

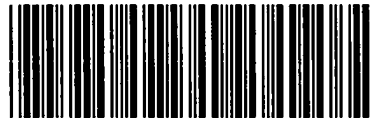
Registration number: 107836

Petroineos Trading Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2024

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Petroineos Trading Limited

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Petroineos Trading Limited

Group Information

Directors	Mr Olivier Chevallier Mr Guangping Geng Mr Chengyuan Li Mr Yizhou Luo Mr Jonathan Ginns Mr Frederic Andre Python Mr Jiang He
Company secretary	Ogier Global Company Secretary (Jersey) Ltd Vistra Cosec Limited
Registered office	44 Esplanade St Helier Jersey, Channel Island JE4 9WG
Bankers	HSBC Bank Plc. Poultry & Princes Street PO BOX 648 8 Canada Square London E14 5HQ Bank of China (UK) Limited 1 Lothbury London EC2R 7DB Standard Chartered Bank Basinghall Avenue London EC2V 5DD China Construction Bank 111 Old Broad Street London EC2N 1AP
Auditor	BDO LLP Statutory Auditor 55 Baker Street London United Kingdom W1U 7EU

Petroineos Trading Limited

Strategic Report for the Year Ended 31 December 2024

The directors present their strategic report, directors' report and financial statements for the year ended 31 December 2024. The strategic report is applicable to Petroineos Trading Limited and its subsidiaries (the Group) and Petroineos Trading Limited (the Company).

Principal activity

The principal activity of the Group is an integrated energy and commodity trading group of companies. Operating globally, the Group markets and distributes physical commodities sourced from our own production and from third party producers to industrial consumers. The principal activities of the Group consist of Asset Trading (AT) and Entrepreneurial Trading (ET). The main activities for AT are to supply crude oil to two refineries (in Grangemouth, Scotland and Lavera, France) and the trading and marketing of their refined products. The main activities for ET are to source a diversified range of physical commodities from third party suppliers with value added services such as freight, insurance, financing and storage, to a broad range of consumers and industrial commodity end users. The Group also use derivative instruments such as futures, options, swaps and forwards to hedge the market risks or to speculate on price changes in the underlying asset. As the commodity markets in which the Group operates are fragmented or periodically volatile, the Group is able to monetise arbitrage opportunities from buying or selling commodities in different geographic locations or time periods.

Review of the business

The Group's focus in 2024 was to secure the security of supply for the Scottish market with the impending conversion of the Grangemouth refinery to a terminal. This will create opportunities for the Group by moving from local refining to a Global supply chain. The Group will develop a diverse and sustainable supply chain with increased tankage presence in the ARA region. The operational performance in Lavera continues to place the refining business in good stead to capture available margins. With the upcoming changes, the Group continues to invest in people, systems and processes and improve operational efficiency to contribute to the future success of the Group. The directors look forward to the changes in the business to cement its market position.

Petroineos Trading Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Business environment

In 2024, the global oil market faced a delicate balance between supply and demand, as geopolitical tensions and economic factors influenced market dynamics. With global oil demand growth believed to have been approximately +830k b/d, the recovery was uneven. China's economic rebound was slower than expected, with oil demand hindered by the fast adoption of electric vehicles and the increased use of LNG in the heavy trucking sector.

In contrast, oil production continued to rise with new production in key regions such as the U.S.A., Brazil, Guyana, and further increases in exports from sanctioned Iran.

This led to periods of price volatility, with Dated Brent crude prices averaging around \$81 per barrel before dipping to \$75 by the end of the year. Despite plans to bring production back during 2024, OPEC+ ended up maintaining its strategic production cuts through to the end of the year, to stabilize prices amidst these fluctuations.

In addition to the supply-demand imbalance, the oil market in 2024 was shaped by a series of geopolitical developments. The market had to deal with the new development of Ukrainian attacks on Russian refining infrastructure. The Red Sea was effectively closed for most tanker traffic which contributed to uncertainty in global supply chains. Furthermore, multiple elections, not just that of the USA, generated questions of whether energy policy could shift in the near future.

The refining sector also saw notable changes in 2024. After benefiting from exceptional margins in previous years, refining margins in Europe returned to the upper end of historical norms. This normalisation was driven by increased refining capacity globally, in particular the completion and full ramp up of projects that had been expected to be running in 2023. Also hurting margins in Europe was poor growth in demand for diesel, although gasoline had another strong demand year.

As the year closed, analysts forecast that oil prices would remain subdued, with projections around \$65-70 per barrel for 2025, influenced by continued non-OPEC supply growth expectations, and continued demand growth concerns, particularly in China, which has been the main driver of oil demand growth for the last 20 years but where adoption of alternatives to traditional transport fuels could mean that demand there has peaked.

Key performance indicator

Overall, the development, performance and position of the Group is managed through an integrated suite of management reporting covering all key aspects of the business. The main KPI of the group is earnings before interest, taxation, depreciation and amortisation ('EBITDA').

Reconciliation of operating profit to HC EBITDA:

	31 December 2024 \$ m	31 December 2023 \$ m
Operating (loss)/profit	(197)	164
Depreciation and amortisation	<u>11</u>	<u>7</u>
Historical cost EBITDA	<u><u>(186)</u></u>	<u><u>171</u></u>

EBITDA for the business includes all costs charged under the tolling agreement with Petroineos Refining Limited.

Petroineos Trading Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

HC EBITDA represents the consolidated operating loss before depreciation, amortisation, impairment and taxation. In accordance with International Financial Reporting Standards ('IFRS'), the Company uses a historic cost method of accounting for the purposes of determining inventory cost in connection with the preparation of its audited annual consolidated financial information.

Although EBITDA-based measures should not be considered a substitute measure for operating profit, profit for the year, or cash flows from operating activities or other measures of performance as defined by IFRS, we believe that they provide useful information regarding our ability to meet future debt service requirements. The EBITDA measure presented may not be comparable to similarly titled measures used by other companies.

Petroineos Trading Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Strategy

The Group's strategy is to continue to build and maintain a wide range of trading capabilities, secure direct access to markets throughout its region of operations and to build a diversified portfolio of structured short to medium term trading positions and provide attractive returns for its shareholder. The Group's objective is to become a leading market participant in the energy markets in which it operates. The Group believes it is important to combine strong risk management processes with enthusiastic entrepreneurial commercial terms to identify and monetise market opportunities in order to maximise shareholder's value.

Financial risk management

Risk management remains a priority for the Group. The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The ultimate responsibility for risk management rests with the Board of Directors, which delegates the day-to-day responsibility to the Risk Oversight Committee. A robust risk management function is in place to respond to the growth in our business when entering new products, sectors and geographies.

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group where appropriate. The Group is exposed to commodity price risk as a result of its operations. The Group manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The Group is funded through a number of external banking facilities and therefore has exposure to liquidity and debt market risk. Due to the commercial arrangement between PetroChina Company Limited (an indirect controlling party of PetroChina International (London) Limited "PCIL" which owns 50.1% of the Group) and the banks, the facilities are uncommitted but are supported by letters of comfort to the lenders from PetroChina Company Limited. The Group is supported by letters of support from its own controlling party PCIL too. Interest rate exposures are managed through a wide spread of loan facilities with short term maturity.

Currency risk

This is the risk that movements in foreign currency exchange rates will result in exchange gains and losses being taken to the Profit and Loss. Currency risk arises when commodity trading contracts or recognised assets or liabilities are denominated in a currency that is not the functional currency of the relevant Group entity. The Group manages its foreign exchange risk by entering into forward foreign currency contracts transacted with various financial institutions.

Market risk

This is the risk of the mark to market value portfolio, instrument or investment increasing or decreasing as a result of volatility and unpredicted movements in market valuations. The primary market risks within the Group are the exposures to energy prices, foreign exchange and interest rates. Value-at-risk is our primary mechanism for market risk measurement but is also complemented by other measurements such as stress tests. All positions are recorded, monitored and managed in trading books via various hedging instruments.

Petroineos Trading Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Principal risks and uncertainties

The Group's principal risks and uncertainties are the effect of commodity markets on both its cost of raw materials and sales revenues. These risks are managed through a policy of hedging a proportion of both its raw material purchases and its production margin.

Credit risk

This is the risk that the financial benefits of the contracts with a specific counterparty will be lost if a counterparty defaults on their contractual obligations. The Group monitors credit risk on all customers, the large majority of which are group undertakings and well-known energy and financial institutions. Credit exposures are monitored by individual counterparty and by category of credit rating and are subject to approved limits. The approved limits are adjusted regularly and dynamically, and additionally credit risks are further mitigated by insurance being secured where necessary.

Liquidity risk

This is the risk that the Group will not have sufficient funds to meet its liabilities. Short-term cash flow needs are regularly monitored by the directors and then funded by the group controlling party PCIL as needed. The directors forecast the long-term cash flows to ensure the Company has sufficient funds available to undertake its principal activity.

Cash flow risk

This is the risk from fluctuating interest rates. The Group finances its operations through the share capital invested by shareholders and short-term borrowings from the group parent company and short-term bank loans. Short-term borrowing from the group parent company bears fixed interest rates according to the intercompany loan agreements. The Group share banking facilities with PCIL and the cashflow risk is relatively low.

Petroineos Trading Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Legal and compliance risk

The Company is required to comply with a variety of legislation, including in relation to anti-money-laundering; sanctions and trade restrictions; anti-bribery and corruption; and financial market conduct. Ethical misconduct or breaches of applicable laws or regulations could damage the Company's reputation, result in litigation, regulatory action and penalties, adversely affect results and shareholder value, and potentially affect our licence to operate.

The Company's code of conduct is applicable to all employees and central to managing this risk. Additionally, there are various group requirements and training covering areas such as anti-bribery and corruption, anti-money laundering, competition/anti-trust law, data privacy and international trade regulations. The compliance and legal departments oversee the Company's activities in partnership with front office functions to ensure that we operate appropriately and that our controls are relevant and robust. They focus on promoting a sound compliance culture across the Company in which everyone recognises their personal responsibility for meeting our compliance objectives. The team adopts a risk-based approach, allocating energy and resources to the issues that matter most to our core business and our stakeholders.

Trading non-compliance

In the normal course of business, the Company is subject to risks around trading activities which could arise from shortcomings or failures in systems, risk management methodology, internal control processes or employee conduct.

The Company has specific operating standards and control processes to manage these risks, including guidelines specific to trading, and seek to monitor compliance through our dedicated compliance teams. The Company seeks to maintain a positive and collaborative relationship with regulators and industry at large.

Operational and Environmental, Social and Corporate Governance (ESG) risk

Those non-financial risks arising from the environment and sustainability, reputation or brand, legal, technological, product or service quality, labour, ethical conduct, compliance, and strategic considerations. From the Group experience and research, ESG links to cash flow in five important ways:

- Facilitating top-line growth;
- Reducing costs;
- Minimising regulatory and legal interventions;
- Increasing employee productivity, and;
- Optimising investment and capital expenditures.

The directors set and oversee the strategic direction of the Company's sustainability strategy and its corporate policies and guidelines in line with the wider PetroChina policies. Our Health, Safety and Environmental (HSE) obligations are our top priority and at the heart of all our businesses. We are fully committed to continually improving our performance across all our operations. Refer to the Statement of Corporate Governance in the Directors' report for further detail on governance.

Petroineos Trading Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Streamlined Energy and Carbon Reporting

Global emissions and energy usage data for period 1 January 2024 to 31 December 2024

	2024	2023
Energy consumption used to calculate emissions: /kWh	621,998	684,045
Energy consumption breakdown	-	-
Electricity	263,644	281,516
Gas	353,450	395,821
Fuel	4,905	6,708
Emissions in metric tonnes CO ₂ e	-	-
Gas combustion	65	72
Emissions in metric tonnes CO ₂ e	-	-
Consumption of fuel for transport purposes	-	-
Purchased electricity for own use	55	58
Consumption of fuel for transport purposes	1	2
Emissions in metric tonnes CO ₂ e	-	-
Total gross emissions in metric tonnes CO ₂ e	120	132
Intensity ratio: tCO ₂ e per 1,000 sqm	5	5

Methodology

The Group's electricity and gas consumption data primarily relates to the energy consumption at the Company's leased commercial premises which it shares with its parent company, PetroChina International (London) Co., Ltd. Such data has been derived from meter readings and allocated on a pro data basis in proportion to headcount under recharge provisions in a Shared Services Agreement.

The Group's subsidiaries have limited commercial operations at Grangemouth refinery and they have therefore not reported any emissions.

The Group engages two refineries to process crude oil and other feedstock into saleable products. This processing involves significant energy consumption and subsequent carbon dioxide emissions, which have been reported by other group undertakings: Petroineos Manufacturing Scotland Limited and Petroineos France SAS., to avoid duplicated disclosure, the Company does not include it here.

Emissions from the Group's UK shipping activities have not been included in these figures as the Group is not responsible for the purchase of fuel, and such transport therefore falls outside the scope of the required emissions reporting.

An Intensity Ratio based on tCO₂e/1,000 sqm has been used as energy consumption relating to the Group's leased floor space is the primary source of its emissions.

Energy efficiency measures taken:

The Group's leased commercial space in London benefits from an energy-efficient tenant fit-out. No further energy efficiency measures were taken in 2024.

Petroineos Trading Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Future developments

The Group intends to continue to expand its activities across the region, grow its volume of operations and activity levels and add complexity to its product range. Continued expansion of the Group's activities in the Crude and Product market remains a focus for the organisation. Subsequent to the year end the Group has taken steps to restructure its refined products business to position it for success following certain operational challenges which adversely impacted the trading results in the period. The Group will continue invest in people, systems and processes and improve operational efficiency to contribute to the future success of the Group. The directors remain optimistic about the future growth and success of the trading business.

The business impact of global carbon reduction policies and zero carbon long term targets by government and industries continues to be reviewed. The Group sees the need to remain flexible and develop new capabilities to manage external pressures resulting from tightening climate change policies.

Ukraine War & Middle East Wars

This situation is unchanged, and the markets have for a long time now readjusted to the logistical issues posed by the increased risks evolving sanctions environments and of transiting the Red Sea. Given the continued conflict in these regions and need for a high degree of certainty around any change in actions by the combatants, changes to the status quo are not expected.

Interest Rates

The business continues to monitor inflationary pressures and the impact on interest rates. Despite the increase in interest rates experienced during 2022 and 2023, the business has experienced no difficulty in obtaining the required financing to support the business growth and trading agenda.

Approved by the Board on 17 October 2025 and signed on its behalf by:



.....
Mr Guangping Geng
Director

Petroineos Trading Limited

Directors' Report for the Year Ended 31 December 2024

This directors' report is presented by the directors on the affairs of the Group and the Company, together with the audited consolidated financial statements and auditor's report, for the year ended 31 December 2024. Details of the business, the development of the Group and likely future developments are set out in the strategic report.

Review of business and future developments

A review of the business and the future developments of the Group is presented in the strategic report.

Results for the year

The results of the Group are set out in the Consolidated Income Statement on page 25 which shows a loss for the year of \$191m (2023 restated: Profit of \$30m) as a result of depressed refining margins, refinery availability and a challenging trading year for Asset Trading and Entrepreneurial Trading coupled with one off provisions related to Grangemouth refinery transition chargeable to the company by toller per tolling agreement.

Review of post balance sheet events

A review of the events impacting the Company after the balance sheet date can be found in note 32 of the financial statements.

Political donations

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Directors' conflicts of interest

Under Jersey law and the Company's Articles of Association the directors must avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The duty is not infringed if the matter has been authorised by the Directors. Under the Articles, the Board has the power to authorise potential or actual conflict situations. The Board maintains effective procedures to enable the directors to notify the Company of any actual or potential conflict situations and for those situations to be reviewed and, if appropriate, to be authorised by the Board. Directors' conflict situations are reviewed annually.

Statement of Corporate Governance

The Group has adopted the Wates Corporate Governance Principles for Large Private Companies as its governance code.

The Wates Principles contain six principles relating to purpose and leadership, Board composition, director responsibilities, opportunity and risk, remuneration and stakeholder relationships and engagement.

The Board has reviewed its policies and practices and considers that, save for where set out below, it complies with all six principles.

Petroineos Trading Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Purpose and Leadership

The Group's purpose and values (Integrity, Aspiration, Safety and Harmony) are an extension of that of its holding company, PetroChina International (London) Co., Limited, with an added emphasis of adapting such values in line with the Group's local market. These values are supported and constantly reinforced by its operational policies (see Opportunity and Risk below).

The Group's strategy is developed as part of its shareholder group's global strategy and is further developed using a combination of a "top down" and "bottom up" approach, under which senior management adopt an open dialogue with front office staff. The Group held regular "townhall" meetings in 2024 for the workforce, at which senior management and other employees gave presentations sharing information on the performance of the Group and provided updates on recent successes and strategic initiatives of the Group.

Board Composition

In 2024 the Board of the Group comprised of seven directors, of which two are executive directors and five are non-executive directors. The non-executive directors are able to offer a valuable contribution to the Group by providing appropriate oversight of the executive directors. During the year, 5 directors left the board and were replaced by new appointments.

Directors Responsibilities

The Shareholders' Agreement provides a clear basis for the structure of the Group's leadership and Board decision making procedures. The executives have further established management roles, committees and meetings to exercise delegated authority and to provide forums to assist with the effective operation of the Group and the deployment of specialist skills and expertise. The advice of these individuals and use of such forums help to mitigate the risk of the CEO having too much unfettered power by providing a means of independent challenge and by ensuring his decision making is appropriately guided and informed.

Formal and robust internal reporting is undertaken from a range of internal and external information sources to enable executive management to comprehensively monitor the performance of the Group across all functions (including regarding financial reporting, trade strategy, hedging performance and workforce data). The Board participates in an ongoing training programme in respect of various duties relating to legal and compliance issues, such as statutory duties, anti-trust compliance, HSE and ethics to ensure that they have a clear understanding of their responsibilities and accountabilities.

The Group has adopted a corporate governance framework designed to implement the Wates Principles which sets out its policies and practices relating to matters such as:

- authority
- reporting frameworks
- the role of the board and CEO
- the role of the shareholder and group policies
- regard for stakeholder interests

Petroineos Trading Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Opportunity and Risk

The Group creates and preserves value through business development and by enhancing the Group's competitive advantages whilst maintaining its commitment to regulatory compliance and ethical business practices. Business development initiatives and strategic planning engage the active involvement of the front office, thereby encouraging innovation and entrepreneurship.

The management of risk is primarily through a risk control committee, which operates across the organisation to identify, manage and escalate a broad spectrum of risk matters affecting the Group, from markets and daily profit and loss to assessing political and regulatory risks. This is supported by the use of internal and external communication channels to identify present and emerging risk factors (such as market data and piracy reports as well as external advisory services from its Protection & Indemnity club, IT security alert services and law firms). This risk management regime is implemented throughout the organisation through the use and enforcement of an extensive set of risk controls and policies.

Remuneration

Senior Manager and workforce remuneration structures and philosophies are aligned with practices in the energy trading sector. The Group benchmarks its pay and bonus against other energy trading companies using an external benchmarking company.

Petroineos Trading Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Stakeholder Relationships and Engagement

The directors have regard to interests and views of its key stakeholders when taking decisions (see Stakeholder Engagement Report for further details). This is particularly the case for matters affecting other Petroineos companies with whom the Group has an interdependent relationship under the joint venture, and its shareholder groups, whose financial strength and expertise is leveraged in support of the joint venture.

Stakeholder Engagement Report

The Board acknowledges the importance of our stakeholders and the vital role that they play in meeting the Group's strategic objectives. The Board further recognises the mutuality of these relationships and that our growth and economic performance are crucial to many of our stakeholders and the business communities in which we operate.

To allow the Board to gain a closer understanding of our key stakeholder relationships and provide a better focus for the consideration of stakeholder interests in its decision making processes, the Board has adopted the following measures:

- it maintains a 'Stakeholder Map' to identify and measure its engagement with internal and external stakeholders; and
- changes have been implemented to its standardised board papers to ensure that the Board adequately assess and considers the impact of its decisions on our stakeholders.

The Group has a wide range of stakeholders which include the following categories:

- Internal and affiliated stakeholders: its workforce, shareholders, other entities within the Petroineos joint venture
- External stakeholders: governments and regulatory bodies, providers of finance, trading counterparties, industry groups and forum

The means of engagement with each stakeholder varies according to the nature of the relationship and the available means.

Employees are considered to be a critical stakeholder for the Group as it has ambitions to significantly increase its trading volumes and profitability in the next few years: recruiting, nurturing and retaining a talented workforce therefore underpins the Group's strategic plans. The Board have proactively sought to develop employee initiatives and enhance workplace experience (including employee support and monitoring, educating and training programmes, competitive remuneration and benefit package).

Petroineos Trading Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Stakeholder Engagement Report (continued)

We engage with our workforce throughout their career with the Group and on an ongoing basis, providing support and development opportunities. As a joint venture between companies of different cultures, we provide a diverse and inclusive cultural outlook for our employees and customers. We value and respect individuals and encourage innovation.

In 2024 the Group implemented a number of measures designed to re-engage its workforce and enhance office culture following the implementation of a four-day in the office attendance policy. In 2024 the Group introduced some additional wellbeing programmes to help employees, including a holiday purchase scheme and an enhanced company sick pay provision. In addition the Company introduced an electric vehicle benefit scheme as well as making improvements to several of our existing benefits including life assurance, critical illness insurance, cycle scheme and season ticket loan. In 2024 the Company continued to hold regular Town Hall meetings for all employees and introduced a virtual suggestion box for employees to input into the effort to improve the experience of working here. The social committee continued to grow in 2024 and the Company offered a number of in-office cultural events and company lunches.

The Group also continued to hold 'lunch and learn' sessions which have been a successful in promoting cross-departmental discussion and informing the workforce of new challenges and initiatives. We also held a very popular and successful event to celebrate International Women's Day.

The other entities within the Petroineos joint venture group are also acknowledged to be important stakeholders of the Group, and in particular Petroineos Manufacturing Scotland Limited and Petroineos Manufacturing France SAS which own and operate the Grangemouth and Lavera refineries, respectively. The different entities within the Petroineos joint venture operate under a combined business plan and strategy, which is implemented across all levels of the business through joint decision making and risk management practices. Common directorship across the trading and refining arms of the joint venture ensures effective flow of information, effective governance and consistency in making and implementing strategy.

The Group maintains a close relationship with its majority owner, PetroChina International (London) Limited (PCIL), which extends certain strategic strengths to the Group. For example, PCIL plays an important role in supporting the Group's trading operations through the provision of credit support and its international reputation and profile increases the Group's business development opportunities.

By leveraging our shareholders' strategic strengths, the Group has built a robust operation in European oil and gas markets and we maintain a strong focus on quality and safety, demonstrating our commitment to creating a successful joint venture.

The Group engages with a diverse range of trading counterparties and suppliers of goods and services, which are fundamental to its profit making ability.

In its trading activities, the Group plays an active role in the industry through its membership of various industry groups and forums. This engagement allows the Group to influence both internal and external changes:

- Internally, it allows us to become aware of industry proposals and to plan accordingly. It also informs us of industry best practices so that we can comply with expected industry behaviours.
- Externally, it allows us to participate in industry discussions and to use our experience to propose changes for the benefit of the wider sector.

Petroineos Trading Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Stakeholder Engagement Report (continued)

Our third party business relationships enable the Group to operate from trading, business development and credit management to ship-owners or infrastructure owners which enables the flow of acquired raw materials into a processed product. Our engagement with these parties is direct and through industry related forums ensuring the Group is aware of industry concerns and factors impacting the sector from a local to global level.

The Group has robust compliance policies and measures in place to comply with laws including those on health and safety, REACH, anti-bribery, data protection, sanctions and anti-money laundering as well as rules of the trading exchanges which our traders must comply with and which our Compliance function enforces. The Group participates in Substance Information Exchange Forums and consortia for all relevant substances.

Engagement with financial institutions and finance suppliers ensure better liquidity for the Group, offering wider payment risk coverage opportunities, with a strong reputation in the market generating more business and investment opportunities for the Group.

Facilities – parental support

All bank credit facilities are supported by a letter of comfort from PetroChina Company Limited.

The group had no parental guarantees to its subsidiaries in place as of 31 December 2024. The company issues annual Letters of Support to Petroineos Refining Limited, Petroineos Europe Limited and Petroineos Fuels Limited.

Dividends

No interim dividend was declared during the year (2023: nil). The directors do not recommend the payment of a final dividend (2023: Nil).

Objectives and policies

Descriptions of the use of financial instruments and financial risk management objectives and policies, including hedging activities and exposure to price risk, credit risk, liquidity risk and cash flow risk are included in the notes to the financial statements.

Review of business and future developments

A review of the business and the future developments of the Group is presented in the strategic report, and particulars of significant events which have occurred since the end of the financial year in Note 32.

Petroineos Trading Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Directors of the Group

The directors, who held office during the year, were as follows:

Mr Andrew Christopher Currie (ceased 1 August 2024)

Mr Franck Francois Demay (ceased 31 March 2025)

Mr Olivier Chevallier

Mr Wenjin Zhu (ceased 10 March 2024)

Mr Hongwei Li (ceased 6 February 2024)

Mr Guangping Geng (appointed 6 February 2024)

Mr Chengyuan Li (appointed 21 June 2024)

Mr Yizhou Luo (appointed 21 June 2024)

Mr Jonathan Ginns (appointed 1 August 2024)

Mr Xuyang Guo (ceased 21 June 2024)

Mr Junli Wu (ceased 21 June 2024)

Mr Jiang He (appointed 10 March 2024)

The following director was appointed after the year end:

Mr Frederic Andre Python (appointed 31 March 2025)

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Appointment of auditors

Pursuant to Section 485 of the Companies Act 2006, BDO LLP was appointed auditors of the Group for the year ended 31 December 2024.

Going Concern

The Group has net assets of \$341m (2023 Restated: \$530m) and net current liabilities of \$2,320m (2023 Restated: \$2,014m). Bank borrowings of \$1,285m (2023: \$1,527m) are due within one year. Furthermore, the Group and the Company is jointly and severally liable for credit facilities utilised by its shareholder PetroChina International (London) Co., Ltd amounting to \$nil (2023: \$nil) due within one year (see note 28). The directors continue to adopt the going concern basis of preparation in the annual financial statements (Refer to page 36 for further information).

Approved by the Board on 17 October 2025 and signed on its behalf by:



.....
Mr Guangping Geng
Director
44 Esplanade
St Helier
Jersey, Channel Island
JE4 9WG

Petroineos Trading Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Adopted International Accounting Standards.

Company law requires the directors to prepare Group financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

Petroineos Trading Limited

Independent Auditor's Report to the Members of Petroineos Trading Limited

Report on the audit of the financial statements

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements of Petroineos Trading Limited and its subsidiaries ("the Group") for the year ended 31 December 2024 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the consolidated financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Petroineos Trading Limited

Independent Auditor's Report to the Members of Petroineos Trading Limited (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Petroineos Trading Limited

Independent Auditor's Report to the Members of Petroineos Trading Limited (continued)

Other Companies (Jersey) Law 1991 reporting

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Petroineos Trading Limited

Independent Auditor's Report to the Members of Petroineos Trading Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, risk and compliance personnel, in-house legal counsel and those charged with governance ; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations

Petroineos Trading Limited

Independent Auditor's Report to the Members of Petroineos Trading Limited (continued)

we considered the significant laws and regulations to be the applicable accounting framework Companies (Jersey) Law 1991 and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, laws related to trading in international jurisdictions, UK sanctions list, anti-bribery and employment laws.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts on a sample basis to understand the nature of expenditure incurred;
- Review of counterparties on sample basis to ensure compliance with UK sanctions requirements; and
- Direct confirmation from external legal advisors.

Petroineos Trading Limited

Independent Auditor's Report to the Members of Petroineos Trading Limited (continued)

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - (a) Detecting and responding to the risks of fraud; and
 - (b) Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, completeness of trade book and valuation of forward price curves to determine derivative balances as at reporting date.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of journal entries throughout the year, that did not meet the risk criterion, to bring an element of unpredictability in our audit procedures and to test characteristics of Information Produced by Entity (IPE);
- Obtaining an understanding of design and implementation of relevant controls supporting the completeness and accuracy of trades recorded in the trading system and revenue;
- Sending confirmations to a sample of selected counterparties to confirm open trades at the reporting date;
- Making inquiries of risk and compliance teams to verify that for open trades at the year end date, there were no significant trade modifications subsequent to year end;
- Reviewing bank statements subsequent to reporting date to identify any trades not captured in the system; and
- Assessing significant estimates made by management for bias in the valuation of the over-the-counter (OTC) commodity derivatives with the assistance of derivative valuation experts. We have assessed the reasonableness of management's derivative valuation methodology and for a sample of trades, we independently recalculated the derivative balances at the reporting date.

Petroineos Trading Limited

Independent Auditor's Report to the Members of Petroineos Trading Limited (continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Petroineos Trading Limited (Company's) members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Rida Rahmani

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Rida Rahmani (Senior Statutory Auditor)
For and on behalf of BDO LLP Chartered Accountants
55 Baker Street
London
United Kingdom

17 October 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Petroineos Trading Limited

Consolidated Income Statement for the Year Ended 31 December 2024

		2024 \$ m	Restated 2023 \$ m
Revenue	4	28,354	38,832
Cost of sales	7	(28,486)	(38,558)
Impairment of trade receivables		<u>-</u>	<u>6</u>
Gross (loss)/profit		(132)	280
Administrative expenses		(81)	(94)
Other operating income	6	20	1
Impairment of inaccessible inventory		<u>(4)</u>	<u>(23)</u>
Operating (loss)/profit	7	<u>(197)</u>	<u>164</u>
Finance income		110	94
Finance costs		<u>(163)</u>	<u>(221)</u>
Net finance cost	5	<u>(53)</u>	<u>(127)</u>
(Loss)/profit before tax		(250)	37
Income tax credit/(expense)	10	<u>59</u>	<u>(7)</u>
(Loss)/profit for the year		<u>(191)</u>	<u>30</u>

The above results were derived from continuing operations. All results are attributable to owners of the Company.

The accompanying notes form part of these financial statements

Petroineos Trading Limited

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December
2024**

	2024	Restated 2023
	\$ m	\$ m
(Loss)/profit for the year	<u>(191)</u>	<u>30</u>
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation losses	2	-
Gain or loss due to reclassification adjustments adjusted in foreign exchange differences	<u>(1)</u>	<u>-</u>
	<u>1</u>	<u>-</u>
Total comprehensive (expense)/income for the year	<u><u>(190)</u></u>	<u><u>30</u></u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	<u><u>(190)</u></u>	<u><u>30</u></u>

The accompanying notes form part of these financial statements

Petroineos Trading Limited

(Registration number: 107836)

Consolidated Statement of Financial Position as at 31 December 2024

		31 December 2024 \$ m	Restated 31 December 2023 \$ m
Assets			
Non-current assets			
Property, plant and equipment	11	256	261
Right-of-use assets	12	18	19
Intangible assets	13	391	392
Deferred tax assets	14	211	162
Prepayment	17	107	90
Derivative assets held for trading	15	193	255
Long term loan receivable	17	1,499	1,393
		2,675	2,572
Current assets			
Derivative assets held for trading	15	106	310
Inventories	16	966	1,101
Trade and other receivables	17	896	1,262
Cash and cash equivalents	19	25	548
Contract assets	4	515	434
Income tax asset		4	17
		2,512	3,672
Total assets		5,187	6,244
Equity and liabilities			
Current liabilities			
Derivative liabilities held for trading	20	58	105
Loans and borrowings	21	1,285	1,527
Trade and other payables	22	3,153	3,891
Contract liabilities	4	241	118
Lease liabilities	27	9	5
		4,746	5,646

The accompanying notes form part of these financial statements

Petroineos Trading Limited

(Registration number: 107836)

Consolidated Statement of Financial Position as at 31 December 2024 (continued)

		31 December 2024 \$ m	Restated 31 December 2023 \$ m
Non-current liabilities			
Long term lease liabilities	27	14	17
Deferred tax liabilities	14	-	8
Trade and other payables	22	87	43
		<u>101</u>	<u>68</u>
Total liabilities		<u>4,847</u>	<u>5,714</u>
Equity			
Share premium		854	854
Foreign currency translation		(7)	(8)
Accumulated losses		(507)	(316)
Equity attributable to owners of the company		<u>340</u>	<u>530</u>
Total equity and liabilities		<u>5,187</u>	<u>6,244</u>

Approved by the Board on 17 October 2025 and signed on its behalf by:

Olivier Chevallier

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Mr Olivier Chevallier
Director

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.....
Mr Guangping Geng
Director

The accompanying notes form part of these financial statements

Petroineos Trading Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024

	Note	Share premium \$ m	Foreign currency translation reserve \$ m	Retained earnings \$ m	Total \$ m
At 1 January 2024		854	(8)	(282)	564
Prior period adjustment	34	-	-	(34)	(34)
At 1 January 2024 (As restated)		<u>854</u>	<u>(8)</u>	<u>(316)</u>	<u>530</u>
Loss for the year		-	-	(191)	(191)
Other comprehensive loss		-	1	-	1
Total comprehensive income		<u>-</u>	<u>1</u>	<u>(191)</u>	<u>(190)</u>
At 31 December 2024		<u><u>854</u></u>	<u><u>(7)</u></u>	<u><u>(507)</u></u>	<u><u>340</u></u>

	Note	Share premium \$ m	Foreign currency translation \$ m	Accumulated losses \$ m	Total equity \$ m
At 1 January 2023		854	(8)	(346)	500
Profit for the year Restated	34	-	-	30	30
Total comprehensive income Restated		<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
At 31 December 2023 Restated		<u><u>854</u></u>	<u><u>(8)</u></u>	<u><u>(316)</u></u>	<u><u>530</u></u>

The accompanying notes form part of these financial statements

Petroineos Trading Limited
Consolidated Statement of Cash Flows for the Year Ended 31 December 2024

	Note	2024 \$ m	Restated 2023 \$ m
Cash flows from (used in)/operating activities			
(Loss)/profit for the year		(191)	30
Adjustments to cash flows from non-cash items			
Amortisation	13	1	1
Depreciation	11, 12	11	6
Profit on disposal of plant, property and equipment		-	(5)
Addition/modification of right-of-use asset		-	1
Unrealised loss/(gains) from changes in fair value of derivative contracts		220	(226)
Finance income	5	(110)	(94)
Finance costs	5	163	221
Income tax (credit)/expense	10	(59)	7
Impairment of inaccessible inventory	11	4	23
Take or pay onerous contracts		98	-
Provision for bonus		19	23
Amortisation of TAR prepayments		39	14
Tolling charge for restructuring of Grangemouth refinery		39	43
		<u>234</u>	<u>44</u>
Working capital adjustments			
Decrease in inventories		135	1,049
Decrease/(increase) in trade and other receivables		319	(435)
Decrease in trade and other payables		(850)	(174)
(Increase)/decrease in contract assets	4	(81)	536
Increase/(decrease) in contract liabilities	4	123	(371)
Total of Working capital adjustments		<u>(354)</u>	<u>605</u>
Cash generated from operations		(120)	649
Income taxes received/(paid)		8	(12)
Net cash flows (used in)/from operating activities		<u>(112)</u>	<u>637</u>
Cash flows from investing activities			
Interest received	5	-	1
Proceeds from sale of property plant and equipment		1	10
Net cash flows from investing activities		<u>1</u>	<u>11</u>

The accompanying notes form part of these financial statements

Petroineos Trading Limited
Consolidated Statement of Cash Flows for the Year Ended 31 December 2024
(continued)

	Note	2024 \$ m	Restated 2023 \$ m
Cash flows (used in)/from financing activities			
Interest paid	5	(159)	(221)
Net (repayment of)/proceeds from banking facilities	21	(242)	346
Loan given to related party		-	(236)
Capital element of finance lease paid	27	<u>(11)</u>	<u>(5)</u>
Net cash flows (used in)/from financing activities		<u>(412)</u>	<u>(116)</u>
Net (decrease)/increase in cash and cash equivalents		(523)	532
Cash and cash equivalents at 1 January		<u>548</u>	<u>16</u>
Cash and cash equivalents at 31 December		<u><u>25</u></u>	<u><u>548</u></u>

The accompanying notes form part of these financial statements

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024

1 General information

The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 2.

The Company is a private company limited by share capital, incorporated and domiciled in Jersey.

The address of its registered office is:

44 Esplanade
St Helier
Jersey, Channel Island
JE4 9WG

The principal place of business is:

The Adelphi
1-11 John Adam Street
London
WC2N 6HT
United Kingdom

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies

Basis of preparation

Petroineos Trading Limited (the 'Company') is incorporated and domiciled in Jersey under The Companies (Jersey) Law 1991.

The Group financial statements consolidate the results of the Company and its subsidiaries (together referred to as the 'Group').

The Group financial statements have been prepared and approved by the directors in accordance with the requirements of the United Kingdom Adopted International Accounting Standards.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these Group financial statements.

The consolidated financial statements are presented in US Dollars, which is also the Group's functional currency. Amounts are rounded to the nearest million, unless otherwise stated.

Measurement convention

The Group financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: inventories and derivative financial instruments.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

New and amended IFRS Accounting Standards that are effective for the current year.

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- **IFRS 7 / IAS 7 Supplier Finance Arrangements**
The Group does not have any supplier agreements, therefore amendments in the specific disclosure requirements relating to supplier finance arrangements do not have any impact on the presented financial statements. The standard clarifies that arrangements that are solely credit enhancements for the entity, such as financial guarantees including letters of credit are not supplier finance arrangements.
- **Lease Liability in a Sale and Leaseback (IFRS 16)**
Amendments to IFRS16 were made to provide specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. These amendments had no effect on the group financial statements.
- **Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (IAS 1)**
The issued amendments provided clarity in regard to the following:
 - Clarification of the meaning of 'Settlement'. The IASB provided clarity on the clarification on the meaning of the settlement.
 - An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
 - If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
 - The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement. • In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the group financial statements.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

New and revised IFRS Accounting Standards in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

Standard / Interpretation	Effective Date (years beginning on or after)	Expected Impact
IAS 21 - Lack of exchangeability / The effects of changes in foreign exchange rates	1st January 2025	Unlikely will be a material impact
IFRS 7&9 – Amendments to the classification and measurement of financial instruments	1st January 2026	Unlikely will be a material impact
IFRS 7&9 – Contracts referencing nature dependant electricity	1st January 2026	Unlikely will be a material impact
IFRS 18 – Presentation and Disclosure in Financial Statements	1st January 2027	Unlikely will be a material impact
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1st January 2027	Unlikely will be a material impact

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Going Concern

The Group has net assets of \$341m (2023 Restated: \$530m) and net current liabilities of \$2,320m (2023 Restated: \$2,014m). Bank borrowings of \$1,285m (2023: \$1,527m) are due within one year. Furthermore, the Group and the Company is jointly and severally liable for credit facilities utilised by its shareholder PetroChina International (London) Co., Ltd amounting to \$nil (2023: \$nil) due within one year (see note 28).

In determining the appropriate basis of preparation for the financial statements for the year ended 31 December 2024, the Directors are required to consider whether the Group and the Company will be able to operate within the level of available facilities and cash for the foreseeable future, being a period of at least 12 months following the approval of the financial statements. Given the joint and several liability for facilities utilised by PetroChina International (London) Co., Ltd, including any further draw-downs from the total uncommitted facilities currently available of \$7.8bn, of which \$4.1bn is drawn-down at the date of approval of these financial statements, it is also fundamentally important to consider whether that Company will be able to operate, and meet its obligations, within the level of facilities, jointly available to the Group and the Company and PetroChina International (London) Co., Ltd, and cash for the same period.

The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, including the potential impact of the Ukraine and Middle East conflicts. The forecasts prepared, taking account of severe, but plausible downsides, demonstrate that the Group and the Company will be able to operate within the level of currently available uncommitted facilities for the forecast period. The continued uncertainty as to how these ongoing conflicts might evolve over the short-term, including what impact this may have on the operation of the business, commodity pricing and the wider energy market makes precise forecasting challenging. There is a higher degree of uncertainty than would usually be the case in making the key judgements and assumptions that underpin the Directors financial forecasts.

The assessment is reliant on uncommitted banking facilities continuing to be available to the Group and the Company to draw-down throughout the forecast period for the purpose of Trade Finance and general-purpose corporate borrowing. The total uncommitted facilities are provided by 20 individual banks who, in accordance with the standard terms of such facilities, reserve the right to cancel the facilities or decline any request for draw down. These facilities are made available for the permitted purpose only as specified in each facility letter. Whilst all banks permit the use of such facilities total \$7.8bn (\$4.1bn drawn down), of which \$3.7bn is available as working capital at the date of approval of these financial statements. The nature of uncommitted banking facilities means that the ongoing availability of the facilities, in their entirety, and approvals to draw-down on the facilities are outside the control of the Group and the Company.

Should such uncommitted facilities not be made available to the Group and the Company, and PetroChina International (London) Co., Ltd to utilise in the next twelve months, PetroChina International Co. Ltd, parent company of PetroChina International (London) Co., Ltd, has indicated its intention to make available its own banking facilities and cash to enable PetroChina International (London) Co., Ltd to meet its financial liabilities and obligations as they fall due and continue to trade. Further to this, PetroChina International (London) Co., Ltd has indicated its intention to make available banking facilities and cash to enable the Group and the Company to meet its financial liabilities and obligations as they fall due and continue to trade. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

The directors are confident that based on experience to date in obtaining approvals for draw-downs, for the permitted purpose, and the breadth of banks providing such facilities that sufficient facilities will be available to the Group and the Company, and PetroChina International (London) Co., Ltd to be able to realise its assets and discharge its liabilities as they fall due for the forecast period. Consequently, the financial statements have been prepared on a going concern basis and do not include any adjustments which would be required if the going concern basis of preparation were to be deemed inappropriate.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2024.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The acquisition method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill. When the goodwill is negative, a bargain purchase gain is recognised immediately in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Inter-company transactions, balances, and unrealised foreign exchange differences on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, US Dollars, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign currency translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the transaction price. The majority of the trade receivables arise from commodity contracts, many of which contain fixed pricing elements.

Prepayments and accrued income comprise of payments made in advance relating to the following year, and income relating to the current year, that will not be invoiced until after the balance sheet date.

When the Group obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements and such assets meet the recognition criteria in other standards, the Group for such assets held at the reporting date discloses:

1. the nature and carrying amount of the assets;
2. when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations.

All collateral held by the Company is readily convertible to cash.

Other receivables includes amounts held as collateral, balances in clearing exchange and escrow accounts. Other receivables are held with the intention to collect contractual cash flows of solely principal and interest and are accounted for at amortised cost.

Intercompany loan receivables represent fixed interest rate working capital loans advanced to other group entities or related parties either in the UK or overseas. The repayment terms of the loans are a mixture of fixed term and repayable on demand loans. The Company has determined that the loan agreements do not have any non-standard lending terms. The cash flows resulting from the Intercompany loan agreements represent interest and principal settlement.

Trade and other receivables are held with the intention to collect contractual cash flows of solely principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company recognises an allowance of expected credit losses (ECLs) for all financial assets which are not fair value through profit and loss. In accordance with IFRS 9, the Company applies the simplified approach for trade receivables and accrued income. This approach permits the use of a lifetime expected loss allowance. The measurement of expected credit losses on financial assets is based on assumptions about the future risk of default and expected loss rates.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

The full ECL model is applied for all other receivables including receivables from related parties. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those, where the credit risk is has not increased significantly since initial recognition of financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses are recognised along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Trade and other payables

Trade payables are obligations to pay amounts to suppliers in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Derivative financial instruments

The Group routinely enters into sale and purchase transactions for physical delivery of power, crude oil and oil products. Such contracts are accounted for as derivatives under the recognition and measurement principles of IFRS 9 *Financial Instruments* (IFRS 9) in the Group's statement of financial position at fair value through profit and loss until control of the commodity passes to the Counterparty (e.g. physical shipment or delivery).

Contracts that the Group enters into and continue to be held for the receipt or delivery for the Group's usage requirements are designated as 'own use'. These contracts are not accounted for as derivatives under IFRS 9.

The Group uses a range of derivatives for both trading and to hedge exposures to financial risks, such as commodity price and foreign exchange risk arising in the normal course of business. All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and liabilities are offset and presented on a net basis only when both a legal right of set-off exists and the intention to net settle the derivative contracts is present.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Embedded derivatives: derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains or losses reported in the income statement. The closely-related nature of embedded derivatives is reassessed when there is a change in the terms of the contract which significantly modifies the future cash flows under the contract. Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in the income statement.

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment. Such costs include costs directly attributable to making the assets capable of operating as intended. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs, less any estimated residual value based on prices prevailing at the date of acquisition, of each asset over its expected useful life as follows:

Asset class	Depreciation method and rate
Leasehold improvements	10% per annum
Furniture and fittings	25% per annum
Leased assets	Straight line over the lease term

Inaccessible inventory

As a consequence of crude and product tank design, a proportion of inventory held in each tank is unable to be accessed while these tanks are being used in the normal day to day operations of the business. In addition there is a proportion of inventory which represents a minimum operating level for each tank below which the normal tank operations are adversely affected and as a consequence the Company does not operate below this level. This inventory is classified as inaccessible inventory, and is capitalised in property, plant and equipment.

All inaccessible inventories are valued as per the inventory valuation process as at the date of capitalisation and subsequently measured at fair value.

As part of a maintenance programme it is necessary for tanks to be temporarily taken out of operational use and at this time all inventory, including the inaccessible inventory, from these tanks would be released and refilled when returning to operational use. Additions and disposals will only be recognised when this maintenance cycle occurs. Should a tank be permanently decommissioned the Company would amend the valuation to reflect the reduction in inaccessible volumes at the time of the decommissioning.

Inaccessible inventory is not depreciated but is tested annually for impairment.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Impairment

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (or group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Other Intangible assets

Intangible assets, other than goodwill, include computer software are stated initially at cost less accumulated amortization and accumulated impairment losses. The initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the intangible asset. All intangible assets useful lives are finite.

In a business combination, goodwill is the residual amount after the sum of the fair values of the identified assets acquired and liabilities assumed has been subtracted from the fair value of the consideration. Goodwill is allocated to cash-generating units ("CGUs") and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Research and development

An internally generated intangible asset arising from the Group's development activities is recognised only if the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Where these criteria are met, the development expenditure is capitalised at cost. Where they are not met, development expenditure is recognised as an expense in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Amortisation

Intangible assets with a definite life are amortized on a straight-line basis over their expected useful lives. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use and reported within the cost of sales line on the income statement. The estimated useful lives are as follows:

Asset class	Amortisation method and rate
Software	5 years
Internally developed intangible assets	5 years

Inventories

Inventories, other than inventories held for trading purposes are stated at the lower of cost and net realisable value. Cost is based on the moving average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Inventories held for trading purposes are stated at fair value less costs to sell and any changes in fair value are recognized in the income statement.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Group accounts for each lease component separately from the non-lease components. The Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in "lease liabilities" in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The exemption for low value assets is available on a lease by lease basis, whereas the exemption for short term leases must be applied consistently to each separate class of underlying asset.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Revenue

Recognition

Revenue represents the invoiced value of products sold or services provided to third and related parties net of sales discounts, value added tax and duties. Revenue is recognised when control is passed to the customer.

The principal activities of the Group are the wholesale trading of physical energy products and trading of energy related derivatives in-order to monetise and add value to the trading position of the Trading Desks.

Revenue is derived principally from the sale of goods (sale of commodities) and in some instances the goods are sold on Cost and Freight (CFR) or Cost, Insurance and Freight (CIF) Incoterms. When goods are sold on a CFR or CIF basis, the Group is responsible for providing these services (shipping and insurance) to the customer, sometimes after the date at which the Group has lost control of the goods. Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from the Group to the buyer.

Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The same recognition and presentation principles apply to revenues arising from physical settlement of forward sale contracts that do not meet the own use exemption. Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset.

If the consideration in a contract includes a variable amount, the entity estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. IFRS 15 provides two methods for estimating variable consideration: the expected value method and the most likely outcome method. In all cases, fair value is estimated by reference to forward market prices. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue.

Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative.

Where the sale of goods is connected with an agreement to repurchase goods at a later date, revenue is recognised when the repurchase terms are at prevailing market prices, the goods repurchased are readily available in the market, and the buyer gained control of the goods originally sold to them. Should it be determined that control has not transferred or the buyer does not have the ability to benefit substantially from ownership of the asset, revenue is not recognised and any proceeds received are accounted for as a financing arrangement.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

The pricing for products sold is determined by market prices (market contract) or is linked by formula to published raw material prices plus an agreed additional amount (formula contracts). Revenue arising from the sale of goods is recognised when the goods are either despatched or delivered depending on the relevant delivery terms and the point at which risks and rewards have been transferred to the buyer, when the prices are determinable and when collectability is considered probable.

The Company has taken advantage of the practical expedient in IFRS 15, paragraph 63 that allows an entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group primarily enters into the following types of financial instruments:

- (a) Non-financially settled contracts including physical Over the Counter "OTC" forward contracts;
- (b) Financially-settled contracts including futures and swaps ("Paper transactions")

a) Non-financially settled contracts

Derivative contracts resulting in physical delivery to the customer.

Sale contracts that are settled by physical delivery are accounted for under IFRS 9 until control of the commodity passes to the Counterparty (e.g. physical shipment or delivery). Upon delivery of the commodity, and once control passes to the Counterparty, the Company has elected to recognise revenue in relation to this contract with the customer. Revenue is measured at the contractual transaction price plus the fair value of the derivative on settlement date.

b) Financially settled contracts

Financially-settled contracts do not result in physical delivery of commodities. These contracts are settled on a net basis, either in cash or with another financial instrument, when a netting agreement exists with the Counterparty.

These contracts are accounted for as financial instruments within the scope of IFRS 9. Counterparties to these transactions may, however, meet the IFRS 15 definition of a customer. The Company's policy is to account for these contracts on a net basis and present related gains and losses within Cost of Sales (i.e. no impact on revenue).

Cost of sales

Cost of sales of trading activity includes the cost of crude, products, renewable energy certificates and power purchased during the period and related storage, shipping, distribution and brokerage costs.

The Company enters into forward sale and purchase agreements via commodity exchanges and individual counter party (over the counter - "OTC"). These contracts are accounted for under IFRS 9. Net derivative gains and losses that arise from these physical sale and purchase contracts are included within Cost of Sales. Net derivative gains and losses from exchange traded futures are also included within Cost of Sales.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Expenses

Finance income and expenses

Finance expenses comprise interest payable, and the finance cost of leases recognised in profit or loss using the effective interest method, foreign exchange losses and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset. Finance income comprises interest receivable on funds invested and dividend income.

Interest income and interest payable is recognised in profit or loss as it accrues using the effective interest method. Interest paid is presented in financing activities, whereas interest received is presented in investing activities within the statement of cashflows.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Payments in relation to the tolling operating lease are recognised as incurred, see note 26. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all tax temporary difference, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investment in subsidiaries and interest in joint arrangements, when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

2 Accounting policies (continued)

International Tax Reform - Pillar Two

The Group became subject to the global minimum top-up tax under Pillar 2 legislation from 1 January 2024 and may be liable for additional taxes in certain jurisdictions in which our ultimate parent entity and its subsidiaries have taxable presences. No material Pillar 2 current tax expense has been recognised in the year ended 31 December 2024 on the basis that the UK's GloBe effective tax rate is in excess of 15% and no-top taxes are allocated to the Group as the Undertaxed profit rules commence in the UK for accounting periods beginning on or after 31 December 2024.

We continue to assess the impact of the Pillar 2 legislation on our future financial performance but do not expect this to become material. We have applied the temporary exception from the accounting requirements for deferred taxes in IAS 12 'Income Taxes'.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group has identified the following areas as being critical to understanding the Company's financial position as they require management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain:

Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Accounting policy choice to recognise gross revenue in relation to physically settled derivative forward sale contracts rather than present net trading income.

In the absence of clear guidance regarding the presentation of profit or loss on settlement of non-financial contracts in scope of IFRS 9, two approaches are considered to be acceptable. There is a variety of practice between industry participants and some recognise only net trading income as revenue, whilst others recognise gross revenue based on the fair value of product sold. Note 4 provides an analysis of the Company's revenue, all Entrepreneurial Trading revenue is from physically settled derivative forward sale contracts.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Assessment of tolling arrangements as variable leases

This is a key judgement (namely that no in substance fixed payments) - and results in a "smaller" balance sheet. The Group has toll manufacturing contracts with the Lavera and Grangemouth refineries. During the year \$725m (2023 Restated: \$830m) was recognised as an expense in the income statement.

These contracts have been agreed on a 12-month rolling notice period (see note 26 for further details).

Classification of transactions which contain a financing element (note 21)

Transactions for the purchase of commodities may contain a financing element such as extended payment terms. Under such an arrangement, a financial institution may issue a letter of credit on behalf of the Group and act as the paying party upon delivery of product by the supplier and the Group will subsequently settle the liability directly with the financial institution, generally from 30 up to 90 days after physical supply. Judgement is required to determine the most appropriate classification and presentation of these transactions within the statements of cash flows and financial position. In determining the appropriate classification, management considers the underlying economic substance of the transaction and the significance of the financing element to the transaction. Typically, the economic substance of the transaction is determined to be operating in nature as the financing element is insignificant and the time frame in which the original arrangement is extended by, is consistent and within supply terms commonly provided in the market. As a result, the entire cash flow is presented as operating in the statement of cash flows with a corresponding trade payable in the statement of financial position. As at 31 December 2024, trade payables include \$255 million (2023: \$446 million) of such liabilities arising from supplier financing arrangements, the weighted average of which extended settlement of the original payable to 30 days (2023: 30 days), see note 21 for detail. There was no significant exposure to any individual financial institution under these arrangements. These payables are not included within net debt as defined in note 25.

Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

a) Impairments of Goodwill - estimate of future cash flows and determination of the discount rate

IFRSs require management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectations of:

- Growth rates of various revenue streams;
- Long term growth rates;
- Future margins;
- The selection of an appropriately risk adjusted discount rate; and
- The determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the Group's impairment evaluation and results as indicated in note 13.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

b) Fair value Measurement

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. [IFRS 13:72]

If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement (based on the application of judgement). [IFRS 13:73] For further details on the fair value hierarchy, refer to Note 24. Management has agreed that the fair value of crude and product physical contracts should be disclosed as Level 2.

c) Expected Credit Loss (ECL)

IFRS 9 does not prescribe any specific modelling techniques for calculating the ECL and is subjective. In assessing the ECL, the Company has adopted a Valuation model which uses the Probability of Default (POD) multiplied by the Loss at Given Default (LGD).

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

4 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2024	2023
	\$ m	\$ m
Sale of goods	<u>28,354</u>	<u>38,832</u>
Disaggregation of revenue by primary geographical markets		
	31 December	31 December
	2024	2023
	\$ m	\$ m
Total EEA & EU	21,568	29,824
Rest of world	<u>6,786</u>	<u>9,008</u>
	<u>28,354</u>	<u>38,832</u>
Disaggregation of revenue by product service		
	31 December	31 December
	2024	2023
	\$ m	\$ m
Asset trading - Grangemouth	4,025	4,866
Asset trading - Lavera	7,100	7,256
Entrepreneurial trading - Crude & Products	17,191	26,663
Entrepreneurial trading - European Power	<u>38</u>	<u>47</u>
	<u>28,354</u>	<u>38,832</u>

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

4 Revenue (continued)

Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2024	2023
	\$ m	\$ m
Receivables	795	1,161
Contract assets	515	434
Contract liabilities	241	118

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on crude oil and refined trading products. In accordance with IFRS15, a contract asset is recognised when the payment is conditional on the future performance of the entity. The contract assets are transferred to receivables when the rights become unconditional. Contract assets includes \$150m relating to related parties (2023: \$140m).

Invoices are typically paid on time within the industry standard payments terms, the most common being settlement within 5 or 30 days after the date of bill of lading. Recognition of a purchase and sale is made in accordance with the point of title transfer determined by the incoterms as stipulated within the contract.

The contract liabilities primarily relate to the advance consideration received from customers for various products.

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was \$118m (2023: \$489m).

Revenue from contracts with customers amounts to \$28,354m (2023: \$38,832m).

Revenue from price movements related to contracts with post-delivery price terms measured at fair value was assessed as immaterial.

The Company enters into derivative contracts including forward sales contracts of crude oil, oil products and foreign exchange derivatives. These forward contracts are required to be fair valued under IFRS 9 Financial Instruments. Revenue from these forward sales contracts is measured at the contractual transaction price plus the fair value of the derivative on settlement date and is recorded within revenue in the Income Statement. The total amount relating to the fair value adjustments on all these items was a net loss of \$273m (2023: \$321m gain).

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

5 Finance incomes and costs

	2024 \$ m	2023 \$ m
Finance income		
Interest income on related party borrowings	110	94
Finance costs		
Interest expense on bank overdrafts and borrowings	(140)	(191)
Foreign exchange losses	-	(1)
Other finance costs	<u>(23)</u>	<u>(29)</u>
Total finance costs	<u>(163)</u>	<u>(221)</u>
Net finance costs	<u><u>(53)</u></u>	<u><u>(127)</u></u>

Interest income is mainly received from related parties, see detail in note 28.

Other finance costs consist of bank guarantee fee.

6 Other operating income

The analysis of the Group's other operating income for the year is as follows:

	2024 \$ m	2023 \$ m
Miscellaneous other operating income	<u>20</u>	<u>1</u>

For 2024, this includes an insurance reclaim in relation to delayed turnaround maintenance at Grangemouth refinery. The income in 2023 is unrelated.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

7 Operating (loss)/profit

Operating profit has been arrived at after charging/(crediting):

	Note	2024 \$ m	Restated 2023 \$ m
Cost of purchases from physical trading activities and derivatives		27,402	37,794
Tolling expenses	26	725	830
Impairment of inaccessible inventory	16	4	23
Exceptional items - terminal transition		136	43
Depreciation and amortisation expense	11, 12, 13	11	7
Administrative expenses		81	94
Unrealised loss/(gain) on open derivatives at year-end		219	(225)
Expected credit loss of trade receivables		<u>-</u>	<u>(6)</u>

The cost of purchase and revenue (note 4) are all adjusted from contract value to the fair value at the date control of the product is transferred to/from the Group in accordance with IFRS 9 and 15.

Exceptional items: Cost of sales have been reported after the inclusion of the following exceptional items arising from the transformation of the Grangemouth site from refinery to terminal. Such costs include:

- Enhanced tolling fee chargeable by Petroineos Refining Limited - \$39m (2023: \$43m)
- Take or pay onerous contracts - \$98m (2023: nil)

8 Auditors' remuneration

	2024 \$ m	2023 \$ m
Audit of these financial statements	<u>1</u>	<u>1</u>

Audit fee payable to BDO LLP with respect of group audit services was £0.475m (2023: £0.461m)

9 Staff costs

The aggregate employee benefits (including directors' remuneration) were as follows:

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

9 Staff costs (continued)

	2024	2023
	\$ m	\$ m
Wages and salaries	54	55
Social security costs	4	3
Pension costs, defined contribution scheme	3	3
Other employee expense	<u>1</u>	<u>1</u>
	<u>62</u>	<u>62</u>

The average number of persons employed by the Group (including directors) during the year, analysed by category were as follows:

	2024	2023
	No.	No.
PITL	<u>234</u>	<u>229</u>

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

10 Income tax

Tax (credited)/charged in the income statement

	2024 \$ m	2023 \$ m
Current tax (credit)/charge		
UK corporation tax	(5)	12
Overseas current tax on profits for the year	-	1
UK corporation tax adjustment to prior periods	<u>3</u>	<u>-</u>
	(2)	13
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>(57)</u>	<u>(6)</u>
Tax (credit)/expense in the income statement	<u><u>(59)</u></u>	<u><u>7</u></u>

The differences between the accounting profit multiplied by the UK corporation tax rate and the tax expense are explained below:

	2024 \$ m	2023 \$ m
(Loss)/profit before tax	<u>(250)</u>	<u>37</u>
Corporation tax at standard rate	(62)	9
Decrease in tax from adjustments for prior periods	3	-
(Decrease) from effect of foreign exchange on tax settled in foreign currencies	<u>-</u>	<u>(2)</u>
Total tax (credit)/charge	<u><u>(59)</u></u>	<u><u>7</u></u>

The standard rate of corporation tax in the UK was 25% for the year ended 31 December 2024.

Finance Act 2021 increased the rate of corporation tax from 19% to 25% with effect from 1 April 2023. Deferred tax assets and deferred tax liabilities are recognised at 25%.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

11 Property, plant and equipment

	Furniture, fittings and equipment \$ m	Inaccessible inventory \$ m	Total \$ m
Cost or valuation			
At 1 January 2023	14	286	300
Disposals	<u>(4)</u>	<u>(5)</u>	<u>(9)</u>
At 31 December 2023	<u>10</u>	<u>281</u>	<u>291</u>
At 1 January 2024	10	281	291
Disposals	<u>(1)</u>	<u>-</u>	<u>(1)</u>
At 31 December 2024	<u>9</u>	<u>281</u>	<u>290</u>
Accumulated depreciation			
At 1 January 2023	10	-	10
Charge for year	2	-	2
Eliminated on disposal	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Impairment	<u>-</u>	<u>23</u>	<u>23</u>
At 31 December 2023	<u>7</u>	<u>23</u>	<u>30</u>
At 1 January 2024	7	23	30
Charge for the year	1	-	1
Eliminated on disposal	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Impairment	<u>-</u>	<u>4</u>	<u>4</u>
At 31 December 2024	<u>7</u>	<u>27</u>	<u>34</u>
Carrying amount			
At 31 December 2024	<u>2</u>	<u>254</u>	<u>256</u>
At 31 December 2023	<u>3</u>	<u>258</u>	<u>261</u>
At 1 January 2023	<u>4</u>	<u>286</u>	<u>290</u>

A proportion of inventory held in tank is unable to be accessed which is classified as inaccessible inventory, and is capitalised in property, plant and equipment according to inaccessible inventory policy adopted in 2014, refer to note 2.

Petroineos Trading Limited

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024
(continued)**

12 Right-of-use assets

	Machinery \$ m	Property \$ m	Other \$ m	Computer & Peripherals \$ m	Total \$ m
Cost or valuation					
At 1 January 2023	2	18	-	-	20
Additions	-	-	9	-	9
At 31 December 2023	2	18	9	-	29
At 1 January 2024	2	18	9	-	29
Additions	-	-	7	2	9
Disposals or expired	(2)	-	-	-	(2)
At 31 December 2024	-	18	16	2	36
Accumulated depreciation					
At 1 January 2023	-	6	-	-	6
Charge for the year	1	1	2	-	4
At 31 December 2023	1	7	2	-	10
At 1 January 2024	1	7	2	-	10
Charge for the year	1	1	8	-	10
Eliminated on disposals or expired	(2)	-	-	-	(2)
At 31 December 2024	-	8	10	-	18
Carrying amount					
At 31 December 2024	-	10	6	2	18
At 31 December 2023	1	11	7	-	19

Other category mainly relates to oil tanks leased by the Group to store various crude and products during its ordinary business activities.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

13 Intangible assets

	Goodwill \$ m	Customer order book \$ m	Internally generated software development costs \$ m	Total \$ m
Cost or valuation				
At 1 January 2023	573	13	10	596
At 31 December 2023	573	13	10	596
At 1 January 2024	573	13	10	596
At 31 December 2024	573	13	10	596
Accumulated amortisation and impairment				
At 1 January 2023	182	13	9	204
At 31 December 2023	182	13	9	204
At 1 January 2024	182	13	9	204
Amortisation charge	-	-	1	1
At 31 December 2024	182	13	10	205
Carrying amount				
At 31 December 2024	391	-	-	391
At 31 December 2023	391	-	1	392

Goodwill arose on the acquisition of Petroineos Europe Limited, a 100%-owned subsidiary, on 1 July 2011. The balance is not amortised but is tested annually for impairment.

The amortisation charge is recognised within cost of sales in the Consolidated Income Statement.

Impairment

The Group has one Cash Generating unit, for which all the Group's goodwill has been allocated. According to IAS36, the standard calls for a test of the Recoverable Amount. Recoverable Amount is defined as the higher of an asset's fair value less cost of disposal ("FVLCD") and its value in use ("VIU"). Fair value less cost of disposal is defined as: "the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal". Value in use is defined as: "the present value of the future cash flows expected to be derived from an asset or cash-generating unit".

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

13 Intangible assets (continued)

For the purposes of impairment testing, Petroineos Management have calculated a DCF model with cash flow forecasts which assume that JV1 as a pure trading entity. For this reason, it excludes any benefit or VIU arising from JV2, the business operates the Grangemouth and Lavera refineries. Petroineos Trading Limited (JV1) conducts all trading and refined product marketing activities and has tolling manufacturing agreements in place with Grangemouth and Lavera (JV2). Under the tolling manufacturing arrangements, JV1 pays a service fee to the individual tolling companies within JV2 for refining crude oil into products that can be sold to wholesale and retail customers.

In September 2024, Petroineos announced that it would transition Grangemouth from a refinery with an ongoing terminal business, to a pure terminal business from Q2 2025 onwards. This was in response to global market pressures which limited Grangemouth's competitiveness. As a result, Grangemouth is forecast to incur a number of transition costs between 2025 and 2028.

Key assumptions used in the calculation:

A discount rate has been calculated using the UK risk free which is considered along side the Equity Risk Premium (ERP) and a view of the total market returns.

The forecasts include explicit forecasts for the next six years and then assume a 2.00% long term growth rate into perpetuity to account for the impact of inflation, which is estimated to be c.2% in the long term for the UK according to Oxford Economics. We consider this approach, which makes use of an explicit forecast period of six years and then applies a terminal value, to be in line with IAS 36.

The key assumptions related to this calculation are shown below:

	Rate currently applied	
	2024	2023
Number of years over which management approved forecasts are based	6	6
Growth rate applied beyond approved forecast period	2%	2%
Discount rate (mid-point)	11.2	14.5

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

13 Intangible assets (continued)

Basis of valuation

JV1 has been treated as a standalone Trading business. Management forecasts are modelled on the assumption that JV1 operates as a pure trading business and does not benefit from the tolling agreement with JV2.

The forecasts include explicit forecasts for the next six years and then assume a 2.00% long term growth rate into perpetuity to account for the impact of inflation, which is estimated to be c.2% in the long term for the UK according to Oxford Economics.

We consider this approach, which makes use of an explicit forecast period of six years and then applies a terminal value, to be in line with IAS 36. We considered the use of a terminal value assuming cash flows into perpetuity to be reasonable in this case, given that the trading business will continue to trade commodities, and although the commodities being traded might shift in future years as transition accelerates, the fundamental operations of the business will not change.

Using the forecasts we applied a market participant discount rate with a 50bps range around the midpoint of 11.20%, resulting in a range of 10.70% to 11.70%. The results in a VIU range of \$1,097m to \$1,213m with a midpoint of \$1,152m.

This value is above the carrying value of the business, therefore management deem that no impairment is necessary.

No reasonably possible change in the growth rate assumption would result in the carrying value exceeding the recoverable amount and therefore not a key factor in assessing impairment.

Petroineos Trading Limited

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024
(continued)**

14 Deferred tax

	Asset \$ m	Liability \$ m	Net deferred tax \$ m
2024			
Tax losses carry-forwards	211	-	211
	<u>211</u>	<u>-</u>	<u>211</u>
			Net deferred
2023 Restated	Asset \$ m	Liability \$ m	tax \$ m
Fair value movements in financial instruments	-	(8)	(8)
Tax losses carry-forwards	162	-	162
	<u>162</u>	<u>(8)</u>	<u>154</u>
Deferred tax movement during the year:			
	At 1 January 2024 \$ m	Recognised in income \$ m	At 31 December 2024 \$ m
2024			
Tax losses carry-forwards	162	49	211
Fair value movements in financial instruments	(8)	8	-
	<u>154</u>	<u>57</u>	<u>211</u>
Deferred tax movement during the prior year:			
	At 1 January 2023 \$ m	Recognised in income \$ m	At 31 December 2023 \$ m
2023 Restated			
Fair value movements in financial instruments	(15)	7	(8)
Tax losses carry-forwards	164	(1)	162
	<u>149</u>	<u>6</u>	<u>154</u>

The directors consider that it is probable that there will be sufficient taxable profits in the future such as to realise the recognised deferred tax asset on tax losses. There are no unused tax losses where a DTA has not been recognised.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

15 Derivative assets held for trading

	31 December 2024	31 December 2023
	\$ m	\$ m
Non-current financial assets		
Derivative assets	193	255
	<u>31 December 2024</u>	<u>31 December 2023</u>
	\$ m	\$ m
Current financial assets		
Derivatives assets measured at FVTPL (refer to note 24 Fair value measurement)	106	310
	<u>106</u>	<u>310</u>

16 Inventories

Inventories are expected to be recovered within 12 months. Raw materials of crude oil and refining consumables and changes in finished goods are recognised as cost of sales in the year amounted to \$27,354 million (2023: \$37,781 million for the year).

	31 December 2024	31 December 2023
	\$ m	\$ m
Raw materials - Crude oil	622	697
Raw materials - Refining consumables	193	186
Finished goods - Refined products	151	218
	<u>966</u>	<u>1,101</u>

Stock impairment

No write down of Group inventories have been recognised for the inventories held within current assets (2023: Nil). Any write downs would be included within cost of sales as per note 7. Inventory write downs occur predominately when exiting storage facilities where the costs associated with the removal of residual product balances is exceeds the value of inventory held.

Included in the above inventory figure, AT inventory for own use in the refineries the Group has tolling contracts to supply is valued at lower of cost and net realisable value at \$768m (2023: \$750m) and ET inventory is valued at FVLCS at \$198m (2023: \$351m).

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

17 Trade and other receivables

		31 December 2024	Restated 31 December 2023
	Note	\$ m	\$ m
Current			
Trade receivables		662	909
Provision for expected credit loss		(3)	(3)
Net trade receivables		659	906
Trade receivables due from related parties	28	136	255
Loans due from related parties		14	1
Other receivables		48	51
Prepayments		39	49
		896	1,262

The provision for Expected Credit Loss relates entirely to items booked within the income statement under the cost of sales. Further information on how this has been calculated is described in Note 2 - Accounting policies - Trade and Other receivables. The profit and loss impact in 2024 is nil (2023: \$6m).

Other receivables include collateral deposits of \$34.3m held by the Group at the end of 2024 (2023: \$51m).

The trade and other receivables classified as financial instruments are disclosed below in note 24. The Group's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in note 25 "Financial risk review".

Details of non-current loan receivables and prepayment

The non-current loan receivables comprises the related party loan receivable of \$1,499m (2023 Restated: \$1,393m).

Non-current prepayment of \$107m (2023 Restated: \$90m) due from Petroineos Refining Limited.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

18 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium: Amount subscribed for share capital in excess of nominal value.

Accumulated losses: Cumulation of net gains and losses on transactions recognised in the income statement not included elsewhere.

Foreign currency translation reserve: Gains/losses arising on retranslating the foreign currency based operations into USD.

19 Cash and cash equivalents

	Group	
	31 December 2024 \$ m	31 December 2023 \$ m
Cash on hand	25	548

20 Derivative liabilities held for trading

	31 December 2024 \$ m	31 December 2023 \$ m
Derivative liabilities measured at FVTPL (refer to Note 24 Fair value measurement)	58	105

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

21 Loans and borrowings

The Group's exposure to market and liquidity risks, including maturity analysis, relating to loans and borrowings is disclosed in note 25 "Financial risk review".

The carrying amounts and fair value of the current borrowings are as follows:

Group	Carrying value		Fair value	
	31 December 2024 \$ m	31 December 2023 \$ m	31 December 2024 \$ m	31 December 2023 \$ m
US dollar	137	206	140	206
Chinese Yuan	<u>1,148</u>	<u>1,321</u>	<u>1,151</u>	<u>1,321</u>
	<u>1,285</u>	<u>1,527</u>	<u>1,291</u>	<u>1,527</u>

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. The nominal interest rate on the outstanding bank loans ranges from 2.10% to 3.00%. (2023: 1.00% to 2.45%). USD loans are charged at 2.50%. Included in the above figure, there are bank overdrafts of \$115m (2023: \$nil).

All loans were trade related and due within 1 year.

	31 December 2024 \$ m	31 December 2023 \$ m
Current loans and borrowings		
Bank borrowings	<u>1,285</u>	<u>1,527</u>

As at the balance sheet date the Group has access to \$8.1 billion of uncommitted facilities from 20 separate banks as described in note 2 going concern section. The majority of these facilities are used for specific transactions to fund commodity purchases and working capital requirements throughout the year. As the receipts and payments for the above bank borrowings in which the turnover is quick, the amounts are large and the maturities are short, the cash inflows and outflows from financing are reported on a net basis in the cash flow statement.

Short-term loans are sufficient for the Group to manage the on-going business.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

22 Trade and other payables

	31 December	Restated
	2024	31 December
	\$ m	2023
	\$ m	\$ m
Current		
Trade payables	749	1,300
Trade payables due to related parties	28 837	627
Accrued expenses	1,447	1,939
Provisions	92	-
Other payables	28	25
	3,153	3,891

Included in Trade Payables are \$255m (2023: \$446m) of balances owed whose payment terms have effectively been extended through a discounting arrangement with the bank that supplied the letter of credit. These payables had their payment terms extended by an average of 30 days, and all amounts were settled around one month after year end.

Non-Current provision arises from transitioning to Grangemouth terminal amounting to \$87m (2023 Restated: \$43m. See Note 34). See following for provision movement.

	31 December	31 December
	2024	2023
	\$ m	\$ m
Opening balance	43	-
Provision made during the year	136	43
Provision revaluations/reversals during the year	(1)	-
Balance at year end	179	43

23 Share capital

Authorised, allotted, called up and fully paid shares

	31 December		31 December	
	2024		2023	
	No.	\$	No.	\$
Ordinary shares of \$1 each	1,000	1,000	1,000	1,000
	1,000	1,000	1,000	1,000

Petroineos Trading Limited has issued fully paid share capital of \$1,000 held 50.1% by PetroChina International (London) Company Limited and 49.9% by INEOS Investments (Jersey) Limited. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

24 Fair value measurement

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

The fair value of the Group's bank loans are very similar to the reported carrying value due to their short maturities.

Derivative financial instruments

The fair value of derivative commodity contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Fair values at the year end

With the exception of derivative commodity contracts where the carrying amount is measured at the fair value, the carrying amounts of all other financial assets and financial liabilities are approximates of their fair value due to their short maturities. Loans to related parties being on market terms also have their carrying amount approximating to the fair value.

Fair value hierarchy

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

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

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

24 Fair value measurement (continued)

Assets measured at fair value

2024

	Level 1 \$ m	Level 2 \$ m	Total \$ m
Derivative commodity contracts - Paper exchange	3	-	3
Derivative commodity contracts - Others	20	-	20
Derivative commodity contracts - Forward physical	-	276	276
	23	276	299
	23	276	299

Liabilities measured at fair value

2024

	Level 1 \$ m	Level 2 \$ m	Total \$ m
Derivative commodity contracts - Paper exchange	(16)	-	(16)
Derivative commodity contracts - Others	(9)	-	(9)
Derivative commodity contracts - Forward physical	-	(33)	(33)
	(25)	(33)	(58)
	(25)	(33)	(58)

Assets measured at fair value

2023

	Level 1 \$ m	Level 2 \$ m	Total \$ m
Derivative commodity contracts - Paper exchange	2	-	2
Derivative commodity contracts - Others	156	-	156
Derivative commodity contracts - Forward physical	-	407	407
	158	407	565
	158	407	565

Liabilities measured at fair value

2023

	Level 1 \$ m	Level 2 \$ m	Total \$ m
Derivative commodity contracts - Paper exchange	(17)	-	(17)
Derivative commodity contracts - Others	(2)	-	(2)
Derivative commodity contracts - Forward physical	-	(86)	(86)
	(19)	(86)	(105)
	(19)	(86)	(105)

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

25 Financial risk review

Credit risk

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Management considers that the geographical concentration of credit risk is principally in the UK and France.

The Group considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group, or unlikely to be able to fulfil contractual obligations that would result in a market value loss, without taking into account any collateral held by the Group or if the financial asset is more than 90 days past due. This is unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investments, cash and cash equivalents

Surplus cash investments are only made with banks with which the Group has a relationship. Occasionally deposits are made with banking counterparties that provide financing arrangements, reducing the credit exposure of the Group.

The credit risk on liquid funds and derivative financial instruments is limited because the majority of counterparties are banks, related parties or similar sized organisations with high credit-ratings assigned by international credit-rating agencies.

Exposure to credit risk

Credit exposure is calculated using the aggregate of:

1. The values associated with the delivery of product that have accrued/realized but not yet have been invoiced.
2. All receivables including overdues - defined as invoiced but not yet paid, and
3. Mark-to-Market on fixed priced physical oil contracts. Exposure is calculated on a gross basis unless the right to netting can be demonstrated under required documentation (e.g. governing contract) and the applicable law.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the reporting date was the carrying amount of financial assets. Due to the diversified customer structure of the Group, there is no significant concentration of credit risk.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

25 Financial risk review (continued)

Under IFRS 9, management has assessed the trade receivables, contract assets and related party receivables in existence and the results appear reasonable in light of the 25 - 30 average days sales outstanding ('DSO') noted and the macroeconomic environment at the time of assessment. Taking into account forward looking data and the short-term nature of the receivables, Management assessed that the current provision is in line with the Expected Credited Loss (ECL) approach under IFRS 9. As such, management have assessed there is no further ECL. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks, related parties or similar sized organisations with high credit-ratings assigned by international credit-rating agencies. The credit risk for receivables from related parties has not increased significantly since their initial recognition.

ECL reconciliation

IFRS 9 does not provide any specifications on the design of the ECL model. In practice, there are two main approaches to determine ECLs (expected credit losses)

- a) Allowance matrix based on an entity's internal, historical credit loss data and past due receivables
- b) Valuation model that uses probabilities of default

Typically, the calculation of ECL calculates the lifetime expected credit loss by multiplying the lifetime probability of default (PD) by the recovery rate (RR) multiplied by the exposure at default (EAD). The recovery rate is an estimation of the percentage of an obligation that will still be repaid to creditors in the event of default or bankruptcy. EAD is the predicted amount of any loss that may incur if a debtor defaults.

In accessing the ECL for Petroineos Trading Limited, management have used a simplified approach of multiplying the trade receivables year end balance by the counterparty average default rate. Receivables in relation to exchange traded activities are excluded from the calculation due to margin calls and ultimately the credit risk being with the clearing broker.

Each receivable counterparty is assessed for credit worthiness at the point of trade inception. This rating is for most counterparts provided by external rating agencies or when not available provided internally using risk related tools. An expected exposure at default has been applied, being either 40% or 25% dependant on the investment grade of the counterparty.

Movements in the impairment allowance for trade receivables are as follows:

	31 December 2024	31 December 2023
	\$m	\$m
Opening provision for impairment of trade receivables	3	9
Increase during the year	3	3
Receivable written off during the year as uncollectible	-	-
Unused amounts reversed	(3)	(9)
Net movement in provision for impairment	-	(6)
At 31st December	3	3

Petroineos Trading Limited

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024
(continued)**

25 Financial risk review (continued)

The ageing of trade and other receivables at the end of the reporting period was:

	Net trade receivables \$ m	Trade receivables from related parties \$ m	Other receivables \$ m	Non trade receivables from related parties \$ m	Prepayments \$ m	Total \$ m
2024						
Not yet due	277	58	48	-	-	383
Between 0-30 days	326	31	-	-	-	357
Between 31-90 days	4	20	-	-	-	24
More than 90 days	<u>52</u>	<u>27</u>	<u>-</u>	<u>1,620</u>	<u>39</u>	<u>1,738</u>
	<u>659</u>	<u>136</u>	<u>48</u>	<u>1,620</u>	<u>39</u>	<u>2,502</u>

	Net trade receivables \$ m	Trade receivables from related parties \$ m	Other receivables \$ m	Non trade receivables from related parties \$ m	Prepayments \$ m	Total \$ m
2023 (Restated)						
Not yet due	787	183	51	-	-	1,021
Between 0-30 days	55	50	-	-	49	154
Between 31-90 days	32	1	-	-	-	33
More than 90 days	<u>32</u>	<u>21</u>	<u>-</u>	<u>1,484</u>	<u>-</u>	<u>1,537</u>
	<u>906</u>	<u>255</u>	<u>51</u>	<u>1,484</u>	<u>49</u>	<u>2,745</u>

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

25 Financial risk review (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group's exposure to liquidity risk is limited by the fact that it has access to significant cash resources.

The Group is reliant on funding from 20 banks to meet the anticipated needs of the Group for the year and has facility agreements totalling \$8,095m from these banks at 31 December 2024 (2022: \$7,595m). The facilities are uncommitted but are supported by letters of comfort to the lenders. The facilities available to the Group at the date of signing is \$7,745m, of which \$4,104m is currently utilised.

The Group forecasts on a regular basis the expected cash flows that will occur on a weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash.

Maturity analysis for financial liabilities

The following table sets out the remaining contractual maturities of the Group's current non derivative financial liabilities by type.

2024	Carrying amount	Gross nominal inflow/-outflow	3 months - 1 year
Non-derivative liabilities	\$ m	\$ m	\$ m
Loans and borrowings	<u>1,285</u>	<u>1,285</u>	<u>1,285</u>

The table below which sets out the contractual maturity (representing undiscounted cash flows) of financial liabilities:

2024	1-3 months	3 months - 1 year	1-5 years	More than 5 years
Financial liabilities	\$ m	\$ m	\$ m	\$ m
Trade and other payables	3,153	-	87	-
Lease liability	3	5	8	6
Derivative financial liabilities	58	-	-	-
Contract Liabilities	241	-	-	-
Total	<u>3,455</u>	<u>5</u>	<u>95</u>	<u>6</u>

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

25 Financial risk review (continued)

2023	Carrying amount	Gross nominal inflow/-outflow	3 months - 1 year
Financial liabilities	\$ m	\$ m	\$ m
Loans and borrowings	1,527	1,527	1,527

The table below which sets out the contractual maturity (representing undiscounted cash flows) of financial liabilities:

2023 Restated	1-3 months	3 months - 1 year	1-5 years	More than 5 years
Financial liabilities	\$ m	\$ m	\$ m	\$ m
Trade and other payables	3,891	-	43	-
Deferred Tax liability	-	-	8	-
Lease liability	2	3	8	9
Derivative financial liabilities	105	-	-	-
Contract Liabilities	118	-	-	-
Total	4,116	3	59	9

Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, crude oil, and feedstock will affect the value of the Group's assets, liabilities or expected future cash flows. The Group is exposed to changes in the price of crude oil and holds commodity contracts in order to manage this and other commodity market risks. The use of derivative instruments is confined to a specialist team that have the appropriate skills, experience, supervision, control and operating systems. Hedge accounting is not applied in respect of these derivatives.

Interest rate risk

Throughout the year, management continuously assessed the shift from LIBOR or other IBORS to new reference rates and the impact on the organisations financial instruments. Given that all company borrowing is short term, management perceived there to be limited interest rate risk, liquidity risk or operational risk associated with the change. At the time of the changes, the organisation undertook a detailed exercise to quantify the impact arising from the adoption of new pricing models / valuation techniques and risk models. This was deemed to be immaterial.

Financing solutions provided to clients are always on a short term basis and conducted on a back to back basis with banks and other financial institutions. All borrowings held at the end of the year referenced new benchmarks, predominately SOFR (Secured Overnight Financing Rate).

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

25 Financial risk review (continued)

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euros and Sterling. The prices of finished products and of the underlying raw materials are primarily denominated in US dollars, while the administrative costs are largely denominated in Sterling and Euros.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows. Foreign exchange difference on retranslation of these assets and liabilities are taken to the income statement of the Group.

In millions of	31 December 2024				
	EUR	GBP	AUD	CNH	JPY
Cash and cash equivalent	2	4	-	-	268
Trade and other receivables	307	336	-	-	-
Loan and borrowings	-	-	-	(8,377)	-
Trade and other payables	(137)	(113)	-	-	-
Lease liabilities	(6)	(1)	-	-	-
	<u>166</u>	<u>226</u>	<u>-</u>	<u>(8,377)</u>	<u>268</u>

In millions of	31 December 2023				
	EUR	GBP	AUD	CNH	JPY
Cash and cash equivalent	-	9	-	2,300	268
Other current financial assets	345	390	8	577	-
Trade and other receivables	-	-	-	(9,392)	-
Trade and other payables	(244)	(181)	(8)	-	-
Lease liabilities	-	4	-	-	-
	<u>101</u>	<u>222</u>	<u>-</u>	<u>(6,515)</u>	<u>268</u>

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

25 Financial risk review (continued)

Sensitivity analysis

A 10% percent weakening of the following currencies against the functional currency of the Group at 31 December 2024 would have increased / (decreased) equity and profit or loss by the amounts shown below.

This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity 2024 \$ m	Profit or loss 2024 \$ m	Equity 2023 \$ m	Profit or loss 2023 \$ m
Euros	(17)	(17)	(11)	(11)
Sterling	(28)	(28)	(29)	(29)
Chinese Yuan Renminbi (offshore)	<u>115</u>	<u>115</u>	<u>92</u>	<u>92</u>

A 10% percent strengthening of the above currencies against the functional currency of the Group at 31 December 2024 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital risk management

Capital components

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines its capital employed of \$1,601m (2023 Restated: \$1,509m) as shareholders' equity of \$341m (2023 Restated: \$530m) and net debt (net of issue costs) of \$1,260 (2023: \$979m).

The principal sources of debt available to the Group are interest-bearing bank loans. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt or sell assets to reduce debt.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

25 Financial risk review (continued)

Net gains and losses from financial instruments

Net gains and losses from financial instruments comprise the results of valuations, amortisation of discounts, the recognition and derecognition of impairment losses, results from the translation of foreign currencies, interest, and all other effects on profit or loss of financial instruments.

	Cash and cash equivalents \$ m	Assets measured at amortised cost \$ m	Liabilities measured at amortised cost \$ m	Financial instruments at fair value through profit and loss \$ m
2024				
Foreign exchange gains / (losses)	36	(15)	(14)	-
Interest income / (expense)	-	110	(163)	-
Net fair value gains on derivatives	-	-	-	(220)
Net result	<u>36</u>	<u>95</u>	<u>(177)</u>	<u>(220)</u>

	Cash and cash equivalents \$ m	Assets measured at amortised cost \$ m	Liabilities measured at amortised cost \$ m	Financial instruments at fair value through profit and loss \$ m
2023				
Foreign exchange (losses)	2	-	(1)	-
Interest income / (expense)	-	94	(221)	-
Net fair value gains on derivatives	-	-	-	226
Net result	<u>2</u>	<u>94</u>	<u>(222)</u>	<u>226</u>

Market Value at Risk

A key tool used by Petroineos Trading Limited and others within the industry is to monitor and limit its primary market risk exposure through a value at risk (VaR) computation. VaR is a risk measurement technique which estimates a threshold of potential losses that could occur on market positions as a result of changes in the risk factors over a specified time period given a perceived confidence level of future price movements based on specific price histories and market correlations. This methodology is statistically defined, probability based approach that considers correlations between markets and commodities against offsetting positions held by the Group. Petroineos uses an approach based on Monte Carlo simulations at 95% confidence level for 1 day.

Petroineos Trading Limited

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024
(continued)**

25 Financial risk review (continued)

Offsetting of financial assets and liabilities

With accordance to IAS 32, the Group reports financial assets and financial liabilities on a net basis in the consolidated statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting as at 31 December 2024 and 2023 are shown below. These transactions are predominantly exchange traded transactions subject to offsetting due to the type of trading agreement. There are no enforceable master netting agreements in place.

	Gross amount \$ m	Amount offset \$ m	Net amount \$ m	Amount not subject to offsetting arrangements \$ m	Total as presented in the consolidated statement of financial position \$ m
2024					
Derivative assets held for trading	<u>159</u>	<u>(136)</u>	<u>23</u>	<u>276</u>	<u>299</u>
Derivative liabilities held for trading	<u>(161)</u>	<u>136</u>	<u>(25)</u>	<u>(33)</u>	<u>(58)</u>
2023					
Derivative assets held for trading	<u>475</u>	<u>(317)</u>	<u>158</u>	<u>407</u>	<u>565</u>
Derivative liabilities held for trading	<u>(336)</u>	<u>317</u>	<u>(19)</u>	<u>(86)</u>	<u>(105)</u>

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

26 Obligations under tolling arrangements

Operating leases

During the year \$725m was recognised as an expense in the income statement in respect of tolling expenses (2023 Restated: \$830m).

The Group has toll processing agreements with Petroineos Manufacturing Scotland and Petroineos Manufacturing France, who own the refining sites at Grangemouth, Scotland and Lavera, France respectively. The toll processing agreements specify that the Grangemouth and Lavera sites will provide toll processing services to Petroineos Trading Limited, and that the production schedules at Grangemouth and Lavera will be based on orders from Petroineos Trading Limited.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

27 Lease liabilities

	\$m
1 January 2024	23
Changes from financing cash flows	
Payment of lease liabilities	(11)
Payment of interest	(2)
Total changes from financing cash flows	(13)
Other changes	
Interest on lease	2
New and modification of leases	10
Total other changes	12
31 December 2024	22
	\$m
1 January 2023	19
Changes from financing cash flows	
Payment of lease liabilities	(5)
Payment of interest	(1)
Total changes from financing cash flows	(6)
Other changes	
Interest on lease	1
New and modification of leases	9
Total other changes	10
31 December 2023	23

Petroineos Trading Limited

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024
(continued)**

27 Lease liabilities (continued)

	2024	2023
	\$m	\$m
Non-current lease liabilities		
Non-current portion of lease liabilities	14	17
	2024	2023
	\$m	\$m
Current lease liabilities		
Current portion of lease liabilities	8	5

The Group leases office buildings, oil tanks, land used for the trading and production of our products. Depending on the type of lease and the location, the lease durations vary from 1 to 15 years. As the Group is rapidly expanding, leases for office buildings and land typically run for a period of under 15 years and oil tanks usually run for a period of under 2 years. This provides our Group with the flexibility needed. Where practical, the Group seeks to have an option to extend and/or to renew the lease. This option is exercisable only by the Group. The Group assess at the lease commencement date whether it is reasonably certain to exercise the extension option. For the leases that it is estimated that the option will be exercised, the extended lease maturity date has been factored-in when discounting the lease liability. The lease commitments shown in Note 25 also include the amounts that the Group will have to pay if these options are exercised.

The lease liabilities of the Group are discounted at an average rate of 4.13% (2023: 4.13%).

	Group	
	31 December	31 December
	2024	2023
	\$ m	\$ m
Interest on lease liability	2	1
Expense relating to short-term leases and low value leases	-	44
	2	45

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

28 Related party transactions

The Group has transactions with the following related party entities (split by Group) who are not members of Petroineos Trading Limited. Each of the below related parties have a relationship with Petroineos Trading Limited through its subscribers. As disclosed in Note 22, the entity has a fully paid up share capital subscription held 50.1% by Petrochina International (London) Company Limited and 49.9% INEOS Investments (Jersey) Limited.

The Group has made allowances for bad or doubtful debts in respect of related party debtors of \$Nil (2023: \$Nil). No guarantee has been given or received during 2024 or 2023 regarding related party transactions.

China National Petroleum Corporation ('CNPC') Group:

- Chinaoil (Hong Kong) Corporation Limited
- Chinaoil (Singapore) Int'L Pte Limited
- Chinaoil Shanghai International Trading Co Limited
- Cliveden Petroleum Co. Limited
- CNPC International (Chad) Co Ltd

The nature of the transactions with the CNPC Group is the sale and purchase of crude oil and oil related products.

PetroChina Company Limited Group:

- PetroChina International (Singapore) Pte Limited
- PetroChina International (Hong Kong) Corporation Limited
- PetroChina International (America) Inc
- PetroChina International (London) Co Ltd
- PetroChina International (EastChina) Co Ltd
- PetroChina International (Middle East) Co Ltd
- PetroChina International (Netherlands) Co B.V.
- PetroChina International (Hainan) Co Ltd
- PetroChina International (Nigeria) Co Ltd

The nature of the transactions with the PetroChina Company Limited Group is the sale and purchase of crude oil and oil related products.

INEOS Group Holdings SA Group:

- INEOS Europe AG
- INEOS Comm. Services UK Limited
- INEOS Sales (UK) Limited
- INEOS Olefins SA
- Gexero

The nature of the transactions with the INEOS Group Holdings SA Group is the sale and purchase of crude oil and oil related products.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

28 Related party transactions (continued)

Petroineos Refining Limited Group:

- Petroineos Refining Limited
- Petroineos Manufacturing France SAS
- Petroineos Manufacturing Scotland Limited
- Petroineos Fuels Assets Limited

The transactions with the Petroineos Refining Limited Group relate to the tolling agreement (as described in note 26).

Other related parties

- INEOS Infrastructure (Grangemouth) Limited

The nature of the transactions with other related parties is the procurement of power and jetty services.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

28 Related party transactions (continued)

	Sales \$ m	Expenses \$ m	Interest income \$ m	Receivables outstanding \$ m	Payables outstanding \$ m	
2024						
CNPC Group	-	1,139	-	2	69	
PetroChina Company Limited Group	1,333	4,738	-	105	562	
INEOS Group Holdings SA Group	690	1	-	44	16	
Petroineos Refining Limited Group	-	706	110	1,498	190	
	<u>2,023</u>	<u>6,584</u>	<u>110</u>	<u>1,649</u>	<u>837</u>	
	Sales \$ m	Expenses \$ m	Interest income \$ m	Interest expense \$ m	Receivables outstanding \$ m	Payables outstanding \$ m
2023						
CNPC Group	-	1,649	-	-	2	67
PetroChina Company Limited Group	1,709	4,939	-	2	236	423
INEOS Group Holdings SA Group	595	156	-	-	25	9
Petroineos Refining Limited Group	-	901	93	-	1,386	128
	<u>2,304</u>	<u>7,645</u>	<u>93</u>	<u>2</u>	<u>1,649</u>	<u>627</u>

Included in the above related party transactions, there are long term loan receivable from Petroineos Refining Limited (PIRL) of \$96m (2023 Restated: \$126m) at 7% annual interest rate, and long term loan receivable from PIRL of \$1,403m (2023: \$1,267m) at USD SOFR plus spread adjustment 2.5%.

There are no guarantees given or received with all transactions made in good faith.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

29 Key management personnel

Directors of the Company and their immediate relatives do not control any of the voting shares of the Company.

Remuneration paid to directors and key management personnel is booked within the company's parent Company. There were no payments made to directors within Petroineos Trading Limited.

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

30 Commitments

The Company has bank credit facilities that are jointly available to the Company and its immediate parent. Both the Company and its immediate parent are jointly and severally liable for these joint facilities.

The Company has Letters of Guarantee with external banks. At 31 December 2024 the following guarantees were held by the Company USD 68m (2023: USD 54m and EUR 6.7m).

31 Parent and ultimate parent undertaking

The Company's immediate parent is PetroChina International (London) Co., Limited.

PetroChina International Company Limited with registered office at No. 27 Chengfang Street, Xicheng District, 100033, Beijing, China is the smallest parent company preparing group financial statements. These financial statements are available upon request from above address.

The ultimate parent is China National Petroleum Company. These financial statements are available upon request from 9 Dongzhimen North Street, Dongcheng District, Beijing.

The ultimate controlling party is China National Petroleum Company.

32 Subsequent events after the financial period

The management team continues to monitor the consumer demand impact across our business lines. At present, fluctuations in demand for core products are considered to be within the bounds of normal operations and do not present material additional risks. However, refined products have continued to face margin pressures due to subdued market demand and lower prevailing prices relative to recent years.

There is ongoing litigation relating to the importation of oil products into a foreign jurisdiction. Legal proceedings remain active and unresolved as of the date of this report, with no material developments concluded since year end.

In September 2024, it was announced that the transition of Grangemouth refinery operations would commence in early 2025. The Grangemouth business will continue to serve its primary market of hydrocarbon fuels supply to Scottish end users, but will shift to purchasing refined products directly from markets, ceasing the processing of crude oil.

As a result, the existing tolling agreement with Petroineos Manufacturing Scotland (refer to note 26) will be refocused from processing services to the provision of operating terminal facilities. This change is being implemented under instruction from Petroineos Trading Limited.

Management does not expect this transition to have any detrimental impact on internal resources or existing operational activities.

33 Dividends

No dividends were declared or paid during 2024 (2023: nil).

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

34 Prior period restatement

During the preparation of the current year financial statements, management identified that the liability related to the transition of the Grangemouth refinery, which arose in the prior year, were not recognized in the 2023 financial statements. This constitutes a prior period adjustment under IAS 8 - Accounting policies, changes in accounting estimates and errors.

The adjustment arises due to omission of provisions associated with decommissioning obligations and other closure costs following the transition of the Grangemouth refinery, which are recharged by PIMSL to PITL under the Toll Processing Agreement (TPA). These costs should have been recorded as a liability and included in profit or loss for the year ended 31 December 2023.

Impact on Financial Statements

The impact of the correction on the previously reported financial statements is as follows:

Statement	Line item	Previously reported	Adjustment	Restated
		\$ m	\$ m	\$ m
Statement of Comprehensive Income 2023	Cost of Sales	38,514	44	38,558
Statement of Comprehensive Income 2023	Taxation	(18)	11	(7)
Statement of Comprehensive Income 2023	Profit for the year	64	(33)	31
Statement of Financial Position 31 Dec 2023	Non-current trade and other payables	-	43	43
Statement of Financial Position 31 Dec 2023	Deferred tax assets	151	11	162
Statement of Financial Position 31 Dec 2023	Accumulated losses	(282)	(34)	(316)

Petroineos Trading Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

34 Prior period restatement (continued)

In addition to the above, loan receivable to related party PIRL has been re-classified from current assets to non-current assets as below:

Statement	Line item	Previously reported	Adjustment	Restated
		\$ m	\$ m	\$ m
Statement of Financial Position 31 Dec 2023	Trade and other receivables - current assets	2,529	(1,268)	1,261
Statement of Financial Position 31 Dec 2023	Long term loan receivables - non-current assets	-	1,268	1,268