

**STANDARD SUPPLY AS
FIRST QUARTER REPORT 2024**



STANDARD SUPPLY

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Key Financials

<i>(Amounts in USD 000)</i>	Three Months Ended	
	2024 Q1 <i>Unaudited</i>	2023 Q1 <i>Unaudited</i>
Operating income	1 480	7 820
EBITDA	280	1 337
Net profit	-84	-647

Highlights First Quarter 2024

- The Group reported EBITDA of USD 0.3 million and net profit of USD -0.1 million.
- Cash at quarter end of USD 19.7 million.

Subsequent events

- Standard Supplier, the only remaining vessel in the fleet, was sold on April 3rd, 2024, for gross proceeds of USD 22.7 million. The estimated gain to be recognized in the 2nd quarter 2024 is USD 12.8 million.

First Quarter Management Report 2024 (Continued)

Consolidated Income Statement

Three months ending March 31, 2024

Operating revenues were USD 1.5m for Q1, 2024 (USD 7.8m for Q1, 2023). USD 7.4m of operating revenues in Q1 2023 were related to Standard Viking, Standard Defender, Standard Duke and the vessels in Northern Supply which were sold during 2023. Operating revenues in Q1 2024 negatively impacted by Standard Supplier being off-hire until late January 2024 due to repair of one of the azimuth thrusters.

Ship operating expenses were USD 0.8m for Q1, 2024 (USD 6.1m for Q1, 2023). Ship operating expenses for the three months period in 2023 include USD 5.3m in expenses from Standard Viking, Standard Defender, Standard Duke and the vessels in Northern Supply which were sold during 2023.

General and administrative expenses were USD 0.4m for Q1, 2024 (USD 0.4m for Q1, 2023).

Depreciation were USD 0.4m for Q1, 2024 (USD 1.9m Q1, 2023). Decrease in depreciation is explained by the sale of vessels during 2023.

Net financial items were USD 0.5m for Q1, 2024 (USD 0.1m for Q1, 2023). The net financial items in 2024 are related to net interest income of USD 0.5m.

Income tax expenses were USD 0.5m for Q1, 2024 (USD 0.1m for Q1, 2023). Increase in income tax for 2024 are mainly explained by agio effects on cash holdings as taxation are done in Norwegian kroner.

Consolidated Cash Flow Statement

Three months ending March 31, 2024

Net cash provided by operating activities were USD -0.3m for the three months period ending March 31, 2024 (USD 0.8m for the three months period ending March 31, 2023). Decrease in net cash provided by operating activities are mainly a result of the decreased fleet in 2024.

Net cash received from investing activities were USD -0.3m for the three months period ending March 31, 2024 (USD -0.6m for the three months period ending March 31, 2023). Net cash used on investing activities in 2024 relates to dry-dock expenses of USD -0.3m.

Net cash used in financing activities were USD -69.3m for the three months ending March 31, 2024 (USD -0.3m for the three months ending March 31, 2023). For 2024 this is related to USD -0.05m in interest on the RCF and dividends and repayments of USD -49m to controlling interest and USD -20.2m to non-controlling interests.

Consolidated Balance Sheet

Total assets were USD 31.9m as of March 31, 2024, a decrease of USD 74.8m since December 31, 2023. The decrease is mainly driven by dividends and repayments to controlling and non-controlling interests.

Total equity was USD 30.5m as of March 31, 2024, including minority interests of USD 0.1m

Total cash and cash equivalents were USD 19.7m as of March 31, 2024, including USD 0.5m in Northern Supply.

The RCF were un-drawn as of March 31, 2024.

UNAUDITED CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

USD	Note	Q1 2024	Q1 2023
OPERATING INCOME			
Operating income	3	1 480 469	7 819 699
Total operating income		1 480 469	7 819 699
OPERATING COSTS			
Ship operating expenses		813 005	6 073 511
Administration expenses		387 459	409 616
Depreciations	4	355 215	1 944 953
Total operating expenses		1 555 679	8 428 080
NET OPERATING RESULT		-75 209	-608 381
FINANCIAL ITEMS			
Interest income		508 009	28 821
Net currency gain/(loss)		12 563	60 808
Interest costs	6	46 843	36 434
Net financial items		473 729	53 195
NET RESULT BEFORE TAX		398 520	-555 186
Tax		482 121	91 516
RESULT OF THE PERIOD		-83 601	-646 702
Attributed to majority interest	5	145 177	-589 359
Attributed to minority interest	5	-228 778	-57 344

UNAUDITED CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

USD	Note	31 March 2024	31 Dec 2023
NON-CURRENT ASSETS			
Fixed assets			
Vessels	4	9 454 694	9 519 857
Total fixed assets		9 454 694	9 519 857
Total fixed assets		9 454 694	9 519 857
CURRENT ASSETS			
Inventory			
Inventory		16 610	151 108
Accounts receivables			
Receivable ship manager		1 500 081	2 593 167
Other receivables		73 999	192 877
Trade receivables		1 157 813	4 685 417
Total receivables		2 731 893	7 471 461
Cash and cash equivalents		19 706 533	89 533 527
Total current assets		22 455 036	97 156 096
TOTAL ASSETS		31 909 730	106 675 953
EQUITY			
Paid in capital			
Share capital	5	1 927 926	1 927 926
Premium of shares	5	11 376 515	60 352 617
Total paid in equity		13 304 441	62 280 543
Other equity			
Retained earnings	5	17 133 303	17 967 494
Currency translation differences	5	-	-979 368
Total other equity		17 133 303	16 988 126
Minority interests	5	59 034	20 519 934
Total equity		30 496 777	99 788 603
LIABILITIES			
Short term liabilities			
Debt to owners	6	-	-
Debt ship manager		642 515	2 645 559
Accounts payable		94 361	3 814 173
Tax payable		615 512	302 337
Other current liabilities		60 564	125 281
Total short-term liabilities		1 412 952	6 887 350
Total liabilities		1 412 952	6 887 350
TOTAL EQUITY AND LIABILITIES		31 909 730	106 675 953

UNAUDITED CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

USD	Note	Q1 2024	Q1 2023
Cash-flow from operational activities			
Profit before tax		398 520	-555 186
Depreciations	4	355 215	1 944 953
Income tax paid		-168 946	-47 767
Change in inventories		134 498	779 954
Change in receivables and prepayments		4 739 569	-761 362
Change in payables and accruals		-5 676 042	-408 259
Change in other provisions		-64 717	-109 758
Net cash-flow from operational activities		-281 904	842 576
Cash-flow from investment activities			
Investment in fixed assets	4	-290 052	-576 224
Net-Cash-flow from investment activities		-290 052	-576 224
Cash-flow from financing activities			
Drawdown RCF	6	11 800 000	1 500 000
Repayment RCF	6	-11 800 000	-
Paid interest RCF	6	-46 813	-
Dividends and repayment to non-controlling interests	5	-20 232 122	-3 043
Dividends and repayment to controlling interests	5	-48 976 102	-1 764 245
Net cash-flow from financing activities		-69 255 038	-267 288
Net change in cash and cash-equivalents		-69 826 993	-937
Cash and cash-equivalents at beginning of period		89 533 527	8 126 943
Cash and cash-equivalents at end of period		19 706 533	8 126 006

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 - THE PURPOSE OF THE GROUP AND THE BASIS FOR CONTINUED OPERATIONS:

The Standard Supply Group ("Group") was established 9 June 2022 when SD Standard ETC Plc. transferred all its shares in Wanax AS to Standard Supply AS as a contribution in kind. The transaction established the very same shareholder structure of Standard Supply AS as had been in Wanax AS immediately prior to the transaction. The transaction represents a capital reorganization, and not a business combination. The carrying values of assets and liabilities in Wanax AS are recognized in the combined group (with Standard Supply AS as the new parent company) with the same carrying values as in Wanax AS in line with predecessor accounting (i.e. to continuity) and with no fair value adjustments. The historical comparable financial information prior to the capital reorganization described above is therefore the historical financial information for Wanax AS and its subsidiaries.

On 21 June 2022 the BoD in Standard Supply approved the purchase of 290 878 shares in Northern Supply AS bringing the total ownership to 51% for the Group. Following the acquisition, the Group gained control over Northern Supply and Northern Supply was consolidated from this point in time. The acquisition of shares in Northern Supply was accounted for as a business combination. All the vessels in Northern Supply AS were sold during 2023.

On 27 June 2022, the Group announced that it had agreed to acquire the 2012 built medium-size PSV Standard Duke for a cash consideration of USD 5 million. The vessel was held through the company Standard Duke AS, which is a wholly owned subsidiary of Wanax. The purchase of the vessel was accounted for as an asset acquisition. The Group took possession of the vessel on 1 July 2022 and the vessel was thereafter sent to UK to undergo reactivation- and drydocking. Standard Duke was sold on 7 August 2023.

On 28 June 2022, the Group announced that it had agreed to acquire the 2019 built large-sized PSV Standard Defender for a cash consideration of NOK 204 million (USD 20.7m). The vessel was held through the company Standard Defender AS, which is a 90 % owned subsidiary of Wanax. The Group took possession of the vessel on 11 October 2022 and the purchase of the vessel was accounted for as an asset acquisition. Standard Defender and Standard Viking were sold on 11 December 2023.

As of 31 March 2024, the Group own one vessel.

The Group is listed on Euronext Growth in Oslo and as of 31 March 2024 owned 53.4% by the Cyprus-based and Oslo-Stock exchange listed company SD Standard ETC Plc. SD Standard ETC Plc is an investment entity as set out in IFRS 10 and does not consolidate its subsidiaries. Investment in subsidiaries, including the Standard Supply group, are measured at fair value through profit and loss in accordance with IFRS 9.

The condensed interim financial statements are presented under the going concern assumption.

NOTE 2 - ACCOUNTING PRINCIPLES:

General information

The financial statements have been prepared in accordance with the Norwegian Accounting Act and NRS 11 Interim Financial Statements on a condensed basis. The consolidated interim financial information should be read in conjunction with the consolidated audited annual financial statements for the year ended 31 December 2023 for Standard Supply AS.

The accounting principles applied in the preparation of the condensed interim financial statements are consistent with those presented in Annual Report of 2023.

Functional currency

The financial statements are presented in USD, which is also the functional currency of the holding company and all of its subsidiaries. Northern Supply AS and Standard Defender AS changed functional currency to USD from 1 January 2023. The group is operating in the oil-service segment, where USD is considered to be the prevailing currency.

Exchange rates

Liquid assets in foreign currencies are assessed in accordance with the current exchange rate principle. Long-term liabilities are posted at the current exchange rate.

The following exchange rate is used in the accounts:

GBP/USD per 31 March 2024: 1.2611 (31.12.2023: 1.2715, 31.03.2023: 1.2369)

NOK/USD per 31 March 2024: 0.0926 (31.12.2023: 0.0983, 31.03.2023: 0.0954)

NOTE 3 - INCOME:

The Group operated one vessel during Q1 2024.

During Q1 2024 the large size PSV had a weighted average of utilizations on 100% based on availability.

Operating income related to the spot market in Q1 2024 was USD 0m and USD 1.5m related to the term market.

The Group operates in international waters, hence, there are no relevant geographical segmentation of income and costs.

NOTE 4 – FIXED ASSETS:

The Group has per end of March 2024 one vessel. The vessel is being depreciated linearly down to scrap value over an expected economic lifespan on 25 years. Activated dry-dock expenses are depreciated over the dry-dock cycle on 5 years.

Indicators of impairment have been assessed at end of March 2024 and no indicators for impairment were identified.

Vessels	2024	2023
Purchase cost 1 January	17 895 278	93 787 178
Investments	290 052	4 580 778
Sale	-	-80 643 334
Purchase cost 31 March / 31 December	18 185 330	17 724 621
Acc. depreciation 1 January	8 375 421	15 968 064
Depreciation of the period	355 215	7 586 987
Acc. depreciation sold vessels	-	-15 179 630
Acc. Depreciation 31 March / 31 December	8 730 636	8 375 421
Acc. currency translation differences	-	170 656
Book value 31 March / 31 December	9 454 694	9 519 857

NOTE 5 – EQUITY:

	Share capital	Premium of shares	Retained earnings	Currency translations	Minority interests	Total
Equity 01 January 2024	1 927 926	60 352 617	17 967 494	-979 368	20 519 934	99 788 603
Net profit for the period	-	-	145 177	-	-228 778	-83 601
Liquidation of subsidiaries reclassification	-	-	-979 368	979 368	-	-
Dividends to non-controlling interests*	-	-	-	-	-20 232 122	-20 232 122
Dividends to controlling interests	-	-48 976 102	-	-	-	-48 976 102
Total equity 31 March 2024	1 927 926	11 376 515	17 133 303	-	59 034	30 496 777

* Consists of ordinary dividends on USD 3.8m and liquidation dividends on USD 16.4m

NOTE 6 – RELATED PARTY:

The Group has a revolving credit facility (“RCF”) with its majority owner SD. Standard ETC Plc with a committed amount of USD 20m and the maturity date is 31 December 2024. Interest is calculated based on Term SOFR 3m and a margin of 5%. As of 31 March 2024, the RCF was un-drawn. Interest expense amounts to 46 813 USD.

Other transactions with related parties for the three months period ending 31 March 2024:

Tycoon Industrier AS: Fee for CFO services – USD 21 506

Ferncliff TIH AS: Fee management services – USD 107 526

Standard Invest AS: Fee for CEO services – USD 35 843.

NOTE 7 – SUBSIDIARIES:

Name of entity	Office	Ownership	Voting rights
Standard Supplier AS – Under liquidation	Oslo	100 %	100 %
Standard Viking AS – Under liquidation	Oslo	100 %	100 %
Standard Defender AS – Under liquidation	Oslo	90 %	90 %
Northern Supply AS – Under liquidation	Oslo	51 %	51 %
Wanax AS	Oslo	100 %	100 %

NOTE 8 – SUBSEQUENT EVENTS:

On 20 March 2024, the Group announced that it had agreed to sell the large-size PSV Standard Supplier for gross proceeds of USD 22.7 million. The transaction was completed on 3rd April 2024 and the estimated gain to be recognized in the 2nd quarter 2024 is USD 12.8 million.

Standard Supply AS

Financial Calendar (Release of Financial Reports)

Q1 2024	16 May 2024
Q2 2024	23 August 2024
Q3 2024	15 November 2024

<https://standard-supply.com/>