

S.D. STANDARD ETC PLC
(FORMER S.D. STANDARD DRILLING PLC)
THIRD QUARTER REPORT 2022



CONTENTS

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE INTERIM CONDENSED FINANCIAL STATEMENTS	2
THIRD QUARTER MANAGEMENT REPORT	3
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	8
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	9
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	10
INTERIM CONDENSED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL INFORMATION	12

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 nine months ended 30 September 2022 we confirm that, to the best of our knowledge:

- a) The interim condensed financial statements of the Company for the nine months ended 30 September 2022 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, 10 November 2022

Martin Nes
Chairman

Konstantinos Pantelidis
Independent Director

George Crystallis
Independent Director

Christos Neokleous
Chief Financial Officer

Evangelia Panagide
General Manager

Third Quarter Management Report 2022

Selected Financial Information

	Three Months Ended		Nine Months Ended	
	2022 Q3	2021 Q3	2022 Q3	2021 Q3
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating profit	2 216	(2 722)	26 078	3 513
Profit for the period before tax	2 204	(2 727)	26 031	3 506
Total comprehensive income for the period	2 204	(2 727)	25 984	3 506

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

Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the third quarter of the year 2022 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 Standard Supply AS and associate Dolphin Drilling AS at fair value through profit or loss. Consequently, the Company's investments in Standard Supply AS and Dolphin Drilling AS are valued based on the traded share price on Euronext Growth Oslo and Euronext NOTC respectively as of 30 September 2022.

With regards to the 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 nine months of the year 2022 are considered immaterial.

Highlights Third Quarter

1. The Company recognized an unrealized gain of USD 346 thousands from the revaluation of its investments in Standard Supply AS and Dolphin Drilling AS at fair value. The fair value of these investments as of 30 September 2022 was USD 74,3 million.
2. The Company recognised a gain from the revaluation of other financial assets held for trading of USD 2,2 million. The fair value of the financial assets held for trading as of 30 September 2022 was USD 3,7 million.
3. On 22 July 2022, the shares of the subsidiary Standard Supply AS commenced trading on Euronext Growth Oslo.
4. In August 2022, the Company exercised the option to invest a further USD 10 million in Dolphin Drilling AS. In September 2022, Dolphin Drilling AS raised USD 45 million in a private placement, on 15 September 2022 commenced trading on Euronext NOTC and subsequently was listed on Euronext Growth Oslo. The Company now owns 31,6 million Dolphin Drilling AS shares, representing a 25% ownership.
5. In September 2022, USD 18 million were provided to the subsidiary Standard Supply AS under the revolving credit facility ("RCF") signed in June 2022, to enable the subsidiary to grow at an early phase of an identified upcycle for oil service vessels. As of 30 September 2022, the subsidiary owed under the RCF the amount of USD 18,2 million.

Third Quarter Management Report 2022 (Continued)

Selected Financial Information

Alternative Performance Measures

The Company is an investment entity and shall not consolidate its subsidiaries. The Company measures its investment in subsidiary Standard Supply AS and associates at fair value through profit or loss.

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 Q3 2022 Report, their definition and calculation are provided below, as well as a reference to the respective pages of Q3 2022 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	Q3 2022 Report - Interim Condensed Statement of Comprehensive Income on page 8
Profit / Loss before tax	Operating profit less finance costs	Presentation Highlights on page 6 and Income Statement on page 10
Profit / Loss after tax	Operating profit less finance costs and income tax	

Third Quarter Management Report 2022 (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. On 28 October 2022, the shares of the associate Dolphin Drilling AS commenced public trading to Euronext Growth Oslo.
2. On 4 November 2022, the subsidiary Standard Supply AS ("Standard Supply") contemplated a private placement of new shares (the "Private Placement") directed towards certain investors, including existing shareholders and new potential investors. The Private Placement raised gross proceeds of approximately NOK 207 million / USD 20 million and Standard Supply has allotted 44,085,106 New Shares at the subscription price of NOK 4.70 per New Share. Standard Supply intends to use the net proceeds from the Private Placement to fund further fleet growth in the PSV segment and for general corporate purposes. Following the Private Placement, the holding of the Company was diluted to 53%.

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

THIRD QUARTER MANAGEMENT REPORT 2022 (CONTINUED)

RESULTS FOR THIRD QUARTER 2022

The operating profit for the three months ended on 30 September 2022 was USD 2,2 million compared to the three months ended 30 September 2021 loss of USD 2,7 million. The operating profit includes an unrealized profit on revaluation of financial assets of USD 346 thousands, a fair value profit of USD 2,2 million from investments held for trading, dividend income of 1 thousand and interest income of USD 418 thousands and is after deducting administration expenses of USD 465 thousands, a net foreign currency loss of USD 246 thousands and finance cost of USD 12 thousands. Net profit before tax for the period of approximately USD 1,7 million. Profit per share was USD 0,04 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 NINE MONTHS OF 2022 AND FINANCIAL COMPARISON WITH THE NINE MONTHS OF 2021

The operating profit for the nine months ended on the 30 September 2022 was USD 26,1 million compared to the nine months ended 30 September 2021 profit of USD 3,5 million. The improvement of the operating profit in 2022 compared to 2021's profit is mainly due to an unrealized profit on revaluation of financial assets of USD 11,9 million (compared to a revaluation loss of USD 3 million in 2021), a fair value profit from investments held for trading of USD 4 million (compared to a profit of USD 6,9 million), dividend income of 11,3 million, interest income of USD 482 thousands and is after deducting administration expenses of USD 1,3 million, a net foreign currency loss of USD 275 thousands (compared to a net foreign currency profit of USD 24 thousands in 2021) and finance cost of USD 47 thousands. Profit before tax for the period is approximately USD 26 million (2021: Profit before tax of USD 3,5 million). Profit per share was USD 0,05 for the nine months.

The Company's results for the nine months of the year 2022 are considered satisfactory when compared to the results of the six months of the year 2021.

The operating profit / (loss) and profit / (loss) before tax for the nine 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 30 September 2022 was USD 28,4 million (excluding cash held by subsidiaries).

During the nine months of 2022 net cash generated from operating activities was USD 3,2 million, net cash generated from investing activities was USD 11,7 million and net cash used in financing activities was USD 18,2 million.

S.D. Standard ETC Plc – Third Quarter Report 2022

As of 30 September 2022, the Company had 2 075 shareholders.

The share price as of 30 September 2022 was NOK 1,645 (USD 0,152).

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 2021.

Uncertainty relating to Covid-19 pandemic

The Covid-19 pandemic has caused increasing uncertainty during the past 2,5 years, although the current global perception is that the pandemic is heading towards its' end and various countries are further relaxing measures previously taken.

Russo-Ukrainian War

The Russo-Ukrainian War that began in February in combination with the various economic sanctions imposed to Russia by multiple jurisdictions, have a global impact and take place at a time of significant global economic uncertainty and volatility. The effects of the war are likely to interact with and worsen the effects of current market conditions, following the effects of COVID-19 pandemic, by increasing inflationary pressures and weakening the global post-pandemic recovery.

The Company does not have any operations or investments directly impacted by the present war in Ukraine. However, the continuance and a potential escalation of the war may cause further disruptions to the global supply chains, fuel disruptions and may have material impact on equity and assets prices worldwide, which in turn may affect the Company's earnings and balance sheet.

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 is in the oil-service industry and other 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.

THIRD QUARTER MANAGEMENT REPORT 2022 (CONTINUED)

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

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.

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

10 November 2022

*Martin Nes
Chairman*

*Christos Neokleous
CFO*

INTERIM CONDENSED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	Three Months Ended		Nine Months Ended	
		2022 Q3	2021 Q3	2022 Q3	2021 Q3
<i>(Amounts in USD 000)</i>		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Income					
Changes in fair value on financial assets at fair value through profit or loss	4.1	346	(3 086)	11 924	(2 997)
Changes in fair value on financial assets at fair value through profit or loss – held for trading	4.2	2 162	468	3 966	6 883
Dividend income on financial assets at fair value through profit or loss	5	1	-	11 305	-
Interest income from cash balance at amortised cost		418	6	482	27
Net foreign currency (losses) or gains		(246)	29	(275)	24
Total net income / (loss)		2 681	(2 583)	27 402	3 937
Expenses					
Administration and operating expenses	10	(465)	(139)	(1 324)	(424)
Total operating expenses		(465)	(139)	(1 324)	(424)
Operating profit / (loss)		2 216	(2 722)	26 078	3 513
Finance costs					
Sundry finance (expenses)/income		(12)	(5)	(47)	(7)
Profit for the period before tax		2 204	(2 727)	26 031	3 506
Income tax expense	5	-	-	(47)	-
Profit for the period after tax		2 204	(2 727)	25 984	3 506
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		2 204	(2 727)	25 984	3 506
Earnings per share					
Basic earnings per share (USD)	3	0,04	(0,01)	0,05	0,01
Diluted earnings per share (USD)	3	0,04	(0,01)	0,05	0,01

INTERIM CONDENSED STATEMENT
OF FINANCIAL POSITION
AT 30 SEPTEMBER 2022

<i>(Amounts in USD 000)</i>	Note	30.09.2022	31.12.2021
		<i>Unaudited</i>	<i>Audited</i>
ASSETS			
Equipment and machinery		-	1
Loan receivable from subsidiary	11.3	18 213	-
Financial assets at fair value through profit or loss	4.1	74 324	42 391
Total non-current assets		92 537	42 392
Current tax asset		-	1
Receivables and prepayments	6	2 449	380
Financial assets at fair value through profit or loss held for trading	4.2	3 689	24 784
Cash and bank balances		28 415	31 990
Total current assets		34 553	57 155
Total Assets		127 090	99 547
EQUITY AND LIABILITIES			
Ordinary shares	7	15 734	15 734
Other paid-in equity		352	-
Accumulated profits		109 554	83 570
Total equity		125 640	99 304
Trade and other payables	8	1 450	243
Total current liabilities		1 450	243
Total Equity and Liabilities		127 090	99 547

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 30 SEPTEMBER 2022

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Other paid- in equity	Own shares	Accumulated Profits/(Losses)	Total
Balance at 01.01.2021	17 281	96 861	-	(4 453)	(23 231)	86 458
Comprehensive income						
Profit for the period	-	-	-	-	3 506	3 506
Transactions with owners						
Cancellation of own shares (note 7)	(1 547)	(96 861)	-	5 344	93 064	-
Purchase of own shares (note 7)	-	-	-	(891)	-	(891)
Balance at 30.09.2021 (unaudited)	15 734	-	-	-	73 339	89 073
Balance at 01.01.2022	15 734	-	-	-	83 570	99 304
Comprehensive income						
Profit for the period	-	-	-	-	25 984	25 984
Option and share program (note 12)	-	-	352	-	-	352
Balance at 30.09.2022 (unaudited)	15 734	-	352	-	109 554	125 640

INTERIM CONDENSED STATEMENT
OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

<i>(Amounts in USD 000)</i>	Note	Nine Months Ended	
		2022	2021
		Q3	Q3
		Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before income tax		26 031	3 506
Unrealised exchange loss/(gain)		275	(24)
Interest income		(482)	(27)
Dividend Income	5	(11 305)	-
Fair value (gain) / loss in financial assets fair value through profit or loss	4.1	(11 924)	2 997
Gains in financial assets fair value through profit or loss – held for trading	4.2	(3 966)	(6 883)
Option and share program	12	352	-
CHANGES IN WORKING CAPITAL			
Payments to acquire financial assets at fair value through profit or loss	4.1	(20 009)	(786)
Payments to financial assets at fair value through profit or loss held for trading	4.2	(48 459)	(32 971)
Receipts from financial assets at fair value through profit or loss held for trading	4.2	73 520	17 646
(Increase) in receivables and prepayments	6	(2 069)	(70)
Increase / (decrease) in trade and other payables	8	1 207	(26)
Net cash generated from / (used in) operating activities		3 171	(16 638)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received – net of withholding tax	5	11 258	-
Interest received		482	27
Net cash generated from investing activities		11 740	27
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan granted to subsidiary company	11.3	(18 213)	-
Purchase of own shares		-	(891)
Net cash used in financing activities		(18 213)	(891)
Net decrease in cash and cash equivalents		(3 302)	(17 502)
Cash and cash equivalents at beginning of year		31 990	27 623
Effect of exchange rate changes on the balance of cash held in foreign currencies		(273)	(25)
Cash and cash equivalents at end of period		28 415	10 146

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, 2nd 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 nine months ended 30 September 2022, 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 2021. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021 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 2022.

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.

Share-based payments

The Company has an equity-settled share-based remuneration program towards an employee of one of its subsidiary companies. The cost of this program is determined by the fair value at the grant date, as calculated by the Black-Scholes model. The cost is recognized as administration expenses, together with a corresponding increase in other equity, over the vesting period. As this is equity settled, no subsequent fair value measurements are made post grant date.

Going Concern

These interim condensed financial statements for the nine months ended 30 September 2022, 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>	Three Months Ended		Nine Months Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Basic/diluted EPS				
Profit/(Loss) attributable to equity holders of the Company	2 204	(2 727)	25 984	3 506
Weighted average number of ordinary shares in issue (thousands)	524 483	524 483	524 483	525 157
Weighted average number of ordinary shares diluted (thousands)	543 531	524 483	543 531	525 157
Basic earnings per share (USD)	0,04	(0,01)	0,05	0,01
Diluted earnings per share (USD)	0,04	(0,01)	0,05	0,01

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>	30.09.2022	31.12.2021
Balance at 1 January	42 391	58 862
Additions	20 009	793
Sales/Reduction	-	(14 280)
Changes in fair value	11 924	(2 984)
Balance at the end of the period/year (note 9.1)	74 324	42 391

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	
			30.09.2022	31.12.2021
Standard Supply AS	Investment Holding	Norway	70%	-
Dolphin Drilling AS	Drilling operations	Norway	25%	-
Standard Invest AS	Provision of services	Norway	100%	100%
Wanax AS	Investment holding	Norway	-	100%

The above investments are measured at fair value.

In May 2022, the Company incorporated the subsidiary Standard Supply AS. In June 2022 the Company contributed to the subsidiary the shares held in Wanax AS at a valuation of USD 47,4 million. Following a private placement that took place in mid-June 2022, the Company's holding was reduced to 70%.

On 6 May 2022, the Company acquired a 25% holding in Dolphin Drilling Holdings Limited (Dolphin Drilling) for USD 10 million and invested a further USD 10 million in August 2022. In September 2022, 100% of the shares of Dolphin Drilling were acquired by Dolphin Drilling AS by way of a share-swap agreement (the "share-swap") against the issuance of consideration shares in Dolphin Drilling AS to the existing shareholders of Dolphin Drilling. Following the share-swap, a private placement took place in Dolphin Drilling AS in order to fund its' operations and as a result the holding of the Company was diluted to 25%.

During the nine months of the year 2022, no transactions took place with investments apart from those disclosed in note 11.

<i>(Amounts in USD 000)</i>	30.09.2022	30.09.2021
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised (losses)/gains	-	-
Unrealised change	11 924	(2 997)
Total net gains/(losses)	11 924	(2 997)
Other net changes in fair values on assets designated at fair value through profit or loss	11 924	(2 997)
Total net gains/(losses)	11 924	(2 997)

4.2 Investments held for trading

<i>(Amounts in USD 000)</i>	30.09.2022	31.12.2021
Balance at 1 January	24 784	-
Additions	48 459	64 106
Disposals	(73 520)	(50 528)
Realized gain on disposals	6 967	1 108
Changes in fair value	(3 001)	10 098
Balance at the end of the period / year	3 689	24 784

During the nine months of the year 2022, the Company invested USD 48 million for the acquisition of shares listed on the US and Oslo Stock Exchange, some of which were disposed realizing a gain of USD 7 million. As of 30 September 2022, the Company held shares in various listed entities with a fair value of USD 3,7 million.

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 June 2022, the Company received from its subsidiary Wanax AS a dividend of USD 11,1 million which represents a return in excess of the cost of its' investment.

In addition, during the nine months of the year the Company received dividends of USD 205 thousands from its financial assets held for trading. The withholding tax on dividends received amounted to USD 47 thousands.

NOTE 6 – RECEIVABLES AND PREPAYMENTS

<i>(Amounts in USD 000)</i>	30.09.2022	31.12.2021
Amounts due from brokers	2 389	367
Prepayments	60	13
Total trade and other receivables at the end of the year	2 449	380

The fair value of trade and other receivables due within one year approximate to their carrying amounts as presented above.

NOTE 7 – SHARE CAPITAL AND PREMIUM

Authorised	Number of shares (thousands)	Ordinary shares	Total	
<i>(Amounts in USD 000)</i>				
2022				
Balance at the beginning of the period	865 000	25 950	25 950	
Balance at the end of the period	865 000	25 950	25 950	
2021				
Balance at the beginning of the year	865 000	25 950	25 950	
Balance at the end of the year	865 000	25 950	25 950	
Issued and fully paid	Number of shares (thousands)	Ordinary shares	Share premium	Total
<i>(Amounts in USD 000)</i>				
2022				
Balance at the beginning of the period	524 483	15 734	-	15 734
Balance at the end of the period	524 483	15 734	-	15 734
2021				
Balance at the beginning of the year	576 026	17 281	96 861	114 142
Cancellation of shares (note 7.1)	(51 543)	(1 547)	(96 861)	(98 408)
Balance at the end of the year	524 483	15 734	-	15 734

7.1 Purchase and Cancellation of own shares

Following the cancellation of 51 543 523 shares that took place during 2021, 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.

As of 30 June 2022, the Company didn't hold any own shares.

NOTE 8 – TRADE AND OTHER PAYABLES

<i>(Amounts in USD 000)</i>	30.09.2022	31.12.2021
Creditors and accrued expenses	17	243
Provision social security option program	40	-
Amount due to brokers from margin loan	1 393	-
Total trade and other payables at the end of the year at amortised cost	1 450	243

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

NOTES TO THE FINANCIAL INFORMATION

NOTE 9 – FAIR VALUE MEASUREMENTS

9.1 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 30 September 2022				
Assets				
Financial Assets through profit or Loss				
- Financial assets at fair value through profit or loss (note 4.1)	74 209	-	-	74 209
- Financial assets at fair value through profit or loss-held for trading (note 4.2)	3 689	-	-	3 689
Total financial assets measured at fair value	77 898	-	-	77 898
At 31 December 2021				
Assets				
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
Total financial assets measured at fair value	24 784	36 810	5 466	67 060

9.2 Valuation processes (Level 1)

a) Investment in Standard Supply AS

The fair values of securities that are quoted in active markets are determined by the traded share prices. For Standard Supply AS the value was determined based on the traded share price on Euronext Growth Oslo as of 30 September 2022.

b) Investment in Dolphin Drilling AS

The fair values of securities that are quoted in active markets are determined by the traded share prices. For Dolphin Drilling AS the value was determined based on the traded share price on Euronext NOTC as of 30 September 2022.

c) Investment in Wanax AS as at 31 December 2021

(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.

(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.

NOTES TO THE FINANCIAL INFORMATION

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

9.3 Reconciliation of Level 3 fair value measurements

The following table presents the changes in Level 3 investments for the nine months ended 30 September 2022:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
30 September 2022		
Opening balance	5 466	5 466
Total gains or losses:		
- In profit or loss	397	397
Purchases	-	-
Sales / Reduction	-	-
Transfers out of level 3 (1)	(5 863)	(5 863)
Closing balance	-	-

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

(Amount in USD 000)

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

- (1) During Q2 2022, financial assets at fair value through profit or loss amounted to USD 5 863 thousands (2022 USD36 810 thousands), have been reclassified from Level 3 to Level 1 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:

30 September 2022	397	397
31 December 2021	(2 984)	(2 984)

NOTES TO THE FINANCIAL INFORMATION

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

9.4 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, all of which are registered in Norway.</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 9.2.c.ii).</p>	Not applicable	Not applicable
<p>(b) Indirect investment in Northern Supply AS (28,12%).</p> <p>The principal activity 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 9.2.c.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 9.2.c.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 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 0,8 million/ (USD 0,8) million.

NOTES TO THE FINANCIAL INFORMATION

NOTE 10 – ADMINISTRATIVE AND OPERATING EXPENSES

<i>(Amounts in USD 000)</i>	30.09.2022	30.09.2021
Legal, consulting and professional fees	129	98
Service fees from subsidiary company (note 10)	388	-
Other expenses	166	145
Transactions costs for trading in shares	76	-
Accrual option program	352	-
Provision social security option program	40	-
Directors' fees, salaries and other short-term employee benefits	173	181
Total administrative and operating expenses	1 324	424

NOTE 11 – 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	30.09.2022	30.09.2021
Fernclyff TIH AS	Management fees	45	45
Standard Invest AS	Service fees	388	-
Total		433	45

- 11.1** The Company has entered into a consultancy agreement with Fernclyff TIH AS whereby Fernclyff TIH AS provides certain general services to the Company. Fees paid under this agreement from 1 January to 30 September 2022 amounted to USD 45 thousands (Q3 21: USD 45 thousands).
- 11.2** In 2021 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 30 September 2022 amounted to USD 388 thousands (Q3 21: USD NIL). As of 30 September 2022, the Company didn't have any balances with Standard Invest AS.
- 11.3** On 28 June 2022, the Company provided a USD 20 million revolving credit facility ("RCF") to its subsidiary Standard Supply AS at a margin of 5%, an upfront fee of 0.75% and maturity on 31 December 2023. The RCF was provided in order to enable the subsidiary to grow at an early phase of an identified upcycle for oil service vessels. In September 2022, USD 18 million were provided under the RCF to the subsidiary. As of 30 September 2022, the subsidiary owed under the RCF the amount of USD18,2 million.

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

NOTES TO THE FINANCIAL INFORMATION

NOTE 12 – OPTION AND SHARE PROGRAM

An equity settled option and share program was initiated by the Company in January 2022 towards a certain key employee of the subsidiary Standard Invest AS, granting the employee 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. Total estimated fair value of the option at the grant date was calculated in Q1 2022 to USD 1,1 million. The Company has recognized the amount of USD 352 thousands as an expense with a corresponding increase in equity and a provision for social security cost of the option program of USD 40 thousands for the nine months ended 30 September 2022.

The vesting periods of the current program are ending in the period between 20 January 2023 and 30 January 2024. At initial recognition, the fair value of the options, as estimated by the Black-Scholes model, are straight-lined through the vesting period as administration expenses with corresponding entry against other paid in equity. Since the options are equity settled, no subsequent measurement is required under IFRS.

NOTE 13 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 10 November 2022.

S.D. Standard ETC Plc

Financial Calendar (Release of Financial Reports)

Q3 2022

11 November 2022

S.D. Standard ETC Plc

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