevant expected useful lives, assumptions relating to economic conditions and trends in sectors where the Group operates, and estimates of the discounted future cash flows, are appropriate, a modification of the analysis might be necessitated by a change to the assumptions or circumstances. If the trends identified by management reverse in the future, or if the assumptions and estimates prove to be erroneous, additional impairment charges, or reversals of impairment charges, might be required.

Impairment of receivables (expected loss)

Models suitable for implementing the regulations of IFRS 9 relating to impairment, in particular for calculating the default rates (expected loss model), were developed. For receivables deriving from leases, trade receivables and contract assets, the SMT Scharf Group applies the simplified procedure in accordance with IFRS 9, according to which the amount of the allowance for doubtful accounts is measured from the initial recognition of the receivable on the basis of the expected credit losses over the term of the receivable. The valuation allowances are mainly determined on the basis of historical experience on loan defaults and current data on overdue receivables.

Taxes on income

On each reporting date, the Group assesses whether the realisability of future tax benefits is sufficiently likely for the recognition of deferred tax assets. This requires management to assess, inter alia, tax benefits deriving from future available tax strategies and future taxable income, as well as to take further positive and negative factors into consideration. The reported deferred tax assets could diminish if the estimates of the planned tax income and tax benefits achievable through available tax strategies are reduced, or if changes to current tax legislation restrict the timeframe or scope of realisability of future tax benefits. A total of EUR 4,659 thousand of deferred taxes were capitalised as of 31 December 2025 (previous year: EUR 6,663 thousand), which were offset by deferred tax liabilities of EUR 289 thousand (previous year: EUR 1,152 thousand).

Employee benefits

Pensions and similar obligations are measured according to actuarial valuations. Such valuations are based on statistical and other factors in order to thereby anticipate future events. These factors include, among others, actuarial assumptions such as discount rates, expected salary increases and mortality rates. Such actuarial assumptions can differ considerably from actual developments due to changes in market and economic conditions, consequently resulting in a significant change to pension and similar obligations, as well as related future expense.

Notes to the income statement

Following the decision on 1 December 2025, to wind down the Group's Canadian operations consolidated in subsidiary RDH Mining Equipment Ltd. (RDH), RDH has been classified as a discontinued operation since December 2025. Accordingly, RDH's contributions are no longer reflected in the individual line items of the consolidated income statement for the comparative periods. Instead, the after-tax profit or loss is presented separately in the line item "Earnings after tax from discontinued operations." The consolidated income statement has been restated to reflect this change.

(1) Revenue

The revenues shown in the income statement include both revenues from contracts with customers and other revenues that are not within the scope of IFRS 15. Revenues are analysed by product type, service type and geographic region and are presented in the tables below. For an analysis of revenues according to reportable segments, see Section (28) on segment reporting. Revenue from contracts with customers in accordance with IFRS 15 is divided between the two segments "Sale of new equipment" and "Spare parts sales and services". Other revenues mainly comprise revenues from rental and leasing transactions (IFRS 16).

As of 31 December 2025, it is expected that future revenues of EUR 26,950 thousand (previous year: EUR 31,503 thousand) from performance obligations not (or not fully) fulfilled at the end of the reporting period will be realised within the next three years.

Revenue is composed of the following items:

EUR thousand	2025	2024 restated
Sale of new equipment	43,879	43,540
Spare parts sales and services	58,988	49,001
Other revenue	67	127
Total	102,934	92,668

The following table shows the breakdown by time of realisation for 2025:

EUR thousand	2025		2024 restated	
	period-related	at point in time	period-related	at point in time
Sale of new equipment	9,050	34,828	9,614	33,926
Spare parts	0	45,276	0	37,880
Services	13,713	0	11,121	0
Other revenue	67	0	127	0
Total	22,830	80,104	20,862	71,806

In the reporting period, revenues in the amount of EUR 6,327 thousand (previous year: EUR 901 thousand) were recorded, which were included in the balance of contractual liabilities at the beginning of the period.

Revenue by region was as follows:

EUR thousand	2025	2024 restated
China	57,549	43,898
Russia and other CIS states	7,438	11,190
Poland	11,852	12,912
Germany	4,177	3,203
Africa	8,060	7,709
America	0	0
Other countries	13,858	13,756
Total	102,934	92,668

(2) Other operating income

Other operating income is composed of the following items:

EUR thousand	2025	2024 restated
Capitalisation of development costs	86	585
Reversal of individual valuation allowances	0	1,345
Exchange rate gains	2,573	3,639
Gains on disposals of non-current assets	6	63
Release of provisions	666	345
Miscellaneous other operating income	819	475
Total	4,150	6,452

(3) Cost of materials

The cost of materials is composed of the following items:

EUR thousand	2025	2024 re-stated
Raw materials, supplies and purchased merchandise	31,771	43,565
Purchased services	19,109	15,062
Total	50,880	58,627

The cost of materials ratio (as a percentage of total operating revenue) amounted to 52.0%, below the previous year's level (2024: 58.5%).

(4) Personnel expenses

Personnel expenses are composed of the following items:

EUR thousand	2025	2024 re-stated
Wages and salaries	18,978	17,882
Social security and pension contributions	3,648	3,206

Total	22,626	21,088
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Expenses for defined contribution pension plans, especially statutory pension insurance, of EUR 168 thousand (previous year: EUR 160 thousand) were recognised during the financial year under review.

The average number of employees in the SMT Scharf Group totalled:

	2025	2024
Employees	479	430
of which trainees	3	6
Total	479	430
of which from discontinued operations	10	10

(5) Depreciation, amortisation and impairment losses

EUR thousand	2025	2024
Amortisation and impairment losses applied to intangible assets	1,516	2,367
- of which unscheduled amortisation of development costs	798	1,537
Depreciation and impairment losses applied to property, plant and equipment	1,919	1,572
Total depreciation, amortisation and impairment losses	3,435	3,939

(6) Other operating expenses

Other operating expenses are composed of the following items:

EUR thousand	2025	2024
Valuation allowances applied to receivables	35	1,033
Exchange rate losses	3,300	3,142
Special direct cost of sales	3,447	1,152
Third-party services	5,495	5,314
Travel expenses	1,782	1,398
Rent and leases	489	349
Maintenance costs	1,992	686
Advertising	323	167
Contributions / fees	310	462
Energy costs	482	438
Insurance	324	509
Business taxes	346	305
Temporary staff	499	306
Miscellaneous other operating expenses	2,426	2,372
Total other operating expenses	21,250	17,632

The miscellaneous other operating expenses mostly include additions to provisions, expenses for cleaning and disposal, further training, and telecommunications. One-off costs for legal advice are included in third-party services.

This item also includes the fees calculated for the auditor; they break down as follows:

EUR thousand	2025	2024
Audit	119	145
Tax advice	0	15
Other audit services	136	108
Total	255	268

“Other audit services” refer to services that do not fall under Article 5(4) of the EU Auditor Regulation. Thus, the EU Auditor Regulation has been complied with.

(7) Result from equity accounted investments

As the Chinese company, Shandong Xinsha Monorail Co. Ltd., Xintai/China has been fully consolidated since November 2024, no further income from participating interests was recognised for this company in 2025 (previous year: EUR 3,042 thousand).

(8) Income taxes

Income taxes are composed of the following items:

EUR thousand	2025	2024
Current tax expense	1,906	1,357
of which relating to the financial year under review	1,906	1,524
Deferred taxes	1,031	-1,536
of which creation or reversal of temporary differences	-319	-129
of which decrease/increase in loss carryforwards	1,350	-1,407
Total	2,937	-179

Deferred taxes are measured based on the tax rates that apply, or are expected to apply, according to the current legal situation on the balance sheet date, or on the date when they are realised. The Group’s tax rate stood at 32.1 %, as in the previous year. If deferred tax assets or liabilities are carried for foreign companies, these are measured at the tax rates which apply in the corresponding countries.

Deferred taxes result from temporary differences in the following balance sheet items:

EUR thousand	2025	2024
Deferred tax assets		
Inventories	2,999	4,943
Trade receivables	736	902
Other provisions	718	1,089
Financial liabilities	700	548

Pension provisions	160	192
Miscellaneous liabilities	52	90
Miscellaneous assets	31	35
Property, plant and equipment	43	26
Loss carryforwards	70	1,407
Offsetting against deferred tax liabilities	-850	-2,569
Total	4,659	6,663
Deferred tax liabilities		
Property, plant and equipment	854	802
Intangible assets	0	384
Miscellaneous assets	173	2,344
Miscellaneous liabilities	112	191
Offsetting against deferred tax assets	-850	-2,569
Total	289	1,152

Deferred tax assets and liabilities totalling EUR 850 thousand were netted as they relate to future charges or reductions for the same taxpayer to the same tax authority (previous year: EUR 2569 thousand). Consolidation effects result in deferred tax assets of EUR 1,965 thousand (previous year: EUR 2,601 thousand) (as in the previous year, included in inventories and trade receivables), and in deferred tax liabilities of EUR 88 thousand (previous year: 158) (mainly included in intangible assets). The deferred tax position relating to actuarial gains and losses recognised in other comprehensive income amounts to EUR -111 thousand (previous year: EUR -121 thousand) and has consequently increased by EUR 10 thousand. As of the reporting date, the German subsidiaries had corporate income tax and trade tax loss carryforwards totaling EUR 12,168 thousand (previous year: EUR 3,315 thousand) and EUR 12,953 thousand (previous year: EUR 4,132 thousand), respectively, for which no deferred tax assets are capitalized (previous year: EUR 1,197 thousand). Deferred taxes of EUR 70 thousand (previous year: EUR 210 thousand) were capitalized against tax loss carryforwards in Africa of EUR 260 thousand. As in the prior year, no deferred taxes were capitalized on tax loss carryforwards in Canada of EUR 7,524 thousand (previous year: EUR 8,097 thousand) and in China of EUR 2,551 thousand (prior year: EUR 2,551 thousand). The tax loss carryforwards in Canada stem from the discontinued operations.

Due to the tax planning, excess deferred tax assets in Germany, Canada and at a Chinese company are not regarded as realisable. At present, capitalisation in Germany does not appear to be appropriate, as the companies are currently undergoing a reorganization phase and the related value is not recoverable until sustainable profits are generated. In China, offsetting against profits of the sister company is no longer applicable.

The Act on an Immediate Tax Investment Program to Strengthen Germany as a Business Location (the so-called "Growth Booster Act") established a gradual reduction in the corporate income tax rate in Germany. Starting with the 2028 tax assessment period, the currently applicable tax rate of 15% will be reduced by one percentage point annually until it reaches 10% in 2032 (Section 23(1) KStG, as amended). We have adjusted the calculation of deferred taxes as of 30 September 2025, for the German companies accordingly. In doing so,

we estimated how the existing temporary differences and loss carryforwards will be distributed over the next financial years. The change resulted in deferred tax income of EUR 3 thousand.

The difference between the expected income tax expense (calculated using the tax rate applicable to SMT Scharf AG of 32.1%) and the reported tax expense is attributable to the following factors:

EUR thousand	2025	2024
Profit before income taxes	3,164	7,692
Imputed tax expense	1,016	2,470
International tax rate differences	-1,714	-987
Impact of tax rate changes	0	-70
Non-tax-effective income from affiliated companies (consolidation)	213	-559
Other tax effects from differences in the tax base	32	-20
Tax expense / income relating to other periods	0	-325
Recognition of a valuation allowance for deferred tax assets	1,196	0
Non-capitalisation of deferred tax assets	1,539	140
Tax effects relating to non-deductible expenses	135	107
Other non-taxable income or tax deductions	-33	0
Other differences	553	-109
Reported income tax expense	2,937	-179

The other adjustments include a deconsolidation loss of EUR 157 thousand from ser elektronik GmbH.

(9) Profit after tax from discontinued operations

On 1 December 2025, SMT Scharf AG's Managing Board resolved to discontinue the Group's operations in Canada. The operations were entirely consolidated in subsidiary RDH, based in Canada. Employees were informed of the closure on 10 December 2025.

The closure is being carried out through a structured wind-down process. Individual assets are sold wherever possible, with any remaining assets scrapped. Receivables are collected or derecognized if deemed irrecoverable.

The Group's operations in Canada constitute a separate geographic business area. The discontinuation of these operations therefore meets the criteria of a discontinued operation under IFRS 5.

The result of the discontinued operation for the 2025 financial year is as follows:

EUR thousand	2025	2024
Revenue	965	2,360
Changes in inventories	0	-127
Other operating income	0	37

Cost of materials	604	2,016
Personnel expenses	950	442
Depreciation, amortization and impairment losses	2	3
Other operating expenses	648	331
Earnings from operating activities	-1,239	-522
Interest income	8	11
Interest expenses	0	0
Earnings before taxes	-1,231	-511
Income taxes	0	0
Earnings after tax	-1,231	-511

In the income statement, the result from this discontinued operation is presented as a separate line item, distinct from the revenues of continuing operations. The following tables provide a reconciliation of the income statement from continuing operations to an income statement that includes both continuing and discontinued operations.

EUR	Notes	01/011-31/12/2025		
		Total	Discontin- ued opera- tions	Continuing operations
Revenue	(1)	103,898,776.91	964,649.94	102,934,126.97
Changes in inventories		-5,093,462.59	-213.97	-5,093,248.62
Total operating revenue (100%)		98,805,314.32	964,435.97	97,840,878.35
Other operating income	(2)	4,149,609.40	0.00	4,149,609.40
Cost of materials	(3)	51,483,949.63	603,980.60	50,879,969.03
Personnel expenses	(4)	23,575,784.10	950,094.69	22,625,689.41
Depreciation, amortisation and impairment losses	(5)	3,436,669.75	2,042.82	3,434,626.93
Other operating expenses	(6)	21,897,378.28	647,642.55	21,249,735.73
Earnings from operating activities (EBIT)		2,561,141.96	-1,239,324.69	3,800,466.65
Result from equity accounted investments	(7)	0.00	0.00	0.01
Interest income	(26)	585,992.23	7,941.62	578,050.61
Interest expenses	(26)	1,232,754.30	0.00	1,232,754.31
Financial result		-646,762.07	7,941.62	-654,703.69
Profit / loss before tax		1,914,379.89	-1,231,383.07	3,145,762.96
Income taxes	(8)	2,937,385.31	0.00	2,937,385.31
Consolidated net profit / loss		-1,023,005.42	-1,231,383.07	208,377.65

01/01-31/12/2024

EUR	Notes	Total	Discontin- ued opera- tions	Continuing operations
Revenue	(1)	95,029,055.26	2,360,084.20	92,668,971.06
Changes in inventories		7,406,066.76	-126,891.62	7,532,958.38
Total operating revenue (100%)		102,435,122.02	2,233,192.58	100,201,929.44
Other operating income	(2)	6,488,839.92	37,227.95	6,451,611.97
Cost of materials	(3)	60,643,029.76	2,016,306.75	58,626,723.01
Personnel expenses	(4)	21,530,625.73	442,686.41	21,087,939.32
Depreciation, amortisation and impairment losses	(5)	3,942,360.29	2,948.68	3,939,411.61
Other operating expenses	(6)	17,962,503.42	330,538.65	17,631,964.77
Earnings from operating activities (EBIT)		4,845,442.74	-522,059.96	5,367,502.70
Result from equity ac- counted investments	(7)	3,041,915.08	0.00	3,041,915.08
Interest income	(26)	636,221.02	10,504.26	625,716.76
Interest expenses	(26)	1,510,057.55	0.00	1,510,057.55
Financial result		2,168,078.55	10,504.26	2,157,574.29
Profit / loss before tax		7,013,521.29	-511,555.70	7,525,076.99
Income taxes	(8)	-179,010.05	0.00	-179,010.05
Consolidated net profit / loss		7,192,531.34	-511,555.70	7,704,087.04

Intragroup eliminations arising from the consolidation of income and expenses between discontinued and continuing operations are presented within the discontinued operations line. This mainly concerns other operating income from costs recharged to the Group (EUR 85 thousand; previous year: EUR 0 thousand) and interest expenses on interest paid to the Group (EUR 157 thousand; previous year: EUR 145 thousand). As a result, internal transactions are no longer included in the SMT Scharf Group's consolidated financial statements, as no further earnings contributions are expected from these activities.

As part of the closure, the subsidiary's assets and liabilities were reviewed as of 31 December 2025. Impairment losses (EUR 367 thousand) were recognized as required under IAS 36. Assets held for sale were measured at the recoverable amount less costs to sell, in accordance with IFRS 5 or IAS 36 where applicable. In the 2025 financial year, the impact of impairments, disposals, and provisions amounted to EUR 916 thousand, which affects both personnel expenses and other operating expenses.

Key cash flows from the discontinued operation are presented as "of which" notes in the consolidated cash flow statement.

As of the reporting date, the carrying amounts of assets and liabilities attributable to the discontinued operation were as follows:

EUR thousand	2025	2024
Property, plant and equipment (rights of use)	123	205
Inventories	216	284
Trade receivables	41	78
Cash	420	858
Other assets	18	84
Total assets	818	1,509
Provisions	756	44
Trade payables	1,191	1,301
Other liabilities	3,964	4,326
Total liabilities	5,911	5,671

Included in liabilities are amounts owed to the parent company totaling EUR 3,845 thousand, which have been consolidated in the consolidated balance sheet.

Notes to the balance sheet

(10) Intangible assets, property, plant and equipment and leased items

The composition of and changes to intangible assets, property, plant and equipment, and leased assets are presented in the statement of changes in non-current assets:

Statement of changes in non-current assets from 1/1 to 31/12/2024

		Opening balance 1/1/2024	Exchange rate difference	Addition	Opening balance Xinsha	Disposal	Transfer	Write-up	Impairment	Closing balance 31/12/2024
Acquired intangible assets	Gross	7,261,115.98	18,843.65	483,974.79	2,236,920.53	38,277.82	0.00	0.00	0.00	9,962,577.12
	Adj.	2,781,205.00	-25,436.71	574,225.97	62,293.99	13,670.99	0.00	0.00	0.00	3,378,617.24
	Net	4,479,910.98	44,280.36	-90,251.18	2,174,626.54	24,606.83	0.00	0.00	0.00	6,583,959.88
Acquired intangible assets (IFRS 16)	Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Σ Acquired intangible assets	Gross	7,261,115.98	18,843.65	483,974.79	2,236,920.53	38,277.82	0.00	0.00	0.00	9,962,577.12
	Adj.	2,781,205.00	-25,436.71	574,225.97	62,293.99	13,670.99	0.00	0.00	0.00	3,378,617.24
	Net	4,479,910.98	44,280.36	-90,251.18	2,174,626.54	24,606.83	0.00	0.00	0.00	6,583,959.88
Own work capitalised	Gross	4,120,300.87	7,796.01	584,625.35	0.00	3,274,867.69	0.00	0.00	0.00	1,437,854.54
	Adj.	1,721,737.71	5,540.21	255,209.57	0.00	3,274,867.69	0.00	0.00	1,537,278.46	244,898.26
	Net	2,398,563.15	2,255.80	329,415.78	0.00	0.00	0.00	0.00	-1,537,278.46	1,192,956.29
Intangible assets	Gross	11,381,416.85	26,639.66	1,068,600.14	2,236,920.53	3,313,145.51	0.00	0.00	0.0	11,400,431.66
	Adj.	4,502,942.71	-19,896.51	829,435.53	62,293.99	3,288,538.68	0.00	0.00	1,537,278.46	3,623,515.50
	Net	6,878,474.14	46,536.16	239,164.60	2,174,626.54	24,606.83	0.00	0.00	-1,537,278.46	7,776,916.16
Land and buildings	Gross	7,865,588.52	-1,019.24	57,099.51	2,555,716.71	9,411.23	0.00	0.00	0.00	10,467,974.27
	Adj.	6,017,690.71	-3,240.90	143,286.25	108,255.25	9,411.02	0.00	0.00	0.00	6,256,580.29
	Net	1,847,897.81	2,221.66	-86,186.74	2,447,461.45	0.20	0.00	0.00	0.00	4,211,393.98
- of which leased	Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Land and buildings (IFRS16)	Gross	4,086,983.64	46,117.35	228,141.59	0.00	105,136.25	0.00	0.00	0.00	4,256,106.32
	Adj.	2,008,428.75	15,247.36	522,737.20	0.00	65,719.60	0.00	0.00	0.00	2,480,693.71
	Net	2,078,554.88	30,869.98	-294,595.61	0.00	39,416.64	0.00	0.00	0.00	1,775,412.61
Σ Land and buildings	Gross	11,952,572.16	45,098.10	285,241.10	2,555,716.71	114,547.48	0.00	0.00	0.00	14,724,080.59
	Adj.	8,026,119.46	12,006.46	666,023.45	108,255.25	75,130.63	0.00	0.00	0.00	8,737,274.00
	Net	3,926,452.70	33,091.64	-380,782.35	2,447,461.45	39,416.85	0.00	0.00	0.00	5,986,806.59
Technical equipment and ma- chinery	Gross	4,472,293.58	-230,349.57	103,830.50	636,414.92	932,786.88	-148,027.13	0.00	0.00	3,901,375.43
	Adj.	3,809,446.94	-200,754.52	252,576.11	274,059.31	921,318.72	-119,748.41	0.00	0.00	3,094,260.71
	Net	662,846.64	-29,595.05	-148,745.61	362,355.61	11,468.16	-28,278.72	0.00	0.00	807,114.72

- of which leased	Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Technical equipment and machinery (IFRS 16)	Gross	207,660.05	535.74	0.00	0.00	0.00	0.00	0.00	0.00	208,195.79
	Adj.	70,772.50	535.74	29,177.61	0.00	0.00	0.00	0.00	0.00	100,485.84
	Net	136,887.56	0.00	-29,177.61	0.00	0.00	0.00	0.00	0.00	107,709.95
Σ Technical equipment and machinery	Gross	4,679,953.64	-229,813.83	103,830.50	636,414.92	932,786.88	-148,027.13	0.00	0.00	4,109,571.22
	Adj.	3,880,219.44	-200,218.78	281,753.72	274,059.31	921,318.72	-119,748.41	0.00	0.00	3,194,746.56
	Net	799,734.19	-29,595.04	-177,923.22	362,355.61	11,468.16	-28,278.72	0.00	0.00	914,824.67
Office equipment, fixtures and fittings	Gross	7,288,801.47	-66,390.35	381,101.45	288,127.04	449,723.98	148,027.13	0.00	0.00	7,589,942.75
	Adj.	5,772,229.05	-24,874.48	412,762.20	242,983.38	345,313.74	119,748.41	0.00	0.00	6,177,534.83
	Net	1,516,572.42	-41,515.88	-31,660.75	45,143.65	104,410.24	28,278.72	0.00	0.00	1,412,407.92
- of which leased	Gross	55,345.52	1,010.08	303,527.44	0.00	303,527.44	0.00	0.00	0.00	56,355.60
	Adj.	31,711.89	427.49	21,095.68	0.00	0.00	0.00	0.00	0.00	53,235.05
	Net	23,633.63	582.60	282,431.76	0.00	303,527.44	0.00	0.00	0.00	3,120.55
Office equipment, fixtures and fittings (IFRS 16)	Gross	1,338,917.45	8,114.99	266,219.14	0.00	311,638.96	0.00	0.00	0.00	1,301,612.62
	Adj.	831,810.00	5,814.62	215,106.93	0.00	309,532.96	0.00	0.00	0.00	743,198.59
	Net	507,107.45	2,300.37	51,112.21	0.00	2,106.00	0.00	0.00	0.00	558,414.03
Σ Office equipment, fixtures and fittings	Gross	8,627,718.92	-58,275.36	647,320.58	288,127.04	761,362.94	148,027.13	0.00	0.00	8,891,555.37
	Adj.	6,604,039.05	-19,059.85	627,869.13	242,983.38	654,846.70	119,748.41	0.00	0.00	6,920,733.42
	Net	2,023,679.87	-39,215.51	19,451.46	45,143.65	106,516.24	28,278.72	0.00	0.00	1,970,821.95
Prepayments rendered	Gross	20,954.70	-2,342.24	13,239.06	0.00	31,851.52	0.00	0.00	0.00	-0.00
	Adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	20,954.70	-2,342.24	13,239.06	0.00	31,851.52	0.00	0.00	0.00	-0.00
Property, plant and equipment	Gross	25,281,199.42	-245,333.32	1,049,631.25	3,480,258.66	1,840,548.82	0.00	0.00	0.00	27,725,207.18
	Adj.	18,510,377.95	-207,272.17	1,575,646.30	625,297.95	1,651,296.05	0.00	0.00	0.00	18,852,753.98
	Net	6,770,821.46	-38,061.15	-526,015.05	2,854,960.72	189,252.77	0.00	0.00	0.00	8,872,453.21

Statement of changes in non-current assets from 1/1 to 31/12/2025

		Opening balance 1/1/2025	Exchange rate differences	Addition	Disposal	Transfer	Change in the scope of con- solidation	Unscheduled depreciation	Closing balance 31/12/2025
Acquired intangible assets	Gross	9,962,577.12	-271,297.64	219,003.41	23,850.70	0.00	460,469.35	0.00	9,425,962.85
	Adj.	3,378,617.24	-102,535.58	674,925.31	66.88	0.00	388,266.35	0.00	3,562,673.74
	Net	6,583,959.88	-168,762.06	-455,921.90	23,783.82	0.00	72,203.00	0.00	5,863,289.11
Acquired intangible assets (IFRS16)	Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Σ Acquired intangible assets	Gross	9,962,577.12	-271,297.64	219,003.41	23,850.70	0.00	460,469.35	0.00	9,425,962.85
	Adj.	3,378,617.24	-102,535.58	674,925.31	66.88	0.00	388,266.35	0.00	3,562,673.74
	Net	6,583,959.88	-168,762.06	-455,921.90	23,783.82	0.00	72,203.00	0.00	5,863,289.10
Own work capitalised	Gross	1,437,854.54	-8,989.33	85,985.36	803,062.30	-352,698.69	0.00	0.00	359,089.58
	Adj.	244,898.26	-10,432.18	42,900.71	803,062.30	0.00	0.00	798,603.50	272,907.99
	Net	1,192,956.29	1,442.85	43,084.65	0.00	-352,698.69	0.00	-798,603.50	86,181.60
Intangible assets	Gross	11,400,431.66	-280,286.97	304,988.77	826,913.01	-352,698.69	460,469.35	0.00	9,785,052.43
	Adj.	3,623,515.50	-112,967.76	717,826.02	803,129.19	0.00	388,266.35	798,603.50	3,835,581.73
	Net	7,776,916.16	-167,319.20	-412,837.25	23,783.82	-352,698.69	72,203.00	-798,603.50	5,949,470.70
Land and buildings	Gross	10,467,974.27	-99,444.81	23,423.20	0.00	0.00	180,429.29	0.00	10,211,523.37
	Adj.	6,256,580.29	11,614.77	257,394.09	0.00	0.00	142,835.80	0.00	6,382,753.35
	Net	4,211,393.98	-111,059.58	-233,970.89	0.00	0.00	37,593.49	0.00	3,828,770.02
- thereof rented	Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Land and buildings (IFRS16)	Gross	4,256,106.32	55,660.84	537,836.78	75,828.37	17,672.05	542,675.51	0.00	4,248,772.12
	Adj.	2,480,693.71	47,551.01	534,816.53	0.00	0.00	363,659.61	0.00	2,699,401.63
	Net	1,775,412.61	8,109.84	3,020.25	75,828.37	17,672.05	179,015.90	0.00	1,549,370.48
Σ Land and buildings	Gross	14,724,080.59	-43,783.96	561,259.98	75,828.37	17,672.05	723,104.80	0.00	14,460,295.49
	Adj.	8,737,274.00	59,165.78	792,210.61	0.00	0.00	506,495.41	0.00	9,082,154.98
	Net	5,986,806.59	-102,949.75	-230,950.63	75,828.37	17,672.05	216,609.39	0.00	5,378,140.50
Technical equipment and ma- chinery	Gross	3,901,375.43	102,035.59	736,774.97	220,617.03	-119,633.94	236,529.74	0.00	4,163,405.29
	Adj.	3,094,260.71	68,287.11	392,077.24	220,611.80	-90,185.36	236,528.74	0.00	3,007,299.17
	Net	807,114.72	33,748.48	344,697.73	5.23	-29,448.58	1.00	0.00	1,156,106.12
- thereof rented	Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Technical equipment and machinery (IFRS16)	Gross	208,195.79	314.05	0.00	0.00	0.00	54,582.10	0.00	153,927.74
	Adj.	100,485.84	314.05	29,177.61	0.00	0.00	50,336.82	0.00	79,640.68
	Net	107,709.95	0.00	-29,177.61	0.00	0.00	4,245.28	0.00	74,287.06
Σ Technical equipment and machinery	Gross	4,109,571.22	102,349.64	736,774.97	220,617.03	-119,633.94	291,111.84	0.00	4,317,333.03
	Adj.	3,194,746.56	68,601.16	421,254.85	220,611.80	-90,185.36	286,865.56	0.00	3,086,939.85
	Net	914,824.67	33,748.48	315,520.12	5.23	-29,448.58	4,246.28	0.00	1,230,393.18
Office equipment, fixtures and fittings	Gross	7,589,942.75	81,372.79	367,664.21	451,422.98	472,332.63	518,915.27	0.00	7,540,974.13
	Adj.	6,177,534.83	-5,887.59	468,634.18	376,799.05	90,185.36	470,714.30	0.00	5,882,953.43
	Net	1,412,407.92	87,260.38	-100,969.97	74,623.93	382,147.27	48,200.97	0.00	1,658,020.70
- of which leased	Gross	56,355.60	859.19	0.00	0.00	0.00	0.00	0.00	57,214.79
	Adj.	53,235.05	635.45	5,153.09	0.00	0.00	0.00	0.00	59,023.59
	Net	3,120.55	223.74	-5,153.09	0.00	0.00	0.00	0.00	-1,808.80
Office equipment, fixtures and fittings (IFRS16)	Gross	1,301,612.62	5,883.93	87,187.12	58,847.25	0.00	80,536.18	0.00	1,255,300.23
	Adj.	743,198.59	3,717.30	238,140.58	58,847.25	0.00	64,712.70	0.00	861,496.52
	Net	558,414.03	2,166.63	-150,953.46	0.00	0.00	15,823.48	0.00	393,803.72
Σ Office equipment, fixtures and fittings	Gross	8,891,555.37	87,256.72	454,851.33	510,270.23	472,332.63	599,451.45	0.00	8,796,274.36
	Adj.	6,920,733.42	-2,170.29	706,774.76	435,646.30	90,185.36	535,427.00	0.00	6,744,449.95
	Net	1,970,821.95	89,427.01	-251,923.43	74,623.93	382,147.27	64,024.45	0.00	2,051,824.41
Prepayments rendered	Gross	-0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.00
	Adj.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	-0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.00
Property, plant and equipment	Gross	27,725,207.18	145,822.40	1,752,886.28	806,715.63	370,370.74	1,613,668.09	0.00	27,573,902.87
	Adj.	18,852,753.98	125,596.65	1,920,240.23	656,258.10	0.00	1,328,787.97	0.00	18,913,544.78
	Net	8,872,453.21	20,225.75	-167,353.94	150,457.53	370,370.74	284,880.12	0.00	8,660,358.09

Production costs of intangible assets that are to be capitalised pursuant to IAS 38 are initially expensed (especially personnel expenses) according to the nature of expense format, and then eliminated through other income in the relevant period. The amortisation of internally generated intangible assets is carried as amortisation expense. The sum total of research and development expenses stood at EUR 2,745 thousand in the reporting year (previous year: EUR 2,552 thousand). This includes capitalised costs of EUR 86 thousand (previous year: EUR 585 thousand).

The property, plant and equipment reported on the balance sheet with a carrying amount of EUR 8,660 thousand (previous year: EUR 8,872 thousand) also includes rights of use under leases. In 2025, new rights of use amounting to EUR 625 thousand were acquired (previous year: EUR 494 thousand).

The following table shows the composition of the rights of use:

		Opening balance 1/1.2025	Exchange rate difference	Addition	Disposal	Transfer	Disposal due to deconsoli- dation	Closing balance 31/12/2025
Land and buildings	Gross	4,256,106.32	55,660.84	537,836.78	75,828.37	17,672.05	542,675.51	4,248,772.12
	Adj.	2,480,693.71	47,551.01	534,816.53	0.00	0.00	363,659.61	2,699,401.63
	Net	1,775,412.61	8,109.84	3,020,25	75,828.37	17,672.05	179,015.90	1,549,370.48
Technical equipment and machinery	Gross	208,195.79	314.05	0.00	0.00	0.00	54,582.10	153,927.74
	Adj.	100,485.84	314.05	29,177.61	0.00	0.00	50,336.82	79,640.68
	Net	107,709.95	0.00	-29,177.61	0.00	0.00	4,245.28	74,287.06
Office equip- ment, fixtures and fittings	Gross	1,301,612.62	5,883.93	87,187.12	58,847.25	0.00	80,536.18	1,255,300.23
	Adj.	743,198.59	3,717.30	238,140.58	58,847.25	0.00	64,712.70	861,496.52
	Net	558,414.03	2,166.63	-150,953.46	0.00	0.00	15,823.48	393,803.72
Total	Gross	5,765,914.73	61,858.82	625,023.90	134,675.62	17,672.05	677,793.79	5,658,000.09
	Adj.	3,324,378.14	51,582.36	802,134.72	58,847.25	0.00	478,709.13	3,640,538.83
	Net	2,441,536.59	10,276.46	-177,110.82	75,828.37	17,672.05	199,084.66	2,017,461.26

		Opening balance 1/1/2024	Exchange rate difference	Addition	Disposal	Write- up	Closing balance 31/12/2024
Land and build- ings	Gross	4,086,983.64	46,117.35	228,141.59	105,136.25	0.00	4,256,106.32
	Adj.	2,008,428.75	15,247.36	522,737.20	65,719.60	0.00	2,480,693.71
	Net	2,078,554.88	30,869.98	-294,595.61	39,416.64	0.00	1,775,412.61
Tech- nical equip- ment and ma- chin- ery	Gross	207,660.05	535.74	0.00	0.00	0.00	208,195.79
	Adj.	70,772.50	535.74	29,177.61	0.00	0.00	100,485.84
	Net	136,887.56	0.00	-29,177.61	0.00	0.00	107,709.95
Office equip- ment, fix- tures and fittings	Gross	1,338,917.45	8,114.99	266,219.14	311,638.96	0.00	1,301,612.62
	Adj.	831,810.00	5,814.62	215,106.93	309,532.96	0.00	743,198.59
	Net	507,107.45	2,300.37	51,112.21	2,106.00	0.00	558,414.03
Total	Gross	5,633,561.14	54,768.08	494,360.72	416,775.21	0.00	5,765,914.73
	Adj.	2,911,011.25	21,597.72	767,021.73	375,252.56	0.00	3,324,378.14

	Net	2,722,549.89	33,170.35	-272,661.01	41,522.64	0.00	2,441,536.59
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The SMT Scharf Group leases internally developed machines and heavy-load lifting beams as a lessor in the context of finance leases. The carrying amount of lease receivables stands at EUR 148 thousand (previous year: EUR 318 thousand). The year-on-year decline results from the expiry of contracts as well as from the deconsolidation of ser elektronik GmbH.

Property, plant, and equipment include long-term rights of use from the discontinued operation amounting to EUR 118 thousand.

(11) Loans

Loans include an amount from the sale of a minority interest in SMT Scharf Africa (Pty.) Ltd. as a consequence of the requirements of Broad-Based Black Economic Empowerment (B-BBEE). A loan was issued in the amount of the difference between the sales price achieved and the cash component received (see also Note 25).

(12) Equity accounted investments

For equity accounted investments, the company makes reference to the information on joint ventures in the first part of the Notes to the consolidated financial statements.

(13) Inventories

Inventories are comprised as follows:

EUR thousand	2025	2024
Raw materials, consumables and supplies	9,494	12,552
Work in progress	19,572	20,537
Finished goods and merchandise	13,454	17,582
Carrying amount	42,520	50,671

As of 31 December 2025, write-downs of inventories to their lower net realisable value totalled EUR 8,390 thousand (previous year: EUR 7,267 thousand).

EUR thousand	2025	2024
Inventories without impairment	35,518	41,382
Inventories with impairment	7,002	9,288
Carrying amount	42,520	50,670

(14) Contract assets and contract liabilities

If one of the parties to the contract with the customer has fulfilled its contractual obligations, depending on the relationship between performance and payment by the customer, a contract asset or a contract liability is reported. Contract assets and contract liabilities are shown as current as they are incurred within the normal business cycle. As of the reporting date, contract assets amount to EUR 116 thousand (previous year: EUR 7,504 thousand). Contract liabilities amount to EUR 27 thousand (previous year: EUR 6,354 thousand). The

higher prior year figures related in both cases to the tunnel project realised in the Middle East.

(15) Trade receivables

Trade receivables include security deposits in standard industry amounts that have been contractually agreed with customers. These deposits cover the incidental services of SMT Scharf that are to be rendered once the risk has been transferred.

EUR thousand	2025	2024
Carrying amount of trade receivables	68,620	75,889
– of which individual valuation allowances	1,906	1,871

Trade receivables also include bills of exchange received.

Reconciliation of individual valuation allowances:

EUR thousand	2025	2024
Balance 1/1	1,871	2,618
Reversals	0	1,345
Additions	35	598
Balance 31/12	1,906	1,871

All individual valuation allowances presented here relate to impairment losses on receivables from contracts with customers.

The trade receivables listed in the table are allocated to the amortised cost (AC) category.

As required by IFRS 9, the SMT Scharf Group has adopted the simplified model of expected credit losses for its trade receivables. For further information on impairment in accordance with IFRS 9, see Section 27.

The due dates of trade receivables are as follows:

EUR thousand	2025	2024
Receivables not overdue	55,550	57,793
Value-adjusted overdue receivables	6,550	11,743
– of which due from 90 days	6,550	11,743
Overdue receivables not value-adjusted	6,520	6,353
– of which due between 1 and 30 days	3,249	1,507
– of which due from 31 days	3,271	4,846
Trade receivables, total	68,620	75,889

(16) Other non-financial assets

Other non-financial assets comprise receivables and assets that do not fall within the scope of IFRS 9 and largely include tax receivables and advance payments rendered.

(17) Other current non-financial assets

EUR thousand	2025	2024
Securities	1,074	715

(18) Cash and cash equivalents

Cash and cash equivalents comprise cash positions and bank deposits available short term. The Russian portion of cash and cash equivalents is subject to restrictions on its use (EUR 2,816 thousand).

(19) Equity

The changes in the SMT Scharf Group's equity are shown in the statement of changes in equity. Accumulated comprehensive income in the statement of changes in equity amounts to EUR 9,423 thousand (previous year: EUR -9,058 thousand). It comprises actuarial gains and losses of EUR -13 thousand (previous year: EUR -35 thousand) and differences in currency translation of EUR -9,410 thousand (previous year: EUR -9,023 thousand). The changes in the individual components are shown in the statement of changes in equity.

In the 2025 reporting year, the average number of shares amounted to 5,471,979 (previous year: 5,471,979).

The share premium account includes the premium from the capital increases in 2007, 2017 and 2021 less transaction costs, taking tax effects into account. The reserve depleted in the previous year as claims were settled in capital shares instead of in shares to be issued.

On 31 December 2025, 5,471,979 ordinary bearer shares of SMT Scharf AG were issued in the form of no-par-value shares with a notional value of EUR 1 per share (previous year: 5,471,979). All shares have been fully paid in and grant the holders the same rights. The changes in the fiscal year under review can be viewed in the statement of changes in equity.

The company held 49,477 treasury shares on 31 December 2025, equivalent to 0.90% of the share capital. The treasury shares can be utilised for all of the purposes stated in the authorisation resolution.

Revenue reserves include actuarial gains and losses including their tax effects and other revenue reserves from the cumulative consolidated net income for the year. Details about the changes in revenue reserves are presented in the statement of changes in equity.

The annual financial statements of SMT Scharf AG, which are prepared in accordance with the principles of the German Commercial Code (HGB), disclose a net loss of EUR -5,534 thousand. The Managing and Supervisory boards will propose to the Annual General Meeting of Shareholders to be held on 19 May 2026 that this net loss be carried forward to a new account.

(20) Provisions for pensions

The SMT Scharf Group's German companies have defined benefit commitments for post-retirement, invalidity and surviving dependant benefits in its employee pension scheme. The pension commitments derive from various employer-financed direct commitments and from salary conversions based on a company agreement. In addition, indirect pension obligations

exist in accordance with the articles of association of Unterstützungskasse der DBT e.V. All pension commitments are funded by provisions. No plan assets exist.

The amount of the pension commitment (defined benefit obligation) was calculated applying actuarial methods. In addition to the assumptions on life expectancies according to the Heubeck Richttafeln 2018 G mortality tables, the following assumptions were applied:

in % p. a.	31/12/2025	31/12/2024
Qualifying trend	2.0	2.0
Future pension increases	1.0	1.0
Discount rate (DBO)	3.85	3.55

The current service cost and interest expense are reported under personnel expenses. The defined benefit obligation reports the following changes:

EUR thousand	2025	2024
Defined Benefit Obligation on 1/1	2,521	2,520
Current service cost	0	0
Interest cost	86	83
Pension payments and transfers	-168	-160
Actuarial gains / losses	-31	78
of which financial assumptions	-71	-39
of which experience adjustments	40	117
Defined benefit obligation on 31 December	2,408	2,521

A -0.5 % change in the interest rate would result in an increase in the pension obligation of EUR 121 thousand. A 0.5 % increase in the interest rate would lead to a EUR -111 thousand reduction in the pension obligation. Both sensitivity calculations were performed while keeping all other assumptions unchanged.

Sensitivities (IAS 19.145)	DBO 2025	Change 2025	DBO 2024	Change 2024
Interest rate + 0.5%	2,297	-111	2,399	-122
Interest rate - 0.5%	2,529	121	2,655	134
Future pension trend + 0.5%	2,524	116	2,648	127
Future pension trend - 0.5%	2,300	-108	2,403	-118
Life expectancy +1 year	2,533	125	2,650	129

The weighted average term of the defined benefit obligation as of 31 December 2025 is 9.73 years (previous year: 10.24 years).

The following payments are due in the current fiscal year and in the next three years:

EUR thousand	
Pension payments 2025	168
Expected pension payments 2026	175
Expected pension payments 2027	184
Expected pension payments 2028	180

(21) Other provisions

The other current provisions are all due within one year. They are attributable to personnel, sales and other areas. Provisions for personnel relate, in particular, to performance-related

remuneration for employees and overtime pay. Provisions in the sales and marketing area relate, in particular, to warranty and follow-up costs. The costs in this regard were estimated on a project-by-project basis, applying prudent commercial judgement. Miscellaneous other provisions relate, in particular, to uncertain liabilities to suppliers. In addition, they also include provisions for litigation, including the associated costs of proceedings. The results of current and future litigation cannot be predicted reliably, with the consequence that expenses may be incurred in this regard that are not covered by insurance, rights of recourse or other existing provisions, and which could have a material impact on the business and its results. The Managing Board believes that no decisions are to be expected in the currently pending or threatened litigation that could have a material negative impact on SMT Scharf Group's financial position or results of operations.

Other non-current provisions mainly relate to personnel-related obligations.

Provisions of EUR 1,100,000 have been set aside in connection with the special investigation.

As in the previous year, the interest effect from the discounting of other non-current provisions amounted to EUR 0 thousand.

As at the balance sheet date, there are contingent liabilities arising from potential cases of suspected misconduct in connection with the special investigation. Based on the information currently available, we do not anticipate any significant cash outflow; however, we will continue to investigate the potential suspicious cases. Any new findings arising from further investigations may lead to a different assessment than previously held.

The changes to other provisions in 2025 can be seen in the following table:

Consolidated statement of changes in other provisions from 1 January to 31 December 2025

EUR thousand	Opening balance 1/1/2025	Currency translation	Consump- tion	Additions	Reversals	Disposal of ser	Closing bal- ance 31/12/2025
Personnel area	3,312	-42	2,795	3,910	240	129	4,016
Sales area	870	-23	222	276	235	1	665
Other areas	2,000	-63	1,236	2,244	176	19	2,750
Other current provisions	6,182	-128	4,253	6,430	651	149	7,431
Other non-current provisions	232	1	14	1,841	6	-22	2,076

Consolidated statement of changes in other provisions from 1 January to 31 December 2024

EUR thousand	Opening balance 1/1/2024	Currency translation	Subtotal	Consump- tion	Additions	Reversals	Closing balance 31/12/2024
Personnel area	2,409	-22	723	2,099	2,411	98	3,312
Sales area	1,073	15	0	394	308	132	870
Other areas	2,288	43	0	1,941	1,725	115	2,000
Other current provisions	5,770	36	723	4,434	4,432	345	6,182
Other non-current provisions	200	1	0	6	37	0	232

(22) Liabilities

As in the previous year, none of the trade payables, advance payments received and other current liabilities have a term of more than one year. Advance payments are unusual in the mining industry and can only be realised in the Mineral mining segment.

There are no liabilities secured through liens.

(23) Notes to the 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 made 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 cash flow from operating activities includes the following receipts and payments:

EUR thousand	2025	2024
Interest received	532	558
Interest paid	628	2,025
Interest paid on capitalised assets (IFRS 16)	124	150
Income taxes paid	1,973	4,745

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, as well as marketable securities less current financial liabilities from overdrafts, to the extent that they form an integral element of Group cash management.

EUR thousand	2025	2024
Cash and cash equivalents	18,709	15,100
./. Current financial liabilities (overdrafts)	-11,204	-18,526
Net financial position	7,505	-3,426

The table below shows a reconciliation of the financial liabilities underlying the non-cash changes:

	1/1/2025	Additions from new agreements	Cash flows	Reversals	Disposals due to deconsolidation	Reclassifi- cation	Exchange rate differences	Modifica- tions	31/12/2025
Non-current leasing liabilities	1,836	625			-136	-931	18	46	1,458
Non-current financial liabilities	435	1,244	-25		-2	-402	1		1,251
Other non-current financial liabilities	2,016	23	0			-1,181	2		860
Total non-current financial liabilities	4,287	1,892	-25	0		-2,514	21	46	3,707
Short-term lease liabilities	925	0	-912		-85	931	13	0	872
Current financial liabilities (cash and cash equivalents)	3,433	11,850	-6,611			0	1		8,673
Current financial liabilities (not cash and cash equivalents)	15,093	0	-13,160		-26	1,583	-979	20	2,531
Short-term financial liabilities (deferred purchase price payable to former shareholders)	0								0
Total current financial liabilities	19,451	11,850	-20,683	0		2,514	-965	20	12,076
Total financial liabilities	23,738	13,742	-20,708	0		0	-944	66	15,783

	1/1/2024	Additions from new agree- ments	Cash flows	Rever- sals	Addition from firsttime consolidation	Reclassifi- cation	Exchange rate differences	Modifica- tions	31/12/2024
Non-current leasing liabilities	2,234	494	0	0	0	-907	13	2	1,836
Non-current financial liabilities	256	403	-19	0	0	-209	4	0	435
Other non-current financial liabilities	2,464	585	0	0	0	-1,034	1	0	2,016
Total non-current financial liabilities	4,954	1,482	-19	0	0	-2,150	18	2	4,287
Short-term lease liabilities	768	0	-744	0	0	907	-6	0	925
Current financial liabilities (cash and cash equivalents)	10,847	9,449	-16,864	0	0	0	1	0	3,433
Current financial liabilities (not cash and cash equivalents)	4,842	16,842	-11,145	0	3.228	1,243	83	0	15,093
Total current financial liabilities	16,457	26,291	-28,753	0	3.228	-2,150	78	0	19,451
Total financial liabilities	21,411	27,773	-28,772	0	3.228	0	96	2	23,738

The reclassifications derive from a reclassification from trade payables.

Other disclosures

(24) Other financial liabilities and contingent liabilities

At the end of the fiscal year under review, contingent liabilities existed from advance payment and warranty guarantees with a total value of EUR 4,914 thousand (previous year: EUR 7,612 thousand).

Furthermore, the company has assumed secondary liability to banks for EUR 24.0 million of its subsidiaries' credit lines. We see any resulting claims as very low.

(25) Leases

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

The leases have terms of up to 23 years and in some cases include extension options and price adjustment clauses (e.g. to adjust to current interest rates). When determining the lease term, the term that appears sufficiently certain under the circumstances of the individual case was selected. Extension conditions as well as any existing tenant fixtures played a role in this context. Measured by the rights of use deriving from the lease agreements, real estate represents the main group of contracts. Their share in the rights of use as of 31 December 2025 amounts to 76.8 % (previous year: 72.7%). The real estate contracts have the longest terms (up to 23 years) and in some cases contain extension options and price adjustment clauses. The general remarks apply to the determination of the leasing period. No leases for intangible assets existed on the balance sheet date.

Liabilities of EUR 2,340 thousand deriving from the leases existed as of the reporting date (previous year: EUR 2,761 thousand). They are disclosed separately under leasing liabilities and measured at amortised cost. The carrying amount of the rights of use on the balance sheet date was EUR 2,017 thousand (previous year: EUR 2,442 thousand). For more information on rights of use, see Section 9.

As of 31 December 2025, the liabilities from leases are composed as follows:

EUR thousand	Future lease payments	Interest portion	Present value of future lease payments
Due within one year	982	31	951
Due in one to five years	1,864	357	1,507
Due after more than five years	0	0	0
Total	2,846	388	2,458

The present value of the future lease payments is calculated by discounting the future lease payments by applying the interest rate on the balance sheet date that is equivalent to the term and risk. It differs from the lease liabilities recognised on the balance sheet, which were discounted at the interest rate applicable at the time of initial recognition of the lease.

As of the comparative date of 31 December 2024, the liabilities from leases are composed as follows:

EUR thousand	Future lease pay- ments	Interest portion	Present value of fu- ture lease payments
Due within one year	950	31	919
Due in one to five years	1,953	375	1,578
Due after more than five years	261	113	148
Total	3,164	519	2,645

In 2025, the rental and lease agreements resulted in payments totalling EUR 1,190 thousand (previous year: EUR 1,098 thousand), of which EUR 82 thousand relates to the discontinued operation (prior year: EUR 47 thousand). Some of these payments do not represent interest or principal payments, but were expensed instead. The following table shows the expenses for leases that were not included in the measurement of lease liabilities:

EUR thousand	2025	2024
Expenses for current leases	136	147
Expenses for leases for low-value assets	0	0
Variable lease payments recognised as expenses	0	0
Total	136	147

Of which, for the discontinued operation: EUR 0 thousand (previous year: EUR 8 thousand).

In connection with the lease liabilities, interest expenses of EUR 157 thousand were recognised in the income statement in 2025 (previous year: EUR 179 thousand) of which EUR 9 thousand relate to the discontinued operation (previous year: EUR 7 thousand).

As of 31 December 2025, the Group was committed to current leases for which the corresponding relief option is exercised. The total commitment at this point in time amounts to EUR 6 thousand (previous year: EUR 7 thousand).

The Group is also a lessor as part of finance leases. The assets concerned are drive units. In the case of finance leases, classification is essentially based on the transfer of ownership criterion and the lease term criterion. In the case of operating leases (drive units), the leased property can be acquired by the lessee by way of purchase after a leasing period.

Receivables from finance leases of EUR 148 thousand existed as of the reporting date (previous year: EUR 275 thousand). They are disclosed under lease receivables and measured at amortised cost. These generated interest income of EUR 22 thousand in the reporting year (previous year: EUR 31 thousand). The decline in lease receivables results from the expiry of contracts in 2025.

Their fair value on the balance sheet date amounted to EUR 162 thousand (previous year: EUR 275 thousand). The following information is provided on receivables from finance leases:

Sum total of future minimum lease payments (gross investment) in EUR thousand	31/12/2025	31/12/2024
Due within one year	166	184
Due in one to two years	0	118
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	166	302
Present value of outstanding minimum lease payments in EUR thousand		
Due within one year	162	175
Due in one to two years	0	100
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	162	275
Unrealised financial income included in the outstanding minimum lease payments	4	27

As of the reporting date, there were no operating leases in which the Group was the lessor.

(26) Other disclosures about financial instruments

The measurement of financial assets and liabilities is explained in the section on accounting policies and measurement methods. No reclassifications were made.

The fair values of the financial assets and liabilities were determined by means of the following hierarchy: If available, the fair value was determined with reference to quoted market prices (Level 1). If no such market price was available, the fair value was determined in accordance with generally recognised measurement models based on DCF analyses and observable, current market transactions and dealer quotations for similar instruments. The securities measured at fair value were determined in accordance with Level 1. With respect to the further financial instruments, the carrying amount corresponds to a suitable approximation of the fair value.

The fair values are presented in the following table:

31/12/2025

Balance sheet items in EUR thousand	Category under IFRS 9	Carrying amount	Fair value
Loans	AC	628	628
Securities	FVTPL	1,074	1,074
Cash and cash equivalents	AC	18,709	18,709
Trade receivables	AC	68,620	68,620
Lease receivables	n.a.	148	148
Non-current financial liabilities	FLAC	1,251	1,251
Trade payables	FLAC	11,047	11,047
Current financial liabilities	FLAC	11,204	11,204
Lease liabilities	n.a.	2,330	2,330

31/12/2024

Balance sheet items in EUR thousand	Category under IFRS 9	Carrying amount	Fair value
Loans	AC	628	628
Securities	FVTPL	715	715
Cash and cash equivalents	AC	15,100	15,100
Trade receivables	AC	75,889	75,343
Lease receivables	n.a.	318	318
Non-current financial liabilities	FLAC	435	435
Trade payables	FLAC	15,063	15,063
Current financial liabilities	FLAC	18,526	18,526
Lease liabilities	n.a.	2,761	2,761

**Note: FVTPL = Fair Value through Profit/Loss,
AC = Financial Assets at Amortised Cost,
FLAC = Financial Liabilities at Amortised Cost**

The securities are securities that must be carried forward in the FVTPL category as they are held in a near-money market fund that neither pays fixed interest nor makes scheduled repayments. Income derives purely from the sale of fund units.

As in the previous year, no reclassifications were implemented during the period under review.

Net gains or losses by individual IFRS 9 category were as follows:

EUR thousand	2025	2024
Financial assets measured at amortised cost (AC)	-1,249	-1,526
Total	-1,249	-1,526

Net gains comprise value allowances and currency translation.

Interest expenses of EUR 1,233 thousand (previous year: EUR 1,510 thousand) in the year under review mainly reflect the overall interest expense calculated in application of the effective interest method for financial instruments measured at amortised cost, lease liabilities measured at amortised cost, and only to a minor extent accrued interest on provisions. In the previous year, only a small portion was attributable to the compounding of lease liabilities.

Interest income of EUR 586 thousand in the financial year under review (previous year: EUR 636 thousand) is mainly attributable to total interest income calculated by applying the effective interest method for financial instruments measured at amortised cost.

The contractual cash flows for financial liabilities are as follows:

Balance sheet item 31/12/2025	Carrying amount	Contractually agreed	Up to	1-5 years	More than 5 years
	EUR thousand	cash flows	1 year		
Loan	16	monthly	4	12	0
Loan	70	monthly	36	34	0
Loan	14	monthly	6	8	0
Total	100		46	54	0

Balance sheet item 31/12/2024	Carrying amount	Contractually agreed cash flows	Up to	1-5 years	More than 5 years
	EUR thousand		1 year		
Loan	94	quarterly	94	0	0
Loan	48	quarterly	48	0	0
Loan	61	quarterly	61	0	0
Loan	59	quarterly	25	34	0
Loan	23	monthly	4	19	0
Loan	85	monthly	36	49	0
Loan	22	monthly	6	16	0
Total	392		274	118	0

Financial liabilities allocated to cash and cash equivalents are repayable at any time.

As in the previous year, value allowances applied to financial instruments did not exist, with the exception of valuation allowances applied to trade receivables.

(27) Capital management

The company's management manages SMT Scharf Group's capital (equity and liabilities) with the aim of maintaining financial flexibility so as to achieve the Group's growth targets while at the same time optimising financing costs. The overall strategy in this regard is unchanged year on year.

Management reviews the company's capital structure regularly on the reporting dates. In doing so, it reviews the capital costs, the collateral provided and the open lines of credit and opportunities for borrowing. The Group has a target equity ratio of above 30% over the longer term. It is anticipated that this will be maintained during the Group's further expansion. The Group's capital structure changed as follows during the financial year under review:

	31/12/2025		31/12/2024	
	EUR thousand	in %	EUR thousand	in %
Equity	110,505	71.2	118,179	65.7
Total non-current liabilities	8,299	5.3	8,192	4.6
Total current liabilities	36,535	23.5	53,369	29.7
Total equity and liabilities	155,339	100	179,740	100

(28) Financial risk management

The Managing Board of SMT Scharf AG manages the purchase and sale of financial assets and liabilities, and monitors associated financial risks. The details of implementing financial risk management are as follows:

Liquidity risks: The Group manages its liquidity risks by maintaining sufficient reserves, monitoring and maintaining its credit agreements, as well as forecasting and coordinating its cash inflows and outflows. The Group has access to credit lines. The undrawn amount totalled EUR 12,086 thousand on the balance sheet date (previous year: EUR 30,800 thousand). The Group also has access to guarantee credit lines. The management anticipates that the Group will be able to fulfil its other financial liabilities from its cash flow from operating activities, and from the proceeds from maturing financial assets. In addition, the Group has further funds available from the capital increase for promoting the internal and external growth of the SMT Scharf Group.

For an overview of payment obligations arising from lease liabilities, see Section 24. For payment obligations from other financial liabilities, see Section 25.

Credit risks: The maximum risk of default is represented by the carrying amount of the financial assets, less impairment losses, as recognised in the consolidated financial statements. It relates to the following balance sheet items: loans, leasing receivables, trade receivables, contract assets, other current non-financial assets in the meaning of employees' pension entitlements and cash and cash equivalents.

Default risk categories: (Values in EUR thousand)	Category	2025	2024
Loans	1	628	628
Trade receivables	2	68,620	75,889
Trade receivables to which individual value allowances have been applied	3	1,906	1,871
Contract assets	2	116	7,504
Lease receivables	2	148	318
Other current assets	n.a.	1,074	715
Cash and cash equivalents	n.a.	18,709	15,100

Risk management in this area is based on the principle that business relationships are entered into only with creditworthy counterparties, if necessary by obtaining collateral to mitigate default risk. The Group obtains information from independent rating agencies,

other available financial information, and its own trade records in order to assess creditworthiness, in particular for key accounts. Credit risks are controlled using limits for each party. These limits are reviewed and approved at least once per year. Open items are also monitored.

From this, conclusions are drawn for the amount of expected loss, which is decisive for the measurement of trade receivables. To the extent that no indications exist that the debtor's credit standing is impaired, the SMT Scharf Group does not believe that it is exposed to any material default risks from a contractual party or group of contractual parties with similar characteristics. Trade receivables exist which are due from a large number of customers distributed over various regions. As a consequence of historically low or non-existent credit defaults, the expected loss for trade receivables without any indication of an impaired creditworthiness of the debtor on the reporting date amounted to EUR 0, as in the previous year.

In the SMT Scharf Group, contract assets exhibit essentially the same risk characteristics in terms of payment profile, collateral, etc. as trade receivables deriving from similar contracts. The SMT Scharf Group consequently concluded that the expected loss rates for trade receivables are an appropriate approximation of the loss rates for contract assets. If, in exceptional cases, this approach is not deemed appropriate, different expected credit losses are calculated for the contractual assets. As in the previous year, the expected loss for contract assets without impaired creditworthiness of the debtor was EUR 0 on the reporting date.

For leasing receivables without indications of a deterioration of the debtor's creditworthiness, the historical default rates are also at a very low level, so that the expected credit losses amount to EUR 0 as in the previous year.

The loans received in 2019 were settled in the reporting year. For information on the procedure for determining expected credit losses, see the comments on accounting policies.

If indications exist that the debtor's creditworthiness is impaired, such as if financial difficulties in connection with an increased probability of insolvency become known, recoverability is assessed on a case-by-case basis, taking into consideration the specific customer characteristics, with the corresponding assets being allocated to Category 3 of the default risk categories. On the balance sheet date, doubtful trade receivables with impaired debtor credit ratings existed in a total gross amount of EUR 857 thousand (previous year: EUR 783 thousand). The value adjustments on these receivables amount to EUR 756 thousand (previous year: EUR 706 thousand). In accordance with the fact that the expected credit loss is zero, no valuation allowances were recognised for the other trade receivables amounting to EUR 6,520 thousand (previous year: EUR 6,353 thousand). This also includes trade receivables that were overdue as of the balance sheet date, as no significant changes in the creditworthiness of the contractual partners were identified and, in line with past experience, payment of the outstanding amounts is expected in the future. The Group does not hold collateral for these open items.

As in the previous year, no contractual assets and leasing receivables with impaired debtor credit ratings exist, so that, as in the previous year, no valuation allowances were recognised for these assets. These assets, as well as trade receivables with no impaired creditworthiness of the debtor, are consequently assigned to default risk Category 2.

Market risks: Market risks can result from changes to exchange rates (exchange rate risk) or interest rates (interest rate risk). SMT Scharf counters such risks by deploying suitable hedging and management instruments. Management and control is realised by constantly monitoring cash flow, and monthly reporting to Group management. Exchange rate risks are limited insofar as the Group mostly issues its invoices in Euros or in local currency.

Otherwise, exchange rate hedges are agreed for significant transactions taking cost benefit aspects into consideration. As in the previous year, there are no currency hedges as of 31 December 2025.. The Group is not exposed to any major interest rate risks at present as it borrows at fixed interest rates.

(29) Segment reporting

In line with IFRS 8, the identification of reportable operating segments is based on the management approach. According to this approach, the external segment reporting is 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 Group AG is responsible for the assessment and control of segments' performance, and is the chief operating decision maker as defined by IFRS 8.

The Group reports on four operating segments which are managed independently by segment boards by types of products and services, brands, sales channels and customer profiles.

The operating segments each combine their respective activities in the areas of Coal Mining, Mineral Mining, Tunnel, and Other Industries.

In the Coal Mining segment, SMT Scharf sells rail-bound railway systems and chairlifts for underground mining. Transport equipment and logistics systems are deployed in hard coal mines around the world and feature sophisticated explosion protection. The monorail, suspended from a single rail and used by mine operators in coal mines, is offered as a core product.

In the Mineral Mining segment, SMT Scharf sells rail systems and high-performance vehicles equipped with rubber tyres to operators of underground mines for the production of metals such as gold, platinum, copper and other raw materials such as salt. The company sells customised transport and logistics solutions for hard rock mining which, in contrast to coal mining, does not require special explosion protection.

In the Tunnel segment, SMT Scharf focuses on the tunnel logistics business for large-scale construction sites. The company offers a wide range of vehicles equipped with rubber tyres which can be deployed in the realisation of infrastructure projects in tunnel construction. Intersegment revenues and inputs are of minor significance and are not reported separately.

In the year under review, the Other Industries segment covered business outside the scope of underground mining and tunnel logistics, thus also comprising the operations of ser elektronik GmbH.

The valuation principles for segment reporting are based on the IFRS standards applied in the consolidated financial statements. SMT Scharf AG also assesses segment performance by utilising earnings before interest and other financial results, which comprises profit from operating activities (EBIT) plus earnings from equity accounted interests.

Segment assets and liabilities comprise all assets and liabilities that can be allocated to the operating segments, and whose positive and negative results determine the operating result. Segment assets especially include intangible assets, property, plant and equipment, inventories, trade receivables and other liabilities, as well as significant provisions. Segment capital expenditure comprises additions to intangible assets and to property, plant and equipment.

If companies included in the consolidated financial statements by the equity method can be directly allocated to a segment, their share of profit and loss for the period and their carrying amount are stated there.

The degree of dependence on key customers is low as SMT Scharf products can be modified for other customers with a minimum amount of effort.

Unallocated assets and liabilities relate to deferred taxes.

Segment report 31/12/2025

EUR thousand	Coal mining		Mineral mining		Tunnel logistics		Other industries		Not allocated		SMT Scharf Group	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue	80,360	71,962	8,078	7,714	11,989	10,546	2,507	2,447	-	-	102,934	92,669
- of which new systems	26,963	27,917	4,083	3,269	10,369	10,191	2,464	2,163	-	-	43,879	43,540
- of which spare parts	40,476	33,364	3,590	4,052	1,167	182	43	284	-	-	45,276	37,882
- of which service	12,854	10,681	405	393	453	173	-	-	-	-	13,712	11,247
- of which other	67	-	-	-	-	-	-	-	-	-	67	-
Operating result (EBIT)	1,500	5,368	569	(788)	1,816	1,224	(85)	57	-	-	3,880	5,860
Earnings from equity accounted companies	-	3,042	-	-	-	-	-	-	-	-	-	3,042
Segment assets	107,064	141,418	7,828	7,064	32,964	21,583	2,823	3,012	4,659	6,663	155,339	79,740
Segment liabilities	38,668	51,468	987	3,144	4,460	4,821	431	976	289	1,152	44,834	61,561
Segment investments	1,232	819	502	156	-	-	19	75	-	-	1,753	1,050
- of which IFRS 16	625	583	-	152	-	-	-	32	-	-	625	767
Interests in equity accounted companies	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	2,418	2,936	337	277	577	569	105	160	-	-	3,437	3,942
FTEs	467	474	42	49	5	5	-	21	-	-	514	549

Segment report 31/12/2024

EUR thousand	Coal mining		Mineral mining		Tunnel logistics		Other industries		Not allocated		SMT Scharf Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	71,962	60,096	7,714	8,775	10,546	988	2,447	3,313	-	-	92,669	73,172
- of which new systems	27,917	21,885	3,269	3,171	10,191	896	2,163	3,047	-	-	43,540	28,999
- of which spare parts	33,364	29,785	4,052	5,255	182	83	284	266	-	-	37,882	35,389
- of which service	10,681	8,288	393	349	173	9	-	-	-	-	11,247	8,646
- of which other	-	138	-	-	-	-	-	-	-	-	-	138
Operating result (EBIT)	5,368	2,905	(788)	(81)	1,224	141	57	987	-	-	5,860	3,952
Earnings from equity accounted companies	3,042	4,568	-	-	-	-	-	-	-	-	3,042	4,568
Segment assets	141,418	109,258	7,064	8,864	21,583	1,633	3,012	2,737	6,663	4,015	179,740	126,508
Segment liabilities	51,468	34,810	3,144	3,052	4,821	353	976	921	1,152	659	61,561	39,797
Segment investments	819	1,444	156	6	-	-	75	19	-	-	1,050	1,469
- of which IFRS 16	583	661	152	-	-	-	32	5	-	-	767	666
Interests in equity accounted companies	-	20,217	-	-	-	-	-	-	-	-	-	20,217
Depreciation and amortisation	2,936	2,833	277	262	569	16	160	133	-	-	3,942	3,244
FTEs	474	334	49	51	5	5	21	21	-	-	549	411

The SMT Scharf Group's non-current assets and external sales are analysed by region. Non-current assets are allocated to the regions according to the location of the respective asset. Non-current assets include intangible assets, property, plant and equipment, interests in equity accounted companies and other non-current assets. The allocation of external revenues is based on the location of the respective customer and is presented among the notes to the income statement.

Of the non-current assets, EUR 8,524 thousand (previous year: EUR 10,846 thousand) relate to Germany and EUR 11,529 thousand (previous year: EUR 12,348 thousand) to other countries.

(30) Supervisory Board

The members of the Supervisory Board in financial year 2025 comprised:

Mr Li Zhang (Chair)	until 30 June 2025
Prof. Dr. Ferdinand Mager (Deputy Chair)	from 1 July to 16 July 2025
Mr Jian Liu (Chair)	from 17 July 2025
Univ.-Prof. Dr. Louis Velthuis (Deputy Chair)	from 1 January to 19 May 2025
Prof. Dr. Ferdinand Mager (Deputy Chair and Chair of the Audit Committee)	from 20 May 2025 with a break from 1 July to 16 July 2025
Dr. Lei Zhang (Member)	from 20 May 2025
Prof. Wei Luan (Member and member of the Audit Committee)	from 20 May 2025
Mr Qiang Yu (Member)	until 1 August 2025
Mr Hui Guo (Member and member of the Audit Committee)	from 12 November 2025

The Supervisory Board received remuneration of EUR 141 thousand for its work in financial year 2025. The following members of the Supervisory Board (Li Zhang, Jian Liu, Qiang Yu, Hui Guo) performed their work for the Supervisory Board on a voluntary basis and have thus waived their compensation. This compensation would have amounted to EUR 118 thousand in the reporting year.

(31) Managing Board

The members of the Managing Board of SMT Scharf AG during the 2025 financial year comprised:

Mr Liu Jun (Chief Executive Officer)	until 20 May 2025
Mr Longjiao Wang (Chief Executive Officer)	from 20 May 2025
Mr Volker Weiss (Chief Financial Officer)	until 16 December 2025
Mr Reinhard Reinartz (Chief Operating Officer)	

The Managing Board received remuneration of EUR 1,158 thousand for its work in financial year 2025.

The remuneration system for the Managing Board pursuant to Sec. 87a (1) and (2) Sentence 1 AktG has been presented to the Annual General Meeting of Shareholders on 20 May 2025 for approval ("**2025 Remuneration System**") and is made publicly accessible via the company's website at <https://www.smtscharf.com/investorrelations/corporate-governance/>.

(32) Related party disclosures

Besides the Managing and Supervisory boards of SMT Scharf AG, related parties pursuant to IAS 24 include key management personnel at companies that SMT Scharf AG controls or significantly influences.

Business transactions between the parent company and its subsidiaries which are regarded as related enterprises are eliminated through consolidation and are not explained in these notes to the financial statements. Concerning equity exchange relationships, reference is made to the notes on joint ventures.

The subsidiary Shandong Xinsha Monorail Co., Ltd., Xintai / China, conducted the following transactions with related parties as defined by IAS 24 in the 2025 financial year. The transactions relate to the business operations of the subsidiary Shandong Xinsha Monorail Co., Ltd., Xintai / China.

Yankuang Energy Group Co. Ltd. and its subsidiaries (in EUR)	31/12/2025
Trade receivables as of the reporting date	12,615,146.93
Sales revenue in the financial year	16,291,367.78
Shangdong Energy Group Co. Ltd. and its subsidiaries (in EUR)	31/12/2025
Trade receivables as of the reporting date	2,367,591.23
Sales revenue in the financial year	3,758,360.58

In the 2025 fiscal year, the subsidiary OOO Scharf Russia, Novokuznetsk, Russia, entered into the following transactions with related parties as defined in IAS 24:

OOO EglaTech LLC, KEMEROVSKY, KEMEROVO / Russia (in EUR)	31/12/2025	31/12/2024
Trade receivables as of the reporting date	1,521,651.49	2,752,342.76
Sales revenue in the financial year	1,840,502.06	3,401,430.00
Costs of materials in the financial year	37,539.70	2,997,681.00

The local managing director of OOO Scharf Russia, based in Novokuznetsk, Russia, holds a stake in OOO EglaTech LLC, located in Kemerovo, Russia. Business transactions between OOO Scharf and OOO EglaTech relate to the supply of goods to local customers in Russia.

In the 2025 fiscal year, SMT Scharf AG entered into the following transactions with related parties as defined in IAS 24:

Famous Industrial Group GmbH, Düsseldorf (in EUR)	31/12/2025
Services received during the financial year	80,000.00
Trade payables as of the reporting date	80,000.00

The supervisory board member Prof. Wei Luan holds an interest in Famous Industrial Group GmbH, Düsseldorf, and the services provided are related to his sales support activities in the Chinese market.

A new master loan agreement was concluded with Zhongyin Hong Kong Co., Ltd in the 2025 financial year. The master loan agreement has a volume of USD 12 million and at least USD 3 million can be accessed per drawdown. Each drawdown must be repaid within one year of disbursement. Interest is charged on standard market terms. Zhongyin Hong Kong Co., Ltd is a wholly owned subsidiary of Yankuang Financial Leasing Company Limited, Hong Kong, China, which in turn is a wholly owned subsidiary of Yankuang Energy Group Co. Ltd.

For further details on the remuneration of key management personnel, please refer to the information on the Managing and Supervisory boards as only they are defined as such.

(33) Corporate governance declaration in accordance with Section 289f and Section 315d HGB

In March 2026, the Managing and Supervisory Boards submitted their Corporate Governance Declaration pursuant to Sections 289f and 315d HGB and made it publicly accessible on the website at:

<https://www.smtscharf.com/investorrelations/corporate-governance/erklaerung-zur-unternehmensfuehrung/>.

(34) Events after the balance sheet date

Publication of the 2026 Strategy

On 26 February 2026, the Managing Board and Supervisory Board of SMT Scharf AG adopted its 2026 Strategy with the realignment of its global business activities in underground mining and tunnel construction. The strategic focus is on optimising efficiency in global supply chains and integrating Group facilities. Diversification of the product portfolio as part of the overall strategy in the field of electromobility and the development of low

emission, smart transport solutions to meet rising global demand are also high on the agenda. SMT Scharf intends to develop and manufacture light electric vehicles (LEVs) and battery-powered transport solutions for use in underground coal and non-coal mining as well as for tunnel construction sites. The products are to be mainly developed and manufactured in China with global support from the SMT Scharf Group's subsidiaries in order to leverage the high level of industry expertise and the benefits of Chinese lithium batteries.

Following the closure of the operations of Canadian subsidiary, RDH Mining Equipment Ltd., headquartered in Alban, Ontario, the new 2026 Strategy includes further strategic measures, among them personnel measures which will be implemented to realign SMT Scharf AG and SMT Scharf GmbH, both based in Hamm, Germany, as well as Scharf Mining Machinery (Xuzhou) Ltd. based in Xuzhou, China. Negotiations are being held with the relevant employees and the responsible works councils at each facility to ensure that the layoffs are conducted in as socially responsible a manner as possible. The aim is to secure the viability and competitiveness of the company over the medium and long term.

In the future, the operating business of SMT Scharf GmbH in Hamm, Germany will focus on the Tunnel Logistics segment and the associated after sales business around the world. In addition, SMT Scharf AG will expand its central units in the areas of Shareholder Engagement, R&D, Procurement, Product Quality and Group Synergies to ensure sustainable, group-wide integration and better serve customer needs for low emission, highly efficient transport solutions.

Collaborations for the development of light electric vehicles

SMT Scharf AG has signed two non-binding memoranda of understanding (MoU) with Chinese suppliers in the field of light electric vehicles (LEVs). The suppliers in question are Delta Industrial Intelligent Electric Vehicle Co., Ltd. and Shanxi Tiandi Coal Mining Machinery Equipment Co., Ltd. The aim of the collaboration is to further reinforce SMT Scharf's product portfolio as part of the overall strategy in the areas of electromobility and smart solutions.

As part of the memoranda of understanding, the parties plan to develop lithium battery-powered transport solutions for use in underground coal and non-coal mining as well as on tunnel construction sites in order to meet the growing demand for low emission, energy-efficient transport solutions. The conclusion of binding agreements with one or both parties is subject to further negotiations. The parties intend to continue the negotiations and – subject to agreement – conclude binding contracts by the middle of 2026. Products are to be predominantly developed and manufactured in China and supported by the SMT Scharf Group's subsidiaries across the Group.

Hamm, 10 April 2026

The Managing Board

Longjiao Wang

Reinhard Reinartz

Responsibility statement

We assure that, to the best of our knowledge, and in accordance with the applicable reporting principles, the IFRS consolidated financial statements of SMT Scharf AG as of 31 December 2025, give a true and fair view of the Group's financial position and performance, and that the Group management report for the 2025 financial year presents the Group's business including its results and the Group's position such as to give a true and fair view, and describes the major opportunities and risks pertaining to the Group's anticipated growth and development.

Hamm, 10 April 2026

The Managing Board

Longjiao Wang

Reinhard Reinartz

Independent auditor's report

To SMT Scharf AG, Hamm

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of SMT Scharf AG, Hamm, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from January 1, to December 31, 2025, and the notes to the consolidated financial statements, including material information about accounting policies. In addition, we have audited the Group management report of SMT Scharf AG, Hamm, for the fiscal year from January 1 to December 31, 2025. We have not audited the content of the components of the Group management report listed in the appendix in accordance with German legal requirements.

Based on the knowledge obtained in the audit, in our opinion:

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and give a true and fair view of the net assets and financial position of the Group as of December 31, 2025, and of its results of operations for the fiscal year from January 1 to December 31, 2025; and
- the accompanying Group management report, as a whole, provides an appropriate view of the Group's position. In all material respects this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the content of the components listed in the appendix to the Group management report.

Pursuant to Section 322 (3) Sentence 1 HGB, we declare that our audit has not led to any objections regarding the proper presentation of the consolidated financial statements and the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter "EU Audit Regulation"), and in compliance with German generally accepted standards for the audit of financial statements as promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we

have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the Group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our view, the matters described below were the most significant in the context of our audit.

1. Potential sanctions violations

Reasons for designation as a key audit matter

In the 2025 fiscal year, indications of potential sanctions violations were identified. The Supervisory Board commissioned an external forensic special investigation to independently clarify these matters, and preliminary results were available at the time the auditor's report was issued. These matters may have significant effects on the net assets, financial position and results of operations of the Company, as well as on the recognition and measurement of any other provisions. In addition, implications may exist for the Group management report and for disclosures in the notes to the consolidated financial statements. Due to the significance of the potential effects, this matter was determined to be a key audit matter.

Our approach in the audit

We assessed the extent to which the preliminary results of the external special investigation commissioned by the Supervisory Board could be used for purposes of our audit. In this context, we evaluated in particular the independence and professional qualifications of the external investigator, as well as the appropriateness, traceability, and consistency of the investigation methods and processes applied. In doing so, we considered, among other things, the scope of the special investigation, its design, and the underlying documentation. We also reviewed selected work results of the special investigation and held discussions with the executive directors, the Supervisory Board, and the external investigator. In addition, we performed our own audit procedures to evaluate the findings obtained in the course of the special investigation and to assess their potential effects on the financial statements and the presentation in the management report. We evaluated the findings by comparing them with our own understanding and with the information provided by the Managing Board and the Supervisory Board, and obtained confirmations where appropriate. Finally, we assessed whether the identified matters and the existing uncertainties are appropriately presented in the Group management report and in the notes to the consolidated financial statements. We also critically evaluated the assessments made by the executive directors regarding the accounting effects, in particular with respect to the recognition and measurement of any other provisions and possible contingent liabilities.

Reference to related disclosures

We refer to the information presented in the section "Risk and opportunities report" in the Group management report and to the disclosures in the notes to the consolidated financial statements in section "(32) Related party disclosures".

2. Revenue recognition in connection with IFRS 15

Reasons for designation as a key audit matter

Revenue represents a significant item in the consolidated financial statements and is used as a key performance indicator for managing the Company. The principal revenue streams in the consolidated financial statements of SMT Scharf AG arise from the sale of logistics machinery, spare parts, and service offerings for mining and tunnelling. In our view, proper accounting for revenue is an area with a significant risk of material misstatement due to fraud or error (including the potential risk of management override of controls) and is therefore a key audit matter.

Our approach in the audit

As part of our audit of the financial statements, we examined the Company's internal methods, procedures, and control mechanisms for revenue recognition. In addition, we assessed the design and effectiveness of the accounting-related internal controls by tracing specific business transactions from their origination to their presentation in the consolidated financial statements and by testing controls. Our audit procedures included, among other things, assessing the contractual basis and examining selected and random samples. In evaluating the judgments made by the executive directors regarding revenue recognition, we considered in particular, based on our understanding of the business model and contractual arrangements, whether the requirements for revenue recognition were applied correctly and in the appropriate reporting periods.

Reference to related disclosures

For information on the accounting policies applied, please refer to the section "Accounting and valuation policies" in the notes to the consolidated financial statements. For information on revenue, contract assets and contract liabilities, please refer to the notes to the consolidated financial statements, sections "Notes to the income statement – (1) Revenue" and "Notes to the balance sheet – (14) Contract assets and contract liabilities".

3. Measurement of inventories

Reasons for designation as a key audit matter

Inventories represent a significant item in the consolidated financial statements and amount to EUR 42.5 million as of December 31, 2025 (previous year: EUR 50.7 million). This corresponds to 27.4% of total assets (previous year: 28.2%). The high proportion of spare parts and service business results in a comparatively high level of inventories in order to ensure delivery capability when needed. New systems are generally only manufactured once a corresponding customer order has been received. Inventories are measured at production cost using a system-based approach. Inventory risks arising from the storage duration and/or reduced marketability are taken into account through appropriate write-downs. The assessment of recoverability is based on a standardised procedure and therefore involves a certain degree of judgment. Historical movement data form the basis for the analysis of inventory turnover periods.

Our approach in the audit

As part of our audit of the financial statements, we examined the procedures and the underlying controls for inventory measurement. Our audit procedures included, in particular, testing the completeness and accuracy of the inventories and assessing the measurement as of the reporting date. We verified the completeness of inventory through observation of

physical inventory counts and performed additional audit procedures to assess the effectiveness of the internal control system in the areas of purchasing and materials management. We assessed the appropriateness of the assumptions significant to the measurement. We assessed the suitability of the IT-based write-down procedure for determining inventory risks. For this purpose, we assessed the system-side implementation of the write-down procedures. We compared the calculation logic of the model with the accounting and valuation policies applied by the Company and verified the calculations on a sample basis. We also assessed the write-downs determined by comparing them analytically with write-downs recognised in prior years, both at the level of individual items and for the overall inventory.

Reference to related disclosures

For information on the accounting policies applied, please refer to the section “Accounting and valuation policies” in the notes to the consolidated financial statements. For information on inventories and cost of materials, please refer to the notes to the consolidated financial statements, sections “Notes to the income statement – (3) Cost of materials” and “Notes to the balance sheet – (13) Inventories”.

Other information

The executive directors and the Supervisory Board are responsible for the other information.

The other information comprises

- the components of the Group management report listed in the appendix to the auditor’s report that were not subject to a content audit.
- the Report of the Supervisory Board and
- the remaining sections of the annual report, with the exception of the audited consolidated financial statements and the consolidated management report, as well as our auditor’s report.

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code, which forms part of the Group corporate governance declaration included in the section “Corporate governance declaration in accordance with Section 315d in conjunction with Section 289f (1) HGB and declaration of conformity of SMT Scharf AG with the German Corporate Governance Code” of the Group management report. In all other respects, the executive directors are responsible for the other information.

Our opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited disclosures in the Group management report or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

Responsibility of the executive directors and the Supervisory Board for the consolidated financial statements and the Group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with these requirements. Furthermore, the executive directors are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., manipulation of financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for preparing the consolidated financial statements on the basis of the going concern principle unless an intention exists to liquidate the Group or to cease operations, or no realistic alternative exists but to do so.

Furthermore, the executive directors are responsible for the preparation of the Group management report, which as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for the arrangements and measures (systems) that they have considered necessary to enable the preparation of a Group management report in accordance with the applicable German legal requirements, and to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibility for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements and with the knowledge obtained in the audit, complies with German legal requirements, and appropriately presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation, and in compliance with German generally accepted standards for the audit of financial statements as promulgated by the 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 consolidated financial statements and the Group management report.

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

- we identify and assess the risks of material misstatement of the consolidated financial statements and the Group management report, 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls;
- we obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of the arrangements and measures relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the Group's internal controls or those arrangements and measures;
- we evaluate the appropriateness of accounting policies applied by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors;
- we conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB;
- we plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming our audit opinions on the consolidated financial statements and the Group management report. We are responsible for the direction, supervision, and review of the audit work performed for purposes of the group audit. We are solely responsible for our audit opinions;
- we evaluate the consistency of the Group management report with the consolidated financial statements, its compliance with the law, and the view it provides of the Group's position;
- we perform audit procedures on the forward-looking statements presented by the executive directors in the Group management report. Based on sufficient appropriate audit evidence, we in particular assess the significant assumptions underlying the forward-looking statements made by the executive directors and evaluate the proper derivation of the forward-looking statements from those assumptions. We do not express a separate audit opinion on the forward-looking statements or on the

underlying assumptions. A substantial unavoidable risk exists that future events will differ materially from the forward-looking statements;

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

we provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, the actions taken to eliminate threats or the safeguards applied;

from the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Report on the audit of the electronic reproductions of the consolidated financial statements and the Group management report prepared for publication purposes in accordance with Section 317 (3a) HGB

Disclaimer of opinion

We were engaged to perform an audit, in accordance with Section 317 (3a) HGB, with reasonable assurance as to whether the electronic reproductions of the consolidated financial statements and the Group management report prepared for publication purposes (hereinafter also referred to as "ESEF documents") comply, in all material respects, with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format").

We do not express an audit opinion on the ESEF documents. Due to the significance of the matter described in the section "Basis for the disclaimer of opinion", we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the ESEF documents.

Basis for the disclaimer of opinion

As the executive directors had not provided us with the ESEF documents for audit by the date of the auditor's report, we do not express an audit opinion on the ESEF documents.

Responsibility of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents, including the electronic reproductions of the consolidated financial statements and the Group management report, in accordance with Section 328 (1) Sentence 4 No. 1 HGB, and for the tagging of the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 HGB.

Furthermore, the executive directors are responsible for such internal controls as they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the audit of the ESEF documents

It is our responsibility to conduct an audit of the ESEF documents in accordance with Section 317 (3a) HGB and in compliance with the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)). Due to the matter described in the section "Basis for the disclaimer of opinion", we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the ESEF documents.

Other disclosures pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements by the Annual General Meeting on May 20, 2025. We were engaged by the Supervisory Board on November 7, 2025. We have been the auditor of the consolidated financial statements of SMT Scharf AG, Hamm, without interruption since the 2024 fiscal year.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (audit report)..

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Ben Broda.

Cologne, April 10, 2026

Rödl Audit GmbH

Wirtschaftsprüfungsgesellschaft

signed Groll
Wirtschaftsprüfer
(German Public
Auditor)

signed Broda
Wirtschaftsprüfer
(German Public Au-
ditor)

**APPENDIX TO THE AUDITOR'S REPORT: COMPONENTS OF THE GROUP
MANAGEMENT**

REPORT NOT SUBJECT TO CONTENT AUDIT

We have not audited the content of the following components of the combined management report:

- Remuneration Report, which is referenced in the "Remuneration Report" section of the Group Management Report,
- Statement on Corporate Governance pursuant to Section 289f and Section 215d of the German Commercial Code (HGB) in the "Corporate Governance" section and
- the representation pursuant to Section 297 (2) Sentence 4 HGB regarding the consolidated financial statements and the representation pursuant to Section 315 (1) Sentence 6 HGB regarding the Group management report.

Financial calendar

29/4/2026	Publication of the 3-month report 2026
19/5/2026	Annual General Meeting
28/8/2026	Publication of the half-year report 2026
29/10/2026	Publication of the 9-month report 2026

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Legal notice

This annual report contains forward-looking statements based on estimates of future trends on the part of the Managing Board. The statements and estimates have been made in view of all information available at present. Should the assumptions of future developments underlying such statements and estimates fail to materialize, actual results may differ from current expectations.

This annual report and the information contained therein do not constitute an offer for sale either in Germany or in any other country; nor do they constitute a demand to purchase securities of SMT Scharf AG, in particular if this type of offer or demand is prohibited or not authorized. Potential investors in shares of SMT Scharf AG must obtain information on any such restrictions and adhere to these.

The annual financial reports of SMT Scharf AG and the SMT Scharf Group are published in German and English. In case of discrepancies, the German version prevails. The graphics in the Group management report section do not form part of the Group management report audited by the Group's auditors.



SUSTAINABILITY REPORT

Efficient. Safe. Sustainable.
Responsible Transport Solutions



2025

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Foreword by the Managing Board

Dear Stakeholder,

SMT Scharf AG is consistently pursuing, and continuing its course of sustainable and responsible corporate governance. With this present ESG Report 2025, we are building on the further development of our sustainability reporting of the recent years. After implementing a pilot project in the previous year to prepare for possible future reporting obligations with the 2024 Sustainability Statement based on the European Sustainability Reporting Standards (ESRS), we made a conscious decision to return to an ESG report for the 2025 reporting year.

The background to this decision is the currently still uncertain regulatory framework, especially within the context of the discussions on the further development of the Corporate Sustainability Reporting Directive (CSRD) and the simplifications announced as part of the European Commission's omnibus initiative. Against this backdrop, we currently believe that it makes sense to continue our reporting in a transparent and structured manner within a framework that is appropriate for our company. In no way, however, does this decision imply that sustainability issues have lost any of their importance for SMT Scharf. Sustainability remains a key component of our corporate strategy and our entrepreneurial activities. We continue to pursue the goal of systematically integrating environmental, social and governance aspects into our business processes and continuously strengthening our transparency vis-à-vis employees, customers, investors and other stakeholders.

For us, sustainability is far more than just a reporting occasion or a regulatory requirement. It is an expression of our self-image as a company that acts responsibly and is also a key driver of innovation, safety and long-term economic success. In this report, we explain how we integrate environmental and social aspects into our business model and how our products and solutions contribute to greater safety, efficiency and environmental compatibility in underground mining.

We would like to thank our employees, customers, shareholders and partners for their trust and continued support. Together, we are working to responsibly shape the future of our industry and successfully promote sustainable development over the long term.

Yours sincerely,

Longjiao Wang (CEO)

Reinhard Reinartz (COO)

About this report

In the following sustainability report, which covers the period of the past financial year from 1 January 2025 through to 31 December 2025, we are reporting on our sustainability goals and sustainability activities. Unless otherwise stated, all the information in this report relates to the SMT Scharf Group.

In recent years, we have systematically identified and analyzed our stakeholders and verified these as part of a pilot project to prepare for a possible reporting obligation under the Corporate Sustainability Reporting Directive (CSRD) for the 2024 reporting year. In 2025, both the stakeholder analysis as well as the double materiality analysis were reviewed again. The results remain valid and also form a key foundation for this ESG Report 2025.

We are committed to providing reliable, accurate and comparable information. It should be noted, however, that we are not always able to fully verify the information provided by our suppliers and providers. Some sections of this document also contain forward-looking statements. These statements are based on the experience and estimates of the Managing Board and on the information available at the time this report was drawn up. No guarantees for future developments, results or performance can be derived from them, as they are associated with uncertainties and risks, of which some are beyond our control. These include, in particular, regulatory changes, future market conditions or the behavior of other market participants. These and other factors may cause actual developments and results to differ materially from the information presented here.

The report is published in German and English and is available on our company website at smtscharf.com in the Investor Relations section.

Our aim is to continuously improve and develop our sustainability activities. External feedback is therefore particularly important to us. We welcome comments, questions and suggestions from our readers and all stakeholders on our ESG Report 2025. You can reach us by telephone on +49 2381 960210 or by email at ir@smtscharf.com.

Diversity holds a high priority for SMT Scharf. For reasons of better readability, we use the generic masculine in some parts of this report. Female, male and other gender identities are naturally meant in equal measure.

Business model and strategy

SMT Scharf is a German mechanical engineering company that offers intelligent transport solutions and integrated systems for underground mining. SMT Scharf's products include locomotives, lifting and transport equipment, rails and switches that are tailored to the specific requirements of our customers. The core product consists of derailment-proof rail systems with diesel and electric drives, which are used in underground mining and tunnel construction. Our product portfolio also includes chairlifts for the mining industry and the development and installation of rail-mounted fresh air and cable routing systems. As part of its Strategy 2026, SMT Scharf is also pursuing the targeted expansion of its product portfolio in the electromobility sector.

Detailed information on our business model and strategy, our business areas and markets as well as our business performance can be found in the Annual Report 2025.

Sustainability targets for product groups and trends

One driver for the extraction of economically strategic raw materials such as lithium and cobalt is the increasing demand for renewable power generation and electric vehicles. The use of electrically powered vehicles in mining and tunnel construction is also becoming increasingly important. Thanks to our electrical expertise, we can also meet the demand for electrically powered rail systems and rubber-tyred vehicles on the market. With electrically driven machines from SMT Scharf, mine operators can reduce underground emissions and improve working conditions for the workforce.

SMT Scharf AG has already successfully implemented challenging projects in the tunnel segment, and has demonstrated that its transport solutions also meet the highest, most stringent requirements in this segment. Tunnel projects such as Snowy 2.0 in Australia showcase how the expansion of sustainable infrastructure contributes to the energy transition, for example through underground hydropower plants that efficiently store and distribute renewable energy. Modern traffic tunnels also reduce emissions by optimizing traffic flow and relieving congestion in densely populated areas.

Accordingly, our primary goal is to significantly expand the tunnel logistics segment, further develop our technological innovations and open up new markets. By investing in state of the art, environmentally friendly transport solutions, we are committed to strengthening our position as a reliable partner in tunnel construction and contributing to the sustainable development of the industry in the long term.

In rail and road construction, as well as in energy supply infrastructure projects, our solutions also help to ensure that construction processes are safe and sustainable.

Overview of key sustainability topics

Also, before preparing our first two sustainability reports for 2021 and 2022, we identified the key sustainability issues for SMT Scharf as part of a comprehensive analysis. These topics continue to form an important basis for our sustainability reporting. In the course of preparing for possible requirements of the Corporate Sustainability Reporting Directive (CSRD), we have also initiated a work process for a dual materiality analysis taking impacts,

risks and opportunities (IROs) into account, and developed it further as part of the pilot project for the Sustainability Statement 2024. In view of the currently uncertain regulatory framework, this in-depth analysis is currently primarily used to further develop the content of our sustainability management and reporting. Regardless of the specific regulatory structure, the key sustainability issues identified remain the central focus of our ESG Report 2025.

Sustainability challenges resulting from the business model

SMT Scharf's business model gives rise to challenges in the areas of the environment, resource efficiency, occupational safety, supply chain and social responsibility in particular. These include, most notably emissions, energy and raw material consumption, high demands made on health and safety issues in the areas of operation and responsibility towards employees, local communities and business partners. At the same time, SMT Scharf is convinced that innovative technologies, efficient processes and a diverse, multifaceted workforce are important levers for effectively meeting these challenges and actively supporting sustainable development.

Value chain

SMT Scharf's value chain comprises the areas of rails, welded constructions and customer-specific electronic systems and includes both upstream and downstream activities in the mining and tunnel environment. On the customer side, SMT Scharf operates internationally, with a particular focus on the coal and mineral mining sectors. On the supplier side, the company engages with a broad-based international network with a clear focus on European and Asian procurement markets. Overall, the ESG risks in the suppliers' countries of origin are considered to be comparatively low. In the future, ESG criteria are to become increasingly important in cooperation with suppliers and in contractual arrangements.

The ESG risks of the supplier countries of origin, for example with regard to water scarcity, are low overall. Among the countries of origin of the most important suppliers, only China has a higher risk with regard to the human rights situation there. In the future, ESG criteria will become even more important in supply contracts and will be given greater consideration.

Stakeholder analysis

Our aim is to continue to involve our stakeholders closely in our work and to record their expectations and needs even more systematically and comprehensively than to date. For this reason, we evaluated the existing stakeholder analysis from 2022/2024 in 2025 and updated the summarized results in the table below:

Stakeholder group	Internal company contact	Type of commitment
Customers	Sales	Tenders and Supplier Code of Conduct
Suppliers	Strategic purchasing	Screenings and audits
Employees	Works councils and management; HR department	Works meetings, newsletters, regular

		discussions in various constellations
Potential employees	Local personnel departments	Company website, participation in local events to strengthen local presence
Local communities	Site management	selectively on site
Authorities	Plant management, sustainability reporting, Executive Board, management	Sustainability declaration
Competitors	Sales, Management Board, Management	internal research
Media	Sustainability reporting, Management Board, Management	Sustainability declaration
Users of financial reporting:		
Auditor, tax office, parent company, shareholders	CFO, Finance Department	Risk management, international investor events
Investors	CFO, Finance Department	ESG ratings

There is a lively ongoing exchange with all these stakeholder groups. This takes place primarily via the Sales, Purchasing, Finance and Human Resources departments and by way of the Managing Board and local site managers. Information from these stakeholder groups is both reported to the Supervisory Board and cascaded to the specialist departments by way of management meetings.

Stakeholder dialog

We carefully consider all relevant stakeholder groups when developing our sustainability strategy.

In 2025, our stakeholder dialogue primarily focused on employees, shareholders and capital market participants. SMT Scharf AG's Managing Board engages in dialog with shareholders and capital market participants as part of discussions and participations in investor conferences. In terms of content, this involves assessments and expectations of our company in financial and non-financial terms, which are ultimately reflected in the share price.

Moreover, we additionally inform ourselves intensively about the particular local requirements at our locations and take the specific environment into account in each case. The stakeholder group of banks must be considered in the light of the fact that they are generally listed on the capital market as public limited companies. Accordingly, they pursue strategies that they also publish. Our principal banks continue to support us, particularly in the transformation of our business model involving the diversification from coal to mineral mining and tunnel logistics.

Market developments and stakeholder risks

Customers, investors, banks, employees and governmental and non-governmental organizations continue to attach great importance to sustainability aspects and compliance with the corresponding standards. This results in a challenging environment for SMT Scharf, as the company operates in markets that are particularly characterized by transformation and sustainability debates.

Investors and financial institutions in particular are increasingly taking ESG factors into account in their decision making. Our customers are also attaching increasing importance to more sustainable solutions. This is reflected, among other things, in the rising demand for alternative drive technologies and more resource-efficient products. SMT Scharf's strategic realignment, especially the development and production of light electric vehicles (LEVs) and battery-powered transportation solutions, consistently takes these trends into account.

Against this backdrop, SMT Scharf continues to regard sustainability as an important component of its corporate development. However, the carbon footprint survey for the company and selected products, which was originally planned earlier, could not yet be implemented in the 2025 reporting year. Over the course of the year, the focus was initially on other business issues. The goals for 2026 are to further structure relevant ESG data, improve the internal data basis for subsequent carbon accounting and gradually integrate sustainability aspects more closely into processes, management and reporting.

Our responsibility towards the environment

Environmental impact due to energy and water consumption and waste generation

In order to further minimize our ecological footprint, we are committed to using energy efficiently. Due to our overall energy requirements, we have a great deal of leverage here and therefore a great deal of responsibility. We win twice in the process: We are protecting the environment and reducing our costs, as we assume that energy prices and therefore our costs will continue to trend upwards.

As a matter of principle, we conduct energy management audits in accordance with DIN EN 16247 at the scheduled intervals, most recently in 2021. The next audit would have been scheduled for 2025. Against the backdrop of the upcoming revision of the relevant directive, the implementation has been postponed for the time being in order to await the specific legal and regulatory requirements of the new version. Based on current knowledge, it can be assumed that this will no longer result in an audit obligation for our company in the future. Until final clarification, we will monitor further developments and adjust our further course of action in 2026.

In 2025, we were able to reduce our electricity consumption at the Hamm site from 333,789 kWh in 2024 to 328,891 kWh. We will continue to seek and implement further optimization measures in the future in order to continue this trend. The energy consumption that we can influence directly has been covered entirely by renewable energies since the year 2023. The "RenewablePLUS" certificate, which is audited annually by TÜV Rheinland, guarantees that 100% of the electricity purchased comes from renewable energy sources. We are also

continuously reviewing the extent to which it is possible to purchase electricity from renewable energies at other locations.

At our location in China, electricity consumption in 2025 remained virtually unchanged at 41,940 kWh compared to 42,900 kWh in the previous year. This underlines the continued awareness concerning energy use issues. Electricity at this location is not yet sourced from renewable energy sources. We are constantly examining whether it will be possible to switch to renewable energies in the future.

At the site in South Africa, electricity consumption was reduced from 600 kWh to 400 kWh in the reporting year. The reduction of 200 kWh represents a positive development and illustrates the mindful use of energy at this location too.

Our gas consumption at the Hamm site totaled 287,527 kWh during the year under review. The hall used exclusively for storage in previous years was reactivated due to a major project and new other assembly activities and is now fully heated again, resulting in an increase of 124,059 kWh (2024: 163,468 kWh). The remaining buildings (warehouse, assembly halls and office building) are heated with oil. The annual consumption of heating oil stood at 36,408 liters, a slight increase on the previous year.

In our office buildings at the Hamm location, we have limited scope to reduce our consumption, as the majority of the office space we use is rented. However, as part of the ÖKOPROFIT project, we have also been able to initiate a number of measures, such as checking the flow temperature and the care and maintenance of radiators, which will incur a positive impact on our carbon footprint in the coming months and years.

Since 2021, we have incrementally converted the lighting to energy-efficient LED lamps. In the ongoing process, defective, old light sources are replaced exclusively with LED light sources. We were able to further increase the conversion work at the Hamm site, which is now almost complete.

Our production is organized in such a way that only comparatively small quantities of waste are produced. In the reporting year, the costs arising in connection with waste in Hamm were reduced from EUR 8,658 to EUR 5,313. The specific recycling of metal, cable and electrical waste was a determining key factor here. Cost reductions from EUR 3,327 down to EUR 942 were also successfully achieved at the Chinese site.

Waste management and the proper disposal of recyclable materials and waste are conducted in accordance with legal regulations. We follow the principle of separating recyclable materials by type as far as possible. In order further reduce waste volumes, we continuously review our operational waste streams with the aim of decreasing waste volumes and further increasing the proportion of recyclable materials. We also attach great importance to specific waste separation in the administrative buildings.

The goal formulated in previous years of maintaining water consumption at a constant level or, where possible, reducing it further, was achieved at the Hamm site in the reporting year. As our overall water requirements are already comparatively low for a manufacturing company, there are only limited savings potentials. At 2,339 m³, water consumption at the Hamm site remained almost at the previous year's level (2,342 m³). At the Chinese site, on

the other hand, an increase from 368 m³ to 474 m³ was recorded. Water consumption also increased slightly at the South Africa site from 605 m³ to 621 m³. The Polish site maintained its water consumption at the previous year's level of 524 m³.

Product safety, quality and development

Quality management systems are in place to review and continuously improve processes and procedures within an organization. Their effective implementation not only improves product quality, but also increases production efficiency, which can help to save resources.

In order to ensure that our processes and procedures meet the highest quality standards, we have obtained certifications in many areas:

SMT Scharf is ISO 9001 certified in order to put a quality management system in place and to continuously monitor and improve the quality of our systems, processes and products.

SMT Scharf is certified to ISO 3834 and EN 1090 so as to ensure the quality of welding work in series production, one-off production, repair and assembly as well as metal construction work. As a manufacturer of explosion-protected devices, we have a quality management system certified in accordance with the ATEX directive.

To ensure efficient operations, personnel, materials and other loads must be transported quickly and safely - regardless of difficult accompanying conditions. These essentially include changing steep gradients, low thickness ranges, as well as restricted movement space or dust. Safe, high-quality products are required in order to overcome these challenges.

SMT Scharf specializes in this field and offers customized solutions for all areas of underground mining and tunnel construction. To this end, we develop low-emission, intelligent drive systems that communicate with their environment. This has the advantage of improving the air quality underground and greatly minimizing the burden of GHG emissions caused by our products. Depending on the mine and the geological situation, this so-called ventilation accounts for up to 30% of the total energy requirements. Consequently, savings in ventilation requirements make efficient contributions to reducing energy consumption and the associated costs.

This technology also has a positive impact on energy requirements, and represents an important advantage when it comes to convincing our customers to make changes to their processes and workflows entailing costs and effort. By providing increasingly low-emission engines with intelligent management systems, considerable savings can be realized in a number of cases.

In order to meet the ever uptrending environmental requirements, we are continuously driving the electrification of our product portfolio forward. Thanks to our proven battery and electrical expertise, there are many opportunities to reduce emissions.

We are convinced that the demand for electrified machines will increase significantly in the future and are continuing to develop our products in line with ever rising environmental requirements.

Our products in the monorail overhead conveyor (EMS) sector are characterized by their derailment safety, regardless of the type of drive.

The working spaces underground are tight, while escape routes are only available to a limited extent due to underground mining conditions. This makes it all the more important to prevent accidents from occurring in the first place. With their many safety features, our transport solutions support mining companies in offering their employees good and safe conditions underground. In addition, the electric drives are quieter than diesel drives and contribute directly to improving the miners' working environment by avoiding or reducing noise emissions.

In the selection of our materials and our workmanship we attach great importance to the durability and quality of our products. For us, sustainability begins with the quality of the product, as products with long life cycles and functional design generate less waste. We strive to find alternative and sustainable materials for our products.

When building our machines, we pay attention to sustainable product design. Our modular concept and the ability to dismantle assemblies and components make it easy to repair parts of our machines and adapt them to current regulations at any time. This helps to extend the service life of our machines and reduce the environmental impact of unnecessary waste.

We also have the option to electrify vehicles as part of general overhauls, which can help reduce GHG emissions in underground mining and improve underground air quality.

In addition, external market studies have shown that our machines achieve top notch values in terms of total cost of ownership (TCO). We attach great importance to the durability of our products and are convinced that this represents an important aspect of sustainable production. These sustainability efforts not only help to safeguard the environment, but also provide economic benefits for our customers and for us as a company.

Transport and logistics

In order to promote a sustainable environment and produce high-quality, safe transportation solutions, we ensure that our suppliers comply with safety and quality standards, such as ATEX conformity and the respective welding certificates. Our suppliers also undergo audits by our quality assurance department and answer questionnaires.

At the Hamm site, we had already decided in previous years to put our company car fleet to the test. Our catalog of criteria covers the entire environmental footprint of the vehicles, from zero emissions to the manufacture, service life and disposal of the battery.

Our company fleet at the Hamm site currently comprises a total of 14 vehicles. This fleet comprises three vehicles gasoline or diesel-powered cars, five hybrid vehicles, while six others are purely electric cars. The proportion of hybrid or fully electric vehicles in our company fleet has therefore increased further. Sufficient charging stations are currently available to operate the fleet. By continuing to systematically convert our company vehicles, we were able to significantly improve the carbon footprint of the fleet. With regard to future new purchases, the aim is to procure at least vehicles with hybrid drives and, if possible,

purely electric vehicles. At our Chinese and South African sites, our company fleet currently comprises three and five vehicles respectively, all of which are powered by petrol and diesel. Possibilities for a gradual switch to alternative drive systems are being examined. The Polish site does not operate a fleet of vehicles.

ÖKOPROFIT participation at the headquarters in Hamm

With the successful participation in the 11th round of ÖKOPROFIT Hamm 2024-2026, SMT Scharf further developed its environmental activities at the Hamm site in a targeted manner and was recognized as an ÖKOPROFIT company 2026. The environmental program developed as part of the program shows annual savings potential of EUR 12,720, 49,926 kWh of energy, 13.1 t CO₂e and 9.4 m³ of water for the site.

The measures identified in the program and already implemented include raising awareness of the need to use electricity, paper and resources more sparingly by means of appropriate labels, venting radiators and checking the supply temperature, checking taps, continuing to lease company bicycles and switching over to LED lighting. In addition, further measures such as the use of recycled toilet paper and towels and the switch to recycled printer paper were examined and have already been partially implemented.

This is supplemented by measures already initiated in previous years, such as the digitalization of administrative processes, the use of electric vehicles and charging stations and the use of an electric forklift truck. In this way, SMT Scharf's participation in ÖKOPROFIT underscores the company's aspiration to systematically promote environmental protection and resource conservation at its Hamm location, and to permanently anchor this in its day-to-day operations through concrete, economically viable measures.

The corresponding ÖKOPROFIT brochure with further information and all key figures can be viewed and downloaded from the download area of the company website at smtscharf.com/downloads.

Our responsibility towards employees

Overview of the SMT Scharf Group's companies and employee figures:

(As of 31/12/2025 - The figures shown are full-time employees. Trainees, part-time employees, employees on parental leave and employees on long-term sick leave are taken into account on a pro rata basis).

31/12/2025	white collar	blue collar	total	Male	female	total
SMT Scharf AG, Hamm	58	42	100	78	22	100
SMT Scharf AG	23	30	53	45	8	53
SMT Scharf AG	17	12	29	22	7	29
SMT Scharf AG	4	0	4	1	3	4
SMT Scharf AG	13	18	31	25	6	31
SMT Scharf AG	8	0	8	6	2	8
SMT Scharf Russia Service	3	64	67	66	1	67
SMT Scharf AG	22	23	45	35	10	45
South America	1	0	1	1	0	1
RDH Mining Equipment	4	6	10	8	2	10
Shandong Xinsha Monorail Co., Ltd.	23	143	166	151	15	166
	176	338	514	438	76	514

We consider the responsible treatment of our employees as a vital aspect of our sustainability efforts. We strive to create a healthy and safe working environment that ensures the dignity, safety and health of all employees. In the following, we provide information on our company's key personnel indicators, our health promotion programs and the training and career development opportunities we offer in order to promote the personal and professional development of our employees.

SMT Scharf GmbH perceives clear advantages in a diverse workforce and believes that complementary interaction between employees with different personal and professional backgrounds, as well as diversity in terms of internationality, age and gender, enriches the company and promotes its development. Accordingly, we pay attention to a corporate culture that enables equal opportunities regardless of gender, age, origin, sexual orientation, disability or other discriminatory characteristics.

At 17.35%, the proportion of female employees remained stable overall in the 2025 reporting year. We are continuing our efforts to increase this proportion and also to be an attractive employer for women. Equal pay for women is a matter of course for us. However, we are also not losing sight of work-life balance through flexible working time models and the option of mobile working where possible.

Since 2016, the company has been pursuing the goal of an appropriate share of female members on the Supervisory Board. In the current composition of the committee, this objective is not yet achieved. Irrespective of this, the promotion of appropriate participation of women in supervisory bodies remains an important concern of the company.

We perceive diversity and equal opportunities as an important part of our corporate culture. People with different personal requirements and backgrounds are expressly welcome at SMT Scharf. Our aim is to create a working environment that is characterized by appreciation, openness and mutual respect.

Health and safety at work

The health, safety and well-being of our employees are of great importance to SMT Scharf and represent essential prerequisites for sustainable corporate development. Against the background of our industrial activities, occupational safety in particular is of central importance. Safe working conditions, the prevention of accidents and the protection of our employees' physical and mental health are fundamental elements of responsible corporate governance for us.

Consequently, SMT Scharf pursues the goal of continuously developing occupational health and safety and firmly anchoring these issues in day-to-day operations. This includes both preventive measures to minimize risks in the workplace and ongoing awareness-raising among employees to ensure they behave in a safe manner. We do not perceive occupational safety as an individual measure, but as a permanent management and joint task that is integrated into processes, responsibilities and our daily procedures.

In addition, SMT Scharf supports the health promotion of its employees through appropriate company offerings and measures. Monitoring sickness-related absences and safety-related developments helps us to identify any need for action at an early juncture and make targeted improvements. In this way, we are not only committed to meeting legal requirements, but also create a working environment that supports safety, health and performance over the long term.

For SMT Scharf, occupational health and safety is therefore not just an obligation, but an expression of appreciation and care for our employees, as well as a significant contribution to the stability and future viability of the company.

SMT Scharf documents both reportable and non-reportable occupational accidents. In the reporting year, a total of 15 first-aid book entries, four reportable occupational accidents and two reportable commuting accidents were recorded at the Hamm site. In order to keep the number of accidents as low as possible, the workplace risk assessments are regularly updated. In addition, annual safety training is mandatory for all employees. In addition, the respective area managers provide workplace-related instructions.

At the Hamm location, health and safety issues are monitored by an occupational safety committee. This is headed by an occupational safety specialist and supported by other safety officers. In addition, SMT Scharf has 34 first aiders and 15 fire protection assistants in place at its Hamm site, which effectively supports the company's safety organization. The next training or refresher course for first aiders is scheduled for the current year. Fire safety assistants are trained every three to five years, and the last training course was held in 2024.

Sports and health promotion

SMT Scharf has set up ergonomic workstations with height-adjustable desks and individually adaptable office chairs for its administrative staff at its headquarters. In the production and assembly areas, the height of the workbenches can be adjusted to suit the individual employees. In addition, the workplaces at our foreign locations meet the highest standards for the health and safety of employees and are equipped accordingly. In order to ensure a good work-life balance, SMT Scharf offers its employees flexible working hours as well as the option of mobile working. Employees are informed about the working models at SMT Scharf by way of the intranet and by the division managers.

Employee commitment and further training

SMT Scharf GmbH actively involves its employees in the design and improvement of business processes through a company suggestion scheme. In addition, the continuous improvement process is anchored as a basic principle in the ISO 9001-certified quality management system. In addition, SMT Scharf promotes the further training of its employees through targeted training courses and individual development opportunities. Training courses are planned in the departments at an early stage in order to ensure reliable and requirements-based development for both the company and its employees. Internal promotions are situation-based.

Collective bargaining

Most of our employees in Germany are covered by the IG Metall collective agreement. As of the reporting date, the proportion of non-pay-scale employees at the Hamm location stood at 9%.

Inclusion of people of color in South Africa

Broad-Based Black Economic Empowerment (B-BBEE) is an anti-discrimination certification that aims to strengthen the inclusion of previously disadvantaged citizens in South Africa in the country's economy. Every company with an annual turnover of more than 5 million rand (equivalent to EUR 350,000) must apply for B-BBEE certification. In order to be awarded the contract in public tenders or to be able to take advantage of state subsidies, companies must have the corresponding B-BBEE status. SMT Scharf works in compliance with B-BBEE and thereby contributes to providing economic prospects for discriminated population groups in South Africa.

Governance and compliance

Code of Conduct and compliance

Based on our corporate purpose and our values, the Code of Conduct defines the standards for our actions. This code provides our employees with guidance for ethical and lawful behavior, strengthens integrity, an awareness of responsibility and team spirit, and helps to protect customers, employees, suppliers as well as the reputation of SMT Scharf. The Code of Conduct is publicly available on the company website.

(www.smtscharf.com/unternehmen/verhaltenskodex/)

At SMT Scharf GmbH, the Code of Conduct is included in the works agreement for employees. Suppliers are not yet required to sign the Code of Conduct; at the same time, we are examining the extent to which a binding commitment to the Code of Conduct can be introduced in the future.

In addition to the Code of Conduct, appropriate risk identification and a compliance culture practiced by the Managing Board and managers is geared to help preventing compliance violations. In order to identify potential violations at an early stage, SMT Scharf has a whistleblower system in place that also takes the requirements of the Whistleblower Protection Act into account.

Compliance management and whistleblower system

SMT Scharf's compliance management system (CMS) serves to identify and prevent potential breaches of regulations at an early stage, and to handle them in a uniform manner across the Group. SMT Scharf has appointed Dr. Philip Seel from the Grüter law firm in Hamm as an independent external compliance officer to provide support. He advises the Managing Board on compliance law issues, supports the further development of the compliance management system and also acts as an external reporting office for potential breaches of regulations.

Employees can report indications of possible violations to their line manager, a member of the Managing Board, a managing director or directly to the external compliance officer. Reports can be made by name or anonymously. Any information received is examined and, if there are sufficient factual indications of a compliance breach, forwarded to the relevant departments so that further investigations and measures can be initiated if necessary. There is also a regular exchange between the Compliance Officer and the Managing Board.

SMT Scharf does not tolerate any form of unethical behavior or illegal actions on the part of employees or other representatives of the SMT Scharf Group. If violations are identified, appropriate measures under labor and civil law are examined and, if necessary, further steps are taken. There were no compliance violations at the German Group companies in the 2025 reporting year.

Data protection

The protection of personal data is a high priority issue for SMT Scharf and represents an important part of responsible corporate governance. The company has an internal data protection coordinator and an external data protection officer in order to ensure data protection-compliant processes. On this foundation, the handling of personal data is monitored in a structured manner and continuously developed in compliance with the applicable legal requirements. The aim is to protect the rights of employees, customers, suppliers and other business partners and to ensure that sensitive information is handled responsibly.

IT security

IT security is also a crucial governance issue for SMT Scharf. The company has its own IT department, which accords these issues top priority and works continuously on the security of systems and processes. A new IT guideline was also introduced in the reporting year to further strengthen the binding framework for the secure and responsible handling of IT systems and information. SMT Scharf is thereby creating the basis for countering risks at an early stage and protecting the availability, integrity and confidentiality of information in the best possible way.

Fair competition

SMT Scharf respects the principles of fair competition and integrity in its dealings with public institutions and business partners. We are aware of the fundamental importance of these values for responsible corporate governance and do not tolerate corruption of any kind. There are no known cases of corruption for the 2025 reporting year. SMT Scharf has various instruments in place to prevent and minimize corruption risks, including an updated compliance manual, a compliance management system, a whistleblower system and the binding application of the Code of Conduct.

Tax payments

Appropriate tax payments are an integral part of sustainable corporate governance for SMT Scharf. In this way, we are also meeting the growing expectations of our stakeholders for a responsible tax strategy. SMT Scharf is aware of its social responsibility and pursues a moderate and sustainable tax structure. We reject tax-motivated relocation of assets or economic activities abroad as well as aggressive tax avoidance strategies.

Glossary

ATEX Directive	The ATEX Directive establishes uniform rules throughout the European Union for the sale and commissioning of equipment and protective systems intended for use in potentially explosive atmospheres.
Carbon footprint (CO ₂ footprint)	The term “carbon footprint” refers to the measurement of climate-impacting greenhouse gases and their compilation into a greenhouse gas balance. A carbon footprint can be created for countries, regions, companies, products and services as well as for private households. It is stated in In addition to ad hoc meetings, there is a regular exchange of information between the Chief Compliance Officer and the Managing Board of SMT Scharf as part of fixed regular meetings. equivalents (CO ₂ e). One CO ₂ equivalent is equal to one ton of carbon dioxide (CO ₂) emitted. Since carbon footprints take into account other climate-relevant greenhouse gases in addition to CO ₂ —primarily methane (CH ₄), nitrous oxide (N ₂ O), fluorinated and perfluorinated hydrocarbons (HFCs, PFCs) and sulphur hexafluoride (SF ₆)— CO ₂ e is an appropriate unit of measurement.
Chief Compliance Officer (CCO)	The CCO is responsible for monitoring and managing compliance issues within an organization. He or she ensures that violations are avoided, weaknesses are eliminated, and errors are properly reported. At SMT Scharf, the CCO is the key position for establishing, maintaining and further developing the CMS . He or she is a staff member of the management of the holding company, is subject to instructions and reporting obligations, and is in regular contact with the Managing Board.
China III standard	The Chinese government has adopted stricter emissions standards for vehicles with the China III emissions regulation. These came into effect in 2021 and also apply to machines used in underground mining.
CO ₂ (carbon dioxide)	Carbon dioxide is one of the best-known greenhouse gases and is produced when fossil fuels such as coal and natural gas are burned. Greenhouse gases are measured under a global and standardized framework called the Greenhouse Gas Protocol.
Code of Conduct	The Code of Conduct is a set of rules of conduct for a company. It is intended to provide guidance to employees and contains guidelines for responsible, ethical and honest conduct.

Compliance Management System (CMS)	A CMS brings together all of an organization's structures, processes and measures to ensure compliance. It ensures that organizations do not violate legally binding external regulations, such as laws and internal policies. The goal of the CMS is to identify and prevent potential violations at an early stage. It is also intended to help SMT Scharf define appropriate responses to compliance incidents for all Group companies in a uniform manner. Our external compliance officer supports SMT Scharf by, in particular, providing legal advice in connection with the CMS and its components.
Compliance Officer	SMT Scharf's Compliance Officer is an external lawyer who supports the CCO in fulfilling his or her duties. The Compliance Officer is consulted when special expertise in commercial law is required. As part of this mandate, the Compliance Officer advises the Managing Board on all legal issues relevant to compliance, insofar as these relate to German law. This includes, in particular, legal advice in connection with the CMS and its components.
Corporate Sustainability Reporting Directive (CSRD)	The Corporate Sustainability Reporting Directive (CSRD) is an EU directive that comprehensively reforms sustainability reporting in the European Union. It replaces the previous Non-Financial Reporting Directive (NFRD) and requires companies to disclose comprehensive information on environmental, social and governance (ESG) issues. The European Sustainability Reporting Standards (ESRS) form the basis for reporting. The CSRD will gradually take effect for large companies and listed SMEs from 2024; from 2025, many will have to report for the first time for the 2024 financial year. In the course of implementation, the European Commission published the draft for the first Omnibus Package on February 26, 2025, which revealed the specific planned impact of the simplification initiative on reporting requirements. The aim of the Omnibus Initiative is to make the application of the CSRD more practicable, especially for small and medium-sized enterprises, for example through transitional arrangements, reduced reporting scopes or clarifications in the application of the ESRS – without fundamentally lowering the level of ambition of the directive.
Diversity	Diversity refers to the conscious treatment, acceptance and equality of different people in companies, regardless of ethnic origin, skin color, age, gender, nationality, religion, ideology, disability, sexual orientation or the like.

Double materiality	An important innovation associated with the CSRD is the concept of double materiality. This means that companies' sustainability reports focus on information that is relevant and understandable to their target audiences. Due to the large number of environmental, social and governance issues, companies face the challenge of limiting their reporting to the issues that are material to them. The principle of double materiality considers both the material impact of business activities on people and the environment (non-financial materiality) and the impact of sustainability issues on business performance (financial materiality). To identify material issues, companies must conduct a materiality analysis. This includes sustainability aspects such as environmental protection, occupational health and safety, supply chain, human rights and other social aspects, governance and the assessment of existing internal controls, processes and policies. Companies must report on the material issues identified in accordance with the ESRS. This includes information on strategy and governance related to the topic, information on actions taken as well as targets and metrics.
Eco-efficiency	Eco-efficiency refers to the effort to design products and processes in such a way that maximum benefit and quality are achieved with a minimum of resources and emissions. Eco-efficiency concepts contrast the destruction of ecological value with the creation of economic value. They enable the optimization of processes and products, as well as the analysis of competitors and markets. Eco-efficiency concepts lend themselves to the integration of continuous improvement processes.
Energy audit according to DIN EN 16247	An energy audit is a procedure that provides information about the existing energy consumption profile of a company. DIN EN 16247 defines the characteristics of an energy audit and specifies the requirements and respective obligations within the audit process. The objective is to identify and quantify economic energy savings. The audit includes an inventory and energy assessment of the company's processes. The results and resulting optimization opportunities are documented in a report. The energy audit can be a precursor to an energy management system.
ESG	ESG refers to the non-financial factors that investors consider when evaluating potential investments. "E" stands for environmental, "S" for social and "G" for governance. It is also about a company's impact on, and contribution to, sustainability and the associated risks to the company. ESG factors are a mandatory part of

	sustainability reporting under the CSRD .
European Sustainability Reporting Standards (ESRS)	The ESRS are the first legally binding European ESG standards designed to ensure comprehensive and comparable sustainability reporting. The ESRS are a set of guidelines developed as part of the CSRD that define the reporting requirements for companies. Companies subject to the CSRD are required to report in accordance with the ESRS. The standards are developed by the European Financial Reporting Advisory Group (EFRAG), an independent multi-stakeholder body.
EU Taxonomy Regulation	The EU Taxonomy Regulation sets out a uniform system of criteria that can be used to determine whether an economic activity can be classified as environmentally sustainable. The regulation came into force in July 2020 and has been applicable since January 2022. The Taxonomy Regulation is the authoritative basis for all European and national regulations that relate directly or indirectly to environmentally sustainable economic activities or investments and sets out six environmental objectives that are relevant for the classification of economic activities: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and reduction, and protection and restoration of biodiversity and ecosystems.
Green Deal	The European Green Deal is a concept presented by the European Commission in December 2019 with the aim of reducing the EU's net greenhouse gas emissions to zero by 2050, making it the first continent to become climate neutral. It is the EU's contribution to the Paris Climate Agreement and is intended to become a central component of EU climate policy. The Green Deal is also a growth strategy with 50 specific measures designed to bring about social and economic change, including in the areas of financial market regulation (sustainable finance), energy supply, transport, trade, industry, agriculture and forestry. The previous target of reducing the EU's carbon emissions by 40% by 2030 compared to 1990 is to be increased to 50 to 55%.
Impacts, risks and opportunities (IROs)	Impacts, risks and opportunities (IROs) play an important role in CSRD reporting. The term "impacts" refers to the positive and negative effects that a company can have on society and the environment. It refers to activities within the company's own operations as well as those in the upstream and downstream value chains. Risks are potential negative consequences, while opportunities are positive potential, e.g. in the form of financial benefits or

	reputational gains. As part of the double materiality analysis, the identified IROs are assessed according to their magnitude, scope, reversibility and likelihood.
International Organization for Standardization (ISO)	ISO is an international non-governmental organization (NGO) founded in 1947 that develops and publishes internationally valid standards. There are currently almost 25,000 ISO standards covering a wide range of topics.
ÖKOPROFIT	The environmental program ÖKOPROFIT (ÖKOlogisches PROjekt Für Integrierte UmweltTechnik) was developed in 1991 by the Environmental Office of Graz in collaboration with the Technical University of Graz. It is a collaborative project between the regional economy, administration and experts, and offers companies an environmental management approach that focuses on awareness-raising, practical relevance and the implementation of measures. The aim is to reduce operational emissions, conserve natural resources, increase eco-efficiency and raise awareness of the environment and sustainability. ÖKOPROFIT is implemented in a regional network of companies from different sectors and consists of workshops, individual consulting and certification.
Paris Climate Agreement	The Paris Climate Agreement was adopted at the COP21 (Conference of the Parties) of the Framework Convention on Climate Change in Paris in December 2015 and entered into force in November 2016. Under the Paris Agreement, signatories commit to limiting global warming to well below 2°C, and ideally to 1.5°C compared to pre-industrial levels. All EU Member States have signed the Paris Agreement.
Plausibility check	Plausibility checks are used by the auditor to verify the data quality of the specific information required by the ESRS , the so-called data points that companies are required to collect and report. Ensuring data quality is a key challenge in sustainability reporting. There is often a lack of standardized processes for consolidating and validating the information collected, which can lead to inconsistencies and gaps in reporting. The auditor therefore relies on inquiries and analytical assessments with a focus on the plausibility of the information. By establishing their own reporting process, companies can ensure that data is collected and reported consistently. Internal plausibility checks (e.g., by controlling) can ensure the quality of reported data points during the process.

Renewable energy	Renewable energy is a type of energy that is considered a sustainable resource because it is self-renewing and therefore cannot be depleted as a resource. Examples of renewable energy include wind power, solar power and hydroelectric power. They are also referred to as “green electricity,” while “gray electricity” refers to electricity of unknown origin and energy source.
Stakeholders and stakeholder dialogue	Stakeholders are basically all parties (groups or individuals) that are involved in, affected by, have an interest in or can influence the activities of a company. The term “stakeholders” or “interest groups” is also frequently used. Stakeholder mapping can be used to systematically identify relevant stakeholder groups. The stakeholder dialogue between the company and stakeholders identifies what is important to each side. Specific issues are raised and examined from different perspectives. The dialogue itself can take different forms depending on the stakeholder group. In principle, it is important that the company reports transparently and openly on the current situation and development status in the various areas and is genuinely interested in receiving feedback from stakeholders. This requires an understanding of stakeholder concerns and a willingness to engage with them. This does not mean that all stakeholder concerns must be addressed, but important insights should be incorporated into management decisions.
Sustainability statement	The term “sustainability statement” refers to non-financial sustainability reporting in accordance with the CSRD. With the CSRD, the sustainability statement becomes a mandatory and independent part of the annual report and can also be published separately. From 2026, it will be subject to a content review by the auditor for the 2025 financial year. As a first step, companies carry out a double materiality analysis to determine which sustainability information is to be classified as material and therefore disclosed in the sustainability statement. The relevant data points from the ESRS are then identified and the statement is prepared.
Whistleblower system	A whistleblower system is an electronic reporting system that allows employees and others associated with the Company to report, by name or anonymously, misconduct and unethical or illegal behavior in the workplace.

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