



 **SCHARF**

2020

9-MONTH REPORT

LETTER TO SHAREHOLDERS

Dear shareholders,

SMT Scharf's business development in the first nine months of 2020 to a significant extent reflected the macroeconomic consequences of the coronavirus pandemic, which in the third quarter also had a major bearing on our core business as a specialist engineering company in underground mining. SMT Scharf recorded consolidated revenue of EUR 36.9 million in the first nine months of the 2020 fiscal year, down EUR 12.8 million compared with the previous year's level of EUR 49.7 million. The pandemic continues to impede activity in the global mining equipment market. Many mines were temporarily closed, or underground activities were reduced to a minimum. In the course of the year to date, this has led to reduced requirements for new transport solutions, and a collapse in demand for service and maintenance. Both SMT Scharf's new equipment and after-sales businesses decreased during the first nine months of the year.

The operating result (EBIT) amounts to EUR –7.2 million in the reporting period, compared with EUR 4.2 million in the prior-year period. The significant decrease in this result is mainly due to impairment charges of EUR 6.6 million which we applied as of the third quarter of 2020. As part of the ongoing restructuring process at the Canadian subsidiary RDH Mining Equipment Ltd., which has been rendered more difficult by coronavirus, inventories were also reviewed and, in some cases, classified as impaired in terms of their value. This revaluation leads to an impairment charge of some EUR 5.1 million. Furthermore, against the backdrop of the COVID-19 pandemic, we corrected intangible assets for the Group by EUR 1.5 million, thereby adjusting them to reflect the Group's current situation. Although SMT Scharf took appropriate measures to prepare itself well for the current coronavirus situation, and in the third quarter was well on track in terms of its results on the basis of operating activities falling short of the coronavirus budget, these impairment charges significantly reduced the operating result for the period under review.

Against expectations, the integration of the Canadian mining specialist RDH Mining into the SMT Scharf Group has proved to be a major accomplishment. By subjecting RDH to consistent restructuring and repositioning in terms of both personnel and organisation, we are creating a healthy foundation for the future growth of our Group subsidiary and the sustainable development of our business with rubber-tyred vehicles for underground mining. Especially in the area of electrically powered vehicles, RDH has assumed a pioneering role in the market in recent years. We continue to identify great potential for our Group in the development and production of electrically powered vehicles for mining and other industries over the coming years.

The pandemic has exerted a significantly negative effect on SMT Scharf's business activities over the past months. Although business operations have been up and running again at all of the Group's locations since May, following temporary closures in China, Canada and South Africa, SMT Scharf has not yet been able to implement its planned activities in individual markets to the normal extent. However, the Russian market continued to report positive growth in the third quarter, thanks mainly to the successful completion of existing projects. We continue to identify attractive short- and medium-term growth opportunities in China. The approval of the new China III machines by the regulatory authorities is still pending. We are in regular contact with the authorities in this context and, as things stand at present, we expect to be able to start delivering the China III machines to the new engine standard in the first half of 2021. We are prepared for this in terms of our production. In light of our high order book position, we then expect significant catch-up effects in the Chinese market. On a positive note, Chinese mine operators are continuing to order previous-generation China II transport machines to meet their needs.

As far as the current fourth quarter and the coming 2021 fiscal year are concerned, it is expected that the economic consequences of the coronavirus pandemic will continue to weigh heavily on demand in general in the global market, especially for mining equipment. This applies to both the willingness to invest in new equipment and, initially, the after-sales business. Even in this difficult phase for our company, we are working hard on important issues for the future. In the third quarter, for example, we concluded a partnership with Polymetal International plc. The partnership focuses on a strategic cooperation in the development of underground electric vehicles (EVs), in order to assume an even stronger positioning in the area of electromobility in underground mining. With the aim of jointly developing, implementing and testing zero-emission battery EVs, the cooperation will initially focus on "load, haul, dump machines" (LHDs) and trucks. Overall, we continue to identify attractive growth opportunities in our business segments long-term, deriving from global urban development trends, high demand for economically strategic raw materials, and electric mobility.

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

Kind regards,

Hans Joachim Theiss

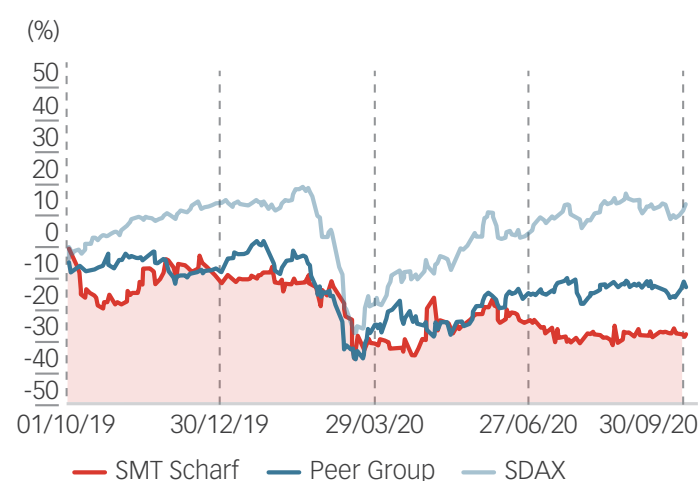
Wolfgang Embert

SUMMARY OF KEY DATA

		2018	2019	9M/2019	9M/2020
Revenue	EUR thousand	70,795	75,395	49,687	36,902
Total operating revenue	EUR thousand	71,028	74,837	50,020	39,303
EBIT	EUR thousand	5,304	6,822	4,185	-7,241
EBIT margin on total operating revenue	%	7.5	9.1	8.4	-18.3
Consolidated net profit / loss	EUR thousand	4,633	5,739	4,433	-7,148
Equity	EUR thousand	51,533	60,577	58,918	49,378
Equity ratio	%	62	63	61.8	61.1
FTEs (full-time employees)	on the reporting date	389	432	434	410

SHARE INFORMATION

SHARE PRICE CHART

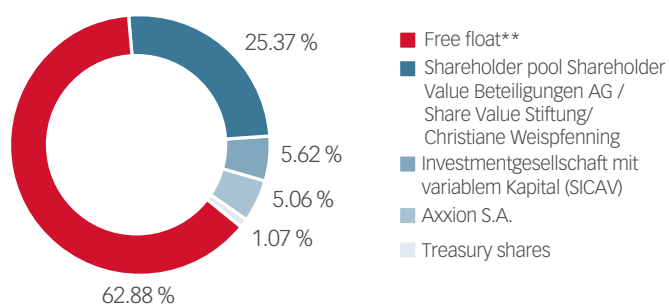


KEY SHARE DATA 9M 2020

Ticker / ISIN	S4A / DE0005751986
Number of shares including 49,477	4,620,000
Closing price (September 30, 2020)*	EUR 8.18
Price high/low* (January 29, 2020/19-Mar-20)	EUR 10.55 / EUR 7.36
Share price performance (LTM on September 30, 2020)	-27.0%
SDAX performance (LTM on September 30, 2020)	+13.8%
Peer group portfolio performance (LTM on September 30, 2020)	-4.8%
Market capitalisation excluding treasury shares (September 30, 2020)	EUR 37,387 thousand

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

SHAREHOLDER STRUCTURE*



*Shareholdings are disclosed on the basis of the number of shares indicated in the last notification of voting rights transmitted

** Shareholders with a shareholding of less than 5% are included in the free float (exception: treasury shares)

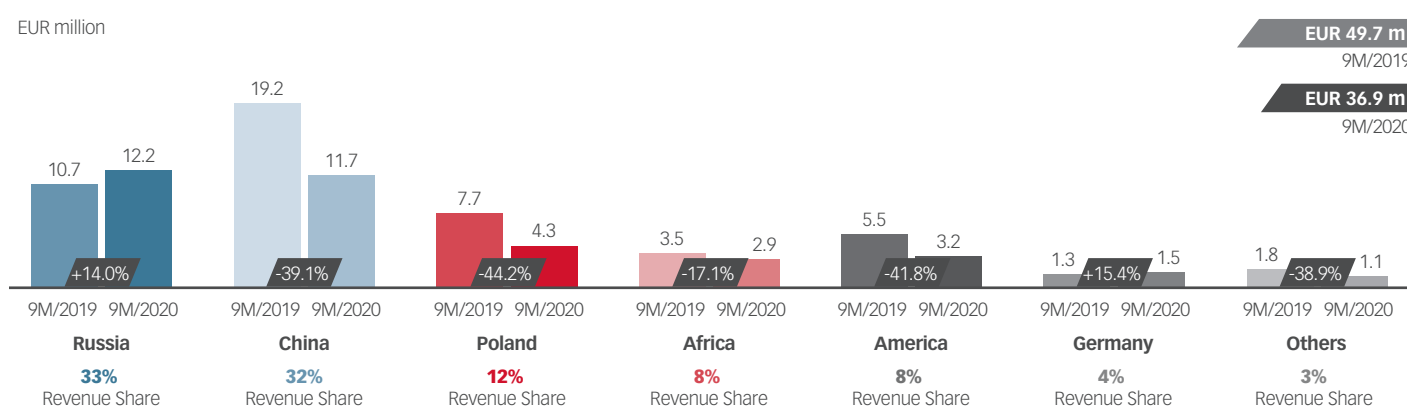
FINANCIAL CALENDAR

November 16–18, 2020	German Equity Capital Forum 2020 (online)
December 31, 2020	Fiscal year-end

BUSINESS TRENDS

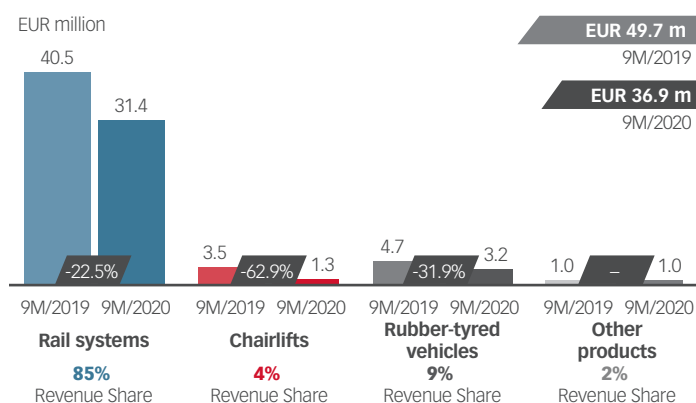
In the first nine months of the current 2020 fiscal year, SMT Scharf Group business growth was significantly affected by the coronavirus pandemic and associated economic consequences. The resultant impeding of business activities in key target markets worldwide continued to lead to a significant decrease in revenue and earnings in the third quarter. In the first nine months of 2020, the SMT Scharf Group achieved consolidated revenue of EUR 36.9 million (9M/2019: EUR 49.7 million). The 25.7% decrease in revenue is mainly due to lower demand for new equipment, as well as service and maintenance, as a consequence of the pandemic. Many mines were closed temporarily, or reduced to minimal operation. This is leading to a reduced requirement for investment in the global market for mining equipment. The SMT Scharf Group recorded revenues of EUR 13.3 million in the third quarter of 2020, down EUR 3.2 million year-on-year (Q3/2019: EUR 16.6 million).

Revenue by region

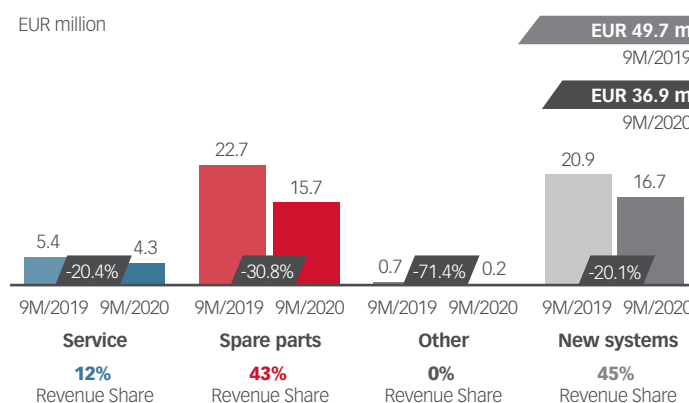


SMT Scharf reported a downturn in revenues in both its new equipment business as well as its spare parts and service businesses. Revenue in the new equipment business amounted to EUR 16.7 million in the first nine months of 2020, 25.1% below the corresponding figure for the previous year (9M/2019: EUR 20.9 million). Revenue in the spare parts and service business also decreased sharply, by 30.2% year-on-year, to EUR 20.1 million (9M/2019: EUR 28.8 million). This trend reflects, firstly, lower demand from global mine operators for plant, equipment and technology. Mine operators proved less willing to invest given falling raw material prices and far-reaching restrictions due to the pandemic. Secondly, the ongoing pending approval of the China III machines is affecting business, as existing orders in the Chinese market cannot be executed yet.

Revenue share by product

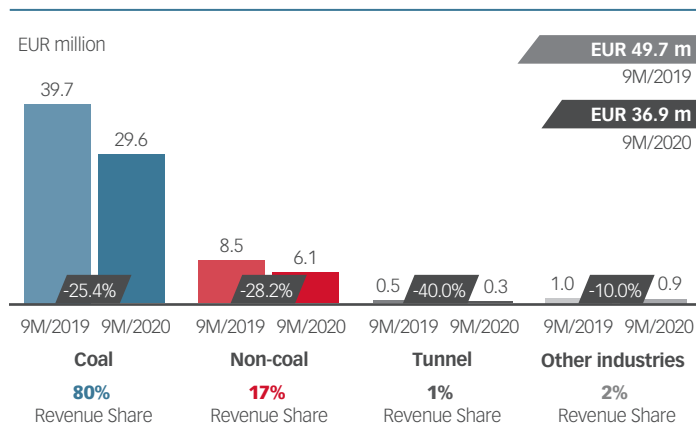


Revenue share by business type



In the Rail Systems division, SMT Scharf achieved revenue of EUR 31.4 million (9M/2019: EUR 40.5 million), while revenue from rubber-tyred vehicles amounted to EUR 3.2 million (9M/2019: EUR 4.7 million). Given the revenue level of EUR 1.5 million in the home market of Germany (9M/2019: EUR 1.3 million), the relative importance of domestic business has risen slightly compared to the previous year.

Revenue share by segment



Total operating revenue (consolidated revenue plus changes in inventories and work in progress) in the third quarter of 2020 amounted to EUR 14.4 million (Q3/2019: EUR 15.5 million). In the first nine months, the figure of EUR 39.3 million was 27.2% lower than in the previous year (EUR 9M/2019: EUR 50.0 million).

Other operating income increased by 25.0% to EUR 3.0 million in the first nine months of the year due to currency effects and income from individual value adjustments (9M/2019: EUR 2.4 million). In contrast, other operating expenses were at EUR 7.1 million and thus at the previous year's level (9M/2019: EUR 7.1 million), which was due to one-off items incurred in the course of the restructuring of RDH Mining.

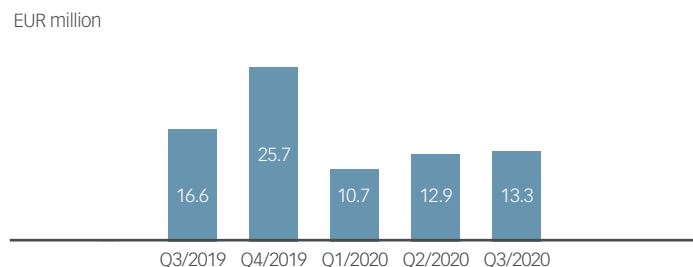
The cost of materials reduced by 6.8% to EUR 23.5 million in the first nine months of the current fiscal year (9M/2019: EUR 25.2 million). Accordingly, the cost of materials ratio (in relation to total operating revenue) stood at 59.8% (9M/2019: 50.3%). By contrast, personnel expenses for the first nine months amounted to EUR 13.4 million. This corresponds to a decrease of 4.3% compared to the same period of the previous year, mainly reflecting the lower personnel costs of the subsidiary RDH Mining (9M/2019: EUR 14.0 million). The personnel expense ratio (in relation to total operating revenue) rose to 34.4% during the first nine months of the year (9M/2019: 28.1%).

In the first nine months of 2020, EBIT amounted to EUR -7.2 million, after a positive operating result of EUR 4.2 million in the same period of the previous year. The significant decrease in the result mainly reflects impairment charges in a total amount of EUR 6.6 million, which were applied as of the third quarter. As part of the ongoing restructuring process at the Canadian subsidiary RDH Mining Equipment Ltd., which has been rendered more difficult by coronavirus, inventories were also reviewed and, in some cases, classified as impaired in terms of their value. The revaluation of assets leads to an impairment charge of some EUR 5.1 million. In addition, against the backdrop of the COVID-19 pandemic, SMT Scharf is correcting intangible assets for the Group by EUR 1.5 million, thereby adjusting them to reflect the Group's current situation.

The number of employees decreased to 410 as of September 30, 2020 (prior-year period: 434). The decrease compared to the previous year mainly reflects the completion of the reduction of the employee headcount at the Canadian site.

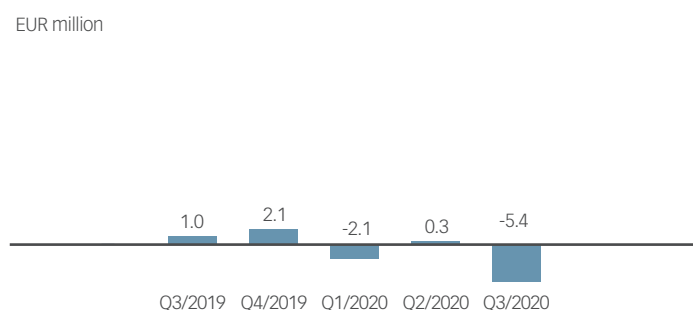
ECONOMIC AND BUSINESS REPORT

Group revenue



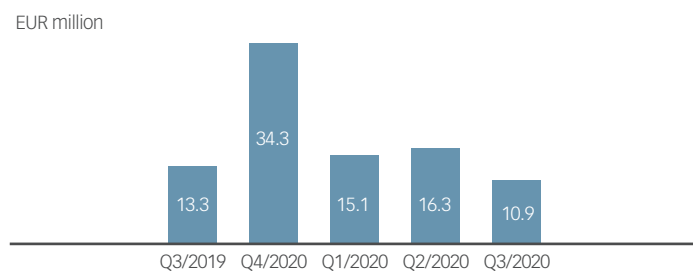
- Consolidated revenues down 19.8% year-on-year to EUR 13.3 million in the third quarter of 2020; SMT Scharf Group revenues for the nine-month period totalled EUR 36.9 million, down 25.7% year-on-year.
- Last twelve months' (LTM) rolling consolidated revenue amounts to EUR 62.6 million as of September 30, 2020 reporting date.

Operating result (EBIT)



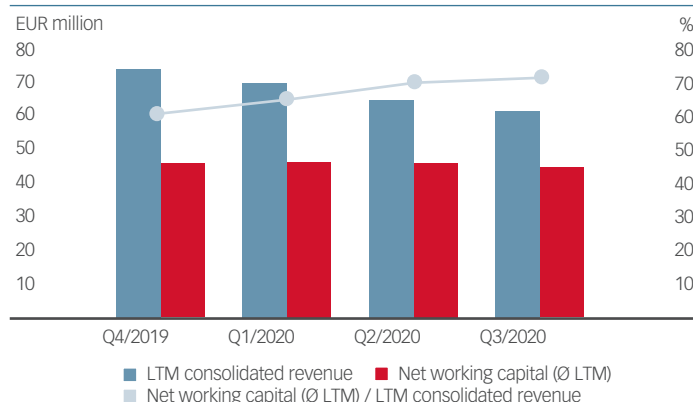
- EBIT for the third quarter of 2020 at EUR –5.4 million (Q3/2019 EUR 1.0 million), and for the first nine months of 2020 it amounts to EUR –7.2 million (9M/2019: EUR 4.2 million). The decrease in the result is mainly due to impairment charges of EUR 6.6 million.
- EBIT margin (in relation to total operating revenue) amounts to –37.5% in the third quarter of 2020 (Q3/2019 6.7%), and after the first nine months of 2020 it amounts to –18.3%, thereby significantly below the previous year's level (9M/2019: 8.4%).
- Last twelve months' (LTM) rolling EBIT of EUR –5.1 million as of the September 30, 2020 reporting date.

New order intake



- New order intake of EUR 10.9 million in the third quarter of 2020 down compared with the previous year (9M/2019: EUR 13.3 million); in the nine-month period, it decreased by 8.6% year-on-year to EUR 42.3 million (9M/2019: EUR 46.3 million).
- Order book position stands at record level of EUR 30.4 million as of September 30, 2020 (September 30, 2019: EUR 16.3 million), reflecting delayed order processing given the coronavirus crisis, as well as outstanding delivery of China III machines following approval by Chinese regulatory authorities.

Net working capital (average LTM) / Consolidated revenue LTM



- Net working capital defined as the sum of inventories, trade receivables and other assets, less current provisions, trade payables, current bank borrowings and other liabilities and advance payments as of the respective reporting date.
- Average net working capital of EUR 45.5 million for the last twelve months as of the September 30, 2020 reporting date (LTM, calculated from quarterly figures) in relationship to the last twelve months' (LTM) rolling consolidated revenue as of the reporting date of EUR 62.6 million, equivalent to net working capital intensity of 72.6%.

OUTLOOK

The global economy will lose significant momentum in 2020 due to the global COVID-19 pandemic, according to the International Monetary Fund (IMF). The pandemic continues to weigh on global economic activity. It is still too early for a full evaluation of the precise consequences of the coronavirus pandemic for the global economy. In October 2020, the International Monetary Fund (IMF) forecast the following GDP growth rates in SMT Scharf's following target markets:

GDP growth in the most important sales markets* (in %)	2019	2020
World	2.9	-4.4
China	6.1	1.9
Poland	4.0	-3.6
Russia	1.1	-4.1
South Africa	0.2	-8.0

Quelle: *IMF World Economic Outlook, October 2020

The SMT Scharf Group will continue to concentrate on its existing core markets of China, Russia, Poland and South Africa. Due to the coronavirus pandemic and associated economic consequences, the IMF expects growth in 2020 only for the important target market of China. The IMF expects a negative trend for Poland, Russia and South Africa due to COVID-19. By 2021, however, a tangible economic upturn is forecast in all countries.

The management expects that the economic consequences of the coronavirus pandemic will continue to place a substantial burden on demand in the global mining equipment market during the fourth quarter of 2020 – in both the new equipment and after-sales businesses. In particular, a risk exists that the pandemic could have a negative effect on business activities in China, and that the still-pending approval of the new generation of machines (China III) is delayed further.

SMT Scharf will continue to monitor very closely developments relating to coronavirus and, if necessary, initiate corresponding measures to protect its employees and customers. As of the date of the publication of the report, the Managing Board notes the following:

- During the period under review, a total of seven of the SMT Scharf Group's employees in Germany, Russia and South Africa were infected with coronavirus (as of October 31, 2020). The necessary measures were implemented immediately. Business activities continued almost without restriction.
- All conceivable preventive measures are being implemented within the SMT Scharf Group in order to stem coronavirus. It goes without saying that SMT Scharf is complying with all official instructions.
- The SMT Scharf Group's supply chains remain uninterrupted. Slight delays have not yet led to any significant effects.
- The SMT Scharf Group's sites in China, Canada and South Africa have meanwhile had to be closed in compliance with official orders. As of the date of the publication of this report, business activities can be pursued at all locations.

Impairment charges of EUR 6.6 million in the third quarter meant that the operating result (EBIT) for the first nine months of 2020 was clearly negative at EUR –7.2 million (9M/2019: EUR 4.2 million). Given this negative one-off effect, the Managing Board has revised its earnings forecast and now expects EBIT for the full 2020 fiscal year to lie in a range between EUR –6.0 million and EUR –6.5 million. In April, against the backdrop of the COVID-19 pandemic, the Managing Board adjusted the forecast it issued at the time it published the 2019 results, and last expected EBIT to lie in a range between EUR –1.4 million and EUR –1.6 million.

Moreover, the economic impact of the COVID-19 pandemic is significantly affecting SMT Scharf Group business activities in the global mining equipment market, which is clearly slowing demand for new equipment as well as for service and maintenance. Furthermore, the approval of the new China III machines by the regulatory authorities in China continues to be delayed, so that a start cannot be made with the execution of existing orders. Given this, SMT Scharf has corrected its forecast for consolidated revenue to between EUR 48 million and EUR 50 million for the 2020 fiscal year. The company had previously expected revenue to lie in a range between EUR 55 million and EUR 57 million.

Moreover, SMT Scharf's Managing Board anticipates that the economic consequences deriving from the coronavirus pandemic will continue to place a considerable burden on demand in the global mining equipment market over the course of the fourth quarter and beyond.

IFRS NINE-MONTH FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

EUR thousand	30/09/2020	30/09/2019	31/12/2019
Assets			
Intangible assets	4,319	4,934	6,120
Property, plant and equipment	8,213	9,680	9,829
Loans	637	712	712
Equity accounted investments	7,607	6,746	6,746
Other investments	7	7	7
Deferred tax assets	2,717	3,257	2,665
Non-current lease receivables	88	699	585
Other non-current non-financial assets	2	164	11
Non-current assets	23,590	26,199	26,675
Inventories	27,977	33,990	28,614
Trade receivables	20,541	21,627	29,398
Contract assets	106	0	473
Current lease receivables	632	883	790
Other current non-financial assets	2,262	4,812	3,505
Other current non-financial assets in connection with employee benefit entitlements	892	140	1,151
Cash and cash equivalents	4,789	7,611	5,229
Current assets	57,199	69,063	69,160
Total assets	80,789	95,262	95,835

EUR thousand	30/09/2020	30/09/2019	31/12/2019
Equity and liabilities			
Subscribed share capital	4,571	4,571	4,571
Capital reserve	16,833	16,597	16,732
Revenue reserves	33,749	39,920	40,739
Other reserves	-6,876	-3,303	-3,026
Non-controlling interests	1,101	1,133	1,561
Equity	49,378	58,918	60,577
Provisions for pensions	3,480	3,301	3,480
Other non-current provisions	193	221	220
Deferred tax liabilities	344	903	595
Contract liabilities	3	0	0
Leasing liabilities	1,263	1,036	1,112
Non-current financial liabilities	3,437	4,994	4,442
Other non-current financial liabilities	1,428	723	783
Non-current provisions and liabilities	10,148	11,178	10,632
Current income tax	109	73	198
Other current provisions	3,913	4,727	4,929
Contract liabilities	266	1,737	932
Trade payables	3,005	5,859	6,543
Leasing liabilities	516	463	620
Current financial liabilities (cash and cash equivalents)	9,632	9,207	7,128
Current financial liabilities (not cash and cash equivalents)	1,904	2,215	2,366
Other current non-financial liabilities	1,918	885	1,910
Current provisions and liabilities	21,263	25,166	24,626
Total assets	80,789	95,262	95,835

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q3 / 2020	Q3 / 2019	9M / 2020	9M / 2019
Revenue	13,272	16,548	36,902	49,687
Changes in inventories	1,122	-1,007	2,401	333
Total operating revenue (100%)	14,394	15,541	39,303	50,020
Other operating income	1,095	674	3,046	2,431
Cost of materials	10,098	7,464	23,484	25,177
Personnel expenses	4,264	4,567	13,445	14,032
Depreciation, amortisation and impairment losses	4,041	746	5,528	1,913
Other operating expenses	2,513	2,403	7,133	7,144
Profit / loss from operating activities (EBIT)	-5,427	1,035	-7,241	4,185
Income from equity accounted investments	146	429	1,044	852
Interest income	37	89	223	278
Interest expenses	153	212	481	615
Financial result	30	306	786	515
Profit before tax	-5,397	1,341	-6,455	4,700
Income taxes	260	81	693	267
Consolidated net profit / loss	-5,657	1,260	-7,148	4,433
Share of consolidated net profit / loss attributable to non-controlling interests	-5	-40	-158	16
Share of consolidated net profit / loss attributable to shareholders	-5,652	1,300	-6,990	4,417
Other comprehensive income items recycled later to profit or loss:				
Currency differences from translation of foreign financial statements	-1,373	-335	-3,895	1,139
Share of other comprehensive income attributable to equity accounted investments	-37	35	-183	70
Other comprehensive income	-1,410	-321	-4,078	1,209
of which, share of other comprehensive income attributable to shareholders of SMT Scharf AG	-1,409	-300	-3,850	1,230
of which, share of other comprehensive income attributable to non-controlling interests	-1	-21	-228	-21
Total comprehensive income	-7,066	939	-11,225	5,642
of which, share of total comprehensive income attributable to shareholders of SMT Scharf AG	-7,061	1,000	-10,840	5,647
of which, share of total comprehensive income attributable to non-controlling interests	-5	-61	-385	-5
Earnings per share				
Undiluted (basic)	-1.23	0.28	-1.56	0.97
Diluted	-1.23	0.28	-1.55	0.97
Average number of shares, undiluted	4,570,523	4,570,523	4,570,523	4,570,523
Average number of shares, diluted	4,570,523	4,570,523	4,570,523	4,570,523

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	9M/2020	9M/2019
Consolidated net profit / loss	-7,148	4,433
- Income from equity accounted investments	-1,044	-852
+ Depreciation and amortisation of non-current assets	5,528	1,913
-/+ Gain / loss from disposal of non-current assets	103	8
+/- Increase / decrease in provisions	-933	-867
-/+ Increase / decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	8,662	-2,164
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	-3,490	-471
+/- Other non-cash expenses/income	101	0
+/- Income tax	693	266
+/- Financial expenses	258	338
-/+ Income tax paid / received	-572	-1,282
Cash flow from operating activities	2,158	1,322
+ Cash inflows from disposal of property, plant and equipment	38	51
- Capital expenditure on property, plant and equipment	-1,009	-2,196
+ Cash inflows from disposal of non-controlling interests in subsidiaries	0	619
+ Cash inflows from the repayment of loans	75	0
- Cash outflows for additions to the consolidation scope	0	-202
- Capital expenditure on intangible assets	-1,301	-234
+ Interest received	217	247
Cash flow from investing activities	-1,980	-1,715
- Cash outflows for the repayment of leasing liabilities	-625	-395
+ Cash inflows from issuing bonds and drawing down of loans	0	672
- Cash outflows to controlling and non-controlling shareholders	-74	0
- Cash outflows for the repayment of loans	-1,407	-3,711
- Interest paid	-654	-1,005
Cash flow from financing activities	-2,760	-4,439
Net change in cash and cash equivalents	-2,582	-4,832
Changes in cash and cash equivalents due to effects from exchange rates and Group composition	-363	18
Cash and cash equivalents at start of period	-1,898	3,218
Cash and cash equivalents at end of period	-4,843	-1,596

SELECTED NOTES TO THE FINANCIAL STATEMENTS

Segment report

The business of the SMT Scharf Group is divided into four operating segments. Intersegment revenues and inputs are of minor significance, and are not reported separately.

EUR thousand	Coal mining		Non-coal mining		Tunnel logistics		Other industries		Not allocated		SMT Scharf Group	
	9M/2020	9M/2019	9M/2020	9M/2019	9M/2020	9M/2019	9M/2020	9M/2019	9M/2020	9M/2019	9M/2020	9M/2019
Revenue	29,601	39,625	6,060	8,578	291	511	950	973	-	-	36,902	49,687
of which new systems	13,087	16,241	2,502	3,280	237	399	950	973	-	-	16,776	20,893
of which spare parts	12,725	19,737	3,045	2,808	49	112	-	-	-	-	15,819	22,657
of which service	3,789	3,647	513	2,490	4	-	-	-	-	-	4,306	6,137
of which other	-	-	-	-	-	-	-	-	-	-	-	-
Operating result (EBIT)	(1,482)	4,872	(5,460)	(295)	(32)	(95)	(267)	(297)	-	-	(7,241)	4,185
Earnings from equity accounted companies	1,044	852	-	-	-	-	-	-	-	-	1,044	852
Segment assets	69,140	73,603	6,801	15,702	589	312	1,542	2,132	2,717	3,257	80,789	95,007
Segment liabilities	18,388	28,233	11,495	5,717	231	65	953	1,427	344	903	31,411	36,344
Segment investments	2,835	4,038	158	620	3	-	-	16	-	-	2,996	4,675
of which IFRS 16	110	-	11	-	-	-	8	-	-	-	129	-
Equity accounted investments	7,607	6,746	-	-	-	-	-	-	-	-	7,607	6,746
Depreciation and amortisation	2,493	1,546	(398)	288	30	15	105	64	-	-	2,230	1,913
Impairment charges	874	-	2,424	-	-	-	-	-	-	-	3,298	-
FTEs	344	334	46	80	2	2	18	18	-	-	410	434

Impairment charges

The business-policy realignment of the Canadian subsidiary RDH entails, among other matters, the discontinuation of the utilisation of the "RDH" brand. As a consequence, impairments arose as of September 30, 2020, the extent of which is shown in the following table.

Asset class	Expense from impairment charge (EUR thousand)	Recoverable amount (EUR thousand)	Valuation basis	Hierarchy level
Intangible assets – brand	272	0	Value in use	
Intangible assets – customer base	740	0	Value in use	
Property, plant and equipment – land and buildings	523	595	Net disposal proceeds	Fair value hierarchy level 2; market-based approach
Property, plant and equipment – technical equipment and machinery	265	0	Net disposal proceeds	Fair value hierarchy level 2, market-based approach
Deferred tax assets	98	0		
Total	1,898			

As of December 31, 2019, the company had capitalised deferred tax assets on loss carryforwards of the Canadian subsidiary in the amount of EUR 98 thousand. Based on the losses incurred in 2020, it no longer appears likely that sufficient taxable earnings will be available to offset losses in the future. For this reason, the deferred tax assets have been written off in full.

Further impairment charges were applied to work in progress (EUR 2,448 thousand) and finished goods (EUR 633 thousand) of the Canadian subsidiary RDH. This is due to a reassessment of the recoverable net disposal proceeds of the individual assets. Recent disposal proceeds achieved in the market show a significant price decrease – not least due to a current oversupply in the market on the part of competitors, given the coronavirus pandemic.

In addition, the SMT Group formed impairment charges totalling EUR 1,498 thousand in relation to internally generated intangible assets for a total of three development projects. In all cases, these were prototypes or model developments for which customer orders are no longer expected on the basis of new findings, and which were fully written off in expectation of a value in use of EUR 0 thousand.

A total EUR 874 thousand of impairment charges are attributable to the Coal Mining segment. All other impairment charges are allocated to the Non-Coal Mining segment.

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