

# HY 2023 – Highlights

## Half-year financial report



<b>BOOKINGS</b> _____	<b>MEUR 299.2</b>
1-6/2022	MEUR 271.5
<b>SALES</b> _____	<b>MEUR 294.7</b>
1-6/2022	MEUR 222.7
<b>EBIT</b> _____	<b>MEUR 55.4</b>
1-6/2022	MEUR 44.8
<b>PROFIT AFTER TAX</b> _____	<b>MEUR 43.1</b>
1-6/2022	MEUR 34.4

# ENERGY. SECURITY.

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# MANAGEMENT REPORT HY 2023

# HIGHLIGHTS

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## HY 2023: SBO with high profitability and double-digit growth

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**SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft** (SBO), listed in the leading index ATX of the Vienna Stock Exchange, continued its strong growth in the first half of 2023 following the excellent year 2022. The company was taking advantage of the positive market environment in the energy sector and achieved double-digit growth in all relevant financial figures. A strong revenue growth of over 30 % yielded total sales of MEUR 294.7, backed by robust bookings that saw a 10 % increase to MEUR 299.2. EBIT showed a significant improvement of 24 %, reaching MEUR 55.4. Adjusted for exchange losses, EBIT margin climbed to a high of 20.7 %, reflecting strong operational execution. Net liquidity remained high at MEUR 24.5 and the gearing ratio was minus 5.7 %. In addition, an excellent Free Cashflow of MEUR 27.0 underlines SBO's strong financial footing. The company paid a dividend of EUR 2.00 per share in the second quarter.

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The acquisition of Dubai-based Praxis Completion Technology, announced in June 2023, strengthens SBO's market positioning in well completion outside North America. The bolt-on acquisition not only enhances the company's position in the Middle East, which is considered the market with the greatest growth momentum in the energy sector, but also expands SBO's product offering with a meaningful well completion technology. In addition, Praxis offers products for Carbon Capture & Storage (CCS) applications.

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Gerald Grohmann, CEO of SBO says:

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*"Our performance in the first half of this year demonstrates our financial and operational strength. In addition to capitalizing on existing market opportunities, we have further bolstered our foothold in an important area of our core business through the acquisition of Praxis Completion Technology. This acquisition also opens the door towards climate change mitigation technologies, in particular in the promising area of carbon capture and storage, where the company already enjoys first successes."*

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# BUSINESS DEVELOPMENT

## SALES AND EARNINGS

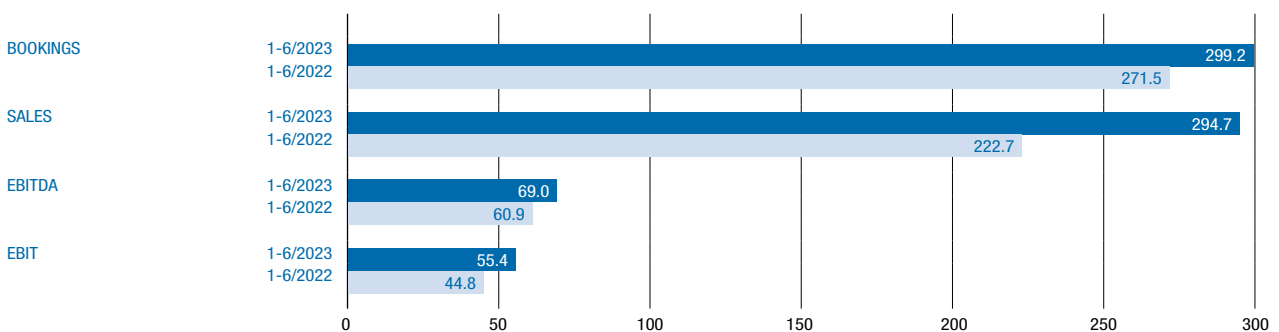
Demand for SBO's products and services remained strong in the first half of 2023: Bookings rose by 10.2 % to MEUR 299.2 (1-6/2022: MEUR 271.5). Sales increased strongly by 32.3 % to MEUR 294.7 (1-6/2022: MEUR 222.7). Order backlog at the end of June 2023 stood at MEUR 262.1 (31 December 2022: MEUR 265.0).

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased to MEUR 69.0 in the first half of 2023 (1-6/2022: MEUR 60.9), the EBITDA margin reached 23.4 % (1-6/2022: 27.3 %). Excluding MEUR 5.5 in exchange losses, adj. EBITDA<sup>1</sup> even reached MEUR 74.5 or 25.3 % of sales in the first half of 2023. In the same period of 2022, adj. EBITDA arrived at MEUR 49.0 or 22.0 % (excluding MEUR 11.9 in exchange gains).

Profit from operations (EBIT) rose by 23.5 % to MEUR 55.4 (1-6/2022: MEUR 44.8) and reached 18.8 % of sales (EBIT margin 1-6/2022: 20.1 %). Adj. EBIT (excluding exchange losses of MEUR 5.5) rose to MEUR 60.9, resulting in an adj. EBIT margin of 20.7 % In the first half of 2022, adj. EBIT (excluding exchange gains) amounted to MEUR 33.0 and resulted in an adj. EBIT margin of 14.8 %.

SBO's profit before tax grew by about a third (up 31.3 %) to MEUR 56.0 (1-6/2022: MEUR 42.7), while profit after tax rose by 25.3 % to MEUR 43.1 (1-6/2022: MEUR 34.4). Earnings per share in the first half of 2023 further improved to EUR 2.74 (1-6/2022: EUR 2.19).

### IN MEUR



<sup>1</sup> Earnings before interest, taxes, depreciation, and amortization adjusted for exchange gains and losses

## SEGMENTS

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The SBO Group's business is divided into two segments: Advanced Manufacturing & Services (AMS) and Oilfield Equipment (OE). The AMS segment continued its strong performance, and sales increased to MEUR 162.7 in the first six months of 2023 (1-6/2022:

MEUR 108.9), while profit from operations (EBIT) rose to MEUR 35.0 (1-6/2022: MEUR 22.0). Sales in the OE segment grew to MEUR 131.9 (1-6/2022: MEUR 113.8), and EBIT increased to MEUR 24.0 (1-6/2022: MEUR 20.0).

*"Our strong operational execution is reflected in the Group's growth and profitability. We achieved a double-digit increase in all relevant financial figures, continuing our upward trend. Both segments have been performing well and contributed to this success. Our high liquidity and cashflow generation demonstrate our financial strength and provide a solid base for continued growth,"*

says SBO CEO Grohmann.



## KEY BALANCE SHEET FIGURES

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In the first half of 2023, SBO's equity increased to MEUR 430.7 (31 December 2022: MEUR 425.0). The equity ratio improved slightly to 47.7 % (31 December 2022: 47.1 %). Net liquidity remained strong at MEUR 24.5 (31 December 2022: MEUR 34.5)

even after the dividend payment of MEUR 31.5. Gearing stood at minus 5.7 % (31 December 2022: minus 8.1 %). Liquid funds amounted to MEUR 266.8 (31 December 2022: MEUR 287.8).

Cashflow from operating activities almost quadrupled to MEUR 43.1 in the first half of 2023 (1-6/2022: MEUR 11.4), and Free Cashflow was at high MEUR 27.0, after a negative Free Cashflow of

MEUR minus 2.4 in the first half of 2022. Capital expenditure on property, plant and equipment and intangible assets (excluding right of use assets) amounted to MEUR 17.3 (1-6/2022: MEUR 13.8).

## SBO'S KEY PERFORMANCE INDICATORS AT A GLANCE

	UNIT	1-6/2023	1-6/2022
Sales	MEUR	294.7	222.7
Adj. EBITDA (Earnings before interest, taxes, depreciation, and amortization adjusted for exchange gains and losses)	MEUR	74.5	49.0
Adj. EBITDA margin	%	25.3	22.0
EBITDA (Earnings before interest, taxes, depreciation, and amortization)	MEUR	69.0	60.9
EBITDA margin	%	23.4	27.3
Adj. EBIT (Earnings before interest and taxes adjusted for exchange gains and losses)	MEUR	60.9	33.0
Adj. EBIT margin	%	20.7	14.8
EBIT (Earnings before interest and taxes)	MEUR	55.4	44.8
EBIT margin	%	18.8	20.1
Profit before tax	MEUR	56.0	42.7
Profit after tax	MEUR	43.1	34.4
Earnings per share	EUR	2.74	2.19
Cashflow from operating activities	MEUR	43.1	11.4
Free Cashflow	MEUR	27.0	-2.4
Liquid funds as of 30 June 2023 / 31 December 2022	MEUR	266.8	287.8
Net liquidity as of 30 June 2023 / 31 December 2022	MEUR	24.5	34.5
Headcount as of 30 June 2023 / 31 December 2022		1,559	1,484

# MARKET ENVIRONMENT

During the first half of 2023, the global economy was resilient. Most notable growth rates were observed in China and India. Supply chains have shown considerable recovery, and shipping costs and delivery times from suppliers have returned to pre-pandemic levels. On the other hand, tightened monetary policies by central banks have been starting to show effect by cooling economic activity on some global markets.

Amidst the current uncertainties surrounding the global economy, the oilfield service industry's market remains intact. The increased emphasis on energy security, the growing demand for oil and gas, and the underinvestment in the exploration of these resources in prior years are leading to a decoupling of the energy sector from the global economy. The industry has experienced further growth this year from the already high levels seen in 2022. Within the industry, long-term international projects, including offshore, have been supporting this cycle, whereas North America onshore has moderated.

Oil demand increased to 102.0 million barrels per day (mb/d) in the second quarter of 2023 and is forecasted at 102.2 mb/d for 2023, compared to 99.9 mb/d in the full year 2022. Global oil production stood at 101.5 mb/d in the second quarter of 2023. This included an increase in non-OPEC production

volumes to 67.2 mb/d (2022: 65.5 mb/d).<sup>2</sup> Mid-term, natural gas is seen as a transitional energy resource towards reaching climate objectives, despite most recent predictions from the IEA indicating a 43 billion cubic meter (bcm) decrease in global natural gas production year-on-year, bringing it down to 4,056 bcm.<sup>3</sup> The rig count totalled 1,800 rigs in June 2023, an increase of 94 rigs or 5.5 % year-on-year (June 2022: 1,706 rigs). Internationally, the rig count went up 143 rigs to 967 rigs (June 2022: 824 rigs), while the rig count in the USA saw a decrease of 52 rigs to 687 rigs (June 2022: 739).<sup>4</sup>

On renewable energy sources, capacity is set to increase by nearly 2,400 GW from 2022 to 2027.<sup>5</sup> Within renewables, geothermal will be a base-load source, supplying both power and heat generation. Spending for geothermal development is expected to increase from close to 8 BUSD to 12 BUSD in 2030.<sup>6</sup> SBO provides its leading products and solutions used in the oil and gas industry also for efficient and safe drilling in geothermal applications.

During the reporting period, both oil and gas prices decreased. The Henry Hub gas price started the first half of 2023 at USD 4.5/MMBtu (million British thermal units) and ended the last trading day of the second quarter at USD 2.8/MMBtu, declining by

<sup>2</sup> International Energy Agency (IEA), Oil Market Report, August 2023.

<sup>3</sup> International Energy Agency (IEA), Global Gas Security Review 2023.

<sup>4</sup> Baker Hughes Worldwide Rig Counts.

<sup>5</sup> International Energy Agency (IEA), Renewables 2022, December 2022.

<sup>6</sup> Rystad Energy Geothermal Solution, Whitepaper: Geothermal Market Overview, October 2022.



37.5 %.<sup>7</sup> European Brent crude oil started the first half of the year at USD 85.9/barrel and ended the quarter at USD 74.9/barrel (down 12.8 %). Also the WTI

price recorded a decrease from USD 80.3/barrel to USD 70.6/barrel (down 12.1 %) in the same period.<sup>8</sup>

## OUTLOOK

According to the International Monetary Fund (IMF), the global economy is projected to grow by 3.0 % in 2023, with developed industrialized countries expected to experience a growth rate of 1.5 %, and emerging markets anticipated to grow by 4.0 %.<sup>9</sup>

For the second half of 2023 and beyond, the oilfield service industry is looking optimistically towards the future. The industry is experiencing a rise in global energy demand, which is driving the need for additional investments. In addition, the persistent demand for energy security and the underinvestments in the exploration and production of new oil and gas in previous years are further fueling the industry.

Over the year 2023, projections indicate an 11 % rise in global exploration and production spending in the oil and gas markets.<sup>10</sup> International and offshore markets are supporting activity expansion, whereas the North

American market is at a more moderate level. The robustness of this upcycle will mainly be driven by long-cycle projects in major offshore regions like Brazil and long-term production capacity expansions announced by major players in the Middle East.

SBO takes advantage of this market environment. The company's outlook is supported by fairly high visibility and customers' confidence in the longevity and strength of this cycle. Order books are strong already, in particular from orders that are related to the international business of SBO. Despite the expected normalization of order behavior by its major customers and the easing of the North American markets, the outlook remains positive.

The acquisition of Praxis Completion Technology, which is expected to be completed in the second half of 2023, will strengthen SBO's market position in the fast-

<sup>7</sup> Bloomberg, NG1 Natural Gas (Nymex).

<sup>8</sup> Bloomberg, CO1 Brent Crude (ICE) and CL1 WTRI Crude (Nymex).

<sup>9</sup> International Monetary Fund (IMF), World Economic Outlook, July 2023.

<sup>10</sup> Evercore ISI Research, Energy | Oilfield Services, Equipment & Drilling, July 2023.



growing energy market in the Middle East. This bolt-on acquisition enhances SBO's activities in its attractive core business. In addition, SBO is pursuing a number of projects for the development of its new business with great effort. A key element of the Strategy 2030 is to build a new segment in the area of "New Energy"

to drive forward the energy solutions of tomorrow. To this end, SBO plans to make strategic investments or acquisitions with focus on hydrogen and hydrogen derivatives. In the long term, SBO aims to generate around 50 % of its sales mainly in sustainable energy technologies.

*"Energy is our business. Market conditions remain favorable and we are in an excellent position and will continue to take advantage of this environment. As a result, we are on track to deliver another strong year 2023,"*

says CEO Grohmann.



## RISK REPORT

The business risks of SBO have not changed fundamentally in the first half of 2023 compared to the risks presented in the 2022 annual financial statements. SBO refers to all risks explained in the 2022 Annual

Report and recommends to always read this report on the first half of 2023 in conjunction with the risk report of the 2022 Annual Report.

# ABOUT SBO

## SBO AT A GLANCE

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SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO) is a globally operating group of companies and world market leader in the manufacture of high-alloy, non-magnetic stainless steels. The SBO Group is engaged in high-precision production of stainless steels as special components for the oil, gas and other industries by applying innovative and additive technologies. The SBO Group is equally recognized worldwide for its directional drilling tools and equipment for well completion. With

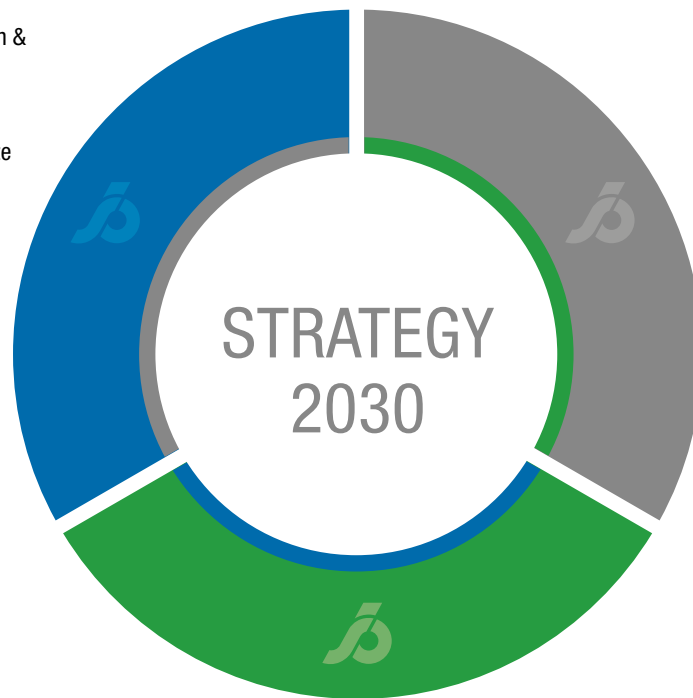
its subsidiaries and more than 1,500 employees worldwide, the Group is successfully positioned in technologically demanding, profitable niches. The Group is headquartered in Ternitz, Austria. Making an active contribution to energy transition is a key element of the Group's Strategy 2030. More detailed information on the Strategy 2030 and sustainable management (ESG) is available in the Annual Report 2022 at <https://www.sbo.at/publikationen>.

### MAINTAINING OUR CORE BUSINESS

- defend our market-leading positions
- continue to invest in research & development and in bolt-on acquisitions
- generate high cashflows as well as liquidity and maximize value (value strategy)

### BUILDING A NEW BUSINESS SEGMENT

- further expand existing diversification initiatives in areas such as aerospace, geothermal and in other industrial sectors
- make strategic investments or acquisitions, preferably in the fields of energy transition and green tech industries, thus building a new business segment that will account for 50 % of Group revenue in the long term



### ENSURING SUSTAINABILITY

- further reduce the already low total amount of greenhouse gas emissions (CO<sub>2</sub>)
- expand in ESG-compliant business areas
- invest in our employees
- encourage diversity in the teams

**ENERGY** IS OUR BUSINESS

**ENERGY CONSUMPTION OF THE SBO GROUP**

	UNIT	HY 2023	HY 2022
<b>Energy consumption</b>	MWh	27,122.6	25,815.4
<b>Production-related CO<sub>2</sub> emissions</b> (location based)	tons	7,986.0	7,380.6
thereof direct, Scope 1	tons	2,201.6	1,736.3
thereof indirect, Scope 2	tons	5,784.5	5,644.3
<b>Production-related CO<sub>2</sub> emissions</b> (market based)*	tons	6,729.4	6,599.6
thereof direct, Scope 1	tons	2,201.6	1,736.3
thereof indirect, Scope 2	tons	4,527.8	4,863.3
<b>Production-related CO<sub>2</sub> intensity</b> (market based)	tCO <sub>2</sub> / Sales in MEUR	22.8	29.6

\* HY 2022 adjustments due to retroactive confirmation by electricity suppliers on electricity generation from 100 % renewable energy sources for respective production sites for the reporting period.

SBO reports in line with the Greenhouse Gas Protocol (GHG Protocol).

# THE SBO SHARE

The share of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft has been listed in the Prime Market of the Vienna Stock Exchange for 20 years and is part of the ATX, the leading Austrian index. In total, 16,000,000 par value shares with a nominal value EUR 1.00 each have been issued. The share started into the trading year at a price of EUR 58.2 and closed at EUR 53.1 on 30 June 2023.

After an excellent performance in 2022, in which the SBO share was the clear leader of the ATX with a gain of 88 %, the share price decreased by 8.8 % in HY 2023. Market capitalization as of 30 June 2023 was MEUR 849.6 and approximately 67 % of the shares were in free float at that date. On 25 May 2023, SBO paid a dividend of EUR 2.00 per share, the total payout amounting to MEUR 31.5.

**EUR 58.2**

30 December 2022

**EUR 53.1**

30 June 2023

**MEUR 849.6**

Market capitalization – 30 June 2023

## FINANCIAL CALENDAR 2023

**DATE**

**22.11.2023**

**EVENT**

**Q3 2023**

# CONSOLIDATED PROFIT AND LOSS STATEMENT

IN TEUR	6 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
<b>Sales</b>	<b>294,679</b>	<b>222,712</b>	<b>147,351</b>	<b>122,203</b>
Cost of goods sold	-189,610	-153,779	-94,859	-83,538
<b>Gross profit</b>	<b>105,069</b>	<b>68,933</b>	<b>52,492</b>	<b>38,665</b>
Selling expenses	-17,741	-13,761	-8,895	-7,155
General and administrative expenses	-23,005	-19,047	-11,669	-10,442
Other operating expenses	-13,050	-5,419	-5,745	-1,843
Other operating income	4,097	14,127	2,490	10,109
<b>Profit from operations</b>	<b>55,370</b>	<b>44,833</b>	<b>28,673</b>	<b>29,334</b>
Interest income	4,205	461	2,279	326
Interest expenses	-3,540	-2,601	-1,910	-1,246
<b>Financial result</b>	<b>665</b>	<b>-2,140</b>	<b>369</b>	<b>-920</b>
<b>Profit before tax</b>	<b>56,035</b>	<b>42,693</b>	<b>29,042</b>	<b>28,414</b>
Income taxes	-12,948	-8,309	-7,207	-5,386
<b>Profit after tax</b>	<b>43,087</b>	<b>34,384</b>	<b>21,835</b>	<b>23,028</b>
Average number of shares outstanding	15,729,465	15,729,465	15,729,465	15,729,465
<b>EARNINGS PER SHARE IN EUR (BASIC = DILUTED)</b>	<b>2.74</b>	<b>2.19</b>	<b>1.39</b>	<b>1.46</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN TEUR	6 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
<b>Profit after tax</b>	<b>43,087</b>	<b>34,384</b>	<b>21,835</b>	<b>23,028</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>				
Currency translation adjustment - subsidiaries	-5,041	30,865	1,956	23,506
Currency translation adjustment - other items	-1,122	5,188	49	4,025
Income tax effect	258	-1,297	-11	-1,006
<b>Other comprehensive income, net of tax</b>	<b>-5,905</b>	<b>34,756</b>	<b>1,994</b>	<b>26,525</b>
<b>TOTAL COMPREHENSIVE INCOME, NET OF TAX</b>	<b>37,182</b>	<b>69,140</b>	<b>23,829</b>	<b>49,553</b>



# CONSOLIDATED BALANCE SHEET

## ASSETS

IN TEUR

	30.06.2023	31.12.2022
<b>Current assets</b>		
Cash and cash equivalents	266,841	287,764
Trade receivables	121,024	124,514
Other receivables and other assets	10,523	11,642
Inventories	200,464	175,873
<b>Total current assets</b>	<b>598,852</b>	<b>599,793</b>
<b>Non-current assets</b>		
Property, plant and equipment	128,289	123,801
Goodwill	132,149	134,509
Other intangible assets	11,460	11,990
Long-term receivables and assets	2,695	3,175
Deferred tax assets	29,466	29,829
<b>Total non-current assets</b>	<b>304,059</b>	<b>303,304</b>
<b>TOTAL ASSETS</b>	<b>902,911</b>	<b>903,097</b>

**LIABILITIES AND EQUITY**

IN TEUR

**30.06.2023****31.12.2022****Current liabilities**

Liabilities to banks	38,353	30,765
Current portion of long-term loans	44,065	58,552
Lease liabilities	3,047	2,530
Trade payables	36,756	33,075
Income tax payable	16,680	11,027
Other liabilities	147,491	153,772
Other provisions	4,183	3,832
<b>Total current liabilities</b>	<b>290,575</b>	<b>293,553</b>

**Non-current liabilities**

Long-term loans	159,964	163,977
Lease liabilities	7,396	6,825
Provisions for employee benefits	6,796	6,616
Other liabilities	7,310	6,980
Deferred tax liabilities	131	130
<b>Total non-current liabilities</b>	<b>181,597</b>	<b>184,528</b>

**Equity**

Share capital	15,729	15,729
Capital reserve	61,956	61,956
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	43,296	49,201
Retained earnings	308,954	297,326
<b>Total equity</b>	<b>430,739</b>	<b>425,016</b>

**TOTAL LIABILITIES AND EQUITY****902,911****903,097**

# CONSOLIDATED CASHFLOW STATEMENT

IN TEUR	6 MONTHS PERIOD ENDED	
	30.06.2023	30.06.2022
<b>OPERATING ACTIVITIES</b>		
Profit after tax	43,087	34,384
Depreciation, amortization and impairments	13,598	16,060
Other non-cash expenses and revenues	3,171	-9,892
<b>Cashflow from profit</b>	<b>59,856</b>	<b>40,552</b>
Change in working capital	-16,773	-29,191
<b>Cashflow from operating activities</b>	<b>43,083</b>	<b>11,361</b>
<b>INVESTING ACTIVITIES</b>		
Expenditures for property, plant and equipment and intangible assets	-17,309	-13,811
Other activities	1,269	19
<b>Cashflow from investing activities</b>	<b>-16,040</b>	<b>-13,792</b>
<b>FREE CASHFLOW</b>	<b>27,043</b>	<b>-2,431</b>
<b>FINANCING ACTIVITIES</b>		
Dividend payment	-31,459	-11,797
Change in financial liabilities	-12,851	-23,116
<b>Cashflow from financing activities</b>	<b>-44,310</b>	<b>-34,913</b>
<b>Change in cash and cash equivalents</b>	<b>-17,267</b>	<b>-37,344</b>
Cash and cash equivalents at the beginning of the period	287,764	291,754
Effects of exchange rate changes on cash and cash equivalents	-3,656	20,442
<b>Cash and cash equivalents at the end of the period</b>	<b>266,841</b>	<b>274,852</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 2023

IN TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
<b>1 January 2023</b>	<b>15,729</b>	<b>61,956</b>	<b>785</b>	<b>19</b>	<b>49,201</b>	<b>297,326</b>	<b>425,016</b>
Profit after tax						43,087	<b>43,087</b>
Other comprehensive income, net of tax					-5,905		<b>-5,905</b>
<b>Total comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,905</b>	<b>43,087</b>	<b>37,182</b>
Dividend payment						-31,459	<b>-31,459</b>
<b>30 June 2023</b>	<b>15,729</b>	<b>61,956</b>	<b>785</b>	<b>19</b>	<b>43,296</b>	<b>308,954</b>	<b>430,739</b>

## 2022

IN TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
<b>1 January 2022</b>	<b>15,729</b>	<b>63,122</b>	<b>785</b>	<b>19</b>	<b>28,566</b>	<b>232,658</b>	<b>340,879</b>
Profit after tax						34,384	<b>34,384</b>
Other comprehensive income, net of tax					34,756		<b>34,756</b>
<b>Total comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,756</b>	<b>34,384</b>	<b>69,140</b>
Dividend payment						-11,797	<b>-11,797</b>
<b>30 June 2022</b>	<b>15,729</b>	<b>63,122</b>	<b>785</b>	<b>19</b>	<b>63,322</b>	<b>255,245</b>	<b>398,222</b>

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1

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### **BASIS OF PREPARATION**

The interim report as at 30 June 2023 has been prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), rules for interim financial reporting (IAS 34), to be applied in the European Union.

This report on the second quarter of 2023 of the SBO group has neither been audited nor reviewed by independent accountants.

## NOTE 2

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### **ACCOUNTING POLICIES**

The accounting and valuation methods of 31 December 2022 have been applied basically unchanged. In this context, we refer to the consolidated financial statements for the year ended 31 December 2022.

## NOTE 3

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### SCOPE OF CONSOLIDATION

On 1 June 2023, signing for the acquisition of Praxis Completion Technology FZCO, UAE, took place. Closing is expected for the 2nd half of 2023. On 9 March 2023, DSI FZE Services Private Limited, India, which is not yet operational, was acquired. There were no other changes in the scope of consolidation in the reporting period.

## NOTE 4

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### SEASONALITY

Business development of SBO is not subject to significant seasonal influences.

## NOTE 5

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### DIVIDEND PAID

	<b>TOTAL AMOUNT</b> TEUR	<b>NUMBER OF SHARES</b> (ORDINARY SHARES)	<b>PER SHARE</b> EUR
For the business year 2022 paid in 2023	31,459	15,729,365	2.00
For the business year 2021 paid in 2022	11,797	15,729,365	0.75

## NOTE 6

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### SEGMENT INFORMATION

Based on product groups and services offered and existing customer groups, respectively, SBO's business operations are subdivided into two reportable segments "Advanced Manufacturing & Services" (AMS) and "Oilfield Equipment" (OE).

The "Advanced Manufacturing & Services" (AMS) segment comprises the production of high-alloy, non-magnetic stainless steels and high-precision manufacture of stainless steels as special components for the oil, gas and other industries by using innovative and additive technologies such as Direct Metal Laser Sintering (DMLS), a 3D metal printing technology.

The "Oilfield Equipment" (OE) segment offers high-efficiency tools for drilling and completion in the oil and gas industry and in the field of geothermal energy.

Management of the group as well as the allocation of resources is based on the financial performance of these segments.



Results in the total column correspond to those in the profit and loss statement.

### 1-6/2023

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	162,733	131,946	0	294,679
Intercompany sales	69,661	17,890	-87,551	0
<b>Total sales</b>	<b>232,394</b>	<b>149,836</b>	<b>-87,551</b>	<b>294,679</b>
Profit / loss from operations	35,022	23,965	-3,617	55,370
Profit / loss before tax	35,988	25,299	-5,252	56,035

### 1-6/2022

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	108,894	113,818	0	222,712
Intercompany sales	40,015	13,805	-53,820	0
<b>Total sales</b>	<b>148,909</b>	<b>127,623</b>	<b>-53,820</b>	<b>222,712</b>
Profit from operations	22,024	19,961	2,848	44,833
Profit before tax	22,435	19,654	604	42,693

External sales were as follows:

IN TEUR	ADVANCED MANUFACTURING & SERVICES		OILFIELD EQUIPMENT	
	1-6/2023	1-6/2022	1-6/2023	1-6/2022
Product sales	150,347	99,049	63,311	52,468
Services and repairs	9,361	7,009	2,280	3,511
Rental revenue	3,025	2,836	66,355	57,839
<b>Total</b>	<b>162,733</b>	<b>108,894</b>	<b>131,946</b>	<b>113,818</b>

## NOTE 7

### TANGIBLE AND INTANGIBLE FIXED ASSETS

During the first six months of 2023 capital expenditures for tangible and intangible fixed assets (including right-of-use assets) amounted to MEUR 19.6 (1-6/2022: MEUR 16.7). Purchase commitments for expenditure in property, plant and equipment as of 30 June 2023 were MEUR 8.9 (31 December 2022: MEUR 5.6).

## NOTE 8

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### RELATED PARTY TRANSACTIONS

With respect to business transactions with related parties there were no substantial changes compared to 31 December 2022. All transactions with related parties are carried out at generally acceptable market conditions. For further information on individual business relations please refer to the consolidated financial statements of SBO for the year ended 31 December 2022.

## NOTE 9

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### FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have significant effects on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at balance sheet date, the Group held the following classes of financial instruments measured at fair value:

## 2023

IN TEUR	BALANCE SHEET ITEM	30.06.2023	LEVEL 2	LEVEL 3
<b>Assets</b>				
Derivatives (FVTPL)	Other receivables and other assets	188	188	0
<b>Liabilities</b>				
Derivatives (FVTPL)	Other liabilities	-98,065	-298	-97,767

## 2022

IN TEUR	BALANCE SHEET ITEM	31.12.2022	LEVEL 2	LEVEL 3
<b>Assets</b>				
Derivatives (FVTPL)	Other receivables and other assets	1,337	1,337	0
<b>Liabilities</b>				
Derivatives (FVTPL)	Other liabilities	-99,600	0	-99,600

During the reporting period 2023 there were no transfers between the levels of fair value measurements. In general, if required, transfers are carried out at the end of each reporting period.

Derivatives shown under level 3 exclusively consist of option commitments relating to cancelable non-controlling interests to purchase the offered shares from the minority shareholders. The development of liabilities for option commitments in the reporting period 2022 was as follows:

<b>IN TEUR</b>	<b>BUSINESS COMBINATION DOWNHOLE TECHNOLOGY</b>
1 January 2023	-99,600
Currency adjustment	1,833
<b>30 June 2023</b>	<b>-97,767</b>

The option commitments from cancelable non-controlling interests were measured at fair value at the time of acquisition and remeasured in the following periods at fair value on each balance sheet date. The determination of the fair value was based on discounted cash flows, which were derived from the respective results planned for the company concerned. SBO has already exercised its right to purchase the minority shares of 32.3 % in Downhole Technology (now The WellBoss Company, LLC) in previous years with its share in the company reaching 100 % as of 1 April 2019. For shares amounting to 6.6 %, the purchase price was paid in previous years. There is a legal dispute with a former minority member regarding the termination of his employment contract in 2018, which may have an effect on the purchase price to be paid for the acquisition of the remaining 25.7 % of the interests. In the consolidated financial statements as of 30 June 2023 as well as of 31 December 2022, provision was made for the purchase price on the basis of the contractually agreed mechanism to be applied under normal circumstances. In the third quarter of 2021 SBO has filed an appeal against the final first instance judgment issued in the second quarter of 2021 against the Company. In this connection, a surety deposit of TUSD 25,000 (TEUR 21,124) was made with the court of first instance in 2021, which was offset against the existing option liability. Depending on the outcome of the proceedings in the appeal bodies or of a potential settlement the purchase price to be paid could be determined subject to equity of the company, hence be significantly lower than the amount provided for. At present, the outcome of the proceedings cannot be predicted with any certainty. We refer to the consolidated financial statements 2022.

The foreign currency forward contracts are measured based on observable spot exchange rates.

For each category of financial instruments which are amortized at acquisition costs, both the carrying value and the deviating fair value are provided in the table below:

IN TEUR	LEVEL	30.06.2023		31.12.2022	
		CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Liabilities					
Borrowings from banks and other loans	2	-242,382	-229,251	-253,294	-239,462

For fixed rate loans received, the fair value was calculated by discounting the expected future cashflows using market interest rates. For variable rate bank loans and loans received and issued, discounting corresponds to current market rates, which is why the carrying amounts largely equal the fair values. Cash and cash equivalents, trade receivables and payables and all other items have mostly short residual terms. The carrying amounts therefore equal the fair values on the reporting date.

## NOTE 10

### EVENTS AFTER THE REPORTING DATE

After the reporting date there were no events of particular significance that would have changed the presentation of the Group's net assets, financial position, and results of operations in the consolidated financial statements as at 30 June 2023.

# STATEMENT OF ALL LEGAL REPRESENTATIVES

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We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report of the second quarter gives a true and fair view

of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Ternitz, 23 August 2023



**Gerald Grohmann**



**Klaus Mader**

Executive Board



## CONTACT AND LEGAL NOTICE

Further information about SBO is available on [www.sbo.at](http://www.sbo.at). If you have any questions regarding the company or would like to be included in SBO's Investor Relations Information Service (IRIS), please send an e-mail to [investor\\_relations@sbo.co.at](mailto:investor_relations@sbo.co.at).

## DISCLAIMER

Note on the half-year report:

This half-year financial report is also available in the German language. In the event of discrepancies, the German version shall prevail.

## FORWARD-LOOKING STATEMENTS AND FORECASTS:

This corporate publication contains information with forward-looking statements. Parts of those statements contain forecasts regarding the future development of SBO, SBO group companies, relevant industries and the markets. All these statements as well as any other information contained in this corporate publication are for information only and do not substitute professional financial advice. As such, this information must not be understood as a recommendation or offer to buy or sell SBO shares, and SBO cannot be held liable therefrom.

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