

**STANDARD SUPPLY AS
THIRD QUARTER REPORT 2024**



STANDARD SUPPLY

CONTENTS

THIRD QUARTER MANAGEMENT REPORT

INTERIM CONDENSED INCOME STATEMENT

INTERIM CONDENSED BALANCE SHEET

INTERIM CONDENSED CASH FLOW STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Third Quarter Management Report 2024

Key Financials

<i>(Amounts in USD 000)</i>	Three Months Ended		Nine Months Ended	
	2024 Q3	2023 Q3	2024 YTD Q3	2023 YTD Q3
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating income, adjusted*	-	12 392	1 537	32 726
EBITDA	-2 257	6 451	-2 262	13 655
Net profit	-1 372	7 839	11 790	11 201

*Excluding net gain on sale of vessels USD 12.8m in 2024 and USD 4m in 2023.

Highlights Third Quarter 2024

- The Group reported EBITDA of USD -2.3 million and net profit of USD -1.4 million.
- Distributed NOK 1.00 per share.
- Cash at quarter end of USD 25.7 million.

Subsequent events

- Standard Supply AS's Board of Directors proposed to distribute an extraordinary dividend of NOK 1.10 per share, corresponding to NOK 206 million in total. The distribution was approved by an extraordinary general meeting of the Company on 9 October 2024, and paid on 22 October.
- The extraordinary general meeting on 9 October 2024 also approved a share capital increase of nine share to facilitate for the share consolidation (reverse share split) in a ratio of 100:1, i.e. one hundred (100) old shares to one (1) new share. Both transactions were completed and registered in late October 2024.
- Standard Viking AS, Standard Defender AS and Northern Supply AS were dissolved on 9 October 2024. See note 8 for a complete list of subsidiaries.
- Standard Supply AS has terminated the management services agreement with Ferncliff TIH AS.

Third Quarter Management Report 2024 (Continued)

Consolidated Income Statement

Three months ending September 30, 2024

Operating revenues were USD 0m for Q3, 2024 (USD 16.4m for Q3, 2023). The last vessel Standard Supplier was sold on 3rd April 2024.

Ship operating expenses were USD 0.4m for Q3, 2024 (USD 5.6m for Q3, 2023). The expenses in Q3 2024 consists of deductibles and write-down on the insurance claim related to the repair of one of the azimuth thrusters on Standard Supplier.

General and administrative expenses were USD 1.8m for Q3, 2024 (USD 0.3m for Q3, 2023). The increase is mainly explained by bonuses to management and extraordinary remuneration to the Board of Directors, approved by the general meeting in October 2024.

Depreciation was USD 0.0m for Q3, 2024 (USD 2.2m for Q3, 2023). Decrease in depreciation is explained by the sale of the last vessel in the fleet.

Net financial items were USD 0.9m for Q3, 2024 (USD -0.5m for Q3, 2023). The net financial items in 2024 are related to interest income of USD 0.5m and net currency gain of USD 0.4m.

Nine months ending September 30, 2024

Operating revenues were USD 14.3m for the nine months ending September 30, 2024 (USD 36.8m for the nine months ending September 30, 2023). For 2024, USD 12.8m were related to net gain on sale of Standard Supplier and 1.5m related to net charter hire up to the sale on 3rd April 2024. 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 1.3m for the nine months ending September 30, 2024 (USD 17.9m for the nine months ending September 30, 2023). The reduction is explained by the Group sold its last vessel on 3rd April 2024.

General and administrative expenses were USD 2.5m for the nine months ending September 30, 2024 (USD 1.1m for the nine months ending September 30, 2023). The increase is mainly explained by bonuses to management and extraordinary remuneration to the Board of Directors, approved by the general meeting in October 2024 (USD 1.4m).

Depreciation was USD 0.4m for the nine months ending September 30, 2024 (USD 6.1m for the nine months ending September 30, 2023). Decrease in depreciation is explained by the sale of vessels during 2023 and the last vessel early in Q2 2024.

Net financial items were USD 2.2m for the nine months ending September 30, 2024 (USD -0.2m for the nine months ending September 30, 2023). The net financial items in 2024 are related to net interest income of USD 1.8m and net currency gain of USD 0.4m.

Income tax expenses were USD 0.6m for the nine months ending September 30, 2024 (USD 0.2m for the nine months ending September 30, 2023). The increase in income tax for 2024 are mainly explained by agio effects on cash holdings as taxation is done in Norwegian kroner.

Consolidated Cash Flow Statement

Nine months ending September 30, 2024

Net cash provided by operating activities were USD 1.4m for the nine months period ending September 30, 2024 (USD 12.0m for the nine months period ending September 30, 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 21.9m for the nine months period ending September 30, 2024 (USD 7.8m for the nine months period ending September 30, 2023). Net cash received from investing activities in 2024 relates to net proceeds from the sale of Standard Supplier of USD 22.2m and dry-dock expenses of USD 0.3m.

Net cash used in financing activities were USD -87.1m for the nine months ending September 30, 2024 (USD -18.4m for the nine months ending September 30, 2023). For 2024 this is related to USD -0.05m in interest on the RCF and dividends and repayments of USD 66.9m to controlling interest and USD 20.2m to non-controlling interests.

Consolidated Balance Sheet

Total assets were USD 26.6m as of September 30, 2024, a decrease of USD 80.1m since December 31, 2023. The decrease is mainly driven by dividends and repayments to controlling and non-controlling interests.

Total equity was USD 24.5m as of September 30, 2024, including minority interests of USD 0.2m

Total cash and cash equivalents were USD 25.7m as of September 30, 2024, including USD 0.4m in Northern Supply.

The RCF were un-drawn as of September 30, 2024.

UNAUDITED CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

USD	Note	Q3 2024	Q3 2023	YTD Q3 2024	YTD Q3 2023
OPERATING INCOME					
Operating income	3	-	12 392 458	1 536 688	32 726 072
Net gain sale of vessels	4,6	-	4 044 571	12 774 227	4 044 571
Total operating income		-	16 437 028	14 310 915	36 770 643
OPERATING COSTS					
Ship operating expenses		447 509	5 604 664	1 347 287	17 922 381
Administration expenses	6,7	1 809 606	336 959	2 451 769	1 149 060
Depreciations	4	-	2 157 327	363 795	6 064 378
Total operating expenses		2 257 115	8 098 950	4 162 851	25 135 818
NET OPERATING RESULT		-2 257 115	8 338 078	10 148 064	11 634 824
FINANCIAL ITEMS					
Interest income		547 308	77 521	1 863 601	187 813
Net currency gain/(loss)		349 266	-478 012	378 334	-247 133
Interest costs	6	34	66 126	46 877	168 637
Net financial items		896 539	-466 617	2 195 058	-227 957
NET RESULT BEFORE TAX		-1 360 575	7 871 461	12 343 123	11 406 867
Tax		11 484	32 948	553 621	205 717
RESULT OF THE PERIOD		-1 372 059	7 838 513	11 789 502	11 201 150
Attributed to majority interest	5	-1 374 609	6 767 986	11 866 122	9 007 065
Attributed to minority interest	5	2 550	1 070 526	-76 620	2 194 085

UNAUDITED CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

USD	Note	30 Sept 2024	31 Dec 2023
NON-CURRENT ASSETS			
Fixed assets			
Vessels	4	-	9 519 857
Total fixed assets		-	9 519 857
Total fixed assets		-	9 519 857
CURRENT ASSETS			
Inventory			
Inventory		-	151 108
Accounts receivables			
Receivable ship manager		765 231	2 593 167
Other receivables		101 572	192 877
Trade receivables		-	4 685 417
Total receivables		866 803	7 471 461
Cash and cash equivalents		25 703 771	89 533 527
Total current assets		26 570 573	97 156 096
TOTAL ASSETS		26 570 573	106 675 953
EQUITY			
Paid in capital			
Share capital	5	1 927 926	1 927 926
Premium of shares	5	5 524 200	60 352 617
Total paid in equity		7 452 126	62 280 543
Other equity			
Retained earnings	5	16 828 335	17 967 494
Currency translation differences	5	-	-979 368
Total other equity		16 828 335	16 988 126
Minority interests	5	211 193	20 519 934
Total equity		24 491 654	99 788 603
LIABILITIES			
Short term liabilities			
Debt to owners	6	-	-
Debt ship manager		169 189	2 645 559
Accounts payable		347 755	3 814 173
Tax payable		148 624	302 337
Other current liabilities		1 413 352	125 281
Total short-term liabilities		2 078 920	6 887 350
Total liabilities		2 078 920	6 887 350
TOTAL EQUITY AND LIABILITIES		26 570 573	106 675 953

UNAUDITED CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

USD	Note	YTD Q3 2024	YTD Q3 2023
Cash-flow from operational activities			
Profit before tax		12 343 123	11 406 867
Depreciations	4	363 795	6 064 378
Income tax paid		-707 334	-147 714
Gain on sale of vessels	4	-12 774 227	-4 044 571
Change in inventories		151 108	895 585
Change in receivables and prepayments		6 604 659	-1 968 309
Change in payables and accruals		-5 895 974	-186 885
Change in other provisions		1 288 070	-36 262
Net cash-flow from operational activities		1 373 220	11 983 088
Cash-flow from investment activities			
Investment in fixed assets	4	-290 052	-2 738 359
Net proceeds from sale of vessel	4	22 220 341	10 523 753
Net-Cash-flow from investment activities		21 930 289	7 785 394
Cash-flow from financing activities			
Drawdown RCF	6	11 800 000	2 700 000
Repayment RCF	6	-11 800 000	-2 700 000
Paid interest RCF	6	-46 813	-92 453
Dividends and repayment to non-controlling interests	5	-20 232 122	-2 094 034
Dividends and repayment to controlling interests	5	-66 854 330	-16 181 120
Net cash-flow from financing activities		-87 133 265	-18 367 606
Net change in cash and cash-equivalents		-63 829 756	1 400 876
Cash and cash-equivalents at beginning of period		89 533 527	8 126 943
Cash and cash-equivalents at end of period		25 703 771	9 527 819

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 was 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 30 September 2024, the Group owns no vessels after the sale of Standard Supplier on 3rd April 2024.

The Group is listed on Euronext Growth in Oslo and as of 30 September 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 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 30 Sept 2024: 1.3401 (31.12.2023: 1.2715, 30.09.2023: 1.2253)

NOK/USD per 30 Sept 2024: 0.0952 (31.12.2023: 0.0983, 30.09.2023: 0.0941)

NOTE 3 - INCOME:

The Group operated one large size PSV (Platform supply vessel) until 3rd April 2024.

The large size PSV had a weighted average of utilizations on 100% based on availability for the whole period.

Operating income in the period is solely 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:

As of September 30, 2024, the group owns no vessels. The vessel has during the period been depreciated linearly down to scrap value over an expected economic lifespan of 25 years. Activated dry-dock expenses are depreciated over the dry-dock cycle on 5 years.

Vessels	2024	2023
Purchase cost 1 January	17 895 278	93 787 178
Investments	290 052	4 580 778
Sale	-18 185 330	-80 643 334
Purchase cost 30 September / 31 December	-	17 724 621
Acc. depreciation 1 January	8 375 421	15 968 064
Depreciation of the period	363 795	7 586 987
Acc. depreciation sold vessels	-8 739 215	-15 179 630
Acc. Depreciation 30 September / 31 December	-	8 375 421
Acc. currency translation differences	-	170 656
Book value 30 September / 31 December	-	9 519 857

The Group sold its last vessel Standard Supplier on 3rd April 2024. At time of sale, the book value of the vessel was USD 9.4m. Net proceeds from these sales was USD 22.2m which resulted in a net gain on USD 12.8m

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	-	-	11 866 122	-	-76 620	11 789 502
Liquidation of subsidiaries reclassification	-	-	-979 368	979 368	-	-
Dividends to non-controlling interests*	-	-	-	-	-20 232 122	-20 232 122
Dividends to controlling interests	-	-54 828 417	-12 025 913	-	-	-66 854 330
Total equity 30 September 2024	1 927 926	5 524 200	16 828 335	-	211 193	24 491 654

* 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 30 September 2024, the RCF was un-drawn. Interest expense amounts to 46 813 USD.

Other transactions with related parties for the nine months period ending 30 September 2024:

Tycoon Industrier AS: Fee for CFO services – USD 63 386, Office rental – USD 21 143 – Total USD 84 529

Ferncliff TIH AS: Fee management services and expenses – USD 388 179, Fee assistance with the sale of one vessel – USD 227 330 – Total USD 615 509. The management services agreement with Ferncliff TIH AS has been terminated, see note 9.

Standard Invest AS: Fee for CEO services – USD 105 643.

NOTE 7 – ADMINISTRATION EXPENSES:

Administration expenses consist of:

	2024	2023
Corporate Management fee	559 898	845 515
Consultant, accountant, and other fees	440 406	52 859
Legal fee	169 631	61 373
Auditor's remuneration	46 825	70 871
Board of Director's remuneration	849 114	41 964
Other costs	385 896	76 478
Total for the nine months period ending 30 September	2 451 769	1 149 060

NOTE 8 – 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 – Under liquidation	Oslo	100 %	100 %
Standard Opportunities AS*	Oslo	100 %	100 %

*Empty company established for potential investments.

NOTE 9 – SUBSEQUENT EVENTS:

Standard Supply AS's Board of Directors have proposed to distribute an extraordinary dividend of NOK 1.10 per share. The distribution was approved by an extraordinary general meeting of the Company on 9 October 2024, and paid on 22 October 2024.

The extraordinary general meeting on 9 October 2024 also approved a share capital increase of nine share to facilitate for the share consolidation (reverse share split) in a ratio of 100:1, i.e. one hundred (100) old shares to one (1) new share. Both transactions were completed and registered in late October 2024.

Standard Viking AS, Standard Defender AS and Northern Supply AS were dissolved on 9 October 2024.

Standard Supply AS has terminated the management services agreement with Ferncliff TIH AS.

Standard Supply AS

Financial Calendar (Release of Financial Reports)

Q3 2024

15 November 2024

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