**Report of the Executive Board**
of
**SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft**
**FN 102999 w**
pursuant to Sections 170 (2) and 153 (4) Austrian Stock Corporation Act (AktG)
to the agenda item 10.
(authorization to exclude the subscription right
and direct exclusion of subscription right
in the context of the new Authorized Capital pursuant Sections 169 et seq.)

At the Annual General Meeting of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft, FN 102999 w, Hauptstraße 2, 2630 Ternitz (subsequently the "Company"), to be held on 25 April 2024, it will be voted on, among others, the proposed resolution to authorize the Executive Board, subject to the approval of the Supervisory Board, to increase the share capital in accordance with Sections 169 et seq. of the Austrian Stock Corporation Act (AktG) within five years of the resolution being passed, i.e. until 25 April 2029, from the current nominal value of EUR 16,000,000 by up to a further EUR 1,600,000 by issuing up to 1,600,000 new bearer shares with a nominal of EUR 1.00 each, against cash contributions and/or contributions in kind - if necessary in several tranches - and to determine the issue price, the terms of issue and the further details for conducting the capital increase with the consent of the Supervisory Board (Authorized Capital 2024).

The proposed authorization also provides that the new shares can be offered to the shareholders for subscription pursuant to Section 153 (6) of the Austrian Stock Corporation Act (AktG). This makes it possible for the Company to have a bank or a consortium of banks undertake the cash capital increase with the obligation to offer such shares to the shareholders in accordance with their subscription rights.

Furthermore, the proposed authorization provides that the Executive Board may, subject to the approval of the Supervisory Board, exclude the statutory subscription right of shareholders in whole or in part if (i) the capital increase takes place against contributions in kind (issue of shares for the purpose of acquiring companies, businesses, parts of businesses or shares in one or more companies at home or abroad) and/or (ii) the capital increase takes place against cash contributions and the number of new shares issued under exclusion of subscription rights does not exceed 1,600,000 shares (i.e. 10 % of the Company's share capital at the time this resolution is passed by the Annual General Meeting).

The shareholders' statutory subscription right shall be excluded (direct exclusion of the statutory subscription right) if and to the extent that the Authorized Capital 2024, in the context of a placement of new shares in the Company, is used (i) to exclude fractional amounts (share fractions) from the subscription right of the shareholders and/or (ii) to fulfill an over-allotment option (*greenshoe option*) granted to the issuing bank(s).

The Supervisory Board shall be authorized to resolve on amendments to the Articles of Association resulting from the issue of shares from the Authorized Capital 2024.
In compliance with the statutory provisions pursuant to Section 170 (2) in conjunction with Section 153 (4) of the Austrian Stock Corporation Act (AktG), the Executive Board hereby presents the following

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on the reasons for the authorization to exclude the statutory subscription right in whole or in part and to exclude the statutory subscription right (direct exclusion) in connection with the issuance of shares from the Authorized Capital 2024:

The Annual General Meeting of the Company last resolved an Authorized Capital on 23 April 2019 pursuant to Sections 169 et seq. Austrian Stock Corporation Act (AktG) and thus authorized the Executive Board to increase the share capital by a maximum of EUR 1,600,000 by issuing up to 1,600,000 new bearer shares with a nominal of EUR 1.00 each against cash or in-kind contributions. To date, the Executive Board has not made use of this authorization. This authorization expires on 23 April 2024. Therefore, the Executive Board and the Supervisory Board of the Company propose to the Annual General Meeting of the Company to be held on 25 April 2024 that new Authorized Capital in the sense of Sections 169 et seq. Austrian Stock Corporation Act (AktG) be created.

**1. General information on Authorized Capital 2024 and the exclusion of subscription rights**

Pursuant to Section 170 (1) in conjunction with Section 153 Austrian Stock Corporation Act (AktG), shareholders have a statutory subscription right to shares issued in the context of a capital increase from authorized capital in the sense of Sections 169 et seq. Austrian Stock Corporation Act (AktG), to the extent of their previous shareholding.

In summary, the proposed Authorized Capital 2024 provides that

(a) the Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders in whole or in part if

 (i) the capital increase takes place against certain contributions in kind and/or

 (ii) the capital increase takes place against cash contributions;

(b) the shareholders' statutory subscription right is excluded, if and to the extent that the Authorized Capital 2024, in the context of a placement of new shares in the Company, is used

 (i) to exclude fractional amounts (share fractions) from the subscription right of the shareholders, and/or

 (ii) to fulfill an over-allotment option (*greenshoe option*) granted to the issuing bank(s).

The Executive Board may only use the authorization to issue new shares from the proposed Authorized Capital 2024 with total or partial exclusion of subscription rights if the conditions

described below and all legal requirements are met. In particular, this means that the specific exclusion of shareholders' statutory subscription rights must be in the overriding interest of the Company and must be proportionate and necessary.
The reasons why the options provided by Authorized Capital 2024 to issue new shares of the Company with exclusion of the statutory subscription rights of shareholders are in the overriding interest of the Company and are proportionate and necessary are described in detail in this report.

First of all, it should be noted that the proposed Authorized Capital amounts to only 10 % of the existing share capital. This limit is far below the maximum limit permitted by law for authorized capital, which may amount to up to 50 % of the share capital existing at the time the resolution is adopted according to Section 169 of the Austrian Stock Corporation Act (AktG). However, this also means that an exclusion of the subscription right under the proposed Authorized Capital 2024 comprises a maximum of 10 % of the Company's existing share capital, so that even a full exclusion of the subscription right would only result in a minor dilution for existing shareholders. This applies equally to all cases covered by the proposed Authorized Capital 2024 outlined in this report. Hence, it is not to be expected that issuing new shares while excluding the subscription rights of existing shareholders will result in a change in shareholding limits or thresholds that are relevant for the existing shareholders of the Company with regard to their shareholder rights. The Executive Board and Supervisory Board of the Company will pay particular attention to this aspect if new shares are issued from authorized capital under exclusion of shareholders' subscription rights. It is precisely the comparatively small size of the proposed Authorized Capital 2024, amounting to a maximum of 10 % of the existing share capital, that makes it unlikely that new majority positions, which have not existed to date, will be built up for new or existing shareholders of the Company or that existing minority positions will be lost. Furthermore, shareholders may acquire shares in the Company on the capital market in order to compensate for any possible dilution of their share. The possibility of buying additional shares in the Company on the stock exchange provides an alternative instrument comparable to a subscription right.

The issue price for the new shares will be determined by the Executive Board with the consent of the Supervisory Board, taking full account of the interests of the Company and the shareholders. In the case of capital increases against cash contributions (see 2.b), the issue price for the new shares must not be significantly lower than the market price at the time or must at least correspond to the possibly higher intrinsic value of the share. In the case of capital increases against contributions in kind (see 2.a), the contribution in kind also has to be audited by an auditor of contributions in kind appointed by a court. This will prevent an economic dilution of the Company's existing shareholders.

In addition, the resolution of the Executive Board to increase the share capital from authorized capital and, in particular, the possible exercise of the authorization to exclude subscription rights (see 2) require the approval of the Supervisory Board. Furthermore, the Executive Board emphasizes that in the event that the authorization to exclude subscription rights is exercised, the Executive Board is legally obligated, two weeks prior to the Supervisory Board resolution by which the Supervisory Board approves the specific exclusion of subscription rights - if such exclusion is to be made within the scope of the exercise of the authorized capital in the individual case - to again submit a specific report on the exclusion of subscription rights, if any, intended within the scope of the exercise of the authorized capital, in which the reasons for the exclusion of subscription rights are to be specifically stated and explained. This report by the Executive Board, which must also state the reasons for the issue price, must in this case be published no later than two weeks before the Supervisory Board resolution is passed.

## 2. Authorization to exclude the statutory subscription right

### a. Exclusion of the subscription right in the case of capital increase against contribution in kind

The possible exclusion of shareholders' statutory subscription based on the proposed authorization in the case of a capital increase against contributions in kind (issue of shares for the purpose of acquiring companies, businesses, parts of businesses or shares in one or more companies at home or abroad) is in the overriding interest of the Company and is proportionate and necessary for the following reasons:

In line with the Company's strategic positioning and following the Company's best interests and ensuring its sustainable existence, the Company regularly evaluates the acquisition of companies, businesses, parts of businesses or shares in companies at home or abroad.

Experience shows that in many cases, owners of investment and acquisition objects of interest to the Company are only willing to enter into the relevant agreements with the Company if they receive shares in the Company as consideration. The Company's shares required as "transaction currency" for this purpose can basically be taken from the Company's treasury shares, if a corresponding authorization exists, but can also be newly created through a capital increase against contribution in kind. The latter will be necessary if the Company does not currently hold any treasury shares or does not hold the required number.

However, the acquisition of the acquisition target by way of a capital increase against contributions in kind is only possible if the statutory subscription rights of the Company's shareholders are excluded in favor of the owner of the contribution in kind.

Since the assets to be acquired are usually unique in their composition and can only be acquired from the respective owner of the contribution in kind (but not from [all] shareholders), a contribution of such assets as a contribution in kind under exclusion of the subscription right of the shareholders is usually in the interest of the Company. It is in the interest of the Company to give shares to owners of companies, businesses, parts of businesses or shares that are of interest to the Company because they can be expected, in addition to contributions in kind, to lead to alliances that can offer the Company more favorable conditions or other synergies. Cooperation with such investors also provides an excellent opportunity to purposefully achieve the Company's growth targets.

Furthermore, the issue of new shares as a "transaction currency" is also advantageous for the Company because it reduces the funding needs for acquisitions and the use of new shares as a "transaction currency" can preserve the Company's existing liquid funds and thus also those of its existing shareholders.

The exclusion of subscription rights is proportionate because there is regularly a special interest of the Company in the acquisition of the relevant asset. The interests of the existing shareholders are safeguarded by ensuring that shares are granted on a pro rata basis - generally after a valuation has been carried out. When assets are acquired against contributions in kind by issuing new shares from authorized capital, the value of the asset to be contributed is compared with the value of the Company; the owner of the contribution in kind receives new shares in the Company in this ratio. A dilution of the value of the shareholding of existing shareholders needs therefore

not be feared. The existing shareholders will also participate in the profits of the acquired asset in the future. Given the limited extent of the proposed authorization, it is not to be feared that the

voting rights of existing shareholders will be significantly diluted in the event of a capital increase. Shareholders also have the possibility to maintain their relative shareholding and their relative share of voting rights by buying additional shares on the stock exchange.

Excluding subscription rights is suitable for pursuing the purposes intended by the Company and the most lenient means because, in comparison to subscribing to a capital increase by the owners of acquisition objects of interest to the Company, (i) it may not be possible for the Company to raise comparable financial resources through debt capital, and (ii) it would probably take too long and would be too costly for the Company to carry out a capital increase while maintaining subscription rights. It can therefore - on the basis of an assessment of the specific individual case - be necessary and practical to carry out the capital increase from the authorized capital while excluding subscription rights.

In consideration of all the above circumstances, the proposed authorization to exclude subscription rights in the event of a capital increase against contributions in kind is necessary, suitable, proportionate and objectively justified in the overriding interest of the Company.

**b. Exclusion of the subscription right in the case of capital increase against cash contribution**

In the event of a cash capital increase, the authorization to exclude the statutory subscription right in whole or in part is in the overriding interest of the Company and is proportionate and necessary for the following reasons:

It is in the interest of the Company to be able to cover any funding needs or the need to strengthen the Company's capital structure promptly and flexibly by placing shares. A corresponding capital measure may be particularly appropriate with regard to acquisition or investment projects, for example to (re-)finance an acquisition of a company, or generally to cover a funding need. It is particularly in such cases that a rapid placement of shares in the Company is necessary and/or practical.

A cash capital increase with the exclusion of subscription rights can be carried out much more quickly and inexpensively than the issuance of subscription rights. The time and cost advantage of a private placement without a prospectus, for which the exclusion of the subscription right is an essential prerequisite, becomes obvious if it is considered that, in the case of a share issue while maintaining the subscription rights, a subscription period of at least two weeks (Section 153 (1) AktG) must be adhered to on the one hand and, on the other hand, a considerably longer lead time is necessary for preparing and approving a prospectus. In addition to the time delays of a share issue carried out on the basis of a prospectus for the public offering, the Company also faces comparatively high costs. A placement with exclusion of subscription rights making use of a prospectus exemption avoids these disadvantages.

Since the authorized capital proposed by the Executive Board and the Supervisory Board amounts to only 10 % of the share capital, the proportion of new shares that can be issued with exclusion of subscription rights would not exceed 10 %. This means that no admission prospectus (for admission to official trading on the Vienna Stock Exchange) would have to be prepared for the new shares from the authorized capital: According to Article 1 (5) subpara 1 point a of the Prospectus Regulation (EU) 2017/1129, securities which are fungible with securities

already admitted to trading on the same regulated market are not subject to the obligation to publish a prospectus, provided that they represent, over a period of 12 months, less than 20 % of

the number of securities already admitted to trading on the same regulated market. Accordingly, the new shares can be admitted directly to trading on the stock exchange after the issue without the approval and publication of an admission prospectus.

Since a capital increase with the exclusion of subscription rights therefore requires neither a prospectus for a public offering nor a prospectus for admission to trading on the Vienna Stock Exchange, new shares could be placed within a very short offering period and traded quickly. Particularly in an uncertain and volatile market environment, as has very often been prevailing in recent years, a longer offer period may result in adverse market-related price risks for the Company. The reduction of the placement risk resulting from negative price changes during the offer period and the avoidance of the risk of speculation against the Company's shares during the offer period are essential for the success of a capital measure, especially in a difficult stock market environment.

Furthermore, the placement of new shares under exclusion of subscription rights makes it possible to approach in advance one or a group of selected institutional investors who undertake to subscribe for a certain number of shares. Such a pre-placement with a fixed allocation to investors generally leads to a higher issue price and thus to higher issue proceeds for the Company, which also benefit the existing shareholders.

Moreover, from a strategic point of view, it may be beneficial for the Company to win one or more specific investors as new shareholders for the Company or, as the case may be, to increase their holdings in the Company in order to strengthen their ties to the Company. This way, the Company could benefit from the capabilities and/or network of such investors (e.g. to open up new business areas for the Company). In this way, the company can also achieve a more advantageous regional distribution of shareholders.

For all these reasons, the authorization of the Executive Board to exclude the statutory subscription right is suitable and necessary in order to ensure the rapid and flexible raising of equity by the Company to cover funding needs or strengthen the Company's capital structure, as well as to enable the expansion and stabilization of the Company's shareholder structure, the addressing of special investor groups, exploitation of favorable market conditions and the reduction of the placement risk.

As already stated under point 1, it is not to be feared that there will be any significant dilution with regard to the shareholding in the Company value and the voting rights due to the limited amount of the Authorized Capital 2024 of up to maximum 10 % of the existing share capital.

After weighing the aforementioned reasons, the Company's interest prevails in the purposes pursued with the exclusion of subscription rights and the corresponding measures, which indirectly also serve the interests of all shareholders, therefore the exclusion of shareholders' subscription rights cannot be regarded as disproportionate.

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### 3. Direct exclusion of the statutory subscription right

The shareholders' statutory subscription right shall be excluded (direct exclusion of the statutory subscription right) if and to the extent that the Authorized Capital 2024, in the context of a placement of new shares in the Company, is used (i) to exclude fractional amounts (share fractions) from the subscription right of the shareholders (see 3.a) and/or (ii) to be able to fulfill an over-allotment option (*greenshoe option*) granted to the issuing bank(s).

The direct exclusion of shareholders' statutory subscription rights must be in the overriding interest of the Company and must be proportionate and necessary.

#### a. Fractional amounts (share fractions)

Fractional amounts are partial rights to the subscription of one share within the framework of a subscription right offer. They arise when the specific scale of the capital increase leads to an unfavorable subscription ratio.

The exclusion of the subscription right to prevent fractional amounts serves the purpose of being able to provide a practicable subscription ratio with regard to the amount of the respective capital increase.

The exclusion of the statutory subscription right to prevent fractional amounts is objectively justified and is in the interest of both the shareholders and the Company for the following reasons:

- Without such exclusion of the subscription right, the technical execution of a capital increase would be massively impeded, particularly in the case of a capital increase by an uneven amount. Moreover, the emergence of such fractional amounts tends to make it more difficult for investors with only a small shareholding to exercise their subscription rights. By excluding shareholders' subscription rights for fractional amounts, new shares are created which are completely free of shareholders' subscription rights and can therefore be sold in the best possible way either on the stock exchange (if possible) or otherwise. The proceeds from the sale of such shares will accrue to the Company and therefore also indirectly to those shareholders whose subscription rights to the fractional amounts have been excluded. This approach is standard market practice and objectively justified because the costs of trading subscription rights for fractional amounts are not reasonably proportionate to the benefit to shareholders and the effects of the restrictions are barely noticeable.

- An exclusion of subscription rights to prevent fractional amounts by its very nature does not lead to any significant dilution of shareholders.

In making use of the authorization that is to be resolved, the Executive Board of the Company will, of course, ensure that the occurrence of fractional amounts is avoided as far as possible in determining the framework conditions for such an increase in the Company's share capital through the Authorized Capital 2024. In any case, equal treatment of all shareholders will be ensured.

In order to be able to implement a capital increase from Authorized Capital 2024 quickly and flexibly, the subscription right shall be directly excluded by the Annual General Meeting in order to prevent fractional amounts. Otherwise, the Executive Board of the Company would have to publish a separate report on the exercise of the authorization to exclude subscription rights two weeks prior to the corresponding resolution by the Supervisory Board on the approval of the exclusion of subscription rights. Usually, the relevant data (e.g. exact issue volume and hence

subscription ratio) are not already fixed two weeks in advance, so that a mere authorization of the Executive Board to exclude subscription rights in order to prevent fractional amounts could not be reasonably exercised.
When evaluating all of the above circumstances, the direct exclusion of shareholders' statutory subscription rights to avoid fractional amounts is in the **overriding interest of the company objectively justified, necessary** and **proportionate**.

**b. Over-allotment options (*greenshoe option*)**

In the context of capital increases, the issuing bank(s) are often granting a greenshoe option. This enables the issuing bank(s) allocating more shares than the offer itself contains within the framework of the capital market requirements; the shares required for this over-allotment are usually made available to the issuing bank(s) by means of a securities loan. This provides the basis for price stabilization: If the share price declines after the offering, the issuing bank(s) acquire shares on the market, thereby supporting the price of the acquired shares and servicing the return obligation from the securities loan (or directly the over-allotment, if later settlement has been agreed). If the prices rise, the issuing bank(s) exercise a previously agreed option by which the Company undertakes to provide the issuing bank(s) with more shares to the extent necessary at the price of the original issue. Such a measure, which is customary (and permitted within the legal framework) for securities issues, therefore serves the purpose of stabilizing the price development after the placement of the shares and is thus in the interest of the Company and the shareholders.

The interests of the existing shareholders are safeguarded by ensuring that, if an over-allotment option granted by the Company is serviced from authorized capital, the new shares are issued at the price of the original issue and thus at the market price determined in the issue. Given the limited extent of the authorization, it is not to be feared that the voting rights will be significantly diluted in the event of a capital increase. Shareholders also have the possibility to maintain their relative shareholding and their relative share of voting rights by buying additional shares on the stock exchange.

In order to be able to implement a capital increase from Authorized Capital 2024 to service an over-allotment option quickly and flexibly, the subscription right shall in this case already be directly excluded by the Annual General Meeting (so that no later resolution of the Executive Board with the consent of the Supervisory Board on an exclusion of the subscription right and no publication of a separate report is required - see already 3.a).

The exclusion of shareholders' statutory subscription rights in this context is therefore in the overriding interest of the Company, objectively justified, necessary and proportionate.

For the above reasons, the Executive Board therefore asks the Annual General Meeting to approve the resolution proposals of Agenda item 10. i) - iii).

Ternitz, March 2024

The Executive Board

| **Mag. Klaus Mader** | **Campbell MacPherson** |
|---|---|
| Chairman of the Executive Board | Member of the Executive Board |