

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



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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 twelve months ended 31 December 2023 we confirm that, to the best of our knowledge:

- a) The interim condensed financial statements of the Company for the twelve months ended 31 December 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, 14 February 2024

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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 2023

## Selected Financial Information

	Three Months Ended		Twelve Months Ended	
	2023 Q4	2022 Q4	2023 Q4	2022 Q4
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating (loss)/profit	<b>(2 500)</b>	13 814	<b>2 764</b>	39 892
(Loss)/profit for the period before tax	<b>(2 512)</b>	13 812	<b>2 721</b>	39 843
Total comprehensive (loss)/income for the period	<b>(2 607)</b>	13 788	<b>2 591</b>	39 772

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

## Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the fourth 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 31 December 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 fourth quarter of the year 2023 are considered immaterial.

## Highlights Fourth Quarter

1. In Q4 2023, the Company recognized an unrealized loss of USD 9 million in Standard Supply AS and Dolphin Drilling AS combined, reflecting the respective share price development during the quarter. In addition, the Company received dividend from Standard Supply AS of USD 4.6million, giving a net loss of USD 4.4 million on Standard Supply AS and Dolphin Drilling AS during the fourth quarter. The market value of these investments as of 31 December 2023 was USD 81 million.
2. Moreover, in Q4 2023 the Company recognised a gain from the revaluation of other financial assets held for trading of USD 895 thousands. The fair value of the financial assets held for trading as of 31 December 2023 was USD 21,7 million.

# Fourth 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 Q4 2023 Report, their definition and calculation are provided below, as well as a reference to the respective pages of Q4 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	Q4 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.

## FOURTH QUARTER MANAGEMENT REPORT 2023 (CONTINUED)

### RESULTS FOR FOURTH QUARTER 2023

The operating loss for the three months ended on 31 December 2023 was USD 2,5 million compared to the three months ended 31 December 2022 profit of USD 13,8 million. The operating loss includes an unrealized loss on revaluation of financial assets of USD 9 million, a fair value profit of USD 895 thousands from investments held for trading, dividend income of USD 4,6 million, interest income of USD 1 million, a net foreign currency profit of USD 677 thousands and is after deducting administration expenses of USD 740 thousands and finance cost of USD 12 thousand. Loss after the deduction of income tax expense for the period is approximately USD 2,6 million. Loss per share was USD 0,00 for the Quarter.

The operating (loss) / profit and (loss) / profit before tax for the three months are presented on the interim condensed statement of comprehensive income on page 7.

### RESULTS FOR THE TWELVE MONTHS OF 2023 AND FINANCIAL COMPARISON WITH THE TWELVE MONTHS OF 2022

The operating profit for the twelve months ended on 31 December 2023 was USD 2,8 million compared to the twelve months ended 31 December 2022 profit of USD 39,9 million. The reduction of the operating profit in the year 2023 compared to 2022's profit is mainly due to an unrealized loss on revaluation of financial assets of USD 13,7 million (compared to a revaluation gain of USD 25,7 million in 2022), a fair value profit from investments held for trading of USD 1,6 million (compared to a fair value gain of USD 4 million in 2022), dividend income of USD 13,3 million (compared to dividend income of USD 11,4 million in 2022) and is after deducting administration expenses of USD 1,9 million. Profit after the deduction of income tax expense is approximately USD 2,6 million (2022: Profit after tax of USD 39,8 million). Profit per share was USD 0,00 for the twelve-month period.

The Company's results for the twelve months of the year 2023 are not considered satisfactory when compared to the twelve 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 31 December 2023 was USD 25,5 million (excluding cash held by subsidiaries).

During the twelve months of 2023 net cash used in operating activities was USD 21,3 million and net cash used in investing activities was USD 90 thousands.

As of 31 December 2023, the Company had 1 935 shareholders.

The share price as of 31 December 2023 was NOK 1,81 (USD 0,178).

### PRINCIPLE RISK AND UNCERTAINTIES

The Company's activities are exposed to the overall economic environment as well as regulatory, market, political 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.

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.

## **FOURTH 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.

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

*14 February 2024*

*Martin Nes  
Chairman*

*Christos Neokleous  
CFO*

INTERIM CONDENSED STATEMENT  
OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Note	Three Months Ended		Twelve Months Ended	
		2023 Q4	2022 Q4	2023 Q4	2022 Q4
<i>(Amounts in USD 000)</i>		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
<b>Income</b>					
Changes in fair value on financial assets at fair value through profit or loss	4.1	(8 976)	13 765	(13 694)	25 689
Changes in fair value on financial assets at fair value through profit or loss – held for trading	4.2	895	39	1 652	4 005
Dividend income on financial assets at fair value through profit or loss	5	4 638	79	13 335	11 384
Interest income from cash balance at amortised cost		1 006	591	2 766	1 073
Net foreign currency gains / (losses)		677	58	625	(217)
<b>Total net income / (loss)</b>		<b>(1 760)</b>	<b>14 532</b>	<b>4 684</b>	<b>41 934</b>
<b>Expenses</b>					
Administration and operating expenses	11	(740)	(718)	(1 920)	(2 042)
<b>Total operating expenses</b>		<b>(740)</b>	<b>(718)</b>	<b>(1 920)</b>	<b>(2 042)</b>
<b>Operating profit / (loss)</b>		<b>(2 500)</b>	<b>13 814</b>	<b>2 764</b>	<b>39 892</b>
<b>Finance costs</b>					
Sundry finance (expenses)/income		(12)	(2)	(43)	(49)
<b>Profit / (loss) for the period before tax</b>		<b>(2 512)</b>	<b>13 812</b>	<b>2 721</b>	<b>39 843</b>
Income tax expense	6	(95)	(24)	(130)	(71)
<b>Profit / (loss) for the period after tax</b>		<b>(2 607)</b>	<b>13 788</b>	<b>2 591</b>	<b>39 772</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>(2 607)</b>	<b>13 788</b>	<b>2 591</b>	<b>39 772</b>
<b>Earnings per share</b>					
Basic earnings per share (USD)	3	<b>0,00</b>	0,03	<b>0,00</b>	0,08
Diluted earnings per share (USD)	3	<b>0,00</b>	0,03	<b>0,01</b>	0,08



INTERIM CONDENSED STATEMENT  
OF FINANCIAL POSITION  
AT 31 DECEMBER 2023

<i>(Amounts in USD 000)</i>	Note	31.12.2023	31.12.2022
<b>ASSETS</b>		<i>Unaudited</i>	<i>Audited</i>
Financial assets at fair value through profit or loss	4.1	80 973	87 762
<b>Total non-current assets</b>		<b>80 973</b>	<b>87 762</b>
Receivables and prepayments	7	610	77
Financial assets at fair value through profit or loss held for trading	4.2	21 713	5 746
Loans receivable from related parties	12.2	16 081	-
Cash and bank balances		25 523	46 251
<b>Total current assets</b>		<b>63 927</b>	<b>52 074</b>
<b>Total Assets</b>		<b>144 900</b>	<b>139 836</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares	8	15 734	15 734
Other paid-in equity		715	526
Accumulated profits		125 933	123 342
<b>Total equity</b>		<b>142 382</b>	<b>139 602</b>
Trade and other payables	9	2 471	234
Current tax liability		47	-
<b>Total current liabilities</b>		<b>2 518</b>	<b>234</b>
<b>Total Equity and Liabilities</b>		<b>144 900</b>	<b>139 836</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 2023

<i>(Amounts in USD 000)</i>	Share Capital	Other paid-in equity	Accumulated Profits/(Losses)	Total
<b>Balance at 01.01.2022</b>	<b>15 734</b>	-	<b>83 570</b>	<b>99 304</b>
<b>Comprehensive income</b>				
Profit for the period	-	-	39 772	39 772
Option and share program (note 13)	-	526	-	526
<b>Balance at 31.12.2022 (audited)</b>	<b>15 734</b>	<b>526</b>	<b>123 342</b>	<b>139 602</b>
<b>Balance at 01.01.2023</b>	<b>15 734</b>	<b>526</b>	<b>123 342</b>	<b>139 602</b>
<b>Comprehensive income</b>				
Profit for the period	-	-	2 591	2 591
Option and share program (note 13)	-	189	-	189
<b>Balance at 31.12.2023 (unaudited)</b>	<b>15 734</b>	<b>715</b>	<b>125 933</b>	<b>142 382</b>

INTERIM CONDENSED STATEMENT  
OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Note	Twelve Months Ended	
		2023 Q4	2022 Q4
<i>(Amounts in USD 000)</i>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period before income tax		2 721	39 843
Unrealised exchange (profit) / loss		(625)	217
Interest income		(2 766)	(1 073)
Dividend Income	5	(13 335)	(11 384)
Fair value loss / (gain) in financial assets fair value through profit or loss	4.1	13 694	(25 689)
Gains in financial assets fair value through profit or loss – held for trading	4.2	(1 652)	(4 005)
Option and share program	13	189	526
<b>CHANGES IN WORKING CAPITAL</b>			
Payments to acquire financial assets at fair value through profit or loss	4.1	(6 905)	(20 011)
Receipts from financial assets at fair value through profit or loss	4.1	-	329
Payments to financial assets at fair value through profit or loss held for trading	4.2	(67 067)	(54 605)
Receipts from financial assets at fair value through profit or loss held for trading	4.2	52 752	77 648
(Increase) / decrease in receivables and prepayments	7	(533)	303
Increase / (decrease) in trade and other payables	9	2 237	(9)
<b>Net cash (used in) / generated from operating activities</b>		<b>(21 290)</b>	<b>2 090</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received – net of withholding tax	5	13 324	11 313
Interest received		2 006	608
Loans granted to related companies	12.2	(19 120)	(19 750)
Receipts from loans granted to related companies	12.2	3 700	20 215
<b>Net cash (used in) / generated from investing activities</b>		<b>(90)</b>	<b>12 386</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(21 380)</b>	<b>14 476</b>
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		652	(215)
Cash and cash equivalents at end of year		25 523	46 251

## 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 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 twelve months ended 31 December 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 twelve months ended 31 December 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		Twelve Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<b>Basic/diluted EPS</b>				
Profit / (loss) attributable to equity holders of the Company	(2 607)	13 788	2 591	39 772
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)	529 863	526 860	529 863	526 860
<b>Basic earnings per share (USD)</b>	<b>0,00</b>	<b>0,03</b>	<b>0,00</b>	<b>0,08</b>
<b>Diluted earnings per share (USD)</b>	<b>0,00</b>	<b>0,03</b>	<b>0,01</b>	<b>0,08</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>	<b>31.12.2023</b>	<b>31.12.2022</b>
Balance at 1 January	87 762	42 391
Additions	6 905	20 011
Sales/Reduction	-	(329)
Changes in fair value	(13 694)	25 689
<b>Balance at the end of the year (note 10.1)</b>	<b>80 973</b>	<b>87 762</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	
			31.12.2023	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 twelve 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>	<b>31.12.2023</b>	<b>31.12.2022</b>
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised (losses)/gains	-	-
Unrealised change	(13 694)	25 689
<b>Total net (losses) / gains</b>	<b>(13 694)</b>	<b>25 689</b>
Other net changes in fair values on assets designated at fair value through profit or loss	(13 694)	25 689
<b>Total net (losses) / gains</b>	<b>(13 694)</b>	<b>25 689</b>

#### 4.2 Investments held for trading

<i>(Amounts in USD 000)</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
Balance at 1 January	5 746	24 784
Additions	67 067	54 605
Disposals	(52 752)	(77 648)
Changes in fair value	1 652	4 005
<b>Balance at the end of the year</b>	<b>21 713</b>	<b>5 746</b>

During the twelve months of the year 2023, the Company invested USD 67,1 million for the acquisition of securities listed on the US and Oslo Stock Exchange as well as unlisted securities, some of which were disposed realizing a profit of USD 1,2 million. As of 31 December 2023, investments held for trading had a fair value of USD 21,7 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 and level 3.

## NOTES TO THE FINANCIAL INFORMATION

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

During the twelve months of the year 2023, the Company received from its subsidiary Standard Supply AS dividends amounting to USD 13,2 million (Q4 2022: USD 11,1 million).

In addition, the Company received dividends of USD 135 thousands from its financial assets held for trading. The withholding tax on these dividends received amounted to USD 11 thousands.

### NOTE 6 – INCOME TAX EXPENSE

<i>(Amounts in USD 000)</i>	31.12.2023	31.12.2022
<b>Current tax:</b>		
Current year corporation tax	94	-
Prior year corporation tax	25	
Withholding tax on dividend income	11	71
<b>Total current tax</b>	<b>130</b>	<b>71</b>

### NOTE 7 – RECEIVABLES AND PREPAYMENTS

<i>(Amounts in USD 000)</i>	31.12.2023	31.12.2022
Tax refund on dividends received	249	-
Accrued interest receivable	320	-
VAT refundable	10	34
Prepayments	31	43
<b>Total trade and other receivables at the end of the period</b>	<b>610</b>	<b>77</b>

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>			
<b>2023</b>			
Balance at the beginning of the year	865 000	25 950	25 950
<b>Balance at the end of the year</b>	<b>865 000</b>	<b>25 950</b>	<b>25 950</b>
<b>2022</b>			
Balance at the beginning of the year	865 000	25 950	25 950
<b>Balance at the end of the year</b>	<b>865 000</b>	<b>25 950</b>	<b>25 950</b>
Issued and fully paid	Number of shares (thousands)	Ordinary shares	Total
<i>(Amounts in USD 000)</i>			
<b>2023</b>			
Balance at the beginning of the year	524 483	15 734	15 734
<b>Balance at the end of the year</b>	<b>524 483</b>	<b>15 734</b>	<b>15 734</b>
<b>2022</b>			
Balance at the beginning of the year	524 483	15 734	15 734
<b>Balance at the end of the year</b>	<b>524 483</b>	<b>15 734</b>	<b>15 734</b>

As of 31 December 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>	<b>31.12.2023</b>	<b>31.12.2022</b>
Creditors and accrued expenses	69	174
Amount due for investments acquired	1 995	-
Amounts due to related parties (note 12.1)	274	-
Provision social security option program (note 13)	133	60
<b>Total trade and other payables at the end of the period at amortised cost</b>	<b>2 471</b>	<b>234</b>

The amount due for investments acquired was paid in January 2024.

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
<b>At 31 December 2023</b>				
<b>Assets</b>				
Financial Assets through profit or Loss				
- Financial assets at fair value through profit or loss (note 4.1)	80 858	-	-	80 858
- Financial assets at fair value through profit or loss-held for trading – debt securities (note 4.2)	-	10 296	-	10 296
- Financial assets at fair value through profit or loss-held for trading – equity securities (note 4.2)	2 214	-	4 625	6 839
- Financial assets at fair value through profit or loss-held for trading – investment in Fund (note 4.2)	-	4 578	-	4 578
<b>Total financial assets measured at fair value</b>	<b>83 072</b>	<b>14 874</b>	<b>4 625</b>	<b>102 571</b>
<b>At 31 December 2022</b>				
<b>Assets</b>				
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
<b>Total financial assets measured at fair value</b>	<b>91 099</b>	<b>2 294</b>	<b>-</b>	<b>93 393</b>

### 10.2 Valuation processes

a) Investment in Standard Supply AS, Dolphin Drilling AS and traded equity 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 31 December 2023.

b) Investment in Fund and debt securities (Level 2)

The fair values of 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. For debt securities the fair value has been determined by using the traded security price as of 31 December 2023.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 10 – FAIR VALUE MEASUREMENTS (CONTINUED)

#### 10.2 Valuation processes (continued)

##### c) Investment in unlisted equity securities (Level 3)

The fair values of unlisted equity securities that are traded OTC, are determined by the latest purchase price available by brokers and are supported by valuation models prepared by the management of the Company.

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

The following table presents the changes in Level 3 investments for the twelve months ended 31 December 2023:

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
<b>31 December 2023</b>		
Opening balance	-	-
Total gains or losses:		
- In profit or loss	813	-
Purchases	3 812	-
Sales / Reduction	-	-
Transfers out of level 3 (1)	-	-
Closing balance	4 625	-

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
<b>31 December 2022</b>		
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:

31 December 2023	813	-
31 December 2022	397	397



## NOTES TO THE FINANCIAL INFORMATION

### NOTE 11 – ADMINISTRATIVE AND OPERATING EXPENSES

<i>(Amounts in USD 000)</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
Legal, consulting and professional fees (note 12.1)	384	163
Management fees from related company (note 12.1)	120	90
Service fees from subsidiary company (note 12.1)	499	710
Other expenses	297	150
Transactions costs for trading in shares	105	82
Accrual option program (note 13)	189	526
Provision social security option program (note 13)	73	60
Directors' fees, salaries and other short-term employee benefits	253	261
<b>Total administrative and operating expenses</b>	<b>1 920</b>	<b>2 042</b>

### NOTE 12 – RELATED-PARTY TRANSACTIONS

#### 12.1 Provision of services

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

<i>(Amounts in USD 000)</i>	<b>Nature of transactions</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Ferncliff TIH AS *	Management fees	120	90
Ferncliff TIH AS *	Consulting services	197	-
Standard Invest AS	Service fees	499	710
<b>Total</b>		<b>816</b>	<b>800</b>

\* Ferncliff TIH AS holds 100% of the issued share capital of Ferncliff Listed Dai AS, the major shareholder of the Company.

- The Company has entered into a consultancy agreement with Ferncliff TIH AS whereby Ferncliff TIH AS provides certain management services to the Company. Fees paid under this agreement for the twelve months ended 31 December 2023 amounted to USD 120 thousands (Q4 2022: USD 90 thousands). In addition, during the year the Company received from Ferncliff TIH AS consulting services amounting to USD 197 thousands (Q4 2022: USD Nil). As of 31 December 2023, the Company owed to Ferncliff TIH AS the amount of USD 207 thousands (Q4 2022: USD Nil).
- 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 twelve months ended 31 December 2023 amounted to USD 499 thousands (Q4 2022: USD 710 thousands). As of 31 December 2023, the Company owed to its subsidiary the amount of USD 67 thousands (Q4 2022: USD Nil).

#### 12.2 Related party loans

<i>(Amounts in USD 000)</i>	<b>Nature of transactions</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Dolphin Drilling AS	Loan facility	8 090	-
Ferncliff Opportunities AS	Revolving credit facility	7 991	-
<b>Total</b>		<b>16 081</b>	-

\* Ferncliff Opportunities AS is effectively owned by 90,1% by Ferncliff TIH AS.

- 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. During the year 2023, the Company disbursed the amount of USD 7,5 million in two tranches.
- 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. During the year 2023, the Company provided under the RCF the amount of USD 3,7 million in three tranches all of which were settled by 31 December 2023.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 12 – RELATED-PARTY TRANSACTIONS (CONTINUED)

#### 12.2 Related party loans (continued)

c) In November 2023, the Company entered into an agreement with Ferncliff Opportunities AS, to provide an unsecured loan for the amount of USD 7,9 million at an interest rate of 12%. The loan has been used to finance an investment of Ferncliff Opportunities AS and is repayable on 30 June 2024 or earlier in case the investment is sold.

#### 12.3 Dividend income

During the twelve months of the year 2023, the Company received from its subsidiary Standard Supply AS dividends amounting to USD 13,2 million (Q4 2022: USD 11,1 million).

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

### 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 715 thousands as an expense with a corresponding increase in equity and a provision for social security cost of the option program of USD 133 thousands from the grant date up to 31 December 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 31 December 2023, no options have been exercised.

The following are the amounts expensed to income statement for the nine months ended 31 December 2023:

<i>(Amounts in USD 000)</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
Expenses arising from equity-settled share-based payment transactions	189	526
Social security reserves for equity-settled share-based payment transactions*	73	60
<b>Total expenses arising from share-based payment transactions</b>	<b>262</b>	<b>586</b>

\*Social security expenses are accrued 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 14 February 2024.

# S.D. Standard ETC Plc

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## Financial Calendar (Release of Financial Reports)

Q4 2023

14 February 2024

## S.D. Standard ETC Plc

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