

S.D. STANDARD DRILLING PLC

FOURTH QUARTER REPORT 2020



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STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE INTERIM CONDENSED FINANCIAL STATEMENTS

In accordance with Article 10 sections (3) (c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 and 2009 (“Law”) we, the members of the Board of Directors and other responsible persons for the drafting of the interim condensed financial statements of S.D. Standard Drilling Plc (the “Company”), for the three and twelve months ended 31 December 2020 we confirm that, to the best of our knowledge:

- a) The interim condensed financial statements of the Company for the three months and twelve months ended 31 December 2020 which are presented on pages 8 to 19:
 - (i) were prepared in accordance with International Financial Reporting Standards IAS 34 “Interim Financial Reporting”, as adopted by the European Union in accordance with provisions of Article 10, section (4) of the Law, and
 - (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of the Company, and the business that are included in the financial statements as a total, and
- b) The Interim Management Report provides a fair overview of the information required as per section 6 of article 10 of Law 190(I)/2007.

Limassol, 17 February 2021

Martin Nes
Chairman

Konstantinos Pantelidis
Independent Director

George Crystallis
Independent Director

Christos Neocleous
Chief Financial Officer

Evangelia Panagide
General Manager

Fourth Quarter Management Report 2020

Selected Financial Information

	Three Months Ended		Twelve Months Ended	
	2020 Q4	2019 Q4	2020 Q4	2019 Q4
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating profit/(loss)	(6 593)	(1 569)	(26 905)	6 547
Profit/(loss) for the period before tax	(6 594)	(1 570)	(26 909)	6 542
Total comprehensive income/(loss) for the period	(6 594)	(1 570)	(26 909)	6 542

(*) Analytical income statement is presented on page 8 of the fourth quarter report.

Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the fourth quarter of the year 2020 are prepared and presented on a standalone basis, since the Company is an investment entity and shall not consolidate its subsidiary. The Company measures its investment in subsidiary and associates at fair value through profit or loss. Consequently, the Company's investment in Platform Supply Vessels (PSVs) and Tanker Vessel (VLCC) are valued based on estimates made by reputable independent valuers and prices generated by market transactions involving identical or comparable (similar) Vessels.

Revenue and EBITDA from chartering out the vessels are not consolidated into nor directly reflected in these Financial Statements. More information on the operation, calculation of EBITDA, TCE and utilization of the vessels is available in the Q4 20 presentation, which is released together with this interim report.

Highlights Fourth Quarter

- In October 2020, Wanax AS acquired an additional 2,59% interest in Northern Supply AS for NOK 5,5 million, increasing its current holding to 28,12%.
- In November 2020 the Company completed the purchase of 43 318 143 own shares at the price of NOK 0.90 per share, corresponding to 7.52% of the issued shares. The transaction was done through an offer to all the shareholders. In addition, the Company launched a share buy-back program of up to 14 284 499 own shares. If the number of shares is purchased in full, the Company will own 57 602 642 shares corresponding to 10% of the issued share capital. As of 31 December 2020, the Company owned 44 216 847 shares corresponding 7,68% of the issued share capital.
- In Q4 20, the Company recognized an unrealized loss of USD 6,8 million from the revaluation of its financial assets at fair value. For the twelve months ended 31 December 2020 the Company recognized an unrealized loss of USD 29,8 million after adjusting for a dividend of USD 3,4 million received in Q2 2020 from subsidiary Wanax AS, which represented a return in excess of the cost of its' investment. The fair value of the investments as of 31 December 2020 was USD 58,9 million.
- Negative EBITDA (adj.) of USD 0,8 million, excluding start-up cost, dry dock, special survey and maintenance (Q4 19 negative USD 0,4 million) from chartering out the four large –sized PSV's. Including the ownership in Northern Supply AS (28,12%) the group netted a negative EBITDA (adj.) excluding start-up cost, dry dock, special survey and maintenance of USD 1 million (Q4 19 negative USD 0,5 million).
- Utilisation of the Company's vessels of 73% (Q4 19 82%) for the four large PSV Standard vessels and 100% (Q4 19 83%) for the Northern Supply AS vessels (excluding those in lay-up).
- The TCE estimate of the vessel "Gustavia S" which is owned by ZETA Owners Inc., from the delivery date end of January 2020 to end of December 2020 is approximately USD 31 thousands.
- The rapid development of the COVID-19 pandemic during the year 2020 has caused considerable global disruption in business activities and everyday life and have affected negatively the global economies and Industries worldwide, either directly or indirectly. The effects of the pandemic have clearly affected the PSV market and consequently the Company's results for the year which resulted in an operating loss. More information regarding the pandemic and its impact on the Company's results for the fourth quarter of the year, on its business activities subsequently to the interim report date and the future outlook, are provided in more detail in the relevant sections of this management report that follow.

Fourth Quarter Management Report 2020 (Continued)

Selected Financial Information

Alternative Performance Measures

Revenue and EBITDA from chartering out the vessels are not consolidated into nor directly reflected in Q4 2020 Interim Report since the Company is an investment entity and shall not consolidate its subsidiary.

In reporting financial information, the Company presents alternative performance measures, “APMs”, which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the subsidiary and associate companies.

More information on the APMs used in the Q4 2020 Report, their definition and calculation are provided below, as well as a reference to the respective pages of Q4 2020 and of the presentation which is released together with this interim report on the Company’s website:

APM	Definition and Calculation	Reference
Operating Profit / Loss	Income from operating activities subtracting administration expenses as presented in the income statement	Q4 2020 Report - Interim Condensed Statement of Comprehensive Income on page 8. Presentation Income Statement on page 31
Loss / Profit before tax	Operating profit less finance costs	
Loss / Profit after tax	Operating profit less finance costs and income tax	
EBITDA	Vessels net hire income before interest, taxes, depreciation and amortization	Presentation pages 21 and 21
EBITDA (adj.)	Vessels net hire income before interest, taxes, depreciation and amortization but excluding non-recurring costs, dry dock, special survey, maintenance and repairs	Presentation pages 21 and 22
Utilization of vessels	Total days working over total available days	Presentation pages 18 and 19
TCE (Time Charter Equivalent)	Voyage revenues subtracting voyage expenses (including bunkers) divided by the round-trip voyage duration in days	Presentation page 26

Subsequent Events

The following events took place between the Balance Sheet date and the date of approval of these interim condensed financial statements:

- In an Extraordinary General Meeting of the Company held on 11 January 2021, it has been resolved by special resolutions to cancel the 43 318 143 fully paid shares that were purchased by the Company in November 2021, out of the share premium account.
Moreover, the Company has received in January 2021 the Court approval for cancelling the 43 318 143 fully paid shares. The process is expected to be completed by end of February 2021 by the registration of the Court Order and the minutes of the EGM with the Registrar of Companies, according to the local legislation.

Fourth Quarter Management Report 2020 (Continued)

Subsequent Events (Continued)

2. In mid-February 2021, Northern Supply AS, where the Company has an indirect ownership of 28.12%, has entered into a Memorandum of Agreement ("MOA") to sell two medium size Platform Supply Vessels ("PSV's") for USD 6,6 million on an enbloc basis. The transaction is done at a level that reflect higher vessel value compared to Company's book value.
3. Standard Viking has commenced on a 1-year term contract from 3 February. Standard Olympus has commenced on a 60-day term contract. In addition Standard Princess commenced on a 9-month term contract in December.
4. During 2021 and until the date of issue of this Interim Report, the Company has purchased an additional 6 457 249 own shares. The total number of own shares purchased to date are 50 674 096 shares at a cost of USD 5,2 million, representing 8,80 % of the issued share capital of the Company. The shares that have repurchased will be proposed to be cancelled through a decision by an extraordinary general meeting of the Company's shareholders through a capital reduction to take place later in the year 2021.
5. Covid-19 pandemic
The recent and rapid development of the COVID-19 pandemic has caused considerable global disruption in business activities and everyday life, and it continues to constitute a public health emergency of international concern. These events have caused global public health concerns and are affecting negatively the global economies and Industries worldwide, either directly or indirectly.

COVID-19 pandemic has caused increased uncertainty in the PSV market.

The market continuous to experience difficulties which affect the seafarers to sail on vessels due to travel restrictions, implementation of self-distancing, quarantine measures and lock down in certain countries. Rig platforms experiencing covid incidents on their crew members or even cannot be mobilized due to lock down. Moreover, delaying, cancelling or postponing planned drilling projects results in cancellation of contracts and forcing several term vessels to return to the 'spot market'.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome and duration.

Management has considered the unique circumstances that could have a material impact on the business operations and the risk exposures of the Company and has concluded that the main impact on the Company's profitability position may arise from the decrease in the fair value of the vessels in which the Company has indirect ownership, in connection with reporting of interim financial information for the fourth quarter of 2020 and onwards. However, a reasonable estimate of the financial effect cannot be made with certainty at the time of approval of these interim financial statements.

As previously reported, the North Sea market in which we operate came to a standstill. This drove many Owners to remove their vessels from the market and into lay-up. We have been successful in securing term work for two of our large vessels in the North Sea. The Standard Princess secured a 9-month term contract with CNR and the Standard Viking commences a 1-year firm contract with Shell UK, in early February. We are currently witnessing an increase in tendering activity and an increase in day rates. With this renewed confidence, we will now return vessels which we previously took 'in-house', to the market in a timely manner. We are of the opinion that there will be a shortage of large vessels in Q2 and Q3 of 2021. Furthermore, we do not believe that all vessels which are in lay-up will return to the market this year, due to their financial constraints and their requirement for special surveys.

The Company has a sound financial position with no debt and the management will continue to monitor developments closely to assess its impact in our business and respond accordingly.

There have been no other material subsequent events that have an impact on these interim condensed financial statements.

FOURTH QUARTER MANAGEMENT REPORT 2020 (CONTINUED)

RESULTS FOR FOURTH QUARTER 2020

The operating loss for the three months ended on 31 December 2020 was USD 6,6 million compared to the three months ended 31 December 2019 loss of USD 1,6 million. The operating loss includes an unrealized loss on revaluation of financial assets of USD 6,8 million, administration expenses of USD 235 thousands, finance cost of USD 1 thousand and is after crediting interest income of USD 59 thousands, a net foreign currency gain of USD 398 thousands. Loss before tax for the period is approximately USD 6,6 million (2019: Loss before tax of USD 1,6 million). Loss per share was USD 0,01 for the Quarter.

The operating loss / (profit) and loss / (profit) before tax for the three months are presented on the interim condensed statement of comprehensive income on page 8.

RESULTS FOR THE TWELVE MONTHS OF 2020 AND FINANCIAL COMPARISON WITH THE TWELVE MONTHS OF 2019

The operating loss for the twelve months ended 31 December 2020 was USD 26,9 million compared to the twelve months ended 31 December 2019 profit of USD 6,5 million. The loss in 2020 compared to 2019's profit is mainly due to an unrealized loss on revaluation of financial assets of USD 29,8 million (compared to a revaluation profit of USD 6,8 million in 2019), net foreign currency losses of USD 72 thousands, administration expenses of USD 612 thousands, finance costs of USD 4 thousands and is after crediting dividend income of USD 3,4 million, a fair value gain of USD 9 thousands from investments held for trading and interest income of USD 111 thousands. Loss before tax for the twelve months ended 31 December 2020 is approximately USD 26,9 million (2019: Profit before tax of USD 6,5 million). Loss per share was USD 0,05 for the twelve months.

The Company's results for the twelve months of the year 2020 are not satisfactory. However, the recognized unrealized loss on revaluation of financial assets of USD 29,8 million representing mainly investments held in the PSV market, clearly shows that the PSV market has been affected by both the Covid-19 pandemic as well as the turmoil in the oil market.

The operating loss / (profit) and loss / (profit) before tax for the twelve months are presented on the interim condensed statement of comprehensive income on page 8.

LIQUIDITY AND CAPITAL STRUCTURE

The available cash position of the Company as at 31 December 2020 was USD 27,6 million.

During the twelve months of 2020 net cash used in operating activities was USD 11,6 million mainly consisting of a net capital contribution of USD 17,1 million to ZETA Owners Inc. and a share premium reduction of USD 5 million from subsidiary Wanax AS. The net cash generated

from investing activities was mainly consisting of interest received of USD 111 thousands. The net cash used in financing activities of USD 2 million mainly relates to the purchase of own shares of USD 4,5 million and loan received from subsidiary of USD 2,5 million.

As of 31 December 2020, the Company had 2 229 shareholders. The share price as of 30 December 2020 was NOK 1,08 (USD 0,127).

PRINCIPLE RISK AND UNCERTAINTIES

The Company's activities are exposed to the overall economic environment as well as regulatory and market risks associated with the PSV and VLCC markets and other financial risks. The Company is also exposed to other financial risks as disclosed in Note 3 of annual financial statements for the year ended 31 December 2019.

Uncertainty relating to Covid-19 pandemic

The Covid-19 pandemic in combination with the recent turmoil in the oil markets, has caused increasing uncertainty in the PSV and Tanker markets. As the pandemic continues to evolve for almost a year now, it is difficult to predict the full extent and duration of resulting operational and economic impact on the markets the Company are invested in. The impact of Covid-19 on the Company's business has arisen through the decrease in the fair value of the vessels in which the Company has indirect ownership, but the final effect cannot be predicted with certainty at the time of approval of these interim financial statements.

The Company has in place systems and procedures to maintain its status in the market and to stay alert to changes in the marketplace in order to help mitigate market risk. Internal procedures have been and are continuously being developed to help monitoring developments and mitigate financial and operational risks.

OUTLOOK

The principal activity of the Company is to operate as an investment entity within the oil and gas and shipping sectors, with exposure directly or indirectly into companies, securities and / or assets.

The objective of the Company is to generate significant medium to long-term capital growth. The main focus of the Company is currently the PSV market and also the VLCC tanker market, although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The PSV market continues to suffer from reduced activity offshore and hence increasing numbers of vessels are available in the market. The numbers of vessels in lay-up are increasing, and it remains to be seen how easily the vessels can be activated, when activity picks up.

The day rates in the tanker market will among other things be further affected by the demand for oil, use of storage,

FOURTH QUARTER MANAGEMENT REPORT 2020 (CONTINUED)

vessels temporarily out of market for scrubber fitting, scrapping and so on. The orderbook for new vessels is at a historically low level.

The Covid-19 development, measurements implemented, oil prices fluctuations and the economic activity will affect the market in general going forward. It is uncertainty related to consequences related to the events so far in 2020. The management is monitoring closely the current developments and takes appropriate measures. The Company's short-term focus is to secure coverage of the vessels and to preserve cash.

The Company has a sound financial position with no debt and the Board of Directors believe that the Company is well positioned to take advantage of opportunities that may appear in the PSV market in the North Sea Sector, the shipping industry and elsewhere. This includes, but is not limited to, asset play or investment directly in other companies. The main drivers are maximizing the return and minimizing the risk.

*On Behalf of the Board of Directors of
S.D. Standard Drilling Plc.*

17 February 2021

*Martin Nes
Chairman*

*Christos Neocleous
CFO*

**INTERIM CONDENSED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
		2020 Q4	2019 Q4	2020 Q4	2019 Q4
<i>(Amounts in USD 000)</i>				<i>Unaudited</i>	<i>Unaudited</i>
Income					
Changes in fair value on financial assets at fair value through profit or loss	4	(6 815)	(1 852)	(29 778)	6 801
Changes in fair value on financial assets at fair value through profit or loss – held for trading		-	128	9	128
Dividend income on financial assets at fair value through profit or loss	5	-	-	3 437	-
Interest income from cash balance at amortised cost		59	167	111	298
Net foreign currency gains or (losses)		398	186	(72)	(117)
Total net income / (loss)		(6 358)	(1 371)	(26 293)	7 110
Expenses					
Administration fees		(235)	(202)	(612)	(563)
Total operating expenses		(235)	(202)	(612)	(563)
Operating profit/(loss)		(6 593)	(1 569)	(26 905)	6 547
Finance costs					
Sundry finance income/(expenses)		(1)	(1)	(4)	(5)
Profit/(loss) for the period before tax		(6 594)	(1 570)	(26 909)	6 542
Income tax expense		-	-	-	-
Profit/(loss) for the period after tax		(6 594)	(1 570)	(26 909)	6 542
Other comprehensive income for the period		-	-	-	-
Total comprehensive income/(loss) for the period		(6 594)	(1 570)	(26 909)	6 542
Earnings/(loss) per share					
Basic/diluted earnings/(loss) per share (USD)	3	(0,01)	0,00	(0,05)	0,01

**INTERIM CONDENSED STATEMENT
OF FINANCIAL POSITION
AT 31 DECEMBER 2020**

<i>(Amounts in USD 000)</i>	Note	31.12.2020	31.12.2019
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery		1	1
Financial assets at fair value through profit or loss	4	58 862	76 751
Total non-current assets		58 863	76 752
Trade and other receivables		14	10
Current tax asset		1	1
Cash and bank balances		27 623	41 095
Total current assets		27 638	41 106
Total Assets		86 501	117 858
EQUITY AND LIABILITIES			
Ordinary shares	6	17 281	17 281
Share premium	6	96 861	96 861
Own shares	7	(4 453)	-
Accumulated profits/(losses)		(23 231)	3 678
Total equity		86 458	117 820
Trade and other payables		43	38
Total current liabilities		43	38
Total Equity and Liabilities		86 501	117 858

*On Behalf of the Board of Directors of
S.D. Standard Drilling Plc.*

*Martin Nes
Chairman*

*Christos Neocleous
CFO*

INTERIM CONDENSED STATEMENT
OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Own shares	Accumulated Profits/(Losses)	Total
Balance at 01.01.2019	17 281	96 861	-	(2 864)	111 278
Comprehensive income					
Profit for the period	-	-	-	6 542	6 542
Balance at 31.12.2019 (audited)	17 281	96 861	-	3 678	117 820
Balance at 01.01.2020	17 281	96 861	-	3 678	117 820
Comprehensive income					
Loss for the period	-	-	-	(26 909)	(26 909)
Transactions with owners					
Purchase of own shares (note 7)	-	-	(4 453)	-	(4 453)
Balance at 31.12.2020 (unaudited)	17 281	96 861	(4 453)	(23 231)	86 458

**INTERIM CONDENSED STATEMENT
OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	Twelve Months Ended	
		2020 Q4	2019 Q4
<i>(Amounts in USD 000)</i>			
		<i>Unaudited</i>	<i>Audited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit for the period before income tax		(26 909)	6 542
Unrealised exchange (gain)/loss		72	117
Payments to acquire financial assets at fair value through profit or loss	4	(36 742)	(9 618)
Receipts from financial assets at fair value through profit or loss	4	22 353	34 634
Interest income		(111)	(298)
(Increase) / decrease in trade and other receivables		(4)	15
Decrease / (Increase) in financial assets fair value through profit or loss	4	29 778	(6 801)
Increase in financial assets fair value through profit or loss – held for trading		(9)	(128)
Increase / (decrease) in trade and other payables		5	(59)
Net cash (used in) / generated from operating activities		(11 567)	24 404
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to financial assets at fair value through profit or loss held for trading		(1 038)	(1 453)
Receipts from disposal of financial assets at fair value through profit or loss held for trading		1 047	1 581
Loan advanced to subsidiary		(652)	-
Proceeds from repayment of loan by subsidiary		693	-
Payment to acquire equipment		-	-
Interest received		111	298
Net cash generated from investing activities		161	426
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan from subsidiary		2 500	-
Purchase of own shares	7	(4 453)	-
Net cash used in financing activities		(1 953)	-
Net (decrease) / increase in cash and cash equivalents		(13 359)	24 830
Cash and cash equivalents at beginning of year		41 095	16 382
Effect of exchange rate changes on the balance of cash held in foreign currencies		(113)	(117)
Cash and cash equivalents at end of period		27 623	41 095

Note on significant non-cash transactions

The Company engaged in a significant non-cash financing activity during the year relating to the repayment of the loan received from subsidiary Wanax AS amounting to USD 2,5 million, which was offset partly against the share premium reduction distribution of US 2,6 million in June 2020 (note 4.4) .

NOTES TO THE FINANCIAL INFORMATION

NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

Country of Incorporation

S.D. Standard Drilling Plc. (the “Company”) is a limited liability Company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company’s shares were listed on Oslo Axess and on 31 May 2017 on Oslo Bors. The address of the Company’s registered office is Chrysanthou Mylona 1, Panayides Building, 2nd floor, Office 3, 3030, Limassol, Cyprus.

Principal Activities

The principal activity of the Company is to operate as an investment entity within oil and gas sector. The Company invests directly or indirectly into companies, securities and/or assets, with the aim to control a larger fleet of assets- acquired at low values. The objective of the Company is to generate significant medium to long term capital growth. The main focus of the Company has lately been in the Platform Supply Vessels (PSV) and Tanker Vessels (VLCC) market although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company’s strategy is to invest into high risk investments in distressed asset acquisition held by unquoted companies where the Company takes active role in helping to build and develop these companies with the aim to make its returns through medium to long term capital gains appreciation as opposed to invest for strategic purposes (i.e. for income return).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim condensed financial statements for the three and twelve months ended 31 December 2020, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019 which have been prepared in accordance with IFRS as adopted in the (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

In the current period the Company has adopted all of the new and revised standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2020.

At the date of approval of these interim condensed financial statements, a number of accounting standards and interpretations were issued by the International Accounting Standards Board but were not yet effective. The effect and impact of those standards is not expected to be material to the Company.

Going Concern

These interim condensed financial statements for the three and twelve months ended 31 December 2020, have been prepared under the assumption that the Company is going concern. Due to the recent outbreak of COVID-19, the directors of the Company have reassessed the going concern assumption and confirm that the Company has adequate resources to continue in operational existence for the foreseeable future.

NOTE 3 – EARNINGS/(LOSS) PER SHARE

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Three Months Ended		Twelve Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<i>(Amounts in USD 000)</i>				
Basic/diluted EPS				
(Loss)/Profit attributable to equity holders of the Company	(6 594)	(1 570)	(26 909)	6 542
Weighted average number of ordinary shares in issue (thousands)	576 026	576 026	576 026	576 026
Basic/diluted earnings/(loss) per share (USD)	(0,01)	0,00	(0,05)	0,01

NOTES TO THE FINANCIAL INFORMATION

NOTE 4 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

<i>(Amounts in USD 000)</i>	31.12.2020	31.12.2019
Balance at 1 January	76 751	94 966
Additions	36 742	9 618
Sales/Reduction	(24 853)	(34 634)
Change in fair value	(29 778)	6 801
Balance at the end of the period/year (note 8.1)	58 862	76 751

Investments designated at fair value through profit or loss are analysed as follows:

Name of Investment	Principal activity	Place of establishment and principal place of business	Proportion of ownership/ interest held	
			31.12.2020	31.12.2019
Wanax AS	Investment holding	Norway	100%	100%
New World Supply Ltd	Investment holding	Cayman Islands	-	34,4%
ZETA Owners Inc.	Ship owning	Marshall Islands	33,3%	-

During the twelve months of the year 2020, the following transactions took place:

1. In January 2020, the Company was granted a loan of USD 2,5 million from its subsidiary Wanax AS which was used for investment purposes. The loan was repaid in June 2020.
2. In January 2020, the Company invested USD 36,5 million to acquire a 33.3% ownership interest in a Marshall Islands register ship owning company named ZETA Owners Inc. ("ZETA"), which owns a newbuild VLCC tanker named "Gustavia S". In April 2020, the Company contributed a further USD 275 thousands to ZETA to support its working capital needs. In June 2020, ZETA secured a Senior Secured Loan Facility of up to USD 60 million and distributed to its owners USD 59 million. As a result, the Company has received USD 16 million in June 2020 and a further USD 3.7 million in July 2020.
3. In May 2020, the directors of New World Supply Ltd ("NWS") have resolved that NWS will proceed with the repurchase of the remaining outstanding shares from each shareholder for a purchase price of USD 1,747 per share. As a result, the Company's ownership in NWS has been reduced to 0% and the amount of USD 223 thousands received has been recognized as a realized gain for the period.
4. In June and December 2020, the subsidiary Wanax AS distributed to the Company the amount of USD 2,6 million and USD 2,4 million respectively by way of a share premium reduction.
5. In October 2020, the Company granted a loan in the form of a credit facility to its subsidiary Wanax AS for an amount of NOK 6 million which was repaid in full in December 2020. The loan was used by the subsidiary to acquire an additional 2,59% interest in Northern Supply AS for NOK 5,5 million, increasing its current holding to 28,12%.

The above investments are measured at fair value.

<i>(Amounts in USD 000)</i>	31.12.2020	31.12.2019
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised	223	333
Unrealised change	(30 001)	6 468
Total net gains/(losses)	(29 778)	6 801
Other net changes in fair values on assets designated at fair value through profit or loss	(29 778)	6 801
Total net gains/(losses)	(29 778)	6 801

NOTES TO THE FINANCIAL INFORMATION

NOTE 5 – DIVIDEND INCOME ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In June 2020, the Company has received from its subsidiary Wanax AS a dividend of USD 3 437 thousands which represents a return in excess of the cost of its' investment.

NOTE 6 – SHARE CAPITAL AND PREMIUM

Authorised	Number of shares (thousands)	Ordinary shares		
<i>(Amounts in USD 000)</i>			Total	
2020				
Balance at the beginning of the period	865 000	25 950	25 950	
Increase of share capital	-	-	-	
Balance at the end of the period	865 000	25 950	25 950	
2019				
Balance at the beginning of the year	865 000	25 950	25 950	
Increase of share capital	-	-	-	
Balance at the end of the year	865 000	25 950	25 950	
Issued and fully paid				
<i>(Amounts in USD 000)</i>	Number of shares (thousands)	Ordinary shares	Share premium	Total
2020				
Balance at the beginning of the period	576 026	17 281	96 861	114 142
Issue of shares	-	-	-	-
Share issue costs	-	-	-	-
Balance at the end of the period	576 026	17 281	96 861	114 142
2019				
Balance at the beginning of the year	576 026	17 281	96 861	114 142
Issue of shares	-	-	-	-
Share issue costs	-	-	-	-
Balance at the end of the year	576 026	17 281	96 861	114 142

There have been no movement in shares during the period.

All shares issued have the same rights and are of nominal value of USD 0,03 each.

NOTE 7 – OWN SHARES

In November and December 2020 and following the authorization given to the Board of Directors by the Annual General Meeting in June 2020, the Company proceeded with the purchase of 44 216 847 shares at a cost of USD 4 453 thousands. As of 31 December 2020, the shares acquired represented 7,68% of the issued share capital of the Company.

The shares that have been repurchased, in addition to the 43 318 143 fully paid shares resolved to be cancelled on 11 January 2021, will be proposed to be cancelled through a decision by an Extraordinary General Meeting of the Company's shareholders later in 2021.

NOTES TO THE FINANCIAL INFORMATION

NOTE 8 – FAIR VALUE MEASUREMENTS

8.1 The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables present the Company's fair value hierarchy of the financial assets that are measured at fair value:

<i>(Amounts in USD 000)</i>	Level 1	Level 2	Level 3	Total
At 31 December 2020				
Assets				
Financial Assets through profit or Loss				
- Financials asset at fair value through profit or loss (note 4)	-	-	58 862	58 462
Total financial assets measured at fair value	-	-	58 862	58 462
At 31 December 2019				
Assets				
Financial Assets through profit or Loss				
- Financials asset at fair value through profit or loss (note 4)	-	-	76 751	76 751
Total financial assets measured at fair value	-	-	76 751	76 751

8.2 Valuation processes (Level 3)

a) Investment in Wanax AS

The management of the Company obtained fair value estimates from two independent Valuers ("Valuer A" and "Valuer B"). Both Valuers have provided a value range based on a willing buyer and willing seller market scenario. Valuer A has also provided a value range based on distressed values. Valuer B has not provided a distressed value range, however, a distressed value range has been derived by the management by applying the same discount rate to Valuer B's willing buyer and willing seller range as the implied discount rate between Valuer A's willing buyer and willing seller value range and Valuer A's distressed value range. The applied fair value for the assets in the Company's financial statements is then set to the average of these two distressed ranges as the Company decided to apply a more conservative approach due to current market conditions and the frequency of such transactions in the market. Should the Company have used the average fair values based on a willing buyer and willing seller market scenario of both Valuers, the total financial assets measured at fair value would have been USD 62,4 million rather than USD 44,4 million.

b) Investment in ZETA Owners Inc.

The management of the Company obtained fair value estimates from two independent Valuers. Both Valuers have provided a point estimate based on a willing buyer and willing seller market scenario. The applied fair value for the asset in the Company's financial statements is then set to the average of these two point estimates as the Company decided to apply a more conservative approach due to the conditions caused by the current market and financial crisis which has caused a tremendous volatility and instability of vessels' values. Moreover, the Company decided to apply a different approach in the valuation process of the investment in ZETA Owners Inc., as opposed to the investment in Wanax AS, since the distressed value scenario is not considered appropriate for this investment because it relates to a different type of asset that was acquired brand new and not at a distressed value, the conditions and the frequency of comparable transactions observed in the market is limited and not predominantly at distress values.

NOTES TO THE FINANCIAL INFORMATION

NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

8.3 Reconciliation of Level 3 fair value measurements

The following table presents the changes in Level 3 investments for the year ended 31 December 2020:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
31 December 2020		
Opening balance	76 751	76 751
Total gains or losses:		
- In profit or loss	(30 001)	(30 001)
Purchases	36 742	36 742
Issues	-	-
Sales / Reduction	(24 630)	(24 630)
Transfers out of level 3	-	-
Closing balance	<u>58 862</u>	<u>58 862</u>

The following table presents the changes in Level 3 investments for the year ended 31 December 2019:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
31 December 2019		
Opening balance	80 360	80 360
Total gains or losses:		
- In profit or loss	6 468	6 468
Purchases	9 618	9 618
Issues	-	-
Sales / Reduction	(19 695)	(19 695)
Transfers out of level 3	-	-
Closing balance	<u>76 751</u>	<u>76 751</u>

Unrealised gains or (losses) recognized in profit and loss attributable to assets held at the end of the reporting period (included in gains/losses) disclosed above:

31 December 2020	<u>(30 001)</u>	<u>(30 001)</u>
31 December 2019	<u>6 468</u>	<u>6 468</u>

NOTES TO THE FINANCIAL INFORMATION

NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

8.4 Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31/12/2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
<p>Financial asset at fair value through profit or loss:</p> <p>(a) Investment in Wanax AS (100%) which holds:</p> <p>(i) 100% participatory interest in Standard Princess AS,</p> <p>(ii) 100% participatory interest in Standard Supplier AS,</p> <p>(iii) 100% participatory interest in Standard Viking AS,</p> <p>(iv) 100% participatory interest in Standard Olympus AS,</p> <p>(v) 28,12% participatory interest in Northern Supply AS.</p> <p>The principal activities of Standard Princess AS, Standard Supplier AS, Standard Viking AS, Standard Olympus AS and Northern Supply AS is that of the holdings of PSV vessels, all of which are registered in Norway. Standard Provider AS and Standard Supporter AS have been liquidated on 29 September 2020.</p>	USD 44 400 thousands	Level 3 (note 1)	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs adjusted by an unobservable input (discount rate) calculated by the management for Valuer B (note 8.2.a).</p>	<p>Distressed value discount rate from willing buyer/seller to distressed valuation from Valuer A, has been applied to Valuer B to predict distressed values for Valuer B, since Valuer B only provided valuation based on willing buyer/seller basis. Distressed value discount rate is in the range of 28% to 32%, 33% to 43%, 29% to 40%, and 38% to 47% based on the size of the respective vessels (note 8.2.a).</p>	<p>Significant increases/(decreases) in the range of rates for discounting the vessels' fair values would result in a significantly lower/higher fair value measurement (note 1).</p>
<p>(b) Investment in ZETA Owners Inc. (33,3%) which owns a VLCC vessel.</p>	USD 14 462 thousands	Level 3	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on unobservable inputs (note 8.2.b).</p>	<p>A point estimate is provided by two independent valuers based on willing buyer/seller basis and the applied fair value for the asset is then set to the average of these two-point estimates and further adjusted for working capital and debt changes (note 8.2.b).</p>	Not applicable

Note 1:

A 5% increase/decrease of the discount rate used while all other variables were held constant, would change the fair value of vessels for the investment in Wanax AS by USD 1,0 million/ (USD 1,0) million.

NOTES TO THE FINANCIAL INFORMATION

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

8.4 Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31/12/2019	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
<p>Financial asset at fair value through profit or loss:</p> <p>Investment in Wanax AS (100%) which holds:</p> <ul style="list-style-type: none"> (i) 100% participatory interest in Standard Princess AS, (ii) 100% participatory interest in Standard Supplier AS, (iii) 100% participatory interest in Standard Viking AS, (iv) 100% participatory interest in Standard Olympus AS, (v) 25,53% participatory interest in Northern Supply AS. (vi) 100% participatory interest in Standard Provider AS, (vii) 100% participatory interest in Standard Supporter AS, <p>The principal activities of Standard Princess AS, Standard Supplier AS, Standard Viking AS, Standard Olympus AS, Standard Provider AS, Standard Supporter AS and Northern Supply AS is that of the holdings of PSV vessels, all of which are registered in Norway. Standard Provider AS and Standard Supporter AS have disposed their PSV vessels as of 31 December 2020 and remained dormant holding mainly cash.</p>	USD 76 751 thousands	Level 3 (note 1)	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs adjusted by an unobservable input (discount rate) calculated by the management for Valuer B (note 8.2.a).</p>	<p>Distressed value discount rate from willing buyer/seller to distressed valuation from Valuer A, has been applied to Valuer B to predict distressed values for Valuer B, since Valuer B only provided valuation based on willing buyer/seller basis. Distressed value discount rate is in the range of 20% to 22% and 27% to 43% based on the size of the respective vessels (note 8.2.a).</p>	<p>Significant increases/(decreases) in the range of rates for discounting the vessels' fair values would result in a significantly lower/higher fair value measurement (note 1).</p>

Note 1:

A 5% increase/decrease of the discount rate used to predict distressed values for Valuer B, while all other variables were held constant, would change the fair value of vessels for the investment in Wanax AS by USD 1,5 million/ (USD 1,5) million.

NOTES TO THE FINANCIAL INFORMATION

NOTE 9 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 17 February 2021.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q4 2020	18 February 2021
Annual Report 2020	16 April 2021
Q1 2021	20 May 2021
Q2 2021	26 August 2021
Q3 2021	11 November 2021

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