

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



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

In accordance with Article 10 sections (3) (c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 and 2009 (“Law”) we, the members of the Board of Directors and other responsible persons for the drafting of the interim condensed financial statements of S.D. Standard ETC Plc (the “Company”), for the three months ended 31 March 2022 we confirm that, to the best of our knowledge:

- a) The interim condensed financial statements of the Company for the three months ended 31 March 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, 11 May 2022

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Martin Nes  
Chairman

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Konstantinos Pantelidis  
Independent Director

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George Crystallis  
Independent Director

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Christos Neokleous  
Chief Financial Officer

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Evangelia Panagide  
General Manager

# First Quarter Management Report 2022

## Selected Financial Information

<i>(Amounts in USD 000)</i>	Three Months Ended	
	2022 Q1 <i>Unaudited</i>	2021 Q1 <i>Unaudited</i>
Operating profit/(loss)	<b>8 228</b>	(2 049)
Profit/(loss) for the period before tax	<b>8 220</b>	(2 050)
Total comprehensive income/(loss) for the period	<b>8 191</b>	(2 050)

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

## Presentation of Interim Condensed Financial Statements

These interim condensed financial statements for the first 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 Wanax AS and associates at fair value through profit or loss. Consequently, the Company's investment in Platform Supply Vessels (PSVs) are valued based on estimates made by reputable independent valuers and prices generated by market transactions involving identical or comparable (similar) Vessels.

With regards to the 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 first quarter of the year 2022 are considered immaterial.

Revenue and EBITDA from chartering out the vessels are not consolidated into nor directly reflected in these Financial Statements. More information on the operation, calculation of EBITDA and utilization of the vessels is available in the Q1 2022 presentation, which is released together with this interim report.

## Highlights First Quarter

1. In Q1 22, the Company recognized an unrealized profit of USD 761 thousands from the revaluation of its financial assets at fair value. The fair value of the investments as of 31 March 2022 was USD 43 million. Moreover, the Company recognised a profit from the revaluation of financial assets at fair value through profit or loss- held for trading of USD 7,8 million. The fair value of the financial assets held for trading as of 31 March 2022 was USD 46 million.
2. Positive EBITDA (adj.) of USD 0,6 million, excluding start-up cost, dry dock, special survey and maintenance (Q1 21 at breakeven) from chartering out the two large –sized PSV's. Including the ownership in Northern Supply AS (28,12%) the group netted a positive EBITDA (adj.) excluding start-up cost, dry dock, special survey and maintenance of USD 0,4 million (Q1 21 negative USD 0,1 million).
3. Utilisation of the Company's vessels of 92% (Q1 21 96%) for the large PSV Standard vessels and 87% (Q1 21 90%) for the Northern Supply AS vessels (excluding those in lay-up).

# First Quarter Management Report 2022 (Continued)

## Selected Financial Information

### Alternative Performance Measures

Revenue and EBITDA from chartering out the vessels are not consolidated into nor directly reflected in Q1 2022 Interim Report since the Company is an investment entity and shall not consolidate its subsidiary.

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

More information on the APMs used in the Q1 2022 Report, their definition and calculation are provided below, as well as a reference to the respective pages of Q1 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	Q1 2022 Report - Interim Condensed Statement of Comprehensive Income on page 8  Presentation Income Statement on page 13
Profit / Loss before tax	Operating profit less finance costs	
Profit / Loss after tax	Operating profit less finance costs and income tax	
EBITDA (adj.)	Vessels net hire income before interest, taxes, depreciation and amortization but excluding non-recurring costs, dry dock, special survey, maintenance and repairs	Presentation page 12
Utilization of vessels	Total days working over total available days	Presentation page 10

# First 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 6 May 2022, the Company acquired a 25% holding in Dolphin Drilling Holdings Limited (Dolphin Drilling), a harsh environment drilling operator for the offshore oil and gas industry, for USD 10 million with an option to invest an additional USD 5 million.

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

# FIRST QUARTER MANAGEMENT REPORT 2022 (CONTINUED)

## RESULTS FOR THE FIRST QUARTER OF 2022 AND FINANCIAL COMPARISON WITH THE FIRST QUARTER OF 2021

The operating profit for the three months ended on the 31 March 2022 was USD 8,2 million compared to the three months ended 31 March 2021 loss of USD 2,1 million. The improvement of the operating profit in 2022 compared to Q1 21 loss is mainly due to a fair value gain from investments held for trading of USD 7,8 million, an unrealized gain on revaluation of financial assets of USD 761 thousands (compared to a revaluation loss of USD 2,1 million in Q1 21) and is after deducting administration expenses of USD 291 thousands. Profit after the deduction of withholding tax on dividends received for the quarter is approximately USD 8,2 million (Q1 21: Loss after tax of USD 2 million). Profit per share was USD 0,02 for the Quarter.

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

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.

### LIQUIDITY AND CAPITAL STRUCTURE

The available cash position of the Company as of 31 March 2022 was USD 18,5 million (excluding cash held by subsidiaries).

During the three months of 2022 net cash used in operating activities was USD 13,5 million and the net cash generated from investing activities was USD 80 thousand. No cash was used for financing activities.

As of 31 March 2022, the Company had 1 870 shareholders. The share price as of 31 March 2022 was NOK 1,60 (USD 0,183).

### 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 years, although the current global perception is that the pandemic is heading towards its' end and various countries are 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 has previously been on the Rig, PSV and the VLCC tanker markets, however, the Company has updated its strategy and is now focusing on more diversified and liquid investments within the energy, transport and commodities, although the Company will pursue any attractive investment opportunities that may arise within the framework of industries it operates.

The Company has 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.

## FIRST QUARTER MANAGEMENT REPORT 2022 (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.*

*11 May 2022*

*Martin Nes  
Chairman*

*Christos Neokleous  
CFO*



INTERIM CONDENSED STATEMENT  
OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2022

<i>(Amounts in USD 000)</i>	Note	<b>Three Months Ended</b>	
		<b>2022 Q1</b>	2021 Q1
		<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	761	(2 077)
Changes in fair value on financial assets at fair value through profit or loss – held for trading	4.2	7 819	165
Dividend income on financial assets at fair value through profit or loss	5	97	-
Interest income from cash balance at amortised cost		12	14
Net foreign currency gains or (losses)		(27)	(3)
<b>Total net income / (loss)</b>		<b>8 662</b>	<b>(1 901)</b>
<b>Expenses</b>			
Administration and operating expenses	8	(434)	(148)
<b>Total operating expenses</b>		<b>(434)</b>	<b>(148)</b>
<b>Operating profit/(loss)</b>		<b>8 228</b>	<b>(2 049)</b>
<b>Finance costs</b>			
Sundry finance income/(expenses)		(8)	(1)
<b>Profit/(loss) for the period before tax</b>		<b>8 220</b>	<b>(2 050)</b>
Income tax expense	5	(29)	-
<b>Profit/(loss) for the period after tax</b>		<b>8 191</b>	<b>(2 050)</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>8 191</b>	<b>(2 050)</b>
<b>Earnings/(loss) per share</b>			
Basic earnings/(loss) per share (USD)	3	0,02	(0,00)
Diluted earnings/(loss) per share (USD)	3	0,02	(0,00)

INTERIM CONDENSED STATEMENT  
OF FINANCIAL POSITION  
AT 31 MARCH 2022

<i>(Amounts in USD 000)</i>	Note	31.03.2022	31.12.2021
		<i>Unaudited</i>	<i>Audited</i>
<b>ASSETS</b>			
Equipment and machinery		1	1
Financial assets at fair value through profit or loss	4.1	43 152	42 391
<b>Total non-current assets</b>		<b>43 153</b>	<b>42 392</b>
Current tax asset		-	1
Receivables and prepayments		115	380
Financial assets at fair value through profit or loss held for trading	4.2	46 031	24 784
Cash and bank balances		18 504	31 990
<b>Total current assets</b>		<b>64 650</b>	<b>57 155</b>
<b>Total Assets</b>		<b>107 803</b>	<b>99 547</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares	6	15 734	15 734
Other paid-in equity		128	-
Accumulated profits		91 761	83 570
<b>Total equity</b>		<b>107 623</b>	<b>99 304</b>
Trade and other payables	8	180	243
<b>Total current liabilities</b>		<b>180</b>	<b>243</b>
<b>Total Equity and Liabilities</b>		<b>107 803</b>	<b>99 547</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 MARCH 2022

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Other paid- in equity	Own shares	Accumulated Profits/(Losses)	Total
<b>Balance at 01.01.2021</b>	<b>17 281</b>	<b>96 861</b>	-	<b>(4 453)</b>	<b>(23 231)</b>	<b>86 458</b>
<b>Comprehensive income</b>						
Loss for the period	-	-	-	-	(2 050)	(2 050)
<b>Transactions with owners</b>						
Cancellation of own shares (note 6)	(1 300)	(96 861)	-	4 333	93 828	-
Purchase of own shares (note 6)	-	-	-	(891)	-	(891)
<b>Balance at 31.03.2021 (unaudited)</b>	<b>15 981</b>	<b>-</b>	<b>-</b>	<b>(1 011)</b>	<b>68 547</b>	<b>83 517</b>
<b>Balance at 01.01.2022</b>	<b>15 734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83 570</b>	<b>99 304</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	8 191	8 191
Option and share program (note 10)	-	-	128	-	-	128
<b>Balance at 31.03.2022 (unaudited)</b>	<b>15 734</b>	<b>-</b>	<b>128</b>	<b>-</b>	<b>91 761</b>	<b>107 623</b>

INTERIM CONDENSED STATEMENT  
OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2022

<i>(Amounts in USD 000)</i>	Note	Three Months Ended	
		2022	2021
		Q1	Q1
		<i>Unaudited</i>	<i>Unaudited</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) for the period before income tax		8 220	(2 050)
Unrealised exchange loss		27	3
Dividend Income	5	(97)	-
Interest income		(12)	(14)
Fair value (gain) / loss in financial assets fair value through profit or loss		(761)	2 077
Gains in financial assets fair value through profit or loss – held for trading		(7 819)	(165)
Option and share program	10	143	-
<b>CHANGES IN WORKING CAPITAL</b>			
Payments to financial assets at fair value through profit or loss held for trading	4.2	(30 754)	(1 135)
Receipts from financial assets at fair value through profit or loss held for trading	4.2	17 326	1 300
Decrease / (increase) in receivables prepayments		265	(13)
(Decrease) / increase in trade and other payables		(78)	(1)
<b>Net cash (used in) / generated from operating activities</b>		<b>(13 540)</b>	<b>2</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received – net of withholding tax	5	68	-
Interest received		12	14
<b>Net cash generated from investing activities</b>		<b>80</b>	<b>14</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Purchase of own shares		-	(891)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(891)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(13 460)</b>	<b>(875)</b>
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		(26)	(2)
Cash and cash equivalents at end of period		18 504	26 746

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

#### Country of Incorporation

S.D. Standard ETC Plc (the “Company”) is a limited liability Company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was renamed from S.D. Standard Drilling Plc to S.D. Standard ETC Plc in January 2022 through a decision by its shareholders. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company’s shares were listed on Oslo Axess and on 31 May 2017 on Oslo Bors. The address of the Company’s registered office is Chrysanthou Mylona 1, Panayides Building, 2<sup>nd</sup> floor, Office 3, 3030, Limassol, Cyprus.

#### Principal Activities

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

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The interim condensed financial statements for the three months ended 31 March 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 three months ended 31 March 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>	<b>Three Months Ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
<b>Basic/diluted EPS</b>		
Profit/(Loss) attributable to equity holders of the Company	8 191	(2 050)
Weighted average number of ordinary shares in issue (thousands)	524 283	527 828
Weighted average number of ordinary shares diluted (thousands)	541 394	527 828
<b>Basic earnings/(loss) per share (USD)</b>	<b>0,02</b>	<b>(0,00)</b>
<b>Diluted earnings/(loss) per share (USD)</b>	<b>0,02</b>	<b>(0,00)</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>31.03.2022</b>	<b>31.12.2021</b>
Balance at 1 January	42 391	58 862
Additions	-	793
Sales/Reduction	-	(14 280)
Changes in fair value	761	(2 984)
<b>Balance at the end of the period/year (note 7.1)</b>	<b>43 152</b>	<b>42 391</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	
			31.03.2022	31.03.2021
Wanax AS	Investment holding	Norway	100%	100%
Standard Invest AS	Provision of services	Norway	100%	-
ZETA Owners Inc.	Ship owning	Marshall Islands	-	33,3%

The above investments are measured at fair value.

During the three months of the year 2022, no transactions took place with investments apart from those with the subsidiary Standard Invest AS which are disclosed in note 9.

<i>(Amounts in USD 000)</i>	<b>31.03.2022</b>	<b>31.03.2021</b>
<i>Other net changes in fair value on financial assets at fair value through profit or loss</i>		
Realised (losses)/gains	-	-
Unrealised change	761	(2 077)
<b>Total net gains/(losses)</b>	<b>761</b>	<b>(2 077)</b>
Other net changes in fair values on assets designated at fair value through profit or loss	761	(2 077)
<b>Total net gains/(losses)</b>	<b>761</b>	<b>(2 077)</b>

#### 4.2 Investments held for trading

<i>(Amounts in USD 000)</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
Balance at 1 January	24 784	-
Additions	30 754	64 106
Disposals	(17 326)	(50 528)
Realized gain on disposals	1 056	1 108
Changes in fair value	6 763	10 098
<b>Balance at the end of the period / year</b>	<b>46 031</b>	<b>24 784</b>

During the three months of the year 2022, the Company invested USD 30,8 million for the acquisition of shares listed on the US and Oslo Stock Exchange, some of which were disposed realizing a gain of USD 1,1 million. As of 31 March 2021, the Company held shares in various listed entities with a fair value of USD 46 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

During the first quarter of the year the Company received dividends of USD 97 thousands from its financial assets held for trading. The withholding tax on dividends received amounted to USD 29 thousands.

### NOTE 6 – SHARE CAPITAL AND PREMIUM

Authorised	Number of shares (thousands)	Ordinary shares		Total
<i>(Amounts in USD 000)</i>				
<b>2022</b>				
Balance at the beginning of the period	865 000	25 950		<b>25 950</b>
<b>Balance at the end of the period</b>	<b>865 000</b>	<b>25 950</b>		<b>25 950</b>
<b>2021</b>				
Balance at the beginning of the year	865 000	25 950		<b>25 950</b>
<b>Balance at the end of the year</b>	<b>865 000</b>	<b>25 950</b>		<b>25 950</b>
<b>Issued and fully paid</b>				
	Number of shares (thousands)	Ordinary shares	Share premium	Total
<i>(Amounts in USD 000)</i>				
<b>2022</b>				
Balance at the beginning of the period	524 483	15 734	-	15 734
<b>Balance at the end of the period</b>	<b>524 483</b>	<b>15 734</b>	-	<b>15 734</b>
<b>2021</b>				
Balance at the beginning of the year	576 026	17 281	96 861	114 142
Cancellation of shares (note 6.1)	(51 543)	(1 547)	(96 861)	(98 408)
<b>Balance at the end of the year</b>	<b>524 483</b>	<b>15 734</b>	-	<b>15 734</b>

#### 6.1 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 31 March 2022, the Company didn't hold any own shares.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 7 – FAIR VALUE MEASUREMENTS

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

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

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

<i>(Amounts in USD 000)</i>	Level 1	Level 2	Level 3	Total
<b>At 31 March 2022</b>				
<b>Assets</b>				
Financial Assets through profit or Loss				
- Financial assets at fair value through profit or loss (note 4.1)	-	37 174	5 863	43 037
- Financial assets at fair value through profit or loss-held for trading (note 4.2)	46 031	-	-	46 031
<b>Total financial assets measured at fair value</b>	<b>46 031</b>	<b>37 174</b>	<b>5 863</b>	<b>89 068</b>
<b>At 31 December 2021</b>				
<b>Assets</b>				
Financial Assets through profit or Loss				
- Financial assets at fair value through profit or loss (note 4.1)	-	36 810	5 466	42 276
- Financial assets at fair value through profit or loss-held for trading (note 4.2)	24 784	-	-	24 784
<b>Total financial assets measured at fair value</b>	<b>24 784</b>	<b>36 810</b>	<b>5 466</b>	<b>67 060</b>

7.2 Valuation processes

a) Investment in Wanax AS

(i) Valuation processes (Level 3)

The management of the Company obtained fair value estimates from two independent Valuers ("Valuer A" and "Valuer B"). Both Valuers have provided a value range based on a willing buyer and willing seller market scenario. Valuer A has also provided a value range based on distressed values. Valuer B has not provided a distressed value range, however, a distressed value range has been derived by the management by applying the same discount rate to Valuer B's willing buyer and willing seller range as the implied discount rate between Valuer A's willing buyer and willing seller value range and Valuer A's distressed value range. The applied fair value for the assets in the Company's financial statements is then set to the average of these two distressed ranges as the Company decided to apply a more conservative approach due to current market conditions and the frequency of such transactions in the market. Should the Company have used the average fair values based on a willing buyer and willing seller market scenario of both Valuers, the total financial assets measured at fair value would have been USD 7 million rather than USD 5,9 million.

(ii) Valuation processes (Level 2)

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

b) Investment in ZETA Owners Inc.

Valuation processes (Level 3)

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



## NOTES TO THE FINANCIAL INFORMATION

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

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

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

(Amount in USD 000)

	Financial assets designated at fair value through profit or loss	Total
<b>31 March 2021</b>		
Opening balance	42 276	42 276
Total gains or losses:		
- In profit or loss	761	761
Purchases	-	-
Sales / Reduction	-	-
Transfers out of level 3 (1)	(37 174)	(37 174)
Closing balance	5 863	5 863

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

- (1) During Q1 2022, financial assets at fair value through profit or loss amounted to USD 37 174 thousands (2021 USD36 810 thousands), have been reclassified from Level 3 to Level 2 as the valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable (similar) Vessels. The data used is based on observable input. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of each quarter.

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

31 March 2021	761	761
31 December 2020	(2 984)	(2 984)

## NOTES TO THE FINANCIAL INFORMATION

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

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

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

Financial assets	Fair value as at 31/03/2022	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
<p>Financial asset at fair value through profit or loss:</p> <p>(a) Investment in Wanax AS (100%) which holds:</p> <p>(i) 100% participatory interest in Standard Supplier AS,  (ii) 100% participatory interest in Standard Viking AS,  (iii) 100% participatory interest in Standard Olympus AS,  (iv) 100% participatory interest in Standard Princess AS.</p> <p>The principal activities of Standard Supplier AS and Standard Viking AS is that of the holdings of PSV vessels. Standard Olympus AS and Standard Princess AS have disposed their vessels and remained dormant holding mainly cash.</p>	USD 37 174 thousands	Level 2	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable (similar) PSV Vessels. The data used is based on observable input (note 7.2.a.ii).</p>	Not applicable	Not applicable
<p>(b) Indirect investment in Northern Supply AS (28,12%).</p> <p>The principal activities of Northern Supply AS is that of the holdings of PSV vessels.</p>	USD 5 863 thousands	Level 3 (note 1)	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs adjusted by an unobservable input (discount rate) calculated by the management for Valuer B (note 7.2.a.i).</p>	<p>Distressed value discount rate from willing buyer/seller to distressed valuation from Valuer A, has been applied to Valuer B to predict distressed values for Valuer B, since Valuer B only provided valuation based on willing buyer/seller basis. Distressed value discount rate is in the range of 17% to 29%, and 25% to 33%, based on the size of the respective vessels (note 7.2.a.i).</p>	<p>Significant increases/(decreases) in the range of rates for discounting the vessels' fair values would result in a significantly lower/higher fair value measurement (note 1).</p>

**Note 1:**

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

## NOTES TO THE FINANCIAL INFORMATION

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

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

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

Financial assets	Fair value as at 31/12/2021	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>(c) Investment in Wanax AS (100%) which holds:</p> <p>(v) 100% participatory interest in Standard Supplier AS,            (vi) 100% participatory interest in Standard Viking AS,            (vii) 100% participatory interest in Standard Olympus AS,            (viii) 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 7.2.a.ii).</p>	Not applicable	Not applicable
<p>(d) Indirect investment in Northern Supply AS (28,12%).</p> <p>The principal activities of Northern Supply AS is that of the holdings of PSV vessels.</p>	USD 5 466 thousands	Level 3 (note 1)	<p>Market Approach</p> <p>The valuation technique uses prices and other relevant information generated by reputable independent valuers in the market in which the Company has invested in. The data used are based on observable inputs adjusted by an unobservable input (discount rate) calculated by the management for Valuer B (note 7.2.a.i).</p>	<p>Distressed value discount rate from willing buyer/seller to distressed valuation from Valuer A, has been applied to Valuer B to predict distressed values for Valuer B, since Valuer B only provided valuation based on willing buyer/seller basis. Distressed value discount rate is in the range of 20% to 25%, and 29% to 40%, based on the size of the respective vessels (note 7.2.a.i).</p>	<p>Significant increases/(decreases) in the range of rates for discounting the vessels' fair values would result in a significantly lower/higher fair value measurement (note 1).</p>

#### Note 1:

A 5% increase/decrease of the discount rate used 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 0,8 million/ (USD 0,8) million.

## NOTES TO THE FINANCIAL INFORMATION

### NOTE 8 – ADMINISTRATIVE AND OPERATING EXPENSES

<i>(Amounts in USD 000)</i>	<b>31.03.2022</b>	<b>31.03.2021</b>
Legal, consulting and professional fees	22	33
Service fees from subsidiary company (note 9)	135	-
Other expenses	50	55
Transactions costs for trading in shares	26	-
Accrual option program	128	-
Provision social security option program	15	-
Directors' fees, salaries and other short-term employee benefits	58	60
<b>Total administrative and operating expenses</b>	<b>434</b>	<b>148</b>

### NOTE 9 – 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>	<b>Nature of transactions</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Ferncliff TIH AS	Management fees	15	15
Standard Invest AS	Service fees	135	-
<b>Total</b>		<b>150</b>	<b>15</b>

The Company has entered into a consultancy agreement with Ferncliff TIH AS whereby Ferncliff TIH AS provides certain general services to the Company. Fees paid under this agreement from 1 January to 31 March 2022 amounted to USD 15 thousands (Q1 21: USD 15 thousands).

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 in Q1 22 amounted to USD 135 thousands (Q1 21: USD NIL). As at 31 March 2022 the Company owed to its subsidiary the amount of USD 114 thousands.

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

### NOTE 10 – 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 cost for the option in Q1 22 was calculated to USD 1,1 million. The Company has recognized the amount of USD 128 thousands as an expense with a corresponding increase in equity and a provision for social security cost of the option program of USD 15 thousands for the three months ended 31 March 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 11 – APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 11 May 2022.

# S.D. Standard ETC

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## Financial Calendar (Release of Financial Reports)

Q1 2021	12 May 2022
Q2 2021	26 August 2022
Q3 2021	11 November 2022

## S.D. Standard ETC Plc

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