

**S.D. STANDARD ETC PLC**  
**(FORMER S.D. STANDARD DRILLING PLC)**  
**FOURTH QUARTER REPORT 2021**



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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 ETC Plc (the "Company"), for the three months and twelve months ended 31 December 2021 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 2021 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, 16 February 2022

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Martin Nes  
Chairman

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Konstantinos Pantelidis  
Independent Director

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George Crystallis  
Independent Director

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Christos Neokleous  
Chief Financial Officer

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Evangelia Panagide  
General Manager

# Fourth Quarter Management Report 2021

## Selected Financial Information

	Three Months Ended		Twelve Months Ended	
	2021 Q4	2020 Q4	2021 Q4	2020 Q4
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating profit/(loss)	<b>10 241</b>	(6 593)	<b>13 754</b>	(26 905)
Profit/(loss) for the period before tax	<b>10 231</b>	(6 594)	<b>13 737</b>	(26 909)
Total comprehensive income/(loss) for the period	<b>10 231</b>	(6 594)	<b>13 737</b>	(26 909)

(\*) 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 2021 are prepared and presented on a standalone basis, since the Company is an investment entity and shall not consolidate its subsidiaries. The Company measures its investment in subsidiary Wanax AS and associates at fair value through profit or loss. Consequently, the Company's investment in Platform Supply Vessels (PSVs) are valued based on estimates made by reputable independent valuers and prices generated by market transactions involving identical or comparable (similar) Vessels.

With regards to the newly established subsidiary Standard Invest AS which is not an investment entity and its main purpose is to provide services relating to the investment activity of the Company, the management of the Company decided not to consolidate this subsidiary since the effect of its results for the year 2021 are considered immaterial.

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 and utilization of the vessels is available in the Q4 2021 presentation, which is released together with this interim report.

## Highlights Fourth Quarter

1. On 2 November 2021, the Company sold its 33.3% ownership interest in ZETA Owners Inc. which owned the 2020 built VLCC Gustavia S. The transaction valued the vessel at USD 93 million, whereas the Company received net proceeds of USD 14.1 million for its equity stake in the vessel and recognized a fair value loss of USD 0.8 million in the fourth quarter of 2021.
2. On 23 November 2021, through its wholly owned subsidiary Standard Princess AS, the Company agreed to sell the PSV vessel Standard Princess for USD 10,3 million. The transaction was completed on 29 December 2021.
3. In Q4 21, the Company recognized an unrealized profit of USD 13 thousands from the revaluation of its financial assets at fair value. The fair value of the investments as of 31 December 2021 was USD 42,4 million. Moreover, the Company recognised a profit from the revaluation of financial assets at fair value through profit or loss- held for trading of USD 4,3 million. The fair value of the financial assets held for trading as of 31 December 2021 was USD 24,8 million.
4. Positive EBITDA (adj.) of USD 1,3 million, excluding start-up cost, dry dock, special survey and maintenance (Q4 20 negative USD 0,8 million) from chartering out the four large –sized PSV's. Including the ownership in Northern Supply AS (28,12%) the group netted a positive EBITDA (adj.) excluding start-up cost, dry dock, special survey and maintenance of USD 1,8 million (Q4 20 negative USD 1 million).
5. Utilisation of the Company's vessels of 92% (Q4 20 73%) for the large PSV Standard vessels and 98% (Q4 20 100%) for the Northern Supply AS vessels (excluding those in lay-up).

# Fourth Quarter Management Report 2021 (Continued)

## Selected Financial Information

### Alternative Performance Measures

Revenue and EBITDA from chartering out the vessels are not consolidated into nor directly reflected in Q4 2021 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 2021 Report, their definition and calculation are provided below, as well as a reference to the respective pages of Q4 2021 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 2021 Report - Interim Condensed Statement of Comprehensive Income on page 8  Presentation Income Statement on page 11
Loss / Profit before tax	Operating profit less finance costs	
Loss / Profit after tax	Operating profit less finance costs and income tax	
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 page 10
Utilization of vessels	Total days working over total available days	Presentation page 8

# Fourth Quarter Management Report 2021 (Continued)

## Subsequent Events

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

1. In an Extraordinary General Meeting of the Company held on 14 January 2022, the following have been resolved:
  - a) To change the name of the Company to S.D. Standard ETC PLC.
  - b) To waive the pre-emption rights of the existing shareholders of the Company in relation to any new shares to be issued, as required pursuant to any stock options granted to employees and key persons of the Company in accordance with the provisions of the Company's remuneration policy.
  - c) To authorize and empower the Board of Directors to issue and allot new shares as deemed necessary to holders of stock options issued by the Company in accordance with the provisions of the Company's remuneration policy.
  - d) To approve a revision of the Remuneration Policy of the Board of Directors of the Company and the management team that has been approved by the recent Annual General Meeting in June 2021.
2. On 14 January 2022, the Company entered into a stock option agreement with the employee of its investment "Standard Invest AS" and granted him the option to purchase 10 000 000 shares of the Company on the date falling 18 months after 1 August 2021 and 10 000 000 shares on the date falling 30 months after 1 August 2021.

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

## FOURTH QUARTER MANAGEMENT REPORT 2021 (CONTINUED)

### RESULTS FOR FOURTH QUARTER 2021

The operating profit for the three months ended on 31 December 2021 was USD 10,2 million compared to the three months ended 31 December 2020 loss of USD 6,6 million. The operating profit includes a fair value gain from investments held for trading of USD 4,3 million, an unrealized profit from revaluation of financial assets of USD 13 thousands, dividend income of USD 6,5 million, interest income of USD 118 thousands, a net foreign currency gain of USD 69 thousands and is after deducting administration expenses of USD 760 thousands and finance cost of USD 10 thousand. Net profit before tax for the period of approximately USD 10,2 million (2020: Loss before tax of USD 6,6 million). Profit per share was USD 0,02 for the Quarter.

The operating profit / (loss) and profit / (loss) 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 2021 AND FINANCIAL COMPARISON WITH THE TWELVE MONTHS OF 2020

The operating profit for the twelve months ended on the 31 December 2021 was USD 13,7 million compared to the twelve months ended 31 December 2020 loss of USD 26,9 million. The improvement of the operating profit in 2021 compared to 2020's loss is mainly due to a fair value gain from investments held for trading of USD 11,2 million, a significantly reduced unrealized loss on revaluation of financial assets of USD 3,0 million (compared to a revaluation loss of USD 29,8 million in 2020), dividend income of USD 6,5 million, interest income of USD 145 thousands, a net foreign currency gain of USD 93 thousands (compared to a net foreign currency loss of USD 72 thousands in 2020), and is after deducting administration expenses of USD 1,2 million and finance cost of USD 17 thousands. Profit before tax for the period is approximately USD 13,7 million (2020: Loss before tax of USD 26,9 million). Profit per share was USD 0,03 for the twelve months.

The Company's results for the twelve months of the year 2021 are considered satisfactory when compared to the results of the twelve months of the year 2020.

The operating profit / (loss) and profit / (loss) 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 of 31 December 2021 was USD 32 million.

During the twelve months of 2021 net cash used in operating activities was USD 1,5 million and the net cash generated from investing activities was USD 6,6 million.

The net cash used in financing activities of USD 891 thousands relates to the purchase of own shares.

As of 31 December 2021, the Company had 1 932 shareholders. The share price as of 31 December 2021 was NOK 1,37 (USD 0,155).

### PRINCIPLE RISK AND UNCERTAINTIES

The Company's activities are exposed to the overall economic environment as well as regulatory, market and other financial risks associated with the market in which the specific investments are held, as disclosed in Note 3 of the annual report and financial statements for the year ended 31 December 2020.

#### Uncertainty relating to Covid-19 pandemic

The Covid-19 pandemic has caused increasing uncertainty. It is difficult to predict the full extent and duration of resulting operational and economic impact on the markets the Company are invested in, although the current global perception is that the pandemic is heading towards its' end and various countries are relaxing measures previously taken. 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 objective of the Company is to generate significant medium to long-term capital growth. The main focus of the Company has previously been on the Rig, PSV and the VLCC tanker markets, however the Company has updated its strategy and is now focusing on more diversified and liquid investments within the energy, transport and commodities, although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company has recently strengthened its investment team with the addition of two professionals who possess extensive experience in the segments that the Company is operating. This expansion is expected to bring more experience, competence and valuable capacity to our investment team.

## FOURTH QUARTER MANAGEMENT REPORT 2021 (CONTINUED)

The PSV market has suffered from reduced activity offshore due to the Covid-19, however while the vaccination process in various countries is progressing, we are currently witnessing an increase in tendering activity and an increase in day rates.

The Covid-19 development, measurements implemented in various countries which are currently gradually lifted, oil prices fluctuations and the economic activity will affect the market in general going forward. The management has established and implemented sufficient systems and procedures to monitor closely the current developments in the market, to stay alert to changes in the marketplace and to take appropriate measures.

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 markets the Company operates within. The main drivers are maximizing the return and minimizing the risk.

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

*16 February 2022*

*Martin Nes  
Chairman*

*Christos Neokleous  
CFO*



INTERIM CONDENSED STATEMENT  
OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	Three Months Ended		Twelve Months Ended	
		2021 Q4	2020 Q4	2021 Q4	2020 Q4
<i>(Amounts in USD 000)</i>		<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
<b>Income</b>					
Changes in fair value on financial assets at fair value through profit or loss	4.1	13	(6 815)	(2 984)	(29 778)
Changes in fair value on financial assets at fair value through profit or loss – held for trading	4.2	4 323	-	11 206	9
Dividend income on financial assets at fair value through profit or loss	5	6 478	-	6 478	3 437
Interest income from cash balance at amortised cost		118	59	145	111
Net foreign currency gains or (losses)		69	398	93	(72)
<b>Total net income / (loss)</b>		<b>11 001</b>	<b>(6 358)</b>	<b>14 938</b>	<b>(26 293)</b>
<b>Expenses</b>					
Administration and operating expenses	8	(760)	(235)	(1 184)	(612)
<b>Total operating expenses</b>		<b>(760)</b>	<b>(235)</b>	<b>(1 184)</b>	<b>(612)</b>
<b>Operating profit/(loss)</b>		<b>10 241</b>	<b>(6 593)</b>	<b>13 754</b>	<b>(26 905)</b>
<b>Finance costs</b>					
Sundry finance income/(expenses)		(10)	(1)	(17)	(4)
<b>Profit/(loss) for the period before tax</b>		<b>10 231</b>	<b>(6 594)</b>	<b>13 737</b>	<b>(26 909)</b>
Income tax expense		-	-	-	-
<b>Profit/(loss) for the period after tax</b>		<b>10 231</b>	<b>(6 594)</b>	<b>13 737</b>	<b>(26 909)</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>10 231</b>	<b>(6 594)</b>	<b>13 737</b>	<b>(26 909)</b>
<b>Earnings/(loss) per share</b>					
Basic/diluted earnings/(loss) per share (USD)	3	0,02	(0,01)	0,03	(0,05)

INTERIM CONDENSED STATEMENT  
OF FINANCIAL POSITION  
AT 31 DECEMBER 2021

<i>(Amounts in USD 000)</i>	Note	31.12.2021	31.12.2020
		<i>Unaudited</i>	<i>Audited</i>
<b>ASSETS</b>			
Equipment and machinery		1	1
Financial assets at fair value through profit or loss	4.1	42 391	58 862
<b>Total non-current assets</b>		<b>42 392</b>	<b>58 863</b>
Trade and other receivables		380	14
Current tax asset		1	1
Financial assets at fair value through profit or loss held for trading	4.2	24 784	-
Cash and bank balances		31 990	27 623
<b>Total current assets</b>		<b>57 155</b>	<b>27 638</b>
<b>Total Assets</b>		<b>99 547</b>	<b>86 501</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares	6	15 734	17 281
Share premium	6	-	96 861
Own shares	6.1	-	(4 453)
Accumulated profits/(losses)		83 570	(23 231)
<b>Total equity</b>		<b>99 304</b>	<b>86 458</b>
Trade and other payables	8	243	43
<b>Total current liabilities</b>		<b>243</b>	<b>43</b>
<b>Total Equity and Liabilities</b>		<b>99 547</b>	<b>86 501</b>

On Behalf of the Board of Directors of  
S.D. Standard ETC Plc.

Martin Nes  
Chairman

Christos Neokleous  
CFO

INTERIM CONDENSED STATEMENT  
OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Own shares	Accumulated Profits/(Losses)	Total
<b>Balance at 01.01.2020</b>	<b>17 281</b>	<b>96 861</b>	-	<b>3 678</b>	<b>117 820</b>
<b>Comprehensive income</b>					
Loss for the period	-	-	-	(26 909)	(26 909)
Other comprehensive income	-	-	-	-	-
<b>Transactions with owners</b>					
Purchase of own shares	-	-	(4 453)	-	(4 453)
<b>Balance at 31.12.2020 (audited)</b>	<b>17 281</b>	<b>96 861</b>	<b>(4 453)</b>	<b>(23 231)</b>	<b>86 458</b>
<b>Balance at 01.01.2021</b>	<b>17 281</b>	<b>96 861</b>	<b>(4 453)</b>	<b>(23 231)</b>	<b>86 458</b>
<b>Comprehensive income</b>					
Profit for the period	-	-	-	13 737	13 737
<b>Transactions with owners</b>					
Purchase of own shares (note 6.1)	-	-	(891)	-	(891)
Cancellation of own shares (note 6.1)	(1 547)	(96 861)	5 344	93 064	-
<b>Balance at 31.12.2021 (unaudited)</b>	<b>15 734</b>	<b>-</b>	<b>-</b>	<b>83 570</b>	<b>99 304</b>

# INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021

<i>(Amounts in USD 000)</i>	Note	Twelve Months Ended	
		2021 Q4	2020 Q4
		<i>Unaudited</i>	<i>Audited</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) for the period before income tax		13 737	(26 909)
Unrealised exchange (gain)/loss		(93)	72
Payments to acquire financial assets at fair value through profit or loss	4.1	(793)	(36 742)
Receipts from financial assets at fair value through profit or loss	4.1	14 280	22 353
Payments to financial assets at fair value through profit or loss held for trading	4.2	(64 106)	(1 038)
Receipts from financial assets at fair value through profit or loss held for trading	4.2	50 528	1 047
Dividend Income	5	(6 478)	(3 437)
Interest income		(145)	(111)
Increase in trade and other receivables		(366)	(4)
Decrease in financial assets fair value through profit or loss	4.1	2 984	29 778
Increase in financial assets fair value through profit or loss – held for trading	4.2	(11 206)	(9)
Increase in trade and other payables		200	5
<b>Net cash used in operating activities</b>		<b>(1 458)</b>	<b>(15 004)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received	5	6 478	3 437
Interest received		145	111
Loan advanced to subsidiary		-	(652)
Proceeds from repayment of loan by subsidiary		-	693
<b>Net cash generated from investing activities</b>		<b>6 623</b>	<b>3 589</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Purchase of own shares		(891)	(4 453)
Proceeds from loan from subsidiary		-	2 500
Repayment of loan to subsidiary		-	-
<b>Net cash used in financing activities</b>		<b>(891)</b>	<b>(1 953)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>4 274</b>	<b>(13 359)</b>
Cash and cash equivalents at beginning of year		27 623	41 095
Effect of exchange rate changes on the balance of cash held in foreign currencies		93	(113)
Cash and cash equivalents at end of period		31 990	27 623

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

#### Country of Incorporation

S.D. Standard ETC 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 renamed from S.D. Standard Drilling Plc to S.D. Standard ETC Plc in January 2022 through a decision by its shareholders. 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, 2<sup>nd</sup> floor, Office 3, 3030, Limassol, Cyprus.

#### Principal Activities

The principal activity of the Company is to operate as an investment entity within the shipping and offshore segments including renewables. The Company invests directly or indirectly into companies, securities, commodities and/or assets. The objective of the Company is to generate significant medium to long term capital growth. The main focus of the Company has previously been on the Rig, PSV and VLCC tanker markets, however is now focusing on more diversified and liquid investment portfolio within the energy, transport and commodities markets, although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The interim condensed financial statements for the twelve months ended 31 December 2021, 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 2020. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020 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 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 2021.

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 2021, have been prepared under the assumption that the Company is going concern.

### 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.

<i>(Amounts in USD 000)</i>	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Basic/diluted EPS</b>				
Profit/(Loss) attributable to equity holders of the Company	10 231	(6 594)	13 737	(26 909)
Weighted average number of ordinary shares in issue (thousands)	524 483	576 026	524 988	576 026
<b>Basic/diluted earnings/(loss) per share (USD)</b>	<b>0,02</b>	<b>(0,01)</b>	<b>0,03</b>	<b>(0,05)</b>

## NOTES TO THE FINANCIAL INFORMATION

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

#### 4.1 Investments at fair value through profit or loss

<i>(Amounts in USD 000)</i>	31.12.2021	31.12.2020
Balance at 1 January	58 862	76 751
Additions	793	36 742
Sales/Reduction	(14 280)	(24 853)
Changes in fair value	(2 984)	(29 778)
<b>Balance at the end of the period/year (note 7.1)</b>	<b>42 391</b>	<b>58 862</b>

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	
			31.12.2021	31.12.2020
Wanax AS	Investment holding	Norway	100%	100%
ZETA Owners Inc.	Ship owning	Marshall Islands	-	33,3%
Standard Invest AS	Provision of services	Norway	100%	-

The above investments are measured at fair value.

During the twelve months of the year 2021, the following transactions took place:

- In May and July 2021, the Company granted a loan of NOK 1,5 million (USD 178 thousands) to its subsidiary Wanax AS which was used to cover its working capital needs. The loan was repaid in October 2021.
- In June 2021, the Company contributed USD 500 thousands to ZETA Owners Inc. to support its working capital needs.
- In August 2021 the subsidiary Standard Invest AS was incorporated at an investment cost of USD 115 thousands. Until the end of the year the Company contributed NOK 2 million (USD 230 thousands) which were set off against the invoice for services of NOK 3,6 million (USD 408 thousands).
- In October 2021, the Company entered into an agreement for the disposal of its shares held in Zeta Owners Inc. for a total consideration of US\$14,1 million.

<i>(Amounts in USD 000)</i>	31.12.2021	31.12.2020
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised (losses)/gains	(860)	223
Unrealised change	(2 124)	(30 001)
<b>Total net gains/(losses)</b>	<b>(2 984)</b>	<b>(29 778)</b>
Other net changes in fair values on assets designated at fair value through profit or loss	(2 984)	(29 778)
<b>Total net gains/(losses)</b>	<b>(2 984)</b>	<b>(29 778)</b>

#### 4.2 Investments held for trading

<i>(Amounts in USD 000)</i>	31.12.2021	31.12.2020
Balance at 1 January	-	-
Additions	64 106	1 038
Disposals	(50 528)	(1 047)
Realized gain on disposals	1 108	-
Changes in fair value	10 098	9
<b>Balance at the end of the period / year</b>	<b>24 784</b>	<b>-</b>

During the twelve months of the year 2021, the Company invested USD 64,1 million for the acquisition of shares listed on the US and Oslo Stock Exchange, some of which were disposed realizing a gain of USD 1,1 million. As of 31 December 2021, the Company held shares in various listed entities with a fair value of USD 24,8 million., including 750 000 shares in Weatherford International Plc and 250 000 shares in Golar LNG.

All investments held for trading are valued based on quoted prices in active markets and are classified as level 1.

## NOTES TO THE FINANCIAL INFORMATION

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

In October 2021, the Company has received from its subsidiary Wanax AS a dividend of USD 6 321 thousands which represents a return in excess of the cost of its' investment. In addition, during the fourth quarter of the year the Company received dividends of USD 157 thousands from its financial assets held for trading.

### NOTE 6 – SHARE CAPITAL AND PREMIUM

Authorised	Number of shares (thousands)	Ordinary shares	Total	
<i>(Amounts in USD 000)</i>				
<b>2021</b>				
Balance at the beginning of the period	865 000	25 950	<b>25 950</b>	
<b>Balance at the end of the period</b>	<b>865 000</b>	<b>25 950</b>	<b>25 950</b>	
<b>2020</b>				
Balance at the beginning of the year	865 000	25 950	<b>25 950</b>	
<b>Balance at the end of the year</b>	<b>865 000</b>	<b>25 950</b>	<b>25 950</b>	
<b>Issued and fully paid</b>	<b>Number of shares (thousands)</b>	<b>Ordinary shares</b>	<b>Share premium</b>	<b>Total</b>
<i>(Amounts in USD 000)</i>				
<b>2021</b>				
Balance at the beginning of the period	576 026	17 281	96 861	114 142
Cancellation of shares	(51 543)	(1 547)	(96 861)	(98 408)
<b>Balance at the end of the period</b>	<b>524 483</b>	<b>15 734</b>	<b>-</b>	<b>15 734</b>
<b>2020</b>				
Balance at the beginning of the year	576 026	17 281	96 861	114 142
<b>Balance at the end of the year</b>	<b>576 026</b>	<b>17 281</b>	<b>96 861</b>	<b>114 142</b>

#### 6.1 Purchase and Cancellation of own shares

In an Extraordinary General Meeting ("EGM") 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 2020 out of the share premium account, and to set off the remaining balance of the share premium account against the negative balance of the accumulated profit/losses reserve of the Company.

The Company has received in January 2021 the Court approval for cancelling the 43 318 143 fully paid shares and the process was completed on 24 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.

Moreover, in January and February 2021, the Company has purchased an additional 7 326 676 own shares with the total number of own shares purchased up to that date being 51 543 523 shares. Following the cancellation of the 43 318 143 shares mentioned above, the company held 8 225 380 shares which have been resolved to be cancelled by special resolution at the Annual General Meeting ("AGM") of the Company held on 14 June 2021. The Company has received in July 2021 the Court approval for cancelling the 8 225 380 fully paid shares and the process was completed on 12 August 2021 by the registration of the Court Order and the minutes of the AGM with the Registrar of Companies, according to the local legislation.

Following the above cancellation, the Company has issued 524 482 901 ordinary shares and the number of authorized but not issued shares is thus 340 517 099. All shares issued have the same rights and are of nominal value of USD 0,03 each.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 7 – FAIR VALUE MEASUREMENTS

7.1 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
<b>At 31 December 2021</b>				
<b>Assets</b>				
Financial Assets through profit or Loss				
- Financial assets at fair value through profit or loss (note 4.1)	-	36 810	5 466	42 276
- Financial assets at fair value through profit or loss-held for trading (note 4.2)	24 784	-	-	24 784
<b>Total financial assets measured at fair value</b>	<b>24 784</b>	<b>36 810</b>	<b>5 466</b>	<b>67 060</b>
<b>At 31 December 2020</b>				
<b>Assets</b>				
Financial Assets through profit or Loss				
- Financial assets at fair value through profit or loss (note 4)	-	-	58 862	58 862
<b>Total financial assets measured at fair value</b>	<b>-</b>	<b>-</b>	<b>58 862</b>	<b>58 862</b>

7.2 Valuation processes

a) Investment in Wanax AS

(i) Valuation processes (Level 3)

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 6,8 million rather than USD 5,5 million.

(ii) Valuation processes (Level 2)

The fair values of securities that are not quoted in an active market are determined by using valuation techniques and recent comparable transactions. The models used to determine fair values are validated and periodically reviewed by the management of the Company. The inputs in the valuation techniques used include observable data, such as vessel's sale prices and other relevant information generated by recent market transactions involving identical or comparable (similar) PSV Vessels. For SPVs that have disposed their vessels, the data used is the net asset value representing cash at bank.

b) Investment in ZETA Owners Inc.

Valuation processes (Level 3)

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 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

#### 7.3 Reconciliation of Level 3 fair value measurements

The following table presents the changes in Level 3 investments for the twelve months ended 31 December 2021:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
<b>31 December 2021</b>		
Opening balance	58 862	58 862
Total gains or losses:		
- In profit or loss	(2 984)	(2 984)
Purchases	678	678
Issues	-	-
Sales / Reduction	(14 280)	(14 280)
Transfers out of level 3 (1)	(36 810)	(36 810)
Closing balance	5 466	5 466

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
<b>31 December 2020</b>		
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	58 862	58 862

- (1) During Q4 2021, financial assets at fair value through profit or loss amounted to USD 36 810 thousands (Q4 2020 USD NIL), have been reclassified from Level 3 to Level 2 as the valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable (similar) Vessels. The data used is based on observable input. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of each quarter.

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 2021	(2 984)	(2 984)
31 December 2020	(30 001)	(30 001)

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

7.4 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 31/12/2021	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 Supplier AS,  (ii) 100% participatory interest in Standard Viking AS,  (iii) 100% participatory interest in Standard Olympus AS,  (iv) 100% participatory interest in Standard Princess AS.</p> <p>The principal activities of Standard Supplier AS and Standard Viking AS is that of the holdings of PSV vessels. Standard Olympus AS and Standard Princess AS have disposed their vessels and remained dormant holding mainly cash.</p>	USD 36 810 thousands	Level 2	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable (similar) PSV Vessels. The data used is based on observable input (note 7.2.a.ii).</p>	Not applicable	Not applicable
<p>(b) Indirect investment in Northern Supply AS (28,12%).</p> <p>The principal activities of Northern Supply AS is that of the holdings of PSV vessels.</p>	USD 5 466 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 7.2.a.i).</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 25%, and 29% to 40%, based on the size of the respective vessels (note 7.2.a.i).</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 while all other variables were held constant, would change the fair value of vessels for the investment in Wanax AS by USD 0,8 million/ (USD 0,8) million.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

#### 7.4 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> <ol style="list-style-type: none"> <li>2. 100% participatory interest in Standard Princess AS,</li> <li>3. 100% participatory interest in Standard Supplier AS,</li> <li>4. 100% participatory interest in Standard Viking AS,</li> <li>5. 100% participatory interest in Standard Olympus AS,</li> <li>6. 28,12% participatory interest in Northern Supply AS.</li> </ol> <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. 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 7.2.a.i).</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 7.2.a.i).</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 7.2.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 7.2.b).</p>	<p>Not applicable</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 USD 1,0 million/ (USD 1,0) million.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 8 – RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties and are included in the operating expenses of the period:

#### *Provision of services*

<i>(Amounts in USD 000)</i>	Nature of transactions	31.12.2021	31.12.2020
Ferncliff TIH AS	Management fees	60	60
Standard Invest AS	Service fees	408	408
<b>Total</b>		<b>468</b>	<b>60</b>

The Company has entered into a consultancy agreement with Ferncliff TIH AS whereby Ferncliff TIH AS provides certain general services to the Company. Fees paid under this agreement from 1 January to 31 December 2021 amounted to USD 60 thousands (2020: USD 60 thousands).

During the year the Company entered into a services agreement with its wholly owned subsidiary Standard Invest AS, whereby Standard Invest AS provides portfolio management services to the Company. Fees paid under this agreement from 1 January to 31 December 2021 amounted to USD 408 thousands (2020: USD NIL). As at 31 December 2021 the Company owed to its subsidiary the amount of USD 178 thousands.

The Company had no transactions with shareholders or other related parties other than those disclosed above.

### 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 16 February 2022.

# S.D. Standard ETC

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## Financial Calendar (Release of Financial Reports)

Q4 2021

16 February 2022

### S.D. Standard ETC Plc

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