

S.D. STANDARD ETC PLC
(FORMER S.D. STANDARD DRILLING PLC)
THIRD QUARTER REPORT 2023



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	7
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	8
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	9
INTERIM CONDENSED STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL INFORMATION	11

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 2023 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 2023 which are presented on pages 7 to 17:
 - (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, 8 November 2023

Martin Nes
Chairman

Konstantinos Pantelidis
Independent Director

George Crystallis
Independent Director

Christos Neokleous
Chief Financial Officer

Evangelia Panagide
General Manager

Third Quarter Management Report 2023

Selected Financial Information

	Three Months Ended		Nine Months Ended	
	2023 Q3	2022 Q3	2023 Q3	2022 Q3
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating profit	18 372	2 216	5 264	26 078
Profit for the period before tax	18 370	2 204	5 233	26 031
Total comprehensive income for the period	18 370	2 204	5 198	25 984

(*) Analytical income statement is presented on page 7 of the second quarter report.

Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the third quarter of the year 2023 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 respectively as of 30 September 2023.

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 third quarter of the year 2023 are considered immaterial.

Highlights Third Quarter

1. In Q3 2023, the Company recognized an unrealized profit of USD 11,2 million in Standard Supply AS and Dolphin Drilling AS, reflecting the respective share price development during the quarter. In addition, the Company received dividend from Standard Supply AS of USD 6.6million, giving a total profit of USD 17.8 million on Standard Supply AS and Dolphin Drilling AS during the third quarter. The market value of these investments as of 30 September 2023 was USD 89,9 million.
2. Moreover, in Q3 2023 the Company recognised a gain from the revaluation of other financial assets held for trading of USD 493 thousands. The fair value of the financial assets held for trading as of 30 September 2023 was USD 21 million.

Third Quarter Management Report 2023 (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 2023 Report, their definition and calculation are provided below, as well as a reference to the respective pages of Q3 2023 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 2023 Report - Interim Condensed Statement of Comprehensive Income on page 7
Profit / Loss before tax	Operating profit less finance costs	Presentation Highlights on page 6 and Income Statement on page 12
Profit / Loss after tax	Operating profit less finance costs and income tax	

Subsequent Events

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

THIRD QUARTER MANAGEMENT REPORT 2023 (CONTINUED)

RESULTS FOR THIRD QUARTER 2023

The operating profit for the three months ended on 30 September 2023 was USD 18,4 million compared to the three months ended 30 September 2022 profit of USD 2,2 million. The operating profit includes an unrealized profit on revaluation of financial assets of USD 11,2 million, a fair value profit of USD 493 thousands from investments held for trading, dividend income of USD 6,6 million, interest income of USD 542 thousands, a net foreign currency profit of USD 9 thousands and is after deducting administration expenses of USD 464 thousands and finance cost of USD 2 thousand. Profit after the deduction of income tax expense for the period is approximately USD 18,4 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 7.

RESULTS FOR THE NINE MONTHS OF 2023 AND FINANCIAL COMPARISON WITH THE NINE MONTHS OF 2022

The operating profit for the nine months ended on 30 September 2023 was USD 5,3 million compared to the nine months ended 30 September 2022 profit of USD 26,1 million. The reduction of the operating profit in Q3 23 compared to Q3 22 profit is mainly due to an unrealized loss on revaluation of financial assets of USD 4,7 million (compared to a revaluation gain of USD 11,9 million in Q3 22), a fair value profit from investments held for trading of USD 757 thousands (compared to a fair value gain of USD 4 million in Q3 22), dividend income of USD 8,7 million (compared to dividend income of USD 11,3 million in Q3 22) and is after deducting administration expenses of USD 1,2 million. Profit after the deduction of income tax expense is approximately USD 5,2 million (Q3 22: Profit after tax of USD 26 million). Profit per share was USD 0,01 for the nine-month period.

The Company's results for the nine months of the year 2023 are not considered satisfactory when compared to the nine months of the year 2022, since they were impacted by an unrealized loss recognized on the shares held in Dolphin Drilling AS, due to the USD 60 million private placement that took place in late June.

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 7.

LIQUIDITY AND CAPITAL STRUCTURE

The available cash position of the Company as of 30 September 2023 was USD 31,2 million (excluding cash held by subsidiaries).

During the nine months of 2023 net cash used in operating

activities was USD 17,6 million and net cash generated from investing activities was USD 2,6 million.

As of 30 September 2023, the Company had 1 975 shareholders.

The share price as of 30 September 2023 was NOK 1,88 (USD 0,177).

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 2022.

Russo-Ukrainian War

The Russo-Ukrainian War that began in February 2022 in combination with the various economic sanctions imposed to Russia by multiple jurisdictions, have a global impact the effects of which are uncertain.

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

The management of the Company has established and implemented sufficient systems and procedures to monitor the markets it has invested into and stay alert to changes in the marketplace in order to help mitigate any financial and operational risks in a timely manner.

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 2023 (CONTINUED)

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.*

8 November 2023

*Martin Nes
Chairman*

*Christos Neokleous
CFO*

INTERIM CONDENSED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Note	Three Months Ended		Nine Months Ended	
		2023 Q3	2022 Q3	2023 Q3	2022 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	11 184	346	(4 718)	11 924
Changes in fair value on financial assets at fair value through profit or loss – held for trading	4.2	493	2 162	757	3 966
Dividend income on financial assets at fair value through profit or loss	5	6 608	1	8 697	11 305
Interest income from cash balance at amortised cost		542	418	1 760	482
Net foreign currency gains / (losses)		9	(246)	(52)	(275)
Total net income		18 836	2 681	6 444	27 402
Expenses					
Administration and operating expenses	11	(464)	(465)	(1 180)	(1 324)
Total operating expenses		(464)	(465)	(1 180)	(1 324)
Operating profit		18 372	2 216	5 264	26 078
Finance costs					
Sundry finance (expenses)/income		(2)	(12)	(31)	(47)
Profit for the period before tax		18 370	2 204	5 233	26 031
Income tax expense	6	(-)	-	(35)	(47)
Profit for the period after tax		18 370	2 204	5 198	25 984
Other comprehensive income for the period		-	-	-	-
Total comprehensive (loss) / income for the period		18 370	2 204	5 198	25 984
Earnings per share					
Basic (loss) / earnings per share (USD)	3	0,04	0,00	0,01	0,05
Diluted (loss) / earnings per share (USD)	3	0,04	0,00	0,01	0,05

INTERIM CONDENSED STATEMENT
OF FINANCIAL POSITION
AT 30 SEPTEMBER 2023

<i>(Amounts in USD 000)</i>	Note	30.09.2023	31.12.2022
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery		-	-
Financial assets at fair value through profit or loss	4.1	89 949	87 762
Total non-current assets		89 949	87 762
Receivables and prepayments	7	472	77
Financial assets at fair value through profit or loss held for trading	4.2	20 995	5 746
Loans receivable from related parties	12.2	7 788	-
Cash and bank balances		31 199	46 251
Total current assets		60 454	52 074
Total Assets		150 403	139 836
EQUITY AND LIABILITIES			
Ordinary shares	8	15 734	15 734
Other paid-in equity		642	526
Accumulated profits		128 540	123 342
Total equity		144 916	139 602
Trade and other payables	9	5 487	234
Current tax liability		-	-
Total current liabilities		5 487	234
Total Equity and Liabilities		150 403	139 836

*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 2023

<i>(Amounts in USD 000)</i>	Share Capital	Other paid-in equity	Accumulated Profits/(Losses)	Total
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 13)	-	352	-	352
Balance at 30.09.2022 (unaudited)	15 734	352	109 554	125 640
Balance at 01.01.2023	15 734	526	123 342	139 602
Comprehensive income				
Profit for the period	-	-	5 198	5 198
Option and share program (note 13)	-	116	-	116
Balance at 30.09.2023 (unaudited)	15 734	642	128 540	144 916

INTERIM CONDENSED STATEMENT
OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

<i>(Amounts in USD 000)</i>	Note	Nine Months Ended	
		2023	2022
		Q3	Q3
		<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before income tax		5 233	26 031
Unrealised exchange loss		52	275
Interest income		(1 760)	(482)
Dividend Income	5	(8 697)	(11 305)
Fair value loss / (gain) in financial assets fair value through profit or loss	4.1	4 718	(11 924)
Gain in financial assets fair value through profit or loss – held for trading	4.2	(757)	(3 966)
Option and share program	13	193	392
CHANGES IN WORKING CAPITAL			
Payments to acquire financial assets at fair value through profit or loss	4.1	(6 905)	(20 009)
Payments to financial assets at fair value through profit or loss held for trading	4.2	(53 125)	(48 459)
Receipts from financial assets at fair value through profit or loss held for trading	4.2	38 633	73 520
Increase in receivables and prepayments	7	(395)	(2 069)
Increase in trade and other payables	9	5 253	1 167
Net cash (used in) / generated from operating activities		(17 557)	3 171
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received – net of withholding tax	5	8 687	11 258
Interest received		1 370	482
Loans granted to related companies	12.2	(10 200)	(18 213)
Receipts from loans granted to related companies	12.2	2 700	-
Net cash generated from / (used in) investing activities		2 557	(6 473)
Net decrease in cash and cash equivalents		(15 000)	(3 302)
Cash and cash equivalents at beginning of year		46 251	31 990
Effect of exchange rate changes on the balance of cash held in foreign currencies		(52)	(273)
Cash and cash equivalents at end of period		31 199	28 415

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 invest 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 2023, 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 2022. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022 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 2023.

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 nine months ended 30 September 2023, have been prepared under the assumption that the Company is going concern.

NOTE 3 – EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit 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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Basic/diluted EPS				
Profit attributable to equity holders of the Company	18 370	2 204	5 198	25 984
Weighted average number of ordinary shares in issue (thousands)	524 483	524 483	524 483	524 483
Weighted average number of ordinary shares diluted (thousands)	527 688	543 531	527 688	543 531
Basic earnings per share (USD)	0,04	0,00	0,01	0,05
Diluted earnings per share (USD)	0,04	0,00	0,01	0,05

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>	30.09.2023	31.12.2022
Balance at 1 January	87 762	42 391
Additions	6 905	20 011
Sales/Reduction	-	(329)
Changes in fair value	4 718	25 689
Balance at the end of the period/year (note 10.1)	89 949	87 762

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	
			30.09.2023	31.12.2022
Standard Supply AS	Platform Supply Vessels	Norway	53%	53%
Dolphin Drilling AS	Drilling operations	Norway	19%	25%
Standard Invest AS	Provision of services	Norway	100%	100%

The above investments are measured at fair value.

In June 2023, Dolphin Drilling AS (hereinafter “Dolphin”) successfully completed a private placement of 84 million new shares. In order to facilitate settlement in the private placement, the Company has agreed with the managers in the private placement to sell 28 million shares in Dolphin and to subscribe for 3,8 million Class A- shares which were converted into ordinary shares by way of a split of 1 to 10 ordinary shares issued in August 2023. The additional shares were acquired for USD 6,9 million.

During the nine months of the year 2023, no transactions took place with investments apart from those disclosed above and in note 12.

<i>(Amounts in USD 000)</i>	30.09.2023	30.09.2022
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised (losses)/gains	-	-
Unrealised change	(4 718)	11 924
Total net (losses) / gains	(4 718)	11 924
Other net changes in fair values on assets designated at fair value through profit or loss	(4 718)	11 924
Total net (losses) / gains	(4 718)	11 924

4.2 Investments held for trading

<i>(Amounts in USD 000)</i>	30.09.2023	31.12.2022
Balance at 1 January	5 746	24 784
Additions	53 125	54 605
Disposals	(38 633)	(77 648)
Changes in fair value	757	4 005
Balance at the end of the period / year	20 995	5 746

During the nine months of the year 2023, the Company invested USD 53,1 million for the acquisition of securities listed on the US and Oslo Stock Exchange, some of which were disposed realizing a profit of USD 776 thousand. As of 30 September 2023, investments held for trading had a fair value of USD 21 million.

All investments traded in active markets are valued based on quoted prices and are classified as level 1, whereas those unlisted investments are classified as level 2.

NOTES TO THE FINANCIAL INFORMATION

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

During the nine months of the year 2023, the Company received from its subsidiary Standard Supply AS dividends amounting to USD 8,6 million (Q3 2022: USD 11,1 million).

In addition, the Company received dividends of USD 34 thousands from its financial assets held for trading. The withholding tax on these dividends received amounted to USD 10 thousands.

NOTE 6 – INCOME TAX EXPENSE

<i>(Amounts in USD 000)</i>	30.09.2023	30.09.2022
Current tax:		
Prior year corporation tax	25	-
Withholding tax on dividend income	10	47
Total current tax	35	47

NOTE 7 – RECEIVABLES AND PREPAYMENTS

<i>(Amounts in USD 000)</i>	30.09.2023	31.12.2022
Tax refund on dividends received	236	-
Accrued interest receivable	128	-
Corporation tax prepaid	27	
VAT refundable	17	34
Prepayments	64	43
Total trade and other receivables at the end of the period	472	77

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

NOTE 8 – SHARE CAPITAL AND PREMIUM

Authorised	Number of shares (thousands)	Ordinary shares	Total
<i>(Amounts in USD 000)</i>			
2023			
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
2022			
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	Total
<i>(Amounts in USD 000)</i>			
2023			
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
2022			
Balance at the beginning of the year	524 483	15 734	15 734
Balance at the end of the year	524 483	15 734	15 734

As of 30 September 2023, the Company didn't hold any own shares.

NOTES TO THE FINANCIAL INFORMATION

NOTE 9 – TRADE AND OTHER PAYABLES

<i>(Amounts in USD 000)</i>	30.09.2023	31.12.2022
Creditors and accrued expenses	29	174
Amount due for investments acquired	5 321	-
Provision social security option program (note 13)	137	60
Total trade and other payables at the end of the period at amortised cost	5 487	234

The amount due for investments acquired was paid in October 2023.

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

NOTE 10 – FAIR VALUE MEASUREMENTS

10.1 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 2023				
Assets				
Financial Assets through profit or Loss				
- Financial assets at fair value through profit or loss (note 4.1)	89 834	-	-	89 834
- Financial assets at fair value through profit or loss-held for trading – equity securities (note 4.2)	16 558	-	-	16 558
- Financial assets at fair value through profit or loss-held for trading – investment in Fund (note 4.2)	-	4 437	-	4 437
Total financial assets measured at fair value	106 392	4 437	-	110 829
At 31 December 2022				
Assets				
Financial Assets through profit or Loss				
- Financial assets at fair value through profit or loss (note 4.1)	87 647	-	-	87 647
- Financial assets at fair value through profit or loss-held for trading – equity securities (note 4.2)	3 452	-	-	3 452
- Financial assets at fair value through profit or loss-held for trading – investment in Fund (note 4.2)	-	2 294	-	2 294
Total financial assets measured at fair value	91 099	2 294	-	93 393

10.2 Valuation processes

a) Investment in Standard Supply AS, Dolphin Drilling AS and traded securities (Level 1)

The fair values of securities that are quoted in active markets are determined by the traded share prices. For the investments in Standard Supply AS and Dolphin Drilling AS, the value was determined based on the traded share price on Euronext Growth Oslo as of 30 September 2023.

b) Investment in Fund (Level 2)

The fair values of securities that are not quoted in an active market, such as interests in investment funds, are determined by using the net asset value (“NAV”) of the fund as calculated by the independent fund administrators and this is considered to be the market value as the fund shares are redeemable by the fund at NAV in any need.

NOTES TO THE FINANCIAL INFORMATION

NOTE 10 – FAIR VALUE MEASUREMENTS (CONTINUED)

10.3 Reconciliation of Level 3 fair value measurements

The following table presents the changes in Level 3 investments for the nine months ended 30 September 2023:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
30 September 2023		
Opening balance	-	-
Total gains or losses:		
- In profit or loss	-	-
Purchases	-	-
Sales / Reduction	-	-
Transfers out of level 3 (1)	-	-
Closing balance	-	-

The following table presents the changes in Level 3 investments for the year ended 31 December 2022:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
31 December 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	-	-

- (1) During Q2 2022, financial assets at fair value through profit or loss amounted to USD 5 863 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 2023	-	-
31 December 2022	397	397

NOTES TO THE FINANCIAL INFORMATION

NOTE 11 – ADMINISTRATIVE AND OPERATING EXPENSES

<i>(Amounts in USD 000)</i>	30.09.2023	30.09.2022
Legal, consulting and professional fees	81	84
Management fees from related company (note 12.1)	90	45
Service fees from subsidiary company (note 12.1)	344	388
Other expenses	242	166
Transactions costs for trading in shares	56	76
Accrual option program (note 13)	116	352
Provision social security option program (note 13)	77	40
Directors' fees, salaries and other short-term employee benefits	174	173
Total administrative and operating expenses	1 180	1 324

NOTE 12 – RELATED-PARTY TRANSACTIONS

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

12.1 Provision of services

<i>(Amounts in USD 000)</i>	Nature of transactions	30.09.2023	30.09.2022
Fernclyff TIH AS	Management fees	90	45
Standard Invest AS	Service fees	344	388
Total		434	433

- a) The Company has entered into a consultancy agreement with Fernclyff TIH AS whereby Fernclyff TIH AS provides certain management services to the Company. Fees paid under this agreement for the nine months ended 30 September 2023 amounted to USD 90 thousands (Q3 2022: USD 45 thousands).
- b) 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 for the nine months ended 30 September 2023 amounted to USD 344 thousands (Q3 2022: USD 388 thousands). As of 30 September 2023, the Company had no balance due towards its subsidiary.

12.2 Related party loans

<i>(Amounts in USD 000)</i>	Nature of transactions	30.09.2023	31.12.2022
Dolphin Drilling AS	Loan facility	7 788	-
Standard Supply AS	Revolving credit facility	-	-
Total		7 788	-

- a) In March 2023, the Company entered into a shareholder bridge loan facility agreement with the associate Dolphin Drilling AS for the granting of an unsecured bridge loan facility of an amount up to USD 7,5 million, at an interest rate of 8,5%, a 3% exit fee on total drawings made and with final repayment date on 31 May 2024. In March 2023, the Company disbursed the amount of USD 4 million and in May 2023 the amount of USD 3,5 million.
- b) In June 2022, the Company concluded a revolving credit facility ("RCF") with its subsidiary Standard Supply AS ("subsidiary") for the amount of USD 20 million at a margin of 5%, an upfront fee of 0.75% and maturity on 31 December 2023. The amount provided under the RCF during 2022 was settled in November 2022. In March 2023, the Company provided its subsidiary with the amount of USD 1,5 million and in June 2023 with the amount of USD 1,2 million. The amount provided under the RCF during 2023 was settled in August 2023.

12.3 Dividend income

During the nine months of the year 2023, the Company received from its subsidiary Standard Supply AS dividends amounting to USD 8,6 million (Q3 2022: USD 11,1 million).

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

NOTES TO THE FINANCIAL INFORMATION

NOTE 13 – 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 at the strike prices of NOK1,25 and NOK 1,40 respectively. 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 642 thousands as an expense with a corresponding increase in equity and a provision for social security cost of the option program of USD 137 thousands from the grant date up to 30 September 2023.

The vesting periods of the current program end 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. As of 30 September 2023, no options have been exercised.

The following are the amounts expensed to income statement for the nine months ended 30 September 2023:

<i>(Amounts in USD 000)</i>	30.09.2023	30.09.2022
Expenses arising from equity-settled share-based payment transactions	116	352
Social security reserves for equity-settled share-based payment transactions*	77	40
Total expenses arising from share-based payment transactions	193	392

*Social security expenses are accrued for if the options are in the money and the accrual for social security expenses will be updated quarterly, based on the development in the share price. An increase in share price, will increase the value of the options, hence increase the social security expenses, whereas a decrease in share price will reduce the reserves, creating an income.

NOTE 14 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 8 November 2023.

S.D. Standard ETC Plc

Financial Calendar (Release of Financial Reports)

Q3 2023

9 November 2023

S.D. Standard ETC Plc

Chrysanthou Mylona 1,
Panayides Building,
2nd Floor, Office 3
CY 3030
Limassol, Cyprus
Tel: +357 25875474

www.standard-etc.com