

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 2020

1. Introduction

1.1 Basics

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

This Remuneration Report for 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 2020. It was reviewed by the Company's Remuneration Committee and approved by the Supervisory Board at its meeting on 16 March 2021.

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-Stellungnahme"). The Guidelines of the European Commission on the standardized presentation of the remuneration report under Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, which was only available in draft form at the time the Remuneration Report was prepared, were also consulted.

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

SBO Group achieved a break-even operating result in fiscal year 2020 despite the profound crisis. The high level of cash and the net liquidity strengthened the Company in a very challenging market environment. Targeted measures reduced the negative impact of the COVID-19 pandemic. However, the exceptional global situation and the associated decrease in demand for oil and gas caused a decline in sales and earnings. As the global economic environment was massively hit by COVID-19, SBO made non-cash impairment of assets at subsidiaries in North America, which impacted the result. Restructuring expenses and exchange losses also had a negative effect on the result. In the third quarter of 2020, SBO further expanded its existing strong liquidity by raising loans.

SBO Group sales fell by 34.6% due to the global economic crisis and decreased energy consumption arriving at MEUR 291.2, down from MEUR 445.3 in 2019. Bookings came to MEUR 235.1 (2019: MEUR 467.2), a decrease of 49.7%. The order backlog was MEUR 65.2 at the end of 2020 (31 December 2019: MEUR 123.0).

Earnings before interest, taxes, depreciation and amortization (EBITDA) arrived at MEUR 27.1 (2019: MEUR 108.6). Profit from operations was positive at MEUR 1.2 but was impacted by exchange losses of net MEUR 6.8. As a result, profit from operations (EBIT) before one-off items was MEUR minus 5.6 (2019: MEUR 60.8). Due to non-cash asset impairments at subsidiaries in North America and incurred restructuring expenses of MEUR 22.3 EBIT after one-off items was MEUR minus 28.0 (2019: MEUR 60.2). The EBITDA margin was 9.3% (2019: 24.4%), and the EBIT margin was minus 9.6% (2019: 13.5%).

The financial result in 2020 arrived at MEUR minus 3.2 (2019: MEUR minus 12.3). Profit before tax declined to MEUR minus 31.2 (2019: MEUR 47.9). Profit after tax came to MEUR minus 21.7 during 2020 (2019: MEUR 32.3). Earnings per share were EUR minus 1.38 (2019: EUR 2.03).

Equity arrived at MEUR 287.0 in 2020 (2019: MEUR 370.1). SBO's equity ratio was 36.9% at the end of 2020 (2019: 42.3%). Due to a high positive cashflow, net debt turned into a net liquidity of MEUR 9.5 in 2020 (2019: net debt MEUR 20.1). Accordingly, gearing also decreased from 5.4% at the end of 2019 to minus 3.3% at the end of 2020.

Cash and cash equivalents increased sharply, arriving at MEUR 314.0 (2019: MEUR 265.2). In the third quarter 2020, SBO's existing strong liquidity base was further strengthened by raising loans of MEUR 81.0.

The operating cashflow arrived at MEUR 94.3 in the year 2020 (2019: MEUR 98.1). Free cashflow increased from MEUR 63.8 in 2019 to MEUR 80.1 in 2020. Capital expenditure on property, plant and equipment and intangible assets (CAPEX) amounted to MEUR 16.2. (2019: MEUR 31.5). As at 31 December 2020, purchase commitments for property, plant and equipment came to MEUR 3.7 (2019: MEUR 5.0).

SBO's key performance indicators at a glance

		2020	2019
Sales	MEUR	291.2	445.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	MEUR	27.1	108.6
EBITDA margin	%	9.3	24.4
Profit from operations (EBIT) before one-off effects	MEUR	-5.6	60.8
EBIT margin before one-off effects	%	-1.9	13.7
Profit from operations (EBIT)	MEUR	-28.0	60.2
EBIT margin	%	-9.6	13.5
Profit before tax	MEUR	-31.2	47.9
Profit after tax	MEUR	-21.7	32.3
Earnings per share	EUR	-1.38	2.03
Free cashflow	MEUR	80.1	63.8
Liquid funds as of 31 December 2020 / 31 December 2019	MEUR	314.0	265.2
Net liquidity as of 31 December 2020 / Net debt as of 31 December 2019	MEUR	9.5	-20.1
Headcount as of 31 December 2020 / 31 December 2019		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 Remuneration Policy principles

This presentation of the remuneration principles outlines the individual elements of remuneration and their connection with the Company's objectives and long-term development and is intended to facilitate a comprehensive understanding of the framework conditions for the entire remuneration presented in this Remuneration Report.

The total remuneration of the Executive Board members takes into account market conditions and is in reasonable proportion to the situation of the Company. It sets behavioral incentives for sustainable corporate development and promotes the business strategy and long-term development of the company.

The Company pursues a sustainable growth strategy based on the three core elements "organic growth", "product innovation and market development" and "strategic acquisitions". 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 growth factors oriented towards sustainability, the long-term orientation of the Executive Board management is ensured without jeopardizing the attractiveness of this function for qualified managers.

The members of the Executive Board receive the following remuneration components:

- Fixed remuneration components that are not performance-related
- Variable remuneration components based on the fulfillment of financial and non-financial performance criteria, whereby the non-financial performance criteria are set annually

The fixed remuneration components comprise the base salary, benefits in kind and fringe benefits as well as pension expenses.

The amount of the base salary takes into account the responsibilities and tasks of the individual Executive Board members, the overall structural situation of SBO and the usual level of remuneration at listed companies of comparable size. The remuneration is set at a competitive level in order to attract and retain qualified Executive Board members.

Benefits in kind and fringe benefits include casualty and invalidity insurance, D&O insurance, and a company car. In addition, the Executive Board members are entitled to a contribution-based pension. The contributions are paid by the Company into a pension fund (“Pensionskasse”).

The Executive Board members are entitled to variable remuneration. Such depends on the economic development of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft and on the achievement of individually agreed targets.

The performance criteria must be aligned with the Company's sustainable growth strategy, ensure performance-related remuneration and promote a responsible management culture. Fairness is ensured by payment in the following year and on the basis of audited and documented criteria. The performance criteria ensure a balance of financial, efficiency and sustainability indicators and thus reflect the Company's sustainable growth strategy.

Quantitative and qualitative targets are agreed and assessed separately.

The quantitative targets for variable remuneration are based on the following traceable performance criteria and weightings:

- Return on sales
- Cashflow return
- Return on equity
- Return on total capital

The quantitative targets have essentially the same weighting and are multiplied by a growth factor. The basis for assessing the achievement of the quantitative targets is the audited Consolidated Financial Statements for the relevant year.

In addition to quantitative criteria, there are also qualitative criteria, such as relating to product innovation and market development or strategic corporate development. For the achievement of the qualitative targets, which are set anew each year, a fixed amount is agreed in each case, which is only paid out on overall target achievement.

The variable remuneration is limited to 65 % of the respective total remuneration.

2.2 Presentation of total remuneration

2.2.1 Basics

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 2020, which comprised the period from 1 January 2020 to 31 December 2020, only 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**.

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

Ing. Gerald Grohmann was paid a base salary of TEUR 602 per annum in fourteen partial payments. In addition, the following benefits in kind and fringe benefits as well as pension expenses 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 60 was paid into the pension fund (“Pensionskasse”) by the Company in fiscal year 2020.
- No remuneration from affiliated companies was paid to Ing. Gerald Grohmann.

Mag. Klaus Mader was paid a base salary of TEUR 363 per annum in fourteen partial payments. In addition, the following benefits in kind and fringe benefits as well as pension expenses 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 73 was paid into the pension fund (“Pensionskasse”) by the Company in fiscal year 2020.
- No remuneration from affiliated companies was paid to Mag. Klaus Mader.

2.2.3 Variable remuneration components

Variable compensation components for Ing. Gerald Grohmann:

The acquired entitlement from variable remuneration for the fiscal year 2020 amounts to TEUR 254, which will be paid in the fiscal year 2021.

In the reporting year 2020, the variable remuneration of TEUR 444 was paid for the fiscal year 2019.

Variable compensation components for Mag. Klaus Mader:

The acquired entitlement from variable remuneration for the fiscal year 2020 amounts to TEUR 131, which will be paid in the fiscal year 2021.

In the reporting year 2020, the variable remuneration of TEUR 214 was paid for the fiscal year 2019.

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 16 March 2021 the fulfillment of the criteria and hence the absolute amounts of the variable remuneration of each Executive Board member for the fiscal year 2020.

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

in TEUR	Fiscal year 2020		Fiscal year 2019	
	Grohmann	Mader	Grohmann	Mader
Fixed remuneration				
-Annual fixed salary	614	375	606	370
-Contributions to external pension funds	60	73	59	82
Subtotal	674	448	665	452
Variable remuneration				
-Annual bonus				
Payment in advance	0	0	0	0
Annual bonus 1)	254	131	444	214
-Performance-based LTIP	0	0	0	0
Payment on account LTIP	0	0	0	0
Subtotal	254	131	444	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	178	0	449	0
Subtotal	178	0	449	0
Total remuneration				
-Fixed	674	448	665	452
-Variable	254	131	444	214
-Affiliated companies	0	0	0	0
-Other	178	0	449	0
Subtotal	1 106	579	1 558	666
Total	1 685		2 224	
-Relative share of fixed remuneration	61,0%	77,4%	42,7%	67,8%
-Relative share of variable remuneration	39,0%	22,6%	57,3%	32,2%
-Change in total remuneration absolute	-452	-87		
-Change in total remuneration %	-29,0%	-13,1%		
-Change in remuneration of entire Executive Board in %	-24,2%			
-Change in % of average remuneration of employees in the Group	-14,5%			
1) Payment will be made in following year (annual bonus for fiscal year 2019 was paid in 2020 / annual bonus for fiscal year 2020 will be paid in 2021)				

2.3 Information on share-based remuneration

Starting with the fiscal year 2014, a share-based remuneration was agreed with Chief Executive Officer Ing. Gerald Grohmann, subject of which is an annual transfer of 6,000 SBO shares. These shares are subject to a restriction on disposal and encumbrance on the part of Ing. Gerald Grohmann for a period of two years from the respective transfer and no longer than until the termination of the employment contract.

2.4. Deviation from Remuneration Policy

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

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

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

3.1 Remuneration principles

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 for Supervisory Board members of **SCHOELLER-BLECKMANN OILFIELD EQUIPMENT** Aktiengesellschaft.

3.2 Presentation of total remuneration

3.2.1 Basics

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 2020, which comprised the period from 1 January 2020 to 31 December 2020,

Mag. Norbert Zimmermann, Chairman
Mag. Brigitte Ederer, Deputy Chairwoman
Mag. Dipl.Ing. Helmut Langanger
Dr. Karl Schleinzer until 23 April 2020
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 24 April 2018, 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 30,000
- for each other member of the supervisory board EUR 20,000

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.

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.

Variable remuneration:

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.

In accordance with the Remuneration Policy, no performance-related variable remuneration components will be acquired for fiscal year 2020 and paid to the Supervisory Board members in 2021.

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

in TEUR	Fiscal year 2020					
	Norbert Zimmermann	Ederer	Langanger	Schleinzer	Littich	Sonja Zimmermann
Fixed remuneration						
-Basic remuneration	30	20	20	20	20	20
-Contributions to external pension funds	0	0	0	0	0	0
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
Remuneration from affiliated companies						
-Salary for managing director activities in subsidiaries	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Other remuneration						
-One-off settlement payment	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Total remuneration						
-Fixed	30	20	20	20	20	20
-Variable	7	6	6	7	7	9
-Affiliated companies	0	0	0	0	0	0
-Other	0	0	0	0	0	0
Subtotal	37	26	26	27	27	29
Total						173

in TEUR	Fiscal year 2019						
	Norbert Zimmermann	Ederer	Langanger	Schleinzer	Littich	Sonja Zimmermann	Pichler 3)
Fixed remuneration							
-Basic 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 2)	10	10	10	10	10	7	3
Subtotal	15	15	14	15	14	11	4
Remuneration from affiliated companies							
-Salary for managing director activities in subsidiaries	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0
Other remuneration							
-One-off settlement payment	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0
Total remuneration							
-Fixed	30	20	20	20	20	13	7
-Variable	15	15	14	15	14	11	4
-Affiliated companies	0	0	0	0	0	0	0
-Other	0	0	0	0	0	0	0
Subtotal	45	35	34	35	34	24	11
Total							220

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.
2) 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.
3) 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 2020 complies with the Remuneration Policy.

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

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

Ternitz, March 2021

The Executive Board

[signed]

.....
Ing. Gerald Grohmann
Chairman of the Executive Board

[signed]

.....
Mag. Klaus Mader
Member of the Executive Board

Chairman of the Supervisory Board

[signed]

.....
Mag. Norbert Zimmermann