

**STANDARD SUPPLY AS**  
**SECOND QUARTER REPORT 2023**



**STANDARD****SUPPLY**

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# Second Quarter Management Report 2023

## Key Financials

	Three Months Ended		Six Months Ended	
	2023 Q2	2022 Q2	2023 YTD Q2	2022 YTD Q2
(Amounts in USD 000)	Unaudited	Unaudited	Unaudited	Unaudited
Operating income	12 514	2 563	20 334	4 761
EBITDA	5 867	-27	7 204	448
Net profit	4 009	235	3 363	-388

## Highlights Second Quarter

- The Group reported EBITDA of USD 5.9 million and net profit of USD 4.0 million for the second quarter of 2023.
- Time charter equivalent earnings of USD 15,600 per day and utilization of 97 % based on availability.
- Total cash distribution of NOK 0.70/sh:
  - NOK 0.20/sh from operational result.
  - NOK 0.50/sh from the sale of Standard Duke.
- Consolidated net cash position of USD 15.3 million and USD 10.4 million when adjusted for ownership.

## Subsequent events

- Achieved time charter equivalent earnings of USD 17,700 per day in July with utilization of 99% based on availability.
- Sold Standard Duke for gross consideration of USD 11 million with delivery in early August.
- Repaid revolving credit facility (RCF) of USD 2.7 million.
- New contracts:
  - 5-months contract for Standard Defender at USD 22,500 per day starting September in West Africa.
  - 2-3 months contract for FS Balmoral at USD 33,700 per day starting early September.
  - 3-months contract for FS Crathes at USD 15,100 per day starting mid-August.

## Commercial update

During the second quarter the Group had nine (9x) PSVs in operation, all trading on the UK continental shelf. Below excludes Standard Duke that was sold in August 2023.

Vessels	Built	Deck (m2)	Employment	Dayrate*	Firm end	Option end
Standard Viking	2007	1 060	TC	16 500	feb.24	
Standard Supplier	2007	1 060	TC	23,700	jun.24	nov.24
Standard Defender	2019	900	TC	25 100/ 22 500	mar.24	
FS Balmoral	2008	710	TC	33,700	nov.23	
FS Kristiansand	2005	710	TC	16 500	okt.23	jan.24
FS Braemar	2007	710	TC	18 500	sep.23	mar.24
FS Abergeldie	2008	680	TC	8 800	okt.23	apr.25
FS Crathes	2008	680	TC	15 000	nov.23	feb.24

\*Note contracts converted to USD utilizing current GBP/ EURO conversions basis 30.6.2023.

# Second Quarter Management Report 2023 (Continued)

## Consolidated Income Statement

### *Three months ending June 30, 2023*

Operating revenues were USD 12.5m for Q2, 2023 (USD 2.6m for Q2, 2022). USD 9.6m were related to Northern Supply, Standard Duke and Standard Defender in 2023. Northern Supply were consolidated from June 21, 2022.

Operating expenses were USD 6.2m for Q2, 2023 (USD 1.8m for Q2, 2022). Operating expenses for the three months period in 2023 include USD 4.7m in expenses from Northern Supply, Standard Duke and Standard Defender. Northern Supply were consolidated from June 21, 2022.

General and administrative expenses were USD 0.4m for Q2, 2023 (USD 0.8m for Q2, 2022). The comparative figures include approximately USD 0.5m in costs associated with the Euronext Growth listing.

Depreciation were USD 2.0m for Q2, 2023 (USD 0.7m Q2, 2022). Increase in depreciation is explained by net increase in the fleet of vessels during 2022.

Net financial items were USD 0.2m for Q2, 2023 (USD -0.1m for Q2, 2022).

### *Six months ending June 30, 2023*

Operating revenues were USD 20.3m for the six months ending June 30, 2023 (USD 4.8m for the six months ending June 30, 2022). USD 15.6m were related to Northern Supply, Standard Duke and Standard Defender in 2023. Northern Supply were consolidated from June 21, 2022

Operating expenses were USD 12.3m for the six months ending June 30, 2023 (USD 3.4m for the six months ending June 30, 2022). Operating expenses for the six months period in 2023 include USD 9.3m in expenses from Northern Supply, Standard Duke and Standard Defender.

General and administrative expenses were USD 0.8m for the six months ending June 30, 2023 (USD 1.0m for the six months ending June 30, 2022). USD 0.2m were related to Northern Supply, Standard Duke and Standard Defender in 2023 and the comparative figures includes approximately 0.5m in one-off costs associated with the Euronext Growth listing.

Depreciation were USD 3.9m for the six months ending June 30, 2023 (USD 1.3m for the six months ending June 30, 2022). Increase in depreciation is explained by net increase in the fleet of vessels during 2022.

Net financial items were USD 0.2m for the six months ending June 30, 2023 (USD -0.3m for the six months ending June 30, 2022). The financial items in 2023 relates to a USD 0.2 currency gain, interest income on bank deposits on 0.1m and interest cost on the RCF on USD 0.1m

## Consolidated Cash Flow Statement

### *Six months ending June 30, 2023*

Net cash provided by operating activities were USD 4.4m for the six months period ending June 30, 2023 (USD 1.5m for the six months period ending June 30, 2022). Increase in net cash provided by operating activities are mainly driven by an increase in EBITDA and reduced by an increase in trade receivables in 2023.

Net cash used in investing activities were USD -2.0m for the six months period ending June 30, 2023 (USD -11.4m for the six months period ending June 30, 2022). Cash used for investing activities in 2023 relates to investments in ballast water treatment systems and dry-dock expenses.

Net cash used in financing activities were USD -1.1m for the six months ending June 30, 2023 (USD 3.8m for the six months ending June 30, 2022). For 2023 this is related to USD 2.7m in drawdown on the RCF and dividends and repayments of USD -3.8m to controlling interest.

## Consolidated Balance Sheet

Total assets were USD 96.6m as of June 30, 2023.

Total equity was USD 91.4m as of June 30, 2023, including minority interests of USD 21.4m

Total cash and cash equivalents were USD 9.4m as of June 30, 2023, including USD 5.7m in Northern Supply.

Total draw-down on RCF were USD 2.7m by June 30, 2023.

## UNAUDITED CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

USD	Note	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022
<b>OPERATING INCOME</b>					
Operating income	3	12 513 915	2 562 853	20 333 614	4 761 081
<b>Total operating income</b>		<b>12 513 915</b>	<b>2 562 853</b>	<b>20 333 614</b>	<b>4 761 081</b>
<b>OPERATING COSTS</b>					
Ship operating expenses		6 244 205	1 819 105	12 317 717	3 350 534
Administration expenses		402 485	771 059	812 101	962 315
Depreciations	4	1 962 097	664 926	3 907 051	1 282 507
<b>Total operating expenses</b>		<b>8 608 788</b>	<b>3 255 089</b>	<b>17 036 868</b>	<b>5 595 357</b>
<b>NET OPERATING RESULT</b>		<b>3 905 128</b>	<b>-692 236</b>	<b>3 296 746</b>	<b>-834 275</b>
Share of income in associated company		-	1 112 096	-	759 306
<b>FINANCIAL ITEMS</b>					
Interest income		81 470	10 719	110 292	11 441
Net currency gain/(loss)		170 070	-3 212	230 879	-126 075
Interest costs	7	66 076	150 199	102 511	146 485
<b>Net financial items</b>		<b>185 465</b>	<b>-142 693</b>	<b>238 660</b>	<b>-261 120</b>
<b>NET RESULT BEFORE TAX</b>		<b>4 090 592</b>	<b>277 167</b>	<b>3 535 406</b>	<b>-336 089</b>
Tax		81 253	42 092	172 769	51 499
<b>RESULT OF THE PERIOD</b>		<b>4 009 340</b>	<b>235 075</b>	<b>3 362 638</b>	<b>-387 589</b>
Attributed to majority interest	5	2 828 437	69 096	2 239 079	-553 567
Attributed to minority interest	5	1 180 902	165 979	1 123 559	165 979

# UNAUDITED CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

USD	Note	30 June 2023	31 Dec 2022
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Vessels	4	76 065 512	77 989 771
<b>Total fixed assets</b>		<b>76 065 512</b>	<b>77 989 771</b>
<b>Total fixed assets</b>		<b>76 065 512</b>	<b>77 989 771</b>
<b>CURRENT ASSETS</b>			
<b>Inventory</b>			
Inventory		224 528	1 119 293
<b>Accounts receivables</b>			
Receivable ship manager		1 260 547	771 443
Other receivables		124 200	190 282
Accrued income		148 079	879 867
Trade receivables		9 399 600	5 967 414
<b>Total receivables</b>		<b>10 932 426</b>	<b>7 809 007</b>
Cash and cash equivalents		9 426 968	8 126 943
<b>Total current assets</b>		<b>20 583 922</b>	<b>17 055 242</b>
<b>TOTAL ASSETS</b>		<b>96 649 434</b>	<b>95 045 013</b>
<b>EQUITY</b>			
<b>Paid in capital</b>			
Share capital	5	1 927 926	1 927 926
Premium of shares	5	81 423 581	83 504 766
<b>Total paid in equity</b>		<b>83 351 507</b>	<b>85 432 692</b>
<b>Other equity</b>			
Retained loss	5	-12 445 324	-12 917 419
Currency translation differences	5	-979 368	-979 369
<b>Total other equity</b>		<b>-13 424 692</b>	<b>-13 896 788</b>
Minority interests	5	21 432 342	20 309 088
<b>Total equity</b>		<b>91 359 158</b>	<b>91 844 992</b>
<b>LIABILITIES</b>			
<b>Short term liabilities</b>			
Debt to owners	7	2 752 494	-
Debt ship manager		2 126 195	2 429 508
Accounts payable		79 498	441 028
Tax payable		292 055	169 430
Other current liabilities		40 034	160 055
<b>Total short-term liabilities</b>		<b>5 290 277</b>	<b>3 200 022</b>
<b>Total liabilities</b>		<b>5 290 277</b>	<b>3 200 022</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>96 649 434</b>	<b>95 045 013</b>

## UNAUDITED CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

USD	Note	YTD Q2 2023	YTD Q2 2022
<b>Cash-flow from operational activities</b>			
Profit before tax		3 535 406	-336 089
Share of income in associated company		-	-759 306
Depreciations	4	3 907 051	1 282 507
Income tax paid		-50 143	-25 626
Change in inventories		894 765	-119 695
Change in receivables and prepayments		-3 123 419	539 570
Change in payables and accruals		-612 350	633 367
Change in other provisions		-120 019	276 881
<b>Net cash-flow from operational activities</b>		<b>4 431 291</b>	<b>1 491 609</b>
<b>Cash-flow from investment activities</b>			
Cash used in business combination net of cash acquired		-	-814 492
Prepayments on fixed assets		-	-7 081 675
Investment in fixed assets	4	-1 982 793	-3 529 749
<b>Net-Cash-flow from investment activities</b>		<b>-1 982 793</b>	<b>-11 425 915</b>
<b>Cash-flow from financing activities</b>			
Equity issue		-	14 918 492
Drawdown RCF	7	2 700 000	-
Dividends and repayment to non-controlling interests	5	-3 043	-
Dividends and repayment to controlling interests	5	-3 845 430	-11 147 899
<b>Net cash-flow from financing activities</b>		<b>-1 148 473</b>	<b>3 770 593</b>
Net change in cash and cash-equivalents		<b>1 300 025</b>	<b>-6 163 713</b>
Cash and cash-equivalents at beginning of period		<b>8 126 943</b>	<b>14 636 171</b>
<b>Cash and cash-equivalents at end of period</b>		<b>9 426 968</b>	<b>8 472 458</b>



# 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 will thus be consolidated from this point in time. The acquisition of shares in Northern Supply is accounted for as a business combination.

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 is held through the company Standard Duke AS, which is a wholly owned subsidiary of Wanax. The purchase of the vessel is 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.

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 is 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 is accounted for as an asset acquisition.

The purpose of the Group is to acquire and 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 operated as of 30 June 2023 three large size PSVs (one owned 90%) and one medium size PSV and had an 51 % ownership share in five medium size PSVs.

The Group is listed on Euronext Growth in Oslo and as of 30 June 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.

All the vessels are as of 30 June 2023 trading in the offshore market in the North Sea with the risk factors involved. The imperative factor for the PSV market is the price of oil and gas. After several years with low prices, the recent rise is showing effects in form of increased rates and activity within the PSV market.

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 audited annual financial statements for the year ended 31 December 2022 for Standard Supply AS Group.

The accounting principles applied in the preparation of the condensed interim financial statements are consistent with those presented in Annual Report of 2022.

### 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 30 June 2023: 1.2660 (30.06.2022: 1.2103) (31.12.2022: 1.2026)

NOK/USD per 30 June 2023: 0.0928 (30.06.2022: 0.1004) (31.12.2022: 0.1014)

### NOTE 3 - INCOME:

The Group operated as of 30 June 2023 two large size PSVs and one medium size PSV which are 100% owned, one large size PSV which are 90% owned, and five medium size PSVs through its investment in Northern Supply AS at an 51 % ownership share.

The three large size PSVs had a weighted average of utilizations on 90 % YTD Q2 2023 (91 % in Q2 2023) based on availability.

The five medium size PSVs in Northern Supply and the one medium sized PSV owned 100% had a weighted average of utilization on 85 % YTD Q2 2023 (99 % in Q2 2023) based on availability.

Total operating income related to the spot marked YTD Q2 2023 was USD 2.8m (USD 1.9m for Q2 2023) and USD 17.5m (USD 10.6m for Q2 2023) related to the term marked.

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 end of Q2 2023 nine vessels. The vessels are 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 has been assessed at Q2 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
Purchase	1 982 793	34 626 545
<b>Purchase cost 30 June / 31 December</b>	<b>95 769 970</b>	<b>93 787 178</b>
Acc. depreciation 1 January	15 968 064	11 239 556
Depreciation of the period	3 907 051	4 728 508
<b>Acc. Depreciation 30 June / 31 December</b>	<b>19 875 114</b>	<b>15 968 064</b>
Currency translation differences	170 656	170 656
<b>Book value 30 June / 31 December</b>	<b>76 065 512</b>	<b>77 989 771</b>

### NOTE 5 – EQUITY:

	Share capital	Premium of shares	Retained loss	Currency translations	Minority interests	Total
<b>Equity 01 January 2023</b>	<b>1 927 926</b>	<b>83 504 766</b>	<b>-12 917 419</b>	<b>-979 369</b>	<b>20 309 088</b>	<b>91 844 992</b>
Net profit for the period	-	-	2 239 079	-	1 123 559	3 362 638
Dividends to non-controlling interests	-	-	-2 739	1	-304	-3 042
Dividends to controlling interests	-	-2 081 184	-1 764 245	-	-	-3 845 430
<b>Total equity 30 June 2023</b>	<b>1 927 926</b>	<b>81 423 581</b>	<b>-12 445 324</b>	<b>-979 368</b>	<b>21 432 342</b>	<b>91 359 158</b>

## NOTE 6 – SUBSIDIARIES:

Name of entity	Office	Ownership	Voting rights
Standard Supplier AS	Oslo	100 %	100 %
Standard Viking AS	Oslo	100 %	100 %
Standard Defender AS	Oslo	90 %	90 %
Standard Duke AS	Oslo	100 %	100 %
Northern Supply AS	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 a maturity 31 December 2023. Interest is calculated based on Term SOFR 3m and a margin on 5%. As of 30 June 2023, USD 2.7m was drawn on the RCF. Interest expense including amortization of arrangement fee amounts to 102 494 USD.

### *Other transactions with related parties in 2023:*

Tycoon Industrier AS: Fee for CFO services - USD 44 188

Ferncliff TIH AS: Fee management services - USD 221 000

Standard Invest AS: Fee for CEO services - USD 73 646

## NOTE 8 – SUBSEQUENT EVENTS:

On 11 July 2023, the Group announced that it had agreed to sell the medium-size PSV Standard Duke for a gross consideration of USD 11 million. The transaction was completed on 7 August 2023.

Standard Supply AS's Board of Directors has decided to distribute an additional distribution of NOK 0.7 per share. Further information will be given in due course.

# Standard Supply AS

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## Financial Calendar (Release of Financial Reports)

Q2 2023	24 August 2023
Q3 2023	16 November 2023

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

### **About Standard Supply:**

Standard Supply owns a fleet of eight (8) Platform Supply Vessels (PSVs); three large-sized (one owned 90%) and five (5) medium-sized PSVs with 51% ownership interest. Standard Supply will actively seek further growth opportunities and has a clear ambition to return excess cash to its shareholders.