

Remuneration Report 2022



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Remuneration Report on the remuneration of the members of the Executive Board and the Supervisory Board of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft for the fiscal year 2022

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Remuneration Report on the remuneration of the members of the Executive Board and the Supervisory Board of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft for the fiscal year 2022

1. Introduction

1.1 Fundamentals

On 28 April 2022, the Annual General Meeting of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO) adopted the principles for remuneration (Remuneration Policy) for members of the Executive Board. The principles for remuneration (Remuneration Policy) for members of the Supervisory Board of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft were adopted at the Annual General Meeting on 23 April 2020.

This Remuneration Report on the remuneration of the members of the Executive Board and the Supervisory Board has been prepared by the Executive Board and the Supervisory Board of SBO in accordance with Section 78c Austrian Stock Corporation Act (AktG) in order to provide a comprehensive overview of the remuneration granted or owed to the members of the Executive Board as well as to the members of the Supervisory Board on the basis of the Remuneration Policy (Sections 78a and 98a Austrian Stock Corporation Act (AktG)), including all benefits in any form during fiscal year 2022. It was reviewed by the Company's Remuneration Committee and approved by the Supervisory Board at its meeting on 15 March 2023.

This Remuneration Report implements the requirements set out in Sections 78c and 98a Austrian Stock Corporation Act (AktG) that govern the preparation of remuneration reports for members of the Executive Board and Supervisory Board of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft as a listed company. It is also guided by Statement 37 of the Austrian Financial Reporting and Auditing Committee ("AFRAC Statement").

In accordance with Section 78d (1) Austrian Stock Corporation Act (AktG), the Remuneration Report must be submitted to the Annual General Meeting for voting. The vote is of a recommendatory nature; the following Remuneration Report must describe how the voting result of the last Annual General Meeting was applied.

1.2 Economic development in the past fiscal year

The SBO Group recorded outstanding business development in 2022. The momentum seen in the energy markets and the associated high demand for SBO's products and solutions resulted in all-time high bookings and multiplications of earnings. The book-to-bill ratio, which compares the number of orders received with sales and serves as an indicator of medium-term development, remained consistently above 1, underlining the positive outlook for 2023.

SBO Group sales climbed by more than 70 % to MEUR 501.2 (2021: MEUR 292.8). Bookings reached a record level of MEUR 646.0, up 88.2 % (2021: MEUR 343.3). The order backlog arrived at MEUR 265.0 (2021: MEUR 111.7).

Earnings before interest, taxes, depreciation and amortization (EBITDA) climbed to MEUR 129.1 (2021: MEUR 60.0). SBO's profit from operations (EBIT) more than tripled to MEUR 96.2 (2021: MEUR 28.2). The EBITDA margin improved to 25.8 % (2021: 20.5 %), and the EBIT margin to 19.2 % (2021: 9.6 %).

The financial result arrived at MEUR minus 2.8 (2021: MEUR minus 4.8). Profit before tax almost quadrupled to MEUR 93.3 (2021: MEUR 23.4), while profit after tax rose to MEUR 75.2 (2021: MEUR 21.0). Earnings per share increased to EUR 4.78 (2021: EUR 1.33).

In 2022, equity of the SBO Group increased by 24.7 %, arriving at MEUR 425.0 as at 31 December 2022 (2021: MEUR 340.9). SBO's equity ratio climbed to 47.1 % (2021: 42.3 %). Liquid funds totaled MEUR 287.8 (2021: MEUR 291.8). Net liquidity rose to MEUR 34.5 (2021: MEUR 9.9), and gearing ratio improved to minus 8.1 % as at 31 December 2022 (2021: minus 2.9 %).

The cashflow from operating activities more than doubled and arrived at MEUR 52.4 in 2022 (2021: MEUR 22.9), free cash flow clearly turned into positive territory to MEUR 27.1 (2021: MEUR minus 17.0). Capital expenditure on property, plant and equipment and intangible assets (CAPEX) increased to MEUR 31.0 (2021: MEUR 19.4). On 31 December 2022, purchase commitments for property, plant and equipment amounted to MEUR 5.6 (2021: MEUR 3.2).

SBO's key performance indicators at a glance

KEY FIGURES	2022	2021	2020	2019
IN MEUR				
Sales	501,2	292,8	291,2	445,3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	129,1	60,0	27,1	108,6
EBITDA margin (%)	25,8	20,5	9,3	24,4
Profit from operations (EBIT) before one-off effects	96,2	28,2	-5,6	60,8
EBIT margin before one-off effects (%)	19,2	9,6	-1,9	13,7
Profit from operations (EBIT)	96,2	28,2	-28,0	60,2
EBIT margin (%)	19,2	9,6	-9,6	13,5
Profit before tax	93,3	23,4	-31,2	47,9
Profit after tax	75,2	21,0	-21,7	32,3
Earnings per share in EUR	4,8	1,3	-1,4	2,0
Free cashflow	27,1	-17,0	80,1	63,8
Liquid funds as of 31 December	287,8	291,8	314,0	265,2
Net liquidity (+) / Net debt (-) as of 31 December	34,5	9,9	9,5	-20,1
Headcount as of 31 December	1 484	1 267	1 131	1 535

2. Remuneration Report on the remuneration of the members of the Executive Board

The Remuneration Report provides an overview of the overall remuneration of the Executive Board members and explains the remuneration principles.

2.1 Principles of the remuneration of the members of the Executive Board

The Remuneration Committee of the Supervisory Board is responsible for preparing, regularly reviewing and monitoring the implementation of the Remuneration Policy for the Executive Board. The Remuneration Committee includes only members of the Supervisory Board. The Remuneration Committee resolves the Remuneration Policy and submits it subsequently to the Annual General Meeting for voting.

The objective of the remuneration system is to ensure that the members of the Executive Board receive appropriate remuneration in relation to the size and economic situation of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft. The total remuneration of the Executive Board members takes into account market conditions, sets behavioral incentives for sustainable corporate development and encourages the business strategy and long-term development of the Company.

The Company pursues a sustainable growth strategy based on the three elements "maintaining our core business", "building a new business segment in the area of "New Energy" ", and "ensuring sustainability". The variable remuneration, which is made up of quantitative and qualitative components, is performance-oriented and takes these components as well as any other corporate objectives of importance to the Company into account. The variable compensation safeguards the interests of the shareholders, such that the members of the Executive Board are incentivized for financial and non-financial performance. In case of deviations from performance expectations, the variable remuneration is reduced or lapsed. Through ambitiously defined milestones and sustainably oriented growth factors, the long-term orientation of the Executive Board management is ensured without jeopardizing the attractiveness of this function for qualified managers.

The remuneration of the members of the Executive Board is composed of not-performance-based, fixed components and performance-based, variable components as follows:

Remuneration components	Description
Not-performance-based remuneration	
Base salary	Fixed annual base remuneration at a competitive level, taking into account the responsibilities and tasks of the individual Executive Board members, paid in 14 partial payments
Benefits in kind	Company car provided to each Executive Board member for the duration of the employment contract
Pension contributions	Entitlement to a contribution-based pension, contributions are paid by the Company into a pension fund
Fringe benefits	Casualty and invalidity insurance, D&O insurance which the Company takes out for the benefit of the members of the Executive Board and bears the premiums
Performance-based remuneration	
Variable remuneration	If certain quantitative and qualitative targets are achieved, variable remuneration is due, limited to 65 % of the respective total remuneration.

For the performance-based variable remuneration, quantitative and qualitative performance criteria have been specified. Taking into account financial and non-financial performance criteria encourages a responsible management culture and enables a comprehensive and balanced assessment of the performance of the Executive Board members.

The performance criteria are detailed below:

Performance criteria	Description
Quantitative performance criteria	
Return on sales	The quantitative targets take into account the development of both the profitability and the rate of return of the Company; these are essentially equally weighted and multiplied by a growth factor.
Cashflow return	
Return on equity	
Return on total capital	
Sustainable growth	

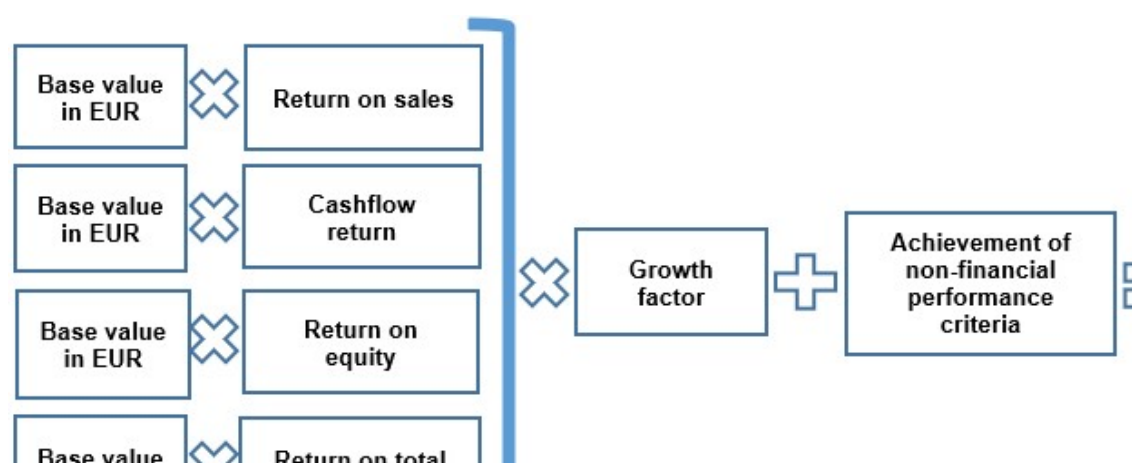
The achievement of the quantitative targets is determined on the basis of the audited Consolidated Financial Statements for the relevant fiscal year.

Qualitative performance criteria e.g. in the areas of	
Strategic corporate development	Qualitative targets set annually, basis for assessment is the collective performance of the entire Executive Board as a whole and the individual performance of each Executive Board member.
Realization of key projects	
Market development	
Product innovation	

The qualitative performance criteria are set anew annually, and if the targets are achieved, the fixed amount defined in the target agreement is paid out.

Quantitative and qualitative targets are agreed and assessed separately.

Total calculation of performance-based variable remuneration:



The amount of the base value is determined individually for each Executive Board member in his employment contract.

Fairness is ensured by paying the performance-based remuneration in the following year and on the basis of audited and documented criteria. The variable remuneration is limited to 65 % of the respective total remuneration.

For details on the structure of the fixed and variable remuneration components, please refer to the Remuneration Policy 2022 for Executive Board members of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft. The Remuneration Policy 2022 is available on the Company's website at www.sbo.at/remuneration.

2.2 Presentation of total remuneration

2.2.1 Fundamentals

In order to provide SBO shareholders with a clear and comprehensible overview of the total remuneration of the members of the Executive Board in line with the requirements of Section 78c Austrian Stock Corporation Act (AktG), the total remuneration of the members of the Executive Board is presented in tabular form based on the proposed presentation format of the AFRAC statement.

This presentation of total remuneration aims to provide the reader with a clear breakdown of the components and the relative proportions of fixed and variable remuneration components for each individual Executive Board member. The remuneration of affiliated companies paid to Executive Board members is shown in the following table as a separate item from the other components.

In the fiscal year 2022, which comprised the period from 1 January 2022 to 31 December 2022, exclusively Ing. Gerald Grohmann (Chairman of the Executive Board and CEO) and Mag. Klaus Mader (Member of the Executive Board and CFO) were members of the Executive Board of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft.

The members of the Executive Board are employed on local, Austrian terms and conditions. The remuneration components are therefore determined in euro (gross). The employment contracts are governed by Austrian law.

As recommended in the AFRAC statement, both the remuneration owed and the remuneration granted to Executive Board members are presented below. In this regard, the remuneration owed includes the amounts that are effectively received by the board member within a period and that are attributable to this reporting period, as well as the entitlements that are definitively acquired for this period, even if payment is made in a later period. The remuneration granted relates to provisions recognized in a fiscal year and other deferrals of remuneration components that are economically attributable to this reporting period on the basis of legal or contractual obligations, but whose final determination and payment will only be made in subsequent periods.

Furthermore, disclosed are the amounts paid in the current period, which consist of entitlements that were acquired in previous years and are owed by the Company, and the amounts (newly) owed in the current period.

2.2.2 Fixed remuneration components

In the reporting year a base salary of TEUR 751 per annum in fourteen partial payments was paid to Ing. Gerald Grohmann. In addition, the following benefits in kind and fringe benefits as well as pension contributions were paid for Ing. Gerald Grohmann:

- The costs of casualty and invalidity insurance are borne by the Company.
- Company car including the right to private use, the remuneration value in kind foreseen by the Austrian Income Tax Act being TEUR 12 per annum.
- The costs of the existing D&O insurance are borne by the Company.
- TEUR 446 was paid into the pension fund ("Pensionskasse") by the Company in fiscal year 2022.
- No remuneration from affiliated companies was paid to Ing. Gerald Grohmann.

In the reporting year a base salary of TEUR 467 per annum in fourteen partial payments was paid to Mag. Klaus Mader. In addition, the following benefits in kind and fringe benefits as well as pension contributions were paid for Mag. Klaus Mader:

- The costs of casualty and invalidity insurance are borne by the Company.
- Company car including the right to private use, the remuneration value in kind foreseen by the Austrian Income Tax Act being TEUR 12 per annum.
- The costs of the existing D&O insurance are borne by the Company.
- TEUR 268 was paid into the pension fund ("Pensionskasse") by the Company in fiscal year 2022.
- No remuneration from affiliated companies was paid to Mag. Klaus Mader.

2.2.3 Variable remuneration components

Variable remuneration components for Ing. Gerald Grohmann:

The acquired entitlement from variable remuneration for the fiscal year 2022 amounts to TEUR 1,395, which will be paid in the fiscal year 2023.

In the reporting year 2022, the variable remuneration of TEUR 429 was paid for the fiscal year 2021.

Variable remuneration components for Mag. Klaus Mader:

The acquired entitlement from variable remuneration for the fiscal year 2022 amounts to TEUR 565, which will be paid in the fiscal year 2023.

In the reporting year 2022, the variable remuneration of TEUR 201 was paid for the fiscal year 2021.

Determination of the fulfillment of the criteria for the variable remuneration of the Executive Board members is the responsibility of the Company's Remuneration Committee. The Company's Remuneration Committee resolved at its meeting on 15 March 2023 the fulfillment of the criteria and hence the absolute amounts of the variable remuneration of each Executive Board member for the fiscal year 2022.

2.2.4 Long Term Incentive Plan

There is no stock option plan for members of the Executive Board; in particular, there is no stock option plan or plan for the preferential transfer of shares.

2.2.5 Total compensation

Total remuneration Ing. Gerald Grohmann in TEUR	Fiscal year			
	2022	2021	2020	2019
Fixed remuneration				
-Annual fixed salary	763	627	614	606
-Contributions to external pension funds	446	61	60	59
Subtotal	1 209	688	674	665
Variable remuneration				
-Annual bonus				
Payment in advance	0	0	0	0
Annual bonus 1)	1 395	429	254	444
-Performance-based LTIP	0	0	0	0
Payment on account LTIP	0	0	0	0
Subtotal	1 395	429	254	444
Remuneration from affiliated companies				
-Salary for managing director activities in subsidiaries	0	0	0	0
Subtotal	0	0	0	0
Other remuneration				
-One-off settlement payment	0	0	0	0
-Share-based remuneration	0	236	178	449
Subtotal	0	236	178	449
Total remuneration				
-Fixed	1 209	688	674	665
-Variable	1 395	429	254	444
-Affiliated companies	0	0	0	0
-Other	0	236	178	449
Total	2 604	1 353	1 106	1 558
Payment annual bonus of previous year	429	254	444	
-Relative share of fixed remuneration	46,4%	50,8%	61,0%	42,7%
-Relative share of variable remuneration	53,6%	49,2%	39,0%	57,3%
-Change in total remuneration absolute	1 251	247	-452	
-Change in total remuneration %	92,5%	22,3%	-29,0%	
-Change in remuneration of entire Executive Board in %	93,5%	20,1%	-24,2%	
-Change in % of average remuneration of employees in the Group	30,9%	1,8%	-14,5%	
1) Payment will be made in following year				

Total remuneration Mag. Klaus Mader in TEUR	Fiscal year			
	2022	2021	2020	2019
Fixed remuneration				
-Annual fixed salary	479	383	375	370
-Contributions to external pension funds	268	87	73	82
Subtotal	747	470	448	452
Variable remuneration				
-Annual bonus				
Payment in advance	0	0	0	0
Annual bonus 1)	565	201	131	214
-Performance-based LTIP	0	0	0	0
Payment on account LTIP	0	0	0	0
Subtotal	565	201	131	214
Remuneration from affiliated companies				
-Salary for managing director activities in subsidiaries	0	0	0	0
Subtotal	0	0	0	0
Other remuneration				
-One-off settlement payment	0	0	0	0
-Share-based remuneration	0	0	0	0
Subtotal	0	0	0	0
Total remuneration				
-Fixed	747	470	448	452
-Variable	565	201	131	214
-Affiliated companies	0	0	0	0
-Other	0	0	0	0
Total	1 312	671	579	666
Payment annual bonus of previous year	201	131	214	
-Relative share of fixed remuneration	56,9%	70,0%	77,4%	67,8%
-Relative share of variable remuneration	43,1%	30,0%	22,6%	32,2%
-Change in total remuneration absolute	641	92	-87	
-Change in total remuneration %	95,5%	15,9%	-13,1%	
-Change in remuneration of entire Executive Board in %	93,5%	20,1%	-24,2%	
-Change in % of average remuneration of employees in the Group	30,9%	1,8%	-14,5%	
1) Payment will be made in following year				

2.3 Deviation from Remuneration Policy 2022

In fiscal year 2022, there were no deviations from the Remuneration Policy 2022 or from the implementation procedure described therein.

2.4. Clawback of variable remuneration components

In fiscal year 2022, there was no case of application of the clawback of variable remuneration components.

2.5 Voting results of the last Annual General Meeting

The Remuneration Report for the fiscal year 2021 based on the Remuneration Policy 2020 was approved by the Annual General Meeting on 28 April 2022 with 58.51 % of the valid votes cast.

3. Remuneration Report on the remuneration of the members of the Supervisory Board

The Remuneration Report provides an overview of the total remuneration of the Supervisory Board members and explains the remuneration principles.

3.1 Remuneration principles 2020

The purpose of the Remuneration Policy is to ensure that the Supervisory Board members receive remuneration for their activities which is appropriate to their tasks, responsibilities and the situation of the Company. It is intended to promote the business strategy and long-term development of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft while at the same time ensuring the objectivity and independence of the Supervisory Board.

The Supervisory Board remuneration must be in line with market conditions and be attractive enough to attract suitably qualified individuals to work for an internationally operating listed company. It is intended to promote the long-term development of the Company and the implementation of the sustainable growth strategy. It must also allow for a professionally and personally balanced composition of the Board, paying particular attention to diversity in terms of representation of both sexes and a balanced age structure and professional background of members.

For details on the remuneration components, please refer to the Remuneration Policy 2020 for Supervisory Board members of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft. The Remuneration Policy 2020 is available on the Company's website at www.sbo.at/remuneration.

3.2 Presentation of total remuneration

3.2.1 Fundamentals

In order to provide the shareholders of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft with a clear and comprehensible overview of the total remuneration of the members of the Supervisory Board in line with the requirements of Section 98a in conjunction with Section 78c Austrian Stock Corporation Act (AktG), the total remuneration of the members of the Supervisory Board is presented in the following table, which is based on the proposed presentation format of the AFRAC statement.

In the fiscal year 2022, which comprised the period from 1 January 2022 to 31 December 2022,

Mag. Norbert Zimmermann, Chairman
Mag. Brigitte Ederer, Deputy Chairwoman
Dr. Mag. Dipl.Ing. Helmut Langanger
Dr. Wolfram Littich
Mag. Sonja Zimmermann

had been appointed and received remuneration as members of the Supervisory Board of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft.

By resolution of the Annual General Meeting on 29 April 2021, the remuneration for the members of the Supervisory Board was set as follows:

3.2.2 Fixed remuneration components

Fixed annual remuneration:

- for the Chairman EUR 37,000.--
- for each other member of the Supervisory Board EUR 27,000.--

3.2.3 Variable remuneration components

Attendance fee:

Each member of the Supervisory Board receives an attendance fee of EUR 1,000.-- for each Supervisory Board meeting attended. An overview of the attendance fees granted can be found in the tables below.

All members of the Supervisory Board are included in a D&O insurance policy with risk adequate coverage taken out by SBO, the costs of which are borne by the Company.

3.2.4 Long Term Incentive Plan

There is no Long Term Incentive Program for members of the Supervisory Board.

3.2.5 Total compensation

Total remuneration 2022 per Member of the Supervisory Board in TEUR	Total remuneration 2022 per Member of the Supervisory Board				
	Norbert Zimmermann	Ederer	Langanger	Littich	Sonja Zimmermann
Fixed remuneration					
-Annual remuneration	37	27	27	27	27
Subtotal	37	27	27	27	27
Variable remuneration					
-Attendance fees	5	5	5	5	5
Subtotal	5	5	5	5	5
Total remuneration					
-Fixed	37	27	27	27	27
-Variable	5	5	5	5	5
Subtotal	42	32	32	32	32
Total remuneration of the Supervisory Board 2022					170

Total remuneration 2021 per Member of the Supervisory Board						Sonja
	Norbert	Ederer	Langanger	Schleinzer 1)	Littich	Zimmermann
in TEUR	Zimmermann					
Fixed remuneration						
-Annual remuneration	37	27	27	9	27	27
Subtotal	37	27	27	9	27	27
Variable remuneration						
-Attendance fees	5	5	5	1	5	5
Subtotal	5	5	5	1	5	5
Total remuneration						
-Fixed	37	27	27	9	27	27
-Variable	5	5	5	1	5	5
Subtotal	42	32	32	10	32	32
Total remuneration of the Supervisory Board 2021						180

1) Dr. Karl Schleinzer was a member of the Supervisory Board until 23 April 2020.

Total remuneration 2020 per Member of the Supervisory Board						Sonja
	Norbert	Ederer	Langanger	Schleinzer	Littich	Zimmermann
in TEUR	Zimmermann					
Fixed remuneration						
-Annual remuneration	30	20	20	20	20	20
Subtotal	30	20	20	20	20	20
Variable remuneration						
-Attendance fees	5	4	4	5	5	5
-variable payment 1)	2	2	2	2	2	4
Subtotal	7	6	6	7	7	9
Total remuneration						
-Fixed	30	20	20	20	20	20
-Variable	7	6	6	7	7	9
Subtotal	37	26	26	27	27	29
Total remuneration of the Supervisory Board 2020						173

1) In fiscal year 2020, variable remuneration was paid out for fiscal year 2019 in accordance with the resolution of the Annual General Meeting dated 24 April 2018.

Total remuneration 2019 per Member of the Supervisory Board						Sonja	
	Norbert	Ederer	Langanger	Schleinzer	Littich	Zimmermann	Pichler 2)
in TEUR	Zimmermann						
Fixed remuneration							
-Annual remuneration	30	20	20	20	20	13	7
-Contributions to external pension funds	0	0	0	0	0	0	0
Subtotal	30	20	20	20	20	13	7
Variable remuneration							
-Attendance fees	5	5	4	5	4	4	1
-variable payment 1)	10	10	10	10	10	7	3
Subtotal	15	15	14	15	14	11	4
Total remuneration							
-Fixed	30	20	20	20	20	13	7
-Variable	15	15	14	15	14	11	4
Subtotal	45	35	34	35	34	24	11
Total remuneration of the Supervisory Board 2019							220

1) In fiscal year 2019, variable remuneration was paid out for fiscal year 2018 in accordance with the resolution of the Annual General Meeting dated 24 April 2018.
2) Dr. Peter Pichler was a member of the Supervisory Board until 24 April 2018.

3.2.6 Conformity of total remuneration with Remuneration Policy

The total remuneration granted to the members of the Supervisory Board for fiscal year 2022 complies with the Remuneration Policy 2020.

3.2.7 Information on share-based remuneration

There is no stock option program for the members of the Supervisory Board and no shares have been offered or granted to the members of the Supervisory Board.

3.2.8 Deviations from Remuneration Policy 2020

In this fiscal year, there were no deviations from the Remuneration Policy adopted in 2020 or from the implementation procedure described therein.

3.2.9 Voting results of the last Annual General Meeting

The Remuneration Report for the fiscal year 2021 based on the Remuneration Policy 2020 was approved by the Annual General Meeting on 28 April 2022 with 58.51 % of the valid votes cast. Therefore, this voting result did not give rise to any need for action or adjustment with regard to the Remuneration Report.

Ternitz, March 2023