

RESILIENT



SCHOELLER
BLECKMANN
OILFIELD
EQUIPMENT

2021

HALF-YEAR
Quarterly Highlights

resilient.

SALES _____	MEUR 129.5
1-6/2020	MEUR 184.5

EBIT _____	MEUR 8.9
1-6/2020	MEUR -8.9

PROFIT AFTER TAX _____	MEUR 4.2
1-6/2020	MEUR -12.0

NET LIQUIDITY _____	MEUR 20.1
31 December 2020	MEUR 9.5

HALF-YEAR
FINANCIAL REPORT

MANAGEMENT REPORT HY 2021

HIGHLIGHTS

SBO back on **growth track**

The first half of 2021 was positive for **SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AKTIENGESELLSCHAFT** (SBO), which is listed on the ATX leading index of the Vienna Stock Exchange. As expected, the recovery that had begun in the fourth quarter of 2020 continued gradually but steadily. The upward movement was evident across all regional markets and in all key figures. SBO's sales in the first six months of the year arrived at MEUR 129.5. EBIT was clearly positive at MEUR 8.9, the EBIT margin improved to 6.9 %, up from the previous year's figure. Profit after tax stood at MEUR 4.2. Net liquidity came to MEUR 20.1, gearing was minus 6.6 %. 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.

Gerald Grohmann, CEO of SBO:

"The global economy gradually rebounded in the first half of 2021. As a result, demand for energy increased hand in hand with demand for our products. While we have not yet reached pre-crisis levels, we are observing steady growth. We are heading in the right direction, and our operating result has returned to the profit zone. Our current expectation is that this positive development will continue at a similar pace in the second half of the year and gain further momentum in the coming year."

SBO continues to work on its **long-term growth strategy** and is pushing ahead with its **"Diversified Markets"** initiative involving the use of technologies across different industries. Furthermore, SBO strives toward structural improvement of its energy efficiency and reduction of its carbon emissions.

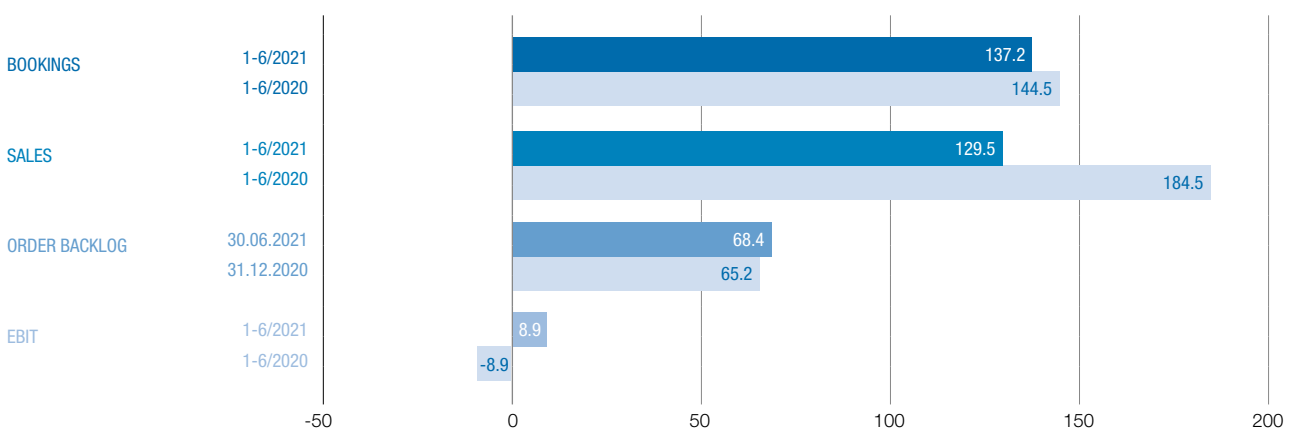
BUSINESS DEVELOPMENT

SALES AND EARNINGS

SBO recorded steady growth in the first half of 2021 and a distinct improvement of business results. SBO's bookings in the first six months of 2021 amounted to MEUR 137.2, almost matching the level of first half 2020, whose first quarter had been still largely unaffected by the COVID-19 pandemic (1-6/2020: MEUR 144.5). Sales have gone up constantly since the low point of the crisis in the third quarter of 2020, rising from MEUR 51.9 in Q3 2020 to MEUR 54.7 in Q4 2020 and MEUR 59.3 in Q1 2021 to finally MEUR 70.2 in Q2 2021. Sales generated in the first half of 2021 totaled MEUR 129.5 (1-6/2020: MEUR 184.5). The order backlog at the end of June 2021 was MEUR 68.4 (31 December 2020: MEUR 65.2).

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the first half of 2021 stood at MEUR 25.0 (1-6/2020: MEUR 28.5), while the EBITDA margin went up to 19.3 % (1-6/2020: 15.4 %). Profit from operations (EBIT) improved significantly compared to the previous year and arrived at MEUR 8.9 (1-6/2020: MEUR minus 8.9). Profit before tax climbed to MEUR 6.6 (1-6/2020: MEUR minus 10.0), while profit after tax improved to MEUR 4.2 (1-6/2020: MEUR minus 12.0). Earnings per share in the first half of 2021 were EUR 0.27 (1-6/2020: EUR minus 0.76).

IN MEUR



"Our expectations of last fall have been confirmed: we have seen an upward trend since the fourth quarter of 2020 and expect the trend to continue. We have grown every quarter and delivered a stronger result and higher margins although the sales figure was down on the previous year. This demonstrates the success of our consistently implemented cost and efficiency programs", comments CEO Gerald Grohmann on the 2021 half-year results.



SEGMENTS

SBO's business is divided into two segments: The Advanced Manufacturing & Services (AMS) segment comprises the production of high-precision components from non-magnetic, high-alloy stainless steels as well as innovative manufacturing processes and additive technologies such as Direct Metal Laser Sintering (DMLS), a 3D metal printing technology. The Oilfield Equipment (OE) segment offers high-efficiency drilling tools and well completion equipment for the oil and gas industry.

Sales in the AMS segments in the first half of the year came to MEUR 64.7 (1-6/2020: MEUR 101.1), while profit from operations (EBIT) was in positive territory at MEUR 3.5 (1-6/2020: MEUR 10.7 before one-off effects). Sales in the OE segment went to MEUR 64.8 (1-6/2020: MEUR 83.4), while EBIT, despite clearly lower sales figure, arrived at last year's level of MEUR 5.3 (1-6/2020: MEUR 5.3 before one-off effects). This is due to cost-saving and efficiency programs successfully implemented by SBO during the crisis.

KEY BALANCE SHEET FIGURES

SBO's equity increased to MEUR 305.5 in the first half of 2021 (31 December 2020: MEUR 287.0). SBO's equity ratio rose to 38.8 % (31 December 2020: 36.9 %). Net liquidity went up to MEUR 20.1 (31 December 2020: MEUR 9.5). Gearing further decreased to minus 6.6 % (31 December 2020: minus 3.3 %). Liquid funds came

to MEUR 307.5 (31 December 2020: MEUR 314.0). Cashflow from operating activities was MEUR 12.0 in the first half of 2021 (1-6/2020: MEUR 50.6). Capital expenditure for property, plant and equipment, and intangible assets (CAPEX, excluding rights of use) amounted to MEUR 9.7 (1-6/2020: MEUR 10.6).

SBO'S KEY PERFORMANCE INDICATORS AT A GLANCE

	UNIT	1-6/2021	1-6/2020
Sales	MEUR	129.5	184.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	MEUR	25.0	28.5
EBITDA margin	%	19.3	15.4
Profit from operations before impairments and restructuring measures	MEUR	8.9	12.4
EBIT margin before impairments and restructuring measures	%	6.9	6.7
Profit / loss from operations after impairments and restructuring measures	MEUR	8.9	-8.9
EBIT margin	%	6.9	-4.8
Profit / loss before tax	MEUR	6.6	-10.0
Profit / loss after tax	MEUR	4.2	-12.0
Earnings per share	EUR	0.27	-0.76
Cashflow from operating activities	MEUR	12.0	50.6
Liquid funds as at 30 June 2021 / 31 December 2020	MEUR	307.5	314.0
Net liquidity as at 30 June 2021 / 31 December 2020	MEUR	20.1	9.5
Headcount as at 30 June 2021 / 31 December 2020		1,172	1,131

MARKET ENVIRONMENT

In the first half of 2021, the global economy recovered from the massive impact of the COVID-19 pandemic. Global economic growth improved due to rising vaccination rates and positive signals from global trade. The global recovery that has set in appears to be stable from an economic perspective. The International Monetary Fund (IMF) expects the global economy to grow by 6.0 % in 2021, following a decline of 3.2 % in 2020.¹

This development is also reflected in global energy demand, including demand for oil and gas. Following a historic collapse in 2020, oil demand rose to 94.9 million barrels per day (mb/d) in the second quarter of 2021, up from 90.8 mb/d in full 2020. Global oil production stood at 94.2 mb/d. Non-OPEC production came to 63.4 mb/d (4-6/2020: 61.1 mb/d). OPEC crude oil production totaled 30.8 mb/d, arriving at

the level recorded in the previous year (4-6/2020: 30.7 mb/d).² The rebound is also reflected in the global rig count, which stood at 1,325 rigs at the end of June 2021, up 252 rigs or 23.5 % year-on-year (June 2020: 1,073 rigs). Compared to the previous quarter, the global rig count increased by 94 rigs in the second quarter of 2021 (March 2021: 1,231 rigs). Growth was evident both internationally and in the United States: internationally, the rig count increased by 43 rigs (June 2021: 758 rigs), while in the US it went up by 56 rigs (June 2021: 464 rigs).³

Oil prices were rising substantially again. European Brent crude started 2021 at USD 51.80 per barrel and went to USD 75.13 on the last trading day of the first half of the year, an increase of 45.0 %. In the same period, the price of WTI crude rose from USD 48.52 per barrel to USD 73.47, up 51.4 %.⁴

OUTLOOK

The International Monetary Fund (IMF) forecasts economic growth to come to 5.6 % in developed industrialized countries and 6.3 % in emerging markets in 2021. The positive projections take into account rising vaccination rates and assume that ongoing immunization should sustainably contain the COVID-19 pandemic. Overall global economic growth of 4.9 % is projected for 2022.⁵

The steady economic recovery of the first half of 2021 is expected to continue in the second half of 2021. In July, the IMF raised its growth forecast for the euro area in 2021 from 4.4 % in April to 4.6 %. As a result, the outlook for the global economy remains positive and should improve steadily, especially in 2022. To support oil prices, the OPEC+ countries have agreed on a cut in production that will be evaluated in monthly

¹ IMF, World Economic Outlook, July 2021.

² IEA Oil Market Report, August 2021.

³ Baker Hughes Rig Count.

⁴ Bloomberg, CO1 Brent Crude (ICE) and CL1 WTI Crude (Nymex).

⁵ IMF, World Economic Outlook, July 2021.

meetings. Overall global spending for exploration and production should increase by 5 % in 2021. The driver is the international market, where spending is predicted to increase by 8 %. In North America, a slight decline of 6.5 % is currently expected.⁶

Therefore, economic indicators for 2021 are intact. Global economic recovery, underspending in exploration for new oil and gas reservoirs seen in recent years and the expected catch-up effect from this development should

drive up demand for SBO products. With its high-quality products and technologies, the SBO Group ensures a more efficient and thus more environmentally friendly supply of energy. While oil and gas will remain the most important energy sources for a long time to come, the company is responding to the change in environmental conditions by applying its sustainable growth strategy. In the process, SBO is driving forward diversification into new industries and fields of application to broaden its technology offering to additional industrial sectors.

"We expect the gradual growth of the global economy and the associated demand for our products to continue throughout the rest of the year," says CEO Gerald Grohmann and adds: "As announced, 2021 is evolving into a year of transition, while 2022 should see increasing momentum."



⁶ Evercore ISI Research, The 2021 Evercore ISI Global E&P Spending Outlook, June 2021.

RISK REPORT

The business risks of SBO have not changed fundamentally in the first half of 2021 compared to the risks presented in the 2020 annual financial statements. We refer to all risks explained in the 2020 Annual Report. We recommend to always read this report on the first half of 2021 in conjunction with the risk report of the 2020 Annual Report. Management is nevertheless aware that a fourth COVID-19 wave could negatively impact sales markets, triggering another decline in revenues.

Planned spending projects are constantly subjected to detailed requirements planning. As in past cycles,

while spending is curbed continuously, the focus is on maintaining the company's technological leadership in the medium and long term. No liquidity risks exist under the current circumstances. To continue its sustainable course of growth, the company took precautions at an early stage in August 2020 by raising new external funds.

SBO also refers to the risks explained in the Annual Report 2020.

"Quality First"



ABOUT SBO

SBO AT A GLANCE

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO) is the global market leader in the production of high-precision components made of non-magnetic, high-alloy stainless steels. The Group is equally recognized worldwide for its high-efficiency drilling tools and equipment for the oil and gas industry.

Strong intellectual property protection offers significant competitive advantages. Product and process inno-

ventions, including the Direct Metal Laser Sintering (DMLS) 3D printing technology, support the leading position of SBO in the oil and gas industry and other sectors. The Group employs a workforce of more than 1,100 worldwide and is successfully positioned in technologically demanding, profitable niches. Information on the "Quality First"-based growth strategy and sustainable management (ESG) is available in the annual report at <https://www.sbo.at/publikationen>.

ENERGY CONSUMPTION OF THE SBO GROUP*

	UNIT	HY 2021	HY 2020	
Energy consumption	GJ	5,506.4	5,614.7	-1.9 %
CO ₂ emissions	Tonnes	5,583.3	5,755.2	-3.0 %

* Energy consumption based on the calculation of the Umweltbundesamt (Federal Environmental Office) as at October 2017 (for more information see: <http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html>)

THE SBO SHARE

The share of Schoeller-Bleckmann Oilfield Equipment AG is listed in the Prime Market of the Vienna Stock Exchange and is part of the Austrian leading ATX index. In total, 16,000,000 par value shares with a par value of EUR 1.00 each have been issued.

The SBO share started the year at a price of EUR 31.10 on 4 January 2021 and closed at EUR 35.45 on 30 June 2021, while reaching its high for the first half of 2021 on 8 March 2021 at a price of EUR 45.05. The Austrian leading ATX index rose by 22.4 % in the first half of 2021. The price of Brent crude climbed by 45.0 %, while that of North American WTI crude rose by 51.4 %. The OSX increased by 43.8 % in the first half of 2021. The change in compliance requirements

on the capital markets have led to restrictive investment behavior for the stocks of the OSX environment since the onset of the COVID-19 pandemic. In contrast, oil prices (WTI, Brent) returned rather promptly to the levels seen before the COVID-19 pandemic due to positive capital market indicators, recovery in demand for crude oil and the support by the production limits agreed by the OPEC+ alliance. In line with oil prices, stocks within the OSX environment also recorded strong gains in the first half of 2021.

Market capitalization as of 30 June 2021 was MEUR 567.2, with 67 % of the shares in free float as of that key date.

EUR **31.10**
4 January 2021

EUR **35.45**
30 June 2021

MEUR **567.2**
MARKET CAPITALIZATION – 30 June 2021

FINANCIAL CALENDAR 2021

DATE

25 November 2021

EVENT

Q3 2021

CONSOLIDATED PROFIT AND LOSS STATEMENT

IN TEUR	6 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Sales	129,515	184,502	70,178	75,583
Cost of goods sold	-98,703	-136,441	-52,258	-59,872
Gross profit	30,812	48,061	17,920	15,711
Selling expenses	-9,933	-13,179	-5,411	-5,551
General and administrative expenses	-13,384	-18,670	-6,032	-8,134
Other operating expenses	-4,988	-8,226	-2,038	-1,570
Other operating income	6,368	4,398	873	-426
Profit from operations before impairments and restructuring measures	8,875	12,384	5,312	30
Restructuring expenses	0	-452	0	-215
Impairment of property, plant and equipment	0	-1,725	0	-1,725
Impairment of goodwill and other intangible assets	0	-13,394	0	-13,394
Impairment of current assets	0	-5,719	0	-5,719
Profit / loss from operations after impairments and restructuring measures	8,875	-8,906	5,312	-21,023
Interest income	207	1,134	80	444
Interest expenses	-2,603	-2,205	-1,298	-1,026
Other financial income	111	23	99	23
Financial result	-2,285	-1,048	-1,119	-559
Profit / loss before tax	6,590	-9,954	4,193	-21,582
Income taxes	-2,407	-2,091	-999	926
Profit / loss after tax	4,183	-12,045	3,194	-20,656
Average number of shares outstanding	15,726,581	15,828,370	15,729,465	15,718,058
EARNINGS PER SHARE IN EUR (BASIC = DILUTED)	0.27	-0.76	0.20	-1.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN TEUR	6 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit / loss after tax	4,183	-12,045	3,194	-20,656
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Currency translation adjustment - subsidiaries	12,427	-2,260	-3,845	-8,154
Currency translation adjustment - other items	1,725	186	-742	-1,282
Income tax effect	0	0	0	270
Other comprehensive income, net of tax	14,152	-2,074	-4,587	-9,166
TOTAL COMPREHENSIVE INCOME, NET OF TAX	18,335	-14,119	-1,393	-29,822

CONSOLIDATED BALANCE SHEET

ASSETS

IN TEUR	30.06.2021	31.12.2020
Current assets		
Cash and cash equivalents	307,490	313,950
Trade receivables	67,398	54,252
Other receivables and other assets	9,572	8,089
Assets held for sale	0	2,215
Inventories	114,746	114,015
Total current assets	499,206	492,521
Non-current assets		
Property, plant and equipment	120,542	121,362
Goodwill	121,358	117,708
Other intangible assets	12,978	14,463
Long-term receivables and assets	3,651	3,930
Deferred tax assets	28,980	27,903
Total non-current assets	287,509	285,366
TOTAL ASSETS	786,715	777,887

LIABILITIES AND EQUITY

IN TEUR	30.06.2021	31.12.2020
Current liabilities		
Liabilities to banks	36,882	33,938
Current portion of long-term loans	22,107	25,236
Lease liabilities	2,150	2,222
Trade payables	18,957	17,072
Government grants	215	215
Income tax payable	2,168	1,191
Other liabilities	142,818	138,415
Other provisions	7,183	6,562
Total current liabilities	232,480	224,851
Non-current liabilities		
Long-term loans	228,417	245,312
Lease liabilities	5,280	5,125
Government grants	89	89
Provisions for employee benefits	6,979	6,859
Other liabilities	7,868	8,484
Deferred tax liabilities	55	129
Total non-current liabilities	248,688	265,998
Equity		
Share capital	15,729	15,723
Capital reserve	62,948	62,780
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	10,405	-3,747
Retained earnings	215,661	211,478
Total equity	305,547	287,038
TOTAL LIABILITIES AND EQUITY	786,715	777,887

CONSOLIDATED CASHFLOW STATEMENT

IN TEUR	6 MONTHS PERIOD ENDED	
	30.06.2021	30.06.2020
OPERATING ACTIVITIES		
Profit / loss after tax	4,183	-12,045
Depreciation, amortization and impairments	16,107	37,367
Other non-cash expenses and revenues	-4,273	-1,740
Cashflow from profit	16,017	23,582
Change in working capital	-4,020	27,063
Cashflow from operating activities	11,997	50,645
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment and intangible assets	-9,667	-10,610
Other activities	351	2,130
Cashflow from investing activities	-9,316	-8,480
FREE CASHFLOW	2,681	42,165
FINANCING ACTIVITIES		
Dividend payment	0	-18,861
Acquisition of treasury shares	0	-6,680
Change in financial liabilities	-17,418	-35,660
Cashflow from financing activities	-17,418	-61,201
Change in cash and cash equivalents	-14,737	-19,036
Cash and cash equivalents at the beginning of the period	313,950	265,211
Effects of exchange rate changes on cash and cash equivalents	8,277	-1,804
Cash and cash equivalents at the end of the period	307,490	244,371

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2021

IN TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
1 January 2021	15,723	62,780	785	19	-3,747	211,478	287,038
Profit after tax						4,183	4,183
Other comprehensive income, net of tax					14,152		14,152
Total comprehensive income, net of tax	0	0	0	0	14,152	4,183	18,335
Share-based payment	6	168					174
30 June 2021	15,729	62,948	785	19	10,405	215,661	305,547

2020

IN TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
1 January 2020	15,955	68,902	785	19	32,434	251,991	370,086
Profit / loss after tax						-12,045	-12,045
Other comprehensive income, net of tax					-2,074		-2,074
Total comprehensive income, net of tax	0	0	0	0	-2,074	-12,045	-14,119
Dividend payment						-18,861	-18,861
Acquisition of treasury shares	-232	-6,448					-6,680
Share-based payment		163					163
30 June 2020	15,723	62,617	785	19	30,360	221,085	330,589

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

BASIS OF PREPARATION

The interim report as at 30 June 2021 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 first half of 2021 of the SBO group has neither been audited nor reviewed by independent accountants.

NOTE 2

ACCOUNTING POLICIES

The accounting and valuation methods of 31 December 2020 have been applied basically unchanged. In this context, we refer to the consolidated financial statements for the year ended 31 December 2020.

NOTE 3

SCOPE OF CONSOLIDATION

During the reporting period no changes occurred in the scope of consolidation.

NOTE 4

SEASONALITY

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

NOTE 5

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 high-precision machining and repair of drill collars and complex MWD (Measurement While Drilling) / LWD (Logging While Drilling) components made of non-magnetic corrosion-resistant stainless steel, which form the housing for sensitive measuring instruments used for the precise measurement of inclination and azimuth of the drill string as well as petrophysical parameters.

The "Oilfield Equipment" (OE) segment comprises a wide range of highly specialized solutions for the oil and gas industry: High-performance drilling motors and tools for directional drill string drive in addition to downhole circulation tools as well as products for efficient and resource-conscious completion of unconventional reservoirs in the two dominating technologies "sliding sleeve" and "plug-n-perf".

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.

1-6/2021

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	64,734	64,781	0	129,515
Intercompany sales	23,386	9,830	-33,216	0
Total sales	88,120	74,611	-33,216	129,515
Profit from operations	3,522	5,312	41	8,875
Profit / loss before tax	4,025	4,948	-2,383	6,590

1-6/2020

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	101,116	83,386	0	184,502
Intercompany sales	27,412	12,449	-39,861	0
Total sales	128,528	95,835	-39,861	184,502
Profit / loss from operations before impairments and restructuring measures	10,731	5,340	-3,687	12,384
Profit / loss before tax	2,756	-7,590	-5,120	-9,954

External sales were as follows:

IN TEUR	ADVANCED MANUFACTURING & SERVICES		OILFIELD EQUIPMENT	
	1-6/2021	1-6/2020	1-6/2021	1-6/2020
Product sales	57,720	90,853	32,997	41,222
Services and repairs	5,198	8,073	1,271	4,211
Rental revenue	1,816	2,190	30,513	37,953
Total	64,734	101,116	64,781	83,386

NOTE 6

TANGIBLE AND INTANGIBLE FIXED ASSETS

During the first six months of 2021 capital expenditures for tangible and intangible fixed assets (including right-of-use assets) amounted to MEUR 10.3 (1-6/2020: MEUR 12.3). Purchase commitments for expenditure in property, plant and equipment as of 30 June 2021 were MEUR 0.3 (31 December 2020: MEUR 3.7).

NOTE 7

TREASURY SHARES

During the 2021 reporting period the company transferred 6,000 shares as part of the share based payment program introduced in 2014 and last renewed in 2021.

NOTE 8

RELATED PARTY TRANSACTIONS

With respect to business transactions with related parties there were no substantial changes compared to 31 December 2020. 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 2020.

NOTE 9

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:

2021

IN TEUR	BALANCE SHEET ITEM	30.06.2021	LEVEL 2	LEVEL 3
Assets				
Derivatives (FVTPL)	Other receivables and other assets	14	14	0
Liabilities				
Derivatives (FVTPL)	Other liabilities	-110,631	-203	-110,428

2020

IN TEUR	BALANCE SHEET ITEM	31.12.2020	LEVEL 2	LEVEL 3
Assets				
Derivatives (FVTPL)	Other receivables and other assets	157	157	0
Liabilities				
Derivatives (FVTPL)	Other liabilities	-106,946	0	-106,946

During the reporting period 2021 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 2021 was as follows:

IN TEUR	BUSINESS COMBINATION DOWNHOLE TECHNOLOGY
1 January 2021	-106,946
Currency adjustment	-3,482
30 June 2021	-110,428

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 % already as of 1 April 2019. 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. Any payment is delayed until the dispute is fully and finally resolved. The outcome of the final judgment issued in the second quarter 2021 had already been taken into account in the 2020 financial statements. As previously announced, SBO filed an appeal against this judgment in the third quarter of 2021. In the consolidated financial statements as of 30 June 2021 as well as of 31 December 2020, provision was made for the purchase price on the basis of the contractually agreed mechanism to be applied under normal circumstances. Depending on the outcome of the proceedings in the appeal bodies, 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 2020.

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	30.06.2021		31.12.2020		
	LEVEL	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Liabilities					
Borrowings from banks and other loans	2	-287,406	-293,939	-304,486	-312,196

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 balance sheet date, an appeal has been filed against the first instance judgment issued in the second quarter of 2021 with regard to the legal case described in Note 9. In this context, a surety deposit of MUSD 25 was provided at the court of first instance. Furthermore, 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 2021.

STATEMENT OF ALL LEGAL REPRESENTATIVES

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 first half 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, 18 August 2021



Gerald Grohmann



Klaus Mader

Executive Board

CONTACT AND LEGAL NOTICE

Further information about SBO is available on 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

DISCLAIMER

Note on the 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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