

STANDARD SUPPLY AS
FOURTH QUARTER REPORT 2023



STANDARD**SUPPLY**

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FOURTH QUARTER MANAGEMENT REPORT

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Fourth Quarter Management Report 2023

Key Financials

	Three Months Ended		Twelve Months Ended	
	2023 Q4	2022 Q4	2023 YTD Q4	2022 YTD Q4
(Amounts in USD 000)	Unaudited	Unaudited	Unaudited	Audited
Operating income, adjusted*	6 713	7 951	39 440	22 430
EBITDA	1 501	1 200	15 156	6 454
Net profit	30 402	-778	41 603	1 811

*Excluding net gain on sale of vessels USD 29.8m in Q4 2023 and USD 33.9m in 2023.

Highlights Fourth Quarter 2023

- The Group reported EBITDA of USD 1.5 million and net profit of USD 30.4 million.
- Time charter equivalent earnings of USD 16,900 per day and utilization of 100 % based on availability.
- Recognized net gain on sale of vessels of USD 29.8 million.
- Cash at quarter end of USD 89.5 million.

Fleet overview

Vessels	Built	Deck (m2)	Employment	Dayrate*	Firm end	Option end
Standard Supplier	2007	1 060	TC	23,500	June.24	Nov.24

*Note contracts converted to USD utilizing current GBP/ EURO conversions.

Subsequent events

- Standard Supplier, the only remaining vessel in the fleet, was back on hire on January 27th, 2024.
- Declared cash distribution of NOK 2.75 per share.

Fourth Quarter Management Report 2023 (Continued)

Consolidated Income Statement

Three months ending December 31, 2023

Operating revenues were USD 36.5m for Q4, 2023 (USD 8.0m for Q4, 2022). USD 29.8m were related to net gain on sale of seven vessels and USD 1.5m were related to Standard Duke and Standard Defender in 2023 which had USD 1m in operating revenues in Q4 2022. Operating revenues from Standard Viking, Standard Supplier and Northern Supply has decreased with USD 1.7m in Q4 2023 compared to Q4 2022, explained by Standard Supplier being off-hire due to repair of one of the azimuth thrusters from late October.

Ship operating expenses were USD 4.6m for Q4, 2023 (USD 6.3m for Q4, 2022). Ship operating expenses for the three months period in 2023 include USD 0.8m in expenses from Standard Defender and Standard Duke which had USD 1.4m in Q4 2022. The reduction is related to Standard Duke being sold in Q3 2023. Ship operating expenses from Standard Viking, Standard Supplier and Northern Supply has decreased with USD 1.1m in Q4 2023 compared to Q4 2022.

General and administrative expenses were USD 0.6m for Q4, 2023 (USD 0.5m for Q4, 2022).

Depreciation were USD 1.5m for Q4, 2023 (USD 1.8m Q4, 2022). Decrease in depreciation is explained by the sale of vessels during Q4 2023.

Net financial items were USD 0.7m for Q4, 2023 (USD -0.1m for Q4, 2022). The net financial items in 2023 are related to a USD 0.4m net currency gain, and net interest income of USD 0.3m.

Twelve months ending December 31, 2023

Operating revenues were USD 73.3m for the twelve months ending December 31, 2023 (USD 22.4m for the twelve months ending December 31, 2022). USD 33.9m were related to net gain on sale of eight vessels and USD 9.6m were related to Standard Duke and Standard Defender in 2023 which had limited operating revenues in 2022 (USD 1m) as these vessels were operational only from Q4 2022. Northern Supply were consolidated from June 21, 2022, and operating revenue in 2023 were USD 19.9m compared to USD 12.4m for 2022. Revenues from Northern Supply for the first half of 2023 were USD 9.4m above first half of 2022 given the time of consolidation and revenues for second half of 2023 are USD 1.8m below second half of 2022 given the sale of FS Balmoral in early October 2023. Operating revenues from Standard Viking and Standard Supplier has increased with USD 0.9m in 2023 compared to 2022 given increased day rates although negatively affected by Standard Supplier being off-hire due to repair from late October 2023.

Ship operating expenses were USD 22.5m for the twelve months ending December 31, 2023 (USD 14.1m for the twelve months ending December 31, 2022). Ship operating expenses for the twelve months period in 2023 include USD 16.7m in expenses related to Northern Supply, Standard Duke and Standard Defender and the comparative figures for 2022 are USD 8.3m. Ship operating expenses has increased in 2023 as the Group took possession of Standard Duke and Standard Defender in second half of 2022 and Northern Supply was consolidated from June 21, 2022.

General and administrative expenses were USD 1.8m for the twelve months ending December 31, 2023 (USD 1.8m for the twelve months ending December 31, 2022). USD 0.5m were related to Northern Supply, Standard Duke and Standard Defender in 2023 and the comparative figures for 2022 are USD 0.2m. In addition, the comparative figures for 2022 includes approximately 0.6m in one-off costs associated with the Euronext Growth listing.

Depreciation were USD 7.6m for the twelve months ending December 31, 2023 (USD 4.7m for the twelve months ending December 31, 2022). Increase in depreciation is explained by the full year effect of the net increase in the fleet of vessels during 2022.

Net financial items were USD 0.5m for the twelve months ending December 31, 2023 (USD -0.5m for the twelve months ending December 31, 2022). The financial items in 2023 relates to a USD 0.1m net currency gain, interest income on bank deposits of USD 0.6m and interest cost on the RCF of USD -0.2m

Consolidated Cash Flow Statement

Twelve months ending December 31, 2023

Net cash provided by operating activities were USD 20.4m for the twelve months period ending December 31, 2023 (USD 4.2m for the twelve months period ending December 31, 2022). Increase in net cash provided by operating activities are mainly a result of the increased fleet and reduction of net working capital in 2023.

Net cash received from investing activities were USD 94.7m for the twelve months period ending December 31, 2023 (USD -35.4m for the twelve months period ending December 31, 2022). Net cash received from investing activities in 2023 relates to a net proceed of USD 99.3m from sale of eight vessels and investments in ballast water treatment systems and dry-dock expenses of USD -4.6m.

Net cash used in financing activities were USD -33.8m for the twelve months ending December 31, 2023 (USD 24.7m for the twelve months ending December 31, 2022). For 2023 this is related to USD -0.1m in interest on the RCF and dividends and repayments of USD -24.9m to controlling interest and USD -8.7m to non-controlling interests.

Consolidated Balance Sheet

Total assets were USD 106.7m as of December 31, 2023, an increase of USD 11.7m since December 31, 2022. The increase is mainly driven by gain on sale of vessels.

Total equity was USD 99.8m as of December 31, 2023, including minority interests of USD 20.5m

Total cash and cash equivalents were USD 89.5m as of December 31, 2023, including USD 38.8m in Northern Supply.

The RCF were un-drawn as of December 31, 2023.

UNAUDITED CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

USD	Note	Q4 2023	Q4 2022	YTD Q4 2023	YTD Q4 2022
OPERATING INCOME					
Operating income	3	6 713 497	7 950 660	39 439 569	22 430 209
Net gain sale of vessels	4,7	29 808 253	-	33 852 824	-
Total operating income		36 521 750	7 950 660	73 292 392	22 430 209
OPERATING COSTS					
Ship operating expenses		4 591 044	6 251 037	22 513 425	14 129 841
Administration expenses	7	621 185	499 905	1 770 244	1 846 299
Depreciations	4	1 522 609	1 820 627	7 586 987	4 728 508
Total operating expenses		6 734 838	8 571 569	31 870 657	20 704 647
NET OPERATING RESULT		29 786 911	-620 909	41 421 736	1 725 562
Share of income in associated company		-	-	-	759 306
FINANCIAL ITEMS					
Interest income		352 505	31 198	540 318	39 519
Net currency gain/(loss)		388 597	56 606	141 463	-180 023
Interest costs	7	31 541	155 897	200 178	366 895
Net financial items		709 561	-68 092	481 603	-507 399
NET RESULT BEFORE TAX		30 496 472	-689 001	41 903 339	1 977 470
Tax		94 608	89 241	300 325	166 490
RESULT OF THE PERIOD		30 401 864	-778 242	41 603 014	1 810 980
Attributed to majority interest	5	23 644 831	-950 031	32 651 897	-28 591
Attributed to minority interest	5	6 757 032	171 790	8 951 117	1 839 570

UNAUDITED CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

USD	Note	31 Dec 2023	31 Dec 2022
NON-CURRENT ASSETS			
Fixed assets			
Vessels	4	9 519 857	77 989 771
Total fixed assets		9 519 857	77 989 771
Total fixed assets		9 519 857	77 989 771
CURRENT ASSETS			
Inventory			
Inventory		151 108	1 119 293
Accounts receivables			
Receivable ship manager		2 593 167	771 443
Other receivables		192 877	190 282
Accrued income		-	879 867
Trade receivables		4 685 417	5 967 414
Total receivables		7 471 461	7 809 007
Cash and cash equivalents		89 533 527	8 126 943
Total current assets		97 156 096	17 055 242
TOTAL ASSETS		106 675 953	95 045 013
EQUITY			
Paid in capital			
Share capital	5	1 927 926	1 927 926
Premium of shares	5	60 352 617	83 504 766
Total paid in equity		62 280 543	85 432 692
Other equity			
Retained earnings	5	17 967 494	-12 917 419
Currency translation differences	5	-979 368	-979 369
Total other equity		16 988 126	-13 896 788
Minority interests	5	20 519 934	20 309 088
Total equity		99 788 603	91 844 992
LIABILITIES			
Short term liabilities			
Debt to owners	7	-	-
Debt ship manager		2 645 559	2 429 508
Accounts payable		3 814 173	441 028
Tax payable		302 337	169 430
Other current liabilities		125 281	160 055
Total short-term liabilities		6 887 350	3 200 022
Total liabilities		6 887 350	3 200 022
TOTAL EQUITY AND LIABILITIES		106 675 953	95 045 013

UNAUDITED CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

USD	Note	YTD Q4 2023	YTD Q4 2022
Cash-flow from operational activities			
Profit before tax		41 903 339	1 977 470
Share of income in associated company		-	-759 306
Depreciations	4	7 586 987	4 728 508
Income tax paid		-167 418	-49 657
Gain on sale of vessels	4	-33 852 824	-
Change in inventories		968 185	-927 342
Change in receivables and prepayments		337 545	-31 836
Change in payables and accruals		3 687 904	-90 289
Change in other provisions		-34 772	-653 281
Net cash-flow from operational activities		20 428 946	4 194 267
Cash-flow from investment activities			
Cash used in business combination net of cash acquired		-	-814 492
Net proceeds from sale of vessel	4	99 316 528	-
Investment in fixed assets	4	-4 580 778	-34 626 545
Net-Cash-flow from investment activities		94 735 750	-35 441 037
Cash-flow from financing activities			
Share issuance		-	35 401 301
Share issuance non-controlling interests		-	2 044 688
Drawdown RCF	7	3 700 000	19 900 000
Repayment RCF	7	-3 700 000	-19 900 000
Paid interest RCF	7	-98 709	-314 554
Dividends and repayment to non-controlling interests	5	-8 743 010	-1 245 994
Dividends and repayment to controlling interests	5	-24 916 394	-11 147 899
Net cash-flow from financing activities		-33 758 113	24 737 542
Net change in cash and cash-equivalents		81 406 584	-6 509 228
Cash and cash-equivalents at beginning of period		8 126 943	14 636 171
Cash and cash-equivalents at end of period		89 533 527	8 126 943

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 was sold on 11 December 2023.

The purpose of the Group is to operate the offshore supply vessels (PSV) and all other business related therewith to the most profitable outcome for the owners. The Groups administration is in Oslo.

The Group sold eight of the vessels during 2023 and as of 31 December 2023 the Group own one vessel which is off-hire due to repair of one of the azimuth thrusters.

The Group is listed on Euronext Growth in Oslo and as of 30 September 2023 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 2022 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 December 2023: 1.2715 (31.12.2022: 1.2026)

NOK/USD per 31 December 2023: 0.0983 (31.12.2022: 0.1014)

NOTE 3 - INCOME:

The Group sold seven of the vessels during Q4 2023 and as of 31 December 2023 the Group own one vessel.

During 2023 the three large size PSVs had a weighted average of utilizations on 94 % (100% in Q4 2023) based on availability.

During 2023 the five medium size PSVs in Northern Supply and the one medium sized PSV owned 100% had a weighted average of utilization on 89% (100% in Q4 2023) based on availability.

Operating income related to the spot market in 2023 was USD 3.8m (USD 0m for Q4 2023) and USD 35.6m (USD 6.7m for Q4 2023) 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 as per year-end 2023 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 year-end 2023 and no indicators for impairment were identified.

Vessels	2023	2022
Purchase cost 1 January	93 787 178	30 056 569
Vessels acquired through business combination	-	29 104 064
Investments	4 580 778	34 626 545
Sale	-80 643 334	
Purchase cost 31 December	17 724 621	93 787 178
Acc. depreciation 1 January	15 968 064	11 239 556
Depreciation of the period	7 586 987	4 728 508
Acc. depreciation sold vessels	-15 179 630	
Acc. Depreciation 31 December	8 375 421	15 968 064
Acc. currency translation differences	170 656	170 656
Book value 31 December	9 519 857	77 989 771

The Group sold eight vessels during 2023. At time of sale, the book value of these vessels was USD 65.4m. Net proceeds from these sales was USD 99.3m which resulted in a net gain on USD 33.9m

NOTE 5 – EQUITY:

	Share capital	Premium of shares	Retained earnings	Currency translations	Minority interests	Total
Equity 01 January 2023	1 927 926	83 504 766	-12 917 419	-979 369	20 309 088	91 844 992
Net profit for the period	-	-	32 651 897	-	8 951 117	41 603 014
Dividends to non-controlling interests	-	-	-2 739	1	-8 740 271	-8 743 009
Dividends to controlling interests	-	-23 152 149	-1 764 245	-	-	-24 916 394
Total equity 31 December 2023	1 927 926	60 352 617	17 967 494	-979 368	20 519 934	99 788 603

NOTE 6 – SUBSIDIARIES:

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

NOTE 7 – 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 December 2023, the RCF was un-drawn. Interest expense including amortization of arrangement fee amounts to 198 709 USD.

Other transactions with related parties for the twelve months period ending 31 December 2023:

Tycoon Industrier AS: Fee for CFO services - USD 134 537

Ferncliff TIH AS: Fee management services - USD 430 233, Fee assistance with the sale of eight vessels – USD 796 970 – Total USD 1 227 203

Standard Invest AS: Fee for CEO services - USD 326 773.

NOTE 8 – SUBSEQUENT EVENTS:

Standard Supply AS's Board of Directors has decided to distribute an additional distribution of NOK 2.75 per share. Further information will be given in due course.

The sale of Standard Supplier, which was published 12 December 2023, was cancelled 17 January 2024, as Standard Supply was not able to deliver the vessel to the Buyer within the time frame set out in the Memorandum of Agreement due to the repair of the Azimuth thruster. The repair was completed end of January 2024 and Standard Supplier returned to the term contract with BP UK at a rate of USD 23,500 per day.

Standard Supply AS

Financial Calendar (Release of Financial Reports)

Q4 2023	15 February 2024
Annual Report 2023	15 February 2024
Annual General Meeting	07 March 2024
Q1 2024	16 May 2024
Q2 2024	23 August 2024
Q3 2024	15 November 2024

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

About Standard Supply:

Standard Supply owns a fleet of one (1) large-sized Platform Supply Vessel (PSV). Standard Supply will actively seek further growth opportunities and has a clear ambition to return excess cash to its shareholders.