FINANCIAL STATEMENTS

Rusneftegaz LLC
As of December 31, 2024 and 2023, and
for the Years Ended December 31, 2024 and 2023,
With Report of Independent Auditors

Rusneftegaz LLC

Financial Statements

Years Ended December 31, 2024 and 2023

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Report of Independent Auditors

To the Member of Rusneftegaz LLC

Opinion

We have audited the financial statements of Rusneftegaz LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of comprehensive income, cash flows and changes in member's equity for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards promulgated by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 of 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

March 5, 2025

A member firm of Ernst & Young Global Limited

Rusneftegaz LLC

Balance Sheets

	Note	Year Ended December 31 2024	2023
		(In Thousands of Dollars)	
Assets			
Current assets:			
Trade and other receivables	6	**$ 32,247**	$ 72,736
Cash and cash equivalents		**1,632**	1,095
Inventories		**9,472**	9,060
Total current assets		**43,351**	82,892
Property, plant and equipment, net	2	**6,995**	7,114
Total assets		**$ 50,346**	$ 90,006
Liabilities and Member's Equity			
Current liabilities:			
Taxes and royalties payable	4	**$ 983**	$ 1,117
Accounts payable and accrued expenses	7	**5,897**	54,178
Total liabilities		**$ 6,881**	$ 55,294
Member's equity	11	**43,465**	34,712
Total liabilities and member's equity		**$ 50,346**	$ 90,006

See accompanying notes to financial statements.

Rusneftegaz LLC

Statements of Profit or Loss and Other Comprehensive Income

	Note	Year Ended December 31 2024	2023
		(In Thousands of Dollars)	
Revenues			
Net trading revenue	2	**$ 1,407,848**	$ 1,121,429
Costs and expenses			
Selling, general, and administrative expenses	5	**(1,396,688)**	(1,114,122)
Other income and deductions			
Other income		**36**	4,419
Interest income		**1**	7
Interest expense		**(2)**	(3)
Income before income taxes		**11,194**	11,730
Income tax provision	4	**(2,441)**	(2,763)
Net income		**8,753**	8,968
Other comprehensive income		**—**	—
Total comprehensive income for the year		**$ 8,753**	$ 8,968

See accompanying notes to financial statements.

Rusneftegaz LLC

Statements of Cash Flows

	Year Ended December 31	
	2024	**2023**
	(In Thousands of Dollars)	
Operating activities		
Net income	**$ 11,194**	$ 11,730
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	**3,381**	4,598
Finance income/expense, net	**1**	(4)
Foreign exchange income/expense, net	**12**	9
Working capital changes:		
Allowances	**(139)**	—
Trade and other receivables	**40,489**	(17,624)
Inventories	**(412)**	111
Accounts payable	**(48,280)**	4,101
Disposal of assets	**1**	—
Income tax paid	**(2,436)**	(3,071)
Net cash flows from operating activities	**3,811**	(149)
Investing activities		
Acquisition of property, plant and equipment, net	**(3,261)**	—
Acquisition of intangible assets, net	**(1)**	—
Net cash flows used in investing activities	**(3,262)**	—
Financing activities		
Interest income	**1**	7
Interest expense	**(2)**	(3)
Net cash flows from financing activities	**(1)**	4
Effect of currency translation on cash	**(12)**	(9)
Net increase in cash and cash equivalents	**549**	(145)
Cash and cash equivalents at beginning of year	**1,095**	1,249
Cash and cash equivalents at end of year	**$ 1,632**	$ 1,095

See accompanying notes to financial statements.

Rusneftegaz LLC

Statements of Changes in Member's Equity
(Dollars in Thousands)

	Member's Capital			
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Total Member's Equity**
Balance at January 1, 2023	$ —	$ 10,000	$ 15,744	$ 25,744
Net income	—	—	8,968	8,968
Balance at December 31, 2023	$ —	$ 10,000	$ 24,712	$ 34,712
Net income	—	—	8,753	8,753
Balance at December 31, 2024	$ —	$ 10,000	$ 33,465	$ 43,465

See accompanying notes to financial statements.

Rusneftegaz LLC

1. Organization

Rusneftegaz LLC, or the "Company", is registered to do business as a limited liability company in the State of New York, United States. The Company is located at Suite 133, 99 Wall Street, New York, NY 10005 and is a wholly owned subsidiary of RF Energy Investments Ltd., a Cypriot entity located at 10 Pikioni, 3075, Limassol. RF Energy Investments Ltd. is a wholly owned subsidiary of 1Oil Holdings Ltd., a Cypriot entity located at Christabel House, 118 Agias Fylaxeos, 3087, Limassol. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall solely be the debts, liabilities and obligations of the Company. No manager, member or officer of the Company shall be personally obligated for any such debt, liability or obligation of the Company solely by reason of being a manager, member and or officer.

2. Summary of Material Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Similarly, the financial statements have been prepared on a going concern basis, with management holding a reasonable expectation that the Company maintains sufficient liquidity to continue its operations and meet any financial commitments between the date that these financial statements were approved and September 30, 2026, with this timeframe otherwise referred to as the going concern period. Whilst performing this assessment, management considered the performance of the Company during both the current and previous financial periods that are reported in these financial statements, in addition to the forecasted economic performance of the Company for the remainder of the going concern period.

Likewise, the financial statements have been prepared on a historical cost basis, except for revalued items, which have been measured at fair value. The financial statements are presented in US dollars, which is the functional currency of the Company, and all values are rounded to the nearest thousand (USD) except where otherwise indicated. The financial statements provide comparative information with respect to the previous reporting period.

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements for the Company requires management to make judgments, estimates and assumptions that affect the reported revenues, expenses, assets, liabilities and any accompanying disclosures at the date of the financial statements. In particular, the management has identified areas where these material judgments, estimates and assumptions are required, and how each of these areas affects the various accounting policies of the financial statements.

Uncertainty about judgments, estimates and assumptions could result in outcomes that require material adjustments to the recorded carrying amount of affected revenues, expenses, assets and liabilities in future periods. Management has based its estimates and assumptions on parameters available when the financial statements were prepared, and has adopted accounting policies that have been deemed most appropriate to the circumstances of the Company accordingly. However, current circumstances and assumptions about future developments may change due to circumstances beyond the control of management. Changes in judgments, estimates and assumptions are accounted for prospectively.

Foreign Currency

The financial statements are presented in United States dollars (USD), which is also the functional currency of the Company. Any transactions, including those related to revenue, assets and liabilities, occurring in currencies other than the United States dollar are recorded at the rate of exchange on the date the transaction is first recognized.

At the reporting date, all monetary assets and liabilities that are denominated in currencies which are not the United States dollar are converted to the closing exchange rate. Non-monetary items that are measured at historical cost in a foreign currency are converted using the exchange rate as at the date of the initial transaction, with any items measured at fair value being translated using the exchange rate when the fair value was determined. Any gains or losses occurring from the currency conversion of a non-monetary item measured at fair value are reported in the same manner as the recognition of the gain or loss on the change in the fair value of the item. In context, this means that all translation differences arising on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss, are also recognized in other comprehensive income or profit or loss, respectively.

2. Summary of Significant Accounting Policies (Continued)

Foreign Currency (Continued)

Any differences occurring on the settlement or currency conversion of a monetary item are recognized as a component of profit or loss in the financial statements. However, it may also be reported as an element of other comprehensive income if it is a monetary item that has been designated as part of the hedge of any net investment in a foreign operation until the net investment is disposed of. All tax credits and charges affiliated with any exchange differences on said monetary items would also be recognized as other comprehensive income. After disposal, the full amount would then be reclassified as part of profit or loss, including the value of the net investment and any tax implications.

To determine the correct exchange rate for the initial recognition of a related income, expense or asset upon the derecognition of a non-monetary asset or liability affiliated with advance consideration, the date on which the non-monetary asset or liability is initially recognized as a result of the advanced consideration is considered the date of the transaction. If there are multiple payments or receipts in advance, then the transaction date for each payment or receipt in advance is used to determine the value of said consideration in the functional currency of the Company.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, both at bank and in hand, and short-term deposits with a maturity of less than three months. Cash at bank may earn interest at a fixed or variable rate. All cash and short-term deposits held in foreign currencies other than the US dollar have been converted into US dollars using the exchange rate at the end of the reporting period. Any cash that is not considered liquid, such as cash set aside, is not reported in the statement of financial position and recorded net of any outstanding bank overdrafts. Any short-term deposits must be readily convertible to cash and have minimal potential risk for material fluctuations in value.

2. Summary of Significant Accounting Policies (Continued)

Trade and Other Receivables

Trade and other receivables are non-derivative, interest-bearing financial assets with determinable or fixed receipts or payments. After initial measurement, such financial assets are subsequently valued at amortized cost using the effective interest rate method, less any impairment. Amortized cost is calculated by taking into account any premium or discount on acquisition, and any costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the statement of profit or loss and other comprehensive income, with losses arising from impairment being recognized in cost of sales or other operating expenses for receivables. Such financial instruments are only derecognized once there is considered to be no realistic prospect of the asset or any affiliated cash flows from being recovered, and any collateral has been realized or transferred. If the amount of the impairment loss increases or decreases because of events occurring after recognition, the reported impairment loss is increased or reduced by adjusting an allowance account, with a derecognized financial asset being credited to the statement of profit or loss and other comprehensive income if it is recovered at a later date.

Revenue Recognition

The Company is primarily engaged in the trading of petroleum. Revenue represents the value of sales received or receivable for goods sold, excluding discounts, intra-group sales, sales taxes, excise duties and similar levies, and is recognized when the material risks of ownership have been transferred. This is considered to have occurred once any title has passed to the customer. Revenue is recognized in these financial statements when it is probable that the corresponding economic benefits will flow to the Company and can be reliably measured, and is ultimately recorded in the financial statements at the fair value of the consideration received or receivable. Where forward sale and purchase contracts for petroleum have been determined to be for trading purposes, the associated sales and purchases are reported net of any deductions. All revenue is recorded net of any taxes accrued.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Trading Activities

The Company may partake in various trading activities, including purchasing and taking delivery of petroleum produced by a third party before promptly reselling this product, or completing the sale of petroleum produced by a third party whilst it is still under the control of the selling party. It should be noted that if the Company receives a physical delivery of crude oil under which it becomes the full, legal owner of the shipment, it may be for the purpose of trading activities only. All such transactions are accounted for as derivatives under the terms of IFRS 9. This is because these arrangements do not comply with the purchase and sales exemption described in the standard, under which an entity undertakes the practice of taking delivery of an underlying asset and selling it within a short period of time after delivery explicitly for the purpose of generating a profit. This can either be from the short-term fluctuations in price or the margin of any participating dealer. Similarly, any physical commodity-based contracts to be settled net in cash also do not conform to the purchase and sales exemption outlined in the standard.

Freight and Shipping Services

The Company does not provide freight and shipping services for the majority of commodity contracts, nor is it regarded as a performance obligation provided to customers. Thus, freight and shipping charges incurred are reported under costs of goods sold as a standard practice. Under certain agreements, the Company may elect to negotiate a performance obligation for a contract and would be obliged to allocate the transaction price to said performance obligations, such as freight and shipping services. In such a situation, revenue would be recognized once the goods have been shipped to the customer under the terms of the contract. Therefore, the Company must make a judgment for each contract with any performance obligations to determine when control for each of the performance obligations occurs. In a routine transaction, a change in the control of goods occurs at a point in time, whereas for shipping services this will happen over a period of time instead. For example, the Company uses Incoterms for all freight and shipping services rendered, and may opt for an arrangement whereby it pays for the transportation of goods to the port of shipment. This is otherwise known as FOB, or if the Company were to bear the full cost, including all insurance and freight charges, this is known as CIF.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Freight and Shipping Services (Continued)

The Company may receive a percentage of the agreed transaction price as a direct cash payment on the day of or prior to the agreed date of shipment under the terms of a provisional invoice. As such, a percentage of the agreed transaction price affiliated with the rendering of freight and shipping services is received in advance of the provision of the aforementioned services. Under the scope of IFRS 15, these cash advances are to be initially recognized as a contractual liability before later being reported as revenue once the services have been fully provided.

Revenue from Provisionally Priced Commodity Sales

The terms of a number of contracts agreed by the Company allow for price adjustments based upon the market price of a commodity at the end of a corresponding quotational period. Changes to the sales price may arise as a consequence of movements in quoted market prices until final settlement at the end of the quotational period. As a result, all revenues from such sales are recognized when control of the commodity is exchanged to the customer, and are estimated at the amount that the Company expects to be entitled to at the end of the quotational period. This is otherwise known as the provisional pricing arrangement, or the forward price. For all said arrangements, any price movements that occur during the quotational period are embedded within provisionally priced trade receivables that are accounted for within the remit of IFRS 9 and not IFRS 15.

However, as a result of exposure to alterations in commodity prices, these receivables must be initially recognized at fair value through profit or loss until the date of settlement, as such assets do not have the cash-flow characteristics to be fully accounted for using IFRS 9. Any subsequent modification in fair value is reported in the statement of profit or loss and other comprehensive income for each corresponding period, and presented separately from revenue arising from other contracts as a component of fair value gains or losses on provisionally priced trade receivables. All alterations to this fair value during and until the end of the quotational period are estimated using the current forward market prices for the corresponding commodity, whilst also noting any other fair value considerations, including any interest rate and or credit risk adjustments.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue from Purchase and Sale Agreements

In certain conditions, the Company may be entitled to a share of a purchase and sale agreement and correspondingly sell any commodities acquired under this arrangement to a purchasing party. Under this arrangement, both the transaction itself and any customer that is party to such an agreement are considered to conform to the necessary requirements to be accounted for within the scope of IFRS 15. As a result, the share of any revenue arising from such agreements is reported net of any share of the costs incurred by the Company, including the corporate income tax imposed upon and due for the sale.

Revenue from Take-or-pay Contracts

Under a take-or-pay contract, the Company makes a commitment to supply goods in return for a commitment from the counterparty to purchase a minimum quantity, regardless of whether the order is fulfilled. Revenue is recognized in the statement of profit and loss and other comprehensive income once the counterparty has received the goods ordered. If the counterparty does not take receipt of the quantity ordered under the terms of the contract, revenue is recognized when the corresponding penalty is triggered. The take-or-pay contract may allow the buyer to reconcile their commitments in their future orders without a penalty being triggered.

Principal versus Agent Considerations in Commodity-based Contracts

The Company may act as an agent for a third party to market or procure commodities. Under such an arrangement, no purchase or sale will be reported in the financial statements, but the fee earned for the rendering of such services shall be reported as a component of revenue in the statement of profit and loss and other comprehensive income.

Interest Revenue

Interest revenue is included in finance income in the statement of profit or loss and other comprehensive income for revenue or expenses derived from interest-bearing financial assets or liabilities. Interest income or expense is recorded using the effective interest rate, which is the rate that discounts the estimated future cash receipts or payments over the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

2. Summary of Significant Accounting Policies (Continued)

Inventories

Inventories represent assets that are intended to be used in order to generate revenue in future periods, either by being used to fulfill a service, or to be sold by the Company. Inventories are stated at the lower of cost or net realizable value on a first-in, first-out basis. Where applicable, cost comprises direct material and labor costs, in addition to any other costs that have been incurred in bringing the inventories to their present condition and location.

The net realizable value of petroleum is based on the estimated price on the market. The cost of petroleum is the purchase cost, which includes the cost of refining and any additional overheads based on normal operating capacity, less depreciation and amortization.

Property, Plant and Equipment

Property, plant and equipment is any asset of which the Company holds an interest over, compromising any contractual or legal right of use, and is reported at cost minus any accumulated depreciation and impairment losses. Such assets are initially recognized at cost, this being either the purchase price of the asset or the cost of construction, plus any costs that are considered directly attributable to bringing an asset into operation, such as wages and salaries. The Company recognizes the price to purchase an asset, or the construction cost of an asset, as the aggregate of the amount paid and the fair value of any other consideration.

Any gains and losses from the transfer of assets to another party are determined by comparing the proceeds of sale with the carrying amount recorded in the statement of financial position, and is reported as other income in the statement of profit and loss and other comprehensive income. If an asset is disposed of without receiving payment from another party, then the cost of disposal is recorded as an expense. Expenditures on the purchase or construction of new assets are recognized as additions, including any investments in the enhancement or extension of existing assets, such as any spending on safety or the environment that do not otherwise qualify as expenses. Once a new development begins its economic life, the capitalization of any expenditure is stopped, and the costs are recognized as either an expense or the cost of inventory.

2. Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

Most assets are depreciated annually on a straight-line basis in order to reduce their carrying amount over the course of their estimated useful economic life, with the majority of assets being depreciated over a five-to-twenty-year period. At the end of the financial year, the useful economic life of an asset is reassessed, with due consideration given to any contractual or operational requirements for certain assets, or groups of assets. Certain properties that are recognized as depletable assets, such as an oil field, are amortized on a cost basis over the course of the estimated life of the asset. The estimated life of a depletable asset is calculated by totaling the proven quantity of both developed and undeveloped reserves. Cost depletion is computed by allocating a proportional amount of the initial investment to the total extraction in the reporting period in relation to the total quantity of unextracted resources.

Property, plant and equipment are tested for impairment annually, or if there is an indication that the carrying amount of the asset may have been impaired. Impairment is recorded as an expense in the statement of profit and loss and other comprehensive income, and is computed as the difference between the carrying amount of an asset and its recoverable amount. However, assets that have been recognized as impaired in a previous reporting period may be subject to review in future reporting periods and have this impairment reversed.

Expenditure on repairs, inspections and maintenance comprises the cost of replacement assets or parts for assets, inspection costs and overhaul costs. Inspection costs affiliated with maintenance programs are capitalized and amortized over the period of time until the next inspection. All other maintenance and repair costs are expensed in the statement of profit and loss and other comprehensive income. This spending is capitalized when an asset, or part of an asset, that was previously depreciated and or impaired separately is replaced, and the potential future economic benefits associated with the item will be utilized. Likewise, when part of a replaced asset was not considered as a component, and thus depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset, and the amount is reported as an expense.

2. Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

The changes in the carrying amount of property, plant and equipment held as of the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
	(In Thousands of Dollars)	
At beginning of financial year	**$ 7,114**	$ 11,710
Acquisitions	**3,261**	—
Dispositions	**(2)**	—
Depreciation and amortization	**(3,380)**	(4,596)
On disposal	**1**	—
At end of financial year	**$ 6,995**	$ 7,114

Intangible Assets

All intangible assets are recorded at cost less accumulated amortization after initial recognition, which is computed on a straight-line basis over the course of their useful economic lives. Any change in the useful economic life of an intangible asset affects the amortization calculation method or period, and is treated as a change in accounting estimates. Accumulated amortization is recognized in the statement of profit and loss and other comprehensive income as an expense, as is the fair value of any impairment.

Intangible assets are assessed as either finite or indefinite, with any indefinite intangible assets not being assessed for amortization but tested for impairment accordingly. Assets with finite lives are also evaluated for impairment if there are any indications that it may be impaired, but the useful life of such assets is reviewed annually at the end of the financial year.

Intangible assets created internally by the Company, such as computer software, are only recognized in the statement of financial position if such assets can be identified as an asset or have potential future economic benefits. If this expenditure is not treated as an asset, then the amount is expensed. In the instance that an intangible asset is acquired during a business combination under IFRS 3, then the asset is recorded at fair value on the date of the acquisition.

2. Summary of Significant Accounting Policies (Continued)

Leases

A lease is a contractual arrangement whereby a party pays consideration to the owner of property, plant or equipment for the use of an asset over the timeframe that the contract is legally binding, after which time both parties will come to an accord to either return, sell or dispose of the leased asset. At the inception of an arrangement, the Company assesses whether a contract contains a lease if it conveys the right to control the use of a specified asset for an allotted period of time in exchange for consideration. During the reporting period for these financial statements, the Company was a leasee in various transactions, but was not party to any contractual arrangements where it would be considered a lessor.

Leases are recognized if a contract grants the right to use an asset, regardless of whether such a right is explicitly specified, and the arrangement is dependent on the use of a specific asset. The Company utilizes a single recognition and measurement approach for all of its leased property, plant and equipment, with an exception for leases of low-value assets and short-term lease contracts. Correspondingly, a lease liability is recognized when there is a contractual obligation to make lease payments to another party in exchange for consideration, and an asset is recognized when the Company has the right to use an underlying asset. A lease under which all the risks and benefits of ownership are transferred is classified as a finance lease, whereas arrangements under which all the risks and benefits have not been transferred are classified as an operating lease.

In the financial statements, all payments made under an operating lease are recorded as an operating expense on a straight-line basis over the lease term. Finance leases are capitalized upon the initiation of the arrangement at the lower of either the present value of the minimum lease payments or the fair value of the leased property. Payments made under such contracts are allocated proportionally as either a finance expense in the statement of profit or loss and other comprehensive income, or as a reduction of the lease liability, maintaining a constant rate of interest on the remaining balance of the liability. All assets held under lease arrangements are depreciated over the useful life of the asset, unless there is no reasonable certainty that the Company will obtain ownership by or at the end of the arrangement. In which case, the asset is depreciated over the shorter of its estimated useful life or the lease term.

2. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

A leased asset may be exempted from recognition under certain circumstances. This includes if the lease contract is classified as short-term with a term of 12 months or fewer from inception, and if this lease also does not contain a purchase option regardless of the value or classification of the asset leased. Similarly, a leased asset may also be disregarded if the contract is considered to be of low monetary value, such as for office equipment. The payments made both on low-value and short-term leases are reported as an expense in the statement of profit and loss and other comprehensive income on a straight-line basis.

As a lessee, the Company recognizes an operating lease when the risks and rewards associated with the ownership of an asset have not been substantially transferred to another party under the terms of a lease contract. The income incurred under the arrangement, such as rent, is reported in the statement of profit or loss and other comprehensive income on a straight-line basis for the duration of the contract. Any contingent income arising during this period is also recognized as revenue immediately when it is earned. Any costs directly incurred during the arrangement and negotiation of an operating lease are added to the carrying amount of the leased asset and amortized as income throughout the duration of the contract.

Under certain circumstances, the Company may elect to recognize a right-of-use asset when it has acquired the authority to utilize property, plant or equipment under the terms of a lease contract. Such assets are recognized at cost, minus any impairment losses and depreciation, upon the commencement of the lease on the date on which the asset is first available for the lessee to utilize. The total cost of a right-of-use asset incorporates the lease payments made prior to or upon the commencement date, less any incentives received, initial costs incurred directly and or the value of lease liabilities recognized. Right-of-use assets are depreciated over either the estimated useful life of the asset or the length of the lease contract, depending on which timeframe is shorter, on a straight-line basis. Depreciation is always calculated utilizing the estimated useful life of the assets if the cost of the lease contract includes a purchase option, and or the ownership of the underlying asset is transferred to the Company upon the cessation of a lease contract. For right-of-use assets, the estimated useful life of plant and heavy equipment is between three and fifteen years, with automobiles and other equipment being depreciated between three and five years. All right-of-use assets are also tested and subject to impairment using the same accounting rules and conventions as non-leased assets.

2. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The carrying amount of any lease liability is reported as a component of loans and borrowings in the statement of financial position in the financial statements. This figure may be recalculated if there is a material change in the lease payments as a result of an alteration to an index or rate utilized to determine future cash flows under a contract. The liability may also be modified if it is considered that there have been modifications to the contract or terms of the lease or, in the instance that a right to buy the leased asset is included in the terms of the contract, a reassessment by management whether an option to purchase the underlying asset will be exercised. If the interest rate disclosed in the lease contract is yet to be determined, the financial cost of lease payments is computed using the incremental borrowing rate at the lease commencement date. The lease liability is subsequently modified accordingly to correspond with interest accretion and the value of previous lease payments.

Fair Value Measurement

At the end of each reporting period, the Company recognizes assets and liabilities at fair value. Fair value is the consideration that would be paid or received to transfer an asset on the measurement date between market participants, assuming that a transaction takes place in either the principal market, or the most advantageous market for the asset or liability that is accessible to the Company. To report fair value, the relevant valuation methods are used under the circumstances for which sufficient data and observable inputs are available, with the use of insufficient or unreliable data and unobservable inputs mitigated when possible.

Accounting policies for fair value measurements are determined by management for both recurring and non-recurring fair value measurements, principally by assessing the changes in the value of any assets or liabilities that are required to be revalued at the end of each financial year. Management determines whether the changes made are accurate by comparing any alterations to fair value with external sources, and by verifying the major inputs in the latest valuation of an asset or liability by corroborating the data used for the valuation with contracts and other relevant documents.

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurement (Continued)

Assets and liabilities are classified based on their characteristics, nature, risks and level within the fair value hierarchy. The fair value of non-financial assets is estimated by determining the potential economic benefits of an asset at its best use, or by transferring it to another market participant that would realize the asset at its best use. Some of the non-financial assets of the Company are recorded at fair value less costs of disposal, primarily to determine the recoverable amount for the purpose of testing for impairment. Fair value is calculated using the same judgments, estimates and assumptions that a market participant would use, assuming that said market participants act in their own best interest. Changes in judgments, estimates and assumptions could affect the fair value reported in the statement of financial position.

Any asset or liability measured at fair value is recognized within the fair value hierarchy, with assets and liabilities being attributed to the lowest possible level that the Company can provide evidence for. If an asset or liability has been previously recognized at fair value, it is assessed whether any of these assets or liabilities has transferred between the levels of the hierarchy if any new data or inputs are available and the asset has not been transferred outside the Company. The fair value hierarchy is as follows:

- *Level 1:* Market prices quoted on an active market for assets or liabilities identical to those held by the Company;
- *Level 2:* Valuations for assets and liabilities where the lowest-level input that is significant are directly or indirectly observable; and
- *Level 3:* Valuations for assets and liabilities where the lowest-level input that is significant are unobservable

Income Taxes

The tax charge for the period is recognized in the statement of financial position. Current tax assets and liabilities for the current reporting period 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 amounts are those that are enacted, or substantively enacted, at the end of the reporting period in the countries where the Company operates and generates taxable income.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

All revenue, expenses and assets are recognized net of the amount of sales tax, except when any sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition or as an expense. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The computation of the total tax charge for the Company involves a degree of estimation and judgment. Management periodically evaluates the positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions, where appropriate, for any additional amounts expected to be paid to tax authorities.

New and Amended Standards and Interpretations

For this reporting period, the Company adopted the new standards and interpretations that were brought into force by the International Accounting Standards Board on January 1, 2024. Beyond the accounting policies that have been altered, all other standards and interpretations that were used in the last reporting period remain in force and were used in order to produce the financial statements in this period. Any of the revised standards that may be expected to have a material impact on the financial statements immediately or in the future are disclosed as follows, with any polices that are otherwise considered irrelevant to the Company not duly reported.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The changes to IFRS 16 define the criteria that a seller-leasee must utilize when measuring a lease liability that arises from a sale and leaseback transaction, ultimately ensuring that the no gains or losses are recognized by the seller-lessee in relation to the right of use it retains. These amendments had no impact on the financial statements of the Company.

2. Summary of Significant Accounting Policies (Continued)

New and Amended Standards and Interpretations (Continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The modification of IAS1 from paragraphs 69 to 76 delineates the terms under which a liability should be reported as either current or non-current. These revisions have also introduced a new requirement to disclose when a liability arising from a loan agreement is to be classified as non-current, and any right to defer the settlement held by the reporting entity is contingent upon complying with future covenants within the following twelve months. Likewise, in relation to this right to defer settlement, the alteration similarly clarifies that the right of deferral must explicitly exist at the end of the relevant financial period, and any such classification is unaffected by the likelihood that the reporting entity will exercise their right of deferral. The only circumstance under which this designation would not be impacted is if any embedded derivative in a convertible liability is itself considered an equity instrument. These changes have registered no impact on the financial statements of the Company.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The alterations to both IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* outline the characteristics that comprise a supplier finance arrangement, while simultaneously requiring additional disclosures regarding such arrangements. These modifications have been published to aid the understanding of the effects of supplier finance arrangements on the cash flows and liabilities in the financial statements, in addition to disclosing any potential changes to the liquidity risk faced by the reporting entity. Such revisions registered no impact on the financial statements due to the fact that the Company did not utilize any supplier finance arrangements during the period.

Recently Issued Accounting Pronouncements

The Company has not applied any new standards or interpretations from the International Accounting Standards Board before their required implementation date, nor is it expected that any of these new standards or interpretations will have a material impact on the financial statements. Standards and interpretations that have been issued but are not yet effective are listed below, except for any that are not reasonably expected to have an impact on the Company.

2. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (Continued)

Lack of Exchangeability – Amendments to IAS 21

The IASB published a revision to IAS 21 *The Effects of Changes in Foreign Exchange Rates* in August 2023 to clarify how reporting entities must assess whether a currency is exchangeable, in addition to how a spot exchange rate should be determined when such exchangeability is limited. In the instance that a currency is not considered as exchangeable, the alterations to the standard also require additional disclosures to document how this lack of exchangeability into other currencies may affect, or is otherwise expected to affect, the economic performance of the entity in the future, including any potential impacts on the cash flows and financial position within the financial statements. The modification to the standard will be effective from reporting periods commencing on or after January 1, 2025, with early adoption permissible if fully disclosed. Upon application of these revisions, the reporting entity must not restate comparative information, although the reforms are not anticipated to have a material impact on the financial statements of the Company.

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 in April 2024 to repeal and replace IAS 1 *Presentation of Financial Statements*, ultimately introducing new presentational requirements for the statement of profit or loss, including specified totals and subtotals. Under the new standard, reporting entities will be obliged to categorize all income and expenses within five different parameters. While discontinued operations and income taxes are preexisting from IAS 1, the new accounting principles also outline investing, financing and operating categories that are to be utilized in the statement of profit or loss. Likewise, there are to be new obligations for both the aggregation and disaggregation of financial information based upon the identified roles of the primary financial statements and the notes contained therein. This is also in conjunction with further disclosures now required in relation to subtotals of income and expenses, in addition to other performance measures as defined by management when producing the financial statements.

2. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements (Continued)

Corresponding narrow-scope amendments have similarly been published for several other relevant IFRS standards, principally IAS 7 *Statement of Cash Flows*, among others. Ultimately, such changes revise the starting point from which cash flows from operations should be determined under the indirect method from 'profit or loss' to 'operating profit or loss' accordingly, conjointly with modifications to remove all options pertaining to the classification of cash flows from dividends and interest. All the developments regarding the new accounting standard are to take effect for all reporting periods beginning on or after January 1, 2027, although it must be noted that prior adoption is permitted if it is disclosed in the financial statements. The Company is currently assessing the impact of these alterations on both the financial statements and the notes contained within.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Revisions to IFRS 19 were promulgated by the IASB in May 2024, allowing eligible reporting entities to elect to utilize reduced disclosure requirements while still applying all the measurement, presentation and recognition requirements of the other IFRS standards. To apply these changes, the reporting entity must have no public accountability and be considered a subsidiary at the end of the accounting period, as per the definition in IFRS 10, with an intermediate or ultimate parent that prepares consolidated financial statements in accordance with IFRS for public use. Such amendments are to take effect for all reporting periods commencing on or after January 1, 2027, with adoption of the standard prior to this date permitted. However, these modifications are not expected to have any impact on the financial statements of the Company.

3. Financial Instruments

Financial instruments are any type of monetary contract between two or more parties that can be created, traded, modified or settled, and from which a financial asset arises for one party and a financial liability or equity instrument is recognized consequentially by the counterparty. Financial assets include cash and cash equivalents, receivables and derivative financial assets.

Financial liabilities include loans, borrowings, payables and derivative financial liabilities. Under the terms stipulated in IFRS 9, these liabilities are initially recognized at fair value, with all barring derivative financial instruments being reported net of any direct costs. At initial recognition, financial liabilities are classified as either financial liabilities at fair value through profit or loss, loans and borrowings, payables or derivatives, as appropriate.

Recognition and Subsequent Measurement

At initial recognition, financial assets are classified and subsequently measured at fair value through profit or loss, at fair value through other comprehensive income or at amortized value. All classifications of financial assets are initially reported at fair value plus any attributable transaction costs, except for any financial assets at fair value through profit or loss, which are reported solely on the basis of their fair value. The trading of any financial assets that require delivery within a timeframe in line with market regulations and or conventions is recognized on the date of sale or purchase, rather than the date of delivery.

All financial assets are managed using a business model that is intended to yield cash flows, which may arise from the generation of contractual cash flows and or from the trading of said assets. The Company utilizes the SPPI test to assess the intricacies of the cash flow reported from each financial instrument, and if such cash flows are recognized as solely payments of principal and interest on the outstanding amount, the financial asset may be classified and reported at either amortized cost or at fair value through other comprehensive income. Conversely, the business model of a financial asset is materially irrelevant if any cash flows are not considered solely payments of principal and interest, with such assets reported at fair value through profit or loss.

If a financial asset uses a business model with the sole intention of receiving contractual cash flows, then it is recognized at amortized cost. Whereas if the business model discloses the joint intention of both the receipt of contractual cash flows and the asset in-itself being sold, then the financial asset is reported at fair value through other comprehensive income.

3. Financial Instruments (Continued)

Recognition and Subsequent Measurement (Continued)

The Company recognizes any trade receivables that do not have a material financing component, or any financial asset with a maturity of one year or less covered under the practical expedient defined in IFRS 15, at their respective transaction price.

Financial assets may be, or remain, categorized after subsequent measurement and recognition as at fair value at profit and loss. Debt instruments can also be reorganized either at fair value through other comprehensive income with recycling of cumulative gains and losses, or at amortized cost. Equity instruments can be classified as designated at fair value through other comprehensive income, with no recycling of cumulative gains and losses upon recognition.

Current versus Non-current Classification

Assets and liabilities reported in the statement of financial position are recognized as either current or non-current, with an asset deemed to be current if it is expected to be realized, consumed or intended to be sold within the next twelve months, or the subsequent financial year. The Company also considers any asset to be current if it is held primarily for the purpose of trading, including cash or cash equivalents, unless these assets are restricted from being used or exchanged within the twelve months after the conclusion of the reporting period.

A liability is considered current if it is expected to be settled within the next twelve months or the subsequent reporting period. Liabilities may also be considered current if there is no right to defer the settlement of the liability for at least twelve months following the conclusion of the financial year, or is otherwise held exclusively for the purposes of trading. The Company classifies any other assets and liabilities that do not meet the disclosed parameters as non-current, including deferred tax assets and liabilities.

Offsetting of Financial Instruments

When there is an enforceable legal right to offset an amount and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously, then financial assets and liabilities are offset with the net amount recognized in the statement of financial position. Any associated income and expenses are also offset in the statement of profit and loss and other comprehensive income.

3. Financial Instruments (Continued)

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include any assets held for trading, such as derivative financial instruments. It also includes any financial assets designated at the reporting date as such upon initial recognition, including debt or equity instruments, and any assets with contractual cash flows that are not solely payments of principal and other interest. A debt instrument may also be regarded as a financial asset at fair value through profit and loss, regardless of whether it meets the criteria for recognition at amortized cost or fair value through other comprehensive income, if doing so reduces or eliminates an accounting discrepancy.

An asset is reported as being held for trading if it is acquired in order to sell within the next financial year. These include any derivative financial instruments that are not designated as hedging instruments under IFRS 9, or any separated embedded derivatives that are not designated as effective hedging instruments. Financial assets at fair value through profit or loss and embedded derivatives are recorded at fair value, with any changes in fair value presented as finance income or costs in the statement of profit or loss and other comprehensive income, depending on whether the change in fair value is positive or negative, respectively.

Embedded derivatives are reported at fair value, with any changes in this figure being recognized in the statement of profit and loss and other comprehensive income. The value of such a derivative may be subject to reassessment if a corresponding financial asset is reclassified from being measured at fair value through profit or loss, or a material change in the terms of the contract occurs that would modify the cash flows of the asset.

Any embedded derivatives in a hybrid contract with a financial liability or non-financial host may be accounted for as an independent derivative and separated from its host under certain circumstances, such as if a financial instrument with identical terms as the embedded derivative would otherwise qualify as a derivative. This may also arise if the corresponding economic characteristics of the embedded derivative are largely unaffiliated with the host and or if the hybrid contract associated with the embedded derivative is not reported at fair value through profit or loss.

3. Financial Instruments (Continued)

Financial Assets at Fair Value through Other Comprehensive Income

Under IAS 32, equity investments may be irrevocably recognized at fair value through other comprehensive income on an instrument-by-instrument basis if it is not held for trading. The only gains or losses from such assets that are reported in the statement of profit and loss and other comprehensive income are dividends, which are recognized as other income once the right to payment has been established. However, a gain from a dividend may be recorded as a component of other comprehensive income if it is earned as a result of the recovery of a financial asset. All equity instruments measured at fair value through other comprehensive income are not assessed for impairment.

The Company may also recognize debt instruments as assets held at fair value through other comprehensive income, with changes in fair value acknowledged as a component of other comprehensive income. Upon derecognition, this change is recycled from other comprehensive income to become a constituent of profit or loss. Gains or losses arising via foreign exchange revaluations, interest accrual or impairment charges are reported in the statement of profit and loss and other comprehensive income and calculated uniformly to financial assets measured at amortized cost.

Financial Assets Carried at Amortized Cost

A financial asset is measured at amortized cost if it is held within a model to generate contractual cash flows, and the contractual terms grant cash flows on specific dates that are solely payments of principal and interest on the outstanding amount. For example, this includes all receivables held by the Company. Post-recognition, an asset recognized at amortized cost is subsequently measured using the effective interest rate method and is tested for impairment, with any interest received recorded as a component of finance income in the financial statements. If during its life the asset is modified, impaired or derecognized, then a respective gain or loss will also be reported in the statement of profit or loss and other comprehensive income.

3. Financial Instruments (Continued)

Financial Assets Carried at Amortized Cost (Continued)

For interest-bearing loans and receivables not subject to provisional pricing, and due in less than 12 months, losses occurring from impairment are recognized in the statement of profit or loss and other comprehensive income. As a result, the carrying amount of the asset is reduced through an allowance account calculated by estimating credit losses at the end of the reporting period under the guidance of IFRS 9, instead of actively monitoring changes in credit risk. Interest income continues to be accrued, but is not recognized, on any bad debts using the agreed contractual rate of interest. The value of the impairment is computed using an algorithm based on previous credit losses, the present economic environment and any material facts related to the debtor. When determining whether the probability of a future credit loss has increased, the Company utilizes all material information available that is relevant, verifiable and readily available without extraordinary effort or cost. This includes both qualitative and quantitative information and analysis based on previous experiences with the debtor, credit assessments from third parties and any forecasted data and information.

Contract Assets and Liabilities

A contract asset is the right to consideration in exchange for goods or services that have been transferred to a customer prior to payment. Likewise, a contract liability is an obligation to transfer goods or services for which consideration has been, or is, due from a purchaser. Contract assets and liabilities are differentiated from receivables and payables due to their conditionality, insomuch as all receivables and payables are unconditional. This means that only the passage of time is required before the payment is due, but contract assets and liabilities require the terms of the contract to be fully satisfied. If the Company transfers goods or services before consideration is paid, then a contract asset is recognized for the corresponding earned consideration that is conditional. Likewise, if a customer has paid consideration before goods or services have been transferred, a contract liability is recorded when either the payment is made or is due, depending on which is earlier. Such liabilities are later reported as revenue when the contract has been executed in full. The Company has no contract assets or liabilities at the end of the financial year.

3. Financial Instruments (Continued)

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include any financial liabilities held for trading, or any financial liabilities designated at the reporting date as such upon initial recognition under the conditions in IFRS 9. A liability is reported as being held for trading if it is acquired with the intention of selling it within the next financial year. For instance, these include any derivative financial instruments that are not designated as hedging instruments under IFRS 9, or any separated embedded derivatives that are not designated as effective hedging instruments. Any gains or losses on financial liabilities held for trading are reported in the statement of profit or loss and other comprehensive income.

Impairment of Financial Assets

A financial asset is deemed to be impaired if any event has occurred since initial recognition that has impacted the projected future cash flows of the asset, and that the monetary loss can be reliably estimated. At the end of the financial year, assessments are made to determine whether there are any indications of impairment of the asset, including any evidence that a debtor may not be able to meet its obligations through difficulty, delinquency or default. The Company also uses data to test for impairment, such as looking for indicators that estimated future cash flows will be diminished, observing current and future economic conditions that could correlate with defaults on payments and or bankruptcy.

The value of impairment incurred is calculated using the expected credit losses from an asset, which is based on the difference between the contractual cash flows due under the terms of such contract and the amount of cash flows that are expected to be received, minus discounts from the estimation of their forecasted effective interest rate. In this calculation, expected cash flows include any earnings from the sale of collateral or other credit enhancements that are integral to the contractual terms. If there has been a material increase in credit risk over the life of an asset since it was initially recognized, a loss allowance is acknowledged over the full length of time that there is a risk of a credit loss. Likewise, expected credit losses are also reported for any probable default events occurring within the next twelve months.

3. Financial Instruments (Continued)

Impairment of Financial Assets (Continued)

The Company designates a financial asset as being in default when the contractual payments are 90 days past due, although it may also be considered in default if there is relevant internal or external information indicating that payments are unlikely to be received for the outstanding balance of the contract. The value is only written off when there is an expectation that any outstanding cash flows will not be recovered in the future, usually occurring when a balance is past due for more than 365 days and or not subject to legal enforcement.

The management of the Company tests whether any financial assets held at amortized cost are credit impaired by analyzing whether there have been any material events that could have negatively impacted the estimated future cash flows from an asset. An allowance would also be reported for any expected credit losses for debt instruments not held at fair value through profit and loss.

Impairment of Non-financial Assets

An asset is considered impaired if it no longer generates the same level of economic benefits that it did at the time of acquisition, and its carrying amount must be reduced accordingly. Impairment is recognized as an expense in the statement of profit and loss and other comprehensive income in the category relevant to the impaired asset, as well as in the statement of financial position with the corresponding reduction in the carrying amount of the asset. At the end of the financial year, the Company evaluates all assets and groups of assets for any indications of impairment. If an asset or an asset group is deemed to be impaired, the recoverable amount is estimated as the higher of fair value less costs of disposal or value in use, unless its cash flows are dependent on another asset or group of assets. In such circumstances, said asset is analyzed as part of a relevant group. An asset must always be considered impaired if the recorded carrying amount of an asset is greater than its recoverable amount.

3. Financial Instruments (Continued)

Impairment of Non-financial Assets (Continued)

Impairment is calculated separately for each of the asset groups, with individual assets being allocated to said groups by preparing cash flow forecasts in line with the expected performance of an asset over a five-year period, or longer if considered necessary. Calculations are corroborated using available fair value indicators, such as quoted prices and valuation multiples. In order to measure the fair value less cost of disposal of an asset, the Company reviews recent market transactions and determines relevant valuation techniques if there is no sufficient data available. Estimated future cash flows are reduced to their fair value using a discount rate that takes into account risks specific to the asset, and the time value of money, to determine the fair value-in-use of an asset. However, the value-in-use calculation does not take into account any enhancements or improvements to asset performance that could affect estimated future cash flows positively, with any improvements being recognized in the calculations for the fair value less cost of disposal.

Assets that were previously reported as impaired are reassessed at the end of the financial year and evaluated to determine whether any impairment reported in prior periods has been reversed or decreased. The level of impairment is restated if there has been a material change in the judgments, estimates and assumptions used to determine the recoverable amount of the asset since the initial recognition of the impairment. The value of any reversal of impairment is limited so that the carrying amount of an asset does not exceed the figure that would have otherwise been recorded, net of all depreciation and amortization, had the asset not been recognized as impaired in previous years. The new carrying amount of the asset is recorded once the reassessment is complete, with the reversal being recognized in the statement of profit and loss and other comprehensive income.

3. Financial Instruments (Continued)

Derecognition of Financial Assets

An asset is primarily derecognized when the rights to receive cash flows from the asset have expired or been transferred. This is as a result of the Company having substantially transferred all the risks and rewards of the asset, or neither substantially transferring nor substantially retaining all the risks and rewards of the asset, but transferring control of the asset. Any gain or loss arising on derecognition of the asset is included in the statement of profit or loss and other comprehensive income, and calculated as the difference between the net disposal proceeds and the carrying amount of the asset. An asset may also be derecognized if the rights to receive cash flows from the asset have been transferred to another party. Derecognition may also occur should the Company have an obligation to pay said cash flows in full under a pass-through arrangement, and has either transferred substantially all the risks and rewards of an asset, or has neither transferred nor retained all the risks and rewards of the asset, but has transferred control.

Under the terms of a pass-through arrangement, the Company analyzes if and to what extent it has retained the risks and rewards of an asset. If it has neither transferred control nor retained the risks and rewards of ownership substantially, the asset continues to be recognized to the extent of its continued involvement with the Company. Likewise, a corresponding liability is recorded, with both the asset and liability being valued in accordance with the value of the rights and obligations that have been retained. Any continued involvement that takes place under a guarantee over the transferred asset is valued at the original carrying amount of the asset, or the maximum amount of consideration that the Company could be required to repay, depending on which figure is lower.

Derecognition of Financial Liabilities

The derecognition of financial liabilities occurs when an existing obligation is settled, cancelled, expired, discharged or replaced. Under the terms of replacement, the previous liability is derecognized with the new liability being recognized concurrently, and the difference in carrying amount being recorded in the statement of profit or loss and other comprehensive income. A liability is only considered to have been replaced if the terms of the liability are sufficiently modified, such as a change of interest rate, and or the liability is still held by the same party under sufficiently modified terms.

4. Taxation

The Company is taxed at the U.S. corporate level as a C-corporation and consequently pays both U.S. federal and foreign income taxes. The reconciliation between income tax at the statutory rate and the adjustments made by the Company for income taxes on its continuing operations for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
	(In Thousands of Dollars)	
U.S. income tax expense	**$ (2,351)**	$ (2,463)
Adjustments to reconcile to the income tax provision:		
Expenditure not deductible for tax	**(90)**	(300)
Foreign tax	**(20)**	(22)
Double taxation relief	**20**	22
Expense for income taxes	**$ (2,441)**	$ (2,763)

Included in other current liabilities are federal, state, and foreign income taxes payable. The carrying amounts of net income taxes payable as of December 31, 2024 and 2023 are $983,199 and $1,116,750, respectively.

	2024	2023
	(In Thousands of Dollars)	
Income tax receivables	**$ —**	$ —
Income tax payables	**983**	1,117
Total income tax payable	**$ 983**	$ 1,117

Deferred tax assets and liabilities are the unused tax credits and tax losses carried forward from previous periods that can ultimately influence future tax payments. These result from the temporary differences between the tax base and the carrying amount of assets and liabilities at the end of the financial year. Such assets and liabilities are recorded in relation to the tax rates that are projected when the asset is expected to be realized or the liability settled. Judgments, estimates and assumptions made about tax rates are based on tax laws enacted, or substantively enacted, during the financial year.

4. Taxation (Continued)

Deferred tax assets and liabilities are reported using the balance sheet method for all taxable temporary differences, except in regard to any temporary differences associated with investments in subsidiaries and joint ventures where the reversal of the temporary differences can be controlled by another party and these temporary differences are not likely to reverse in the foreseeable future.

At the end of the financial year, the carrying amount of any deferred tax assets and liabilities, including any unrecognized assets and liabilities, are reassessed and if it is deemed that the taxable profits recorded will result in all or part of the deferred tax asset being utilized or recovered, then the value of the deferred tax asset or liability will be reduced or recognized accordingly. Deferred tax assets and liabilities relating to items reported as other comprehensive income or as equity are not recognized in the main profit or loss statement, but as other comprehensive income as required.

Deferred tax assets and liabilities are offset if the Company has a right to set off current tax assets and liabilities, and the deferred tax asset and liabilities are affiliated with taxes levied by the same taxation authority on the same entity, or an entity which has the intention to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which a material amount of deferred tax assets or liabilities are expected to be settled or recovered.

All assets, revenues and expenses are recognized net of the amount of sales tax, except when the sales tax incurred on a purchase is not recoverable from the taxation authority. In which case, the sales tax is recognized as part of the cost of acquisition, or as an expense in the statement of profit and loss and other comprehensive income. Receivables and payables include the net amount of sales tax payable or recoverable from the taxation authority in the statement of financial position.

The financial statements of the Company include and recognize other types of taxes on income, including royalties, property taxes and revenue-based taxes, as income taxes. These taxes have the characteristics of an income tax, as the amount payable is based upon taxable income rather than a percentage of revenue or production quantities, and are imposed under government authority.

4. Taxation (Continued)

Other taxes are accounted for under IAS 12, for which current and deferred tax is recognized on the same basis as regular corporate income tax. Obligations from other types of taxes that do not satisfy the criteria under IAS 12 are included in the cost of goods sold. Only corporate income taxes payable by the Company are considered to meet the criteria to be treated as part of income taxes.

5. Personnel Costs

The costs disclosed in the following table are the amounts recognized as an expense related to personnel recorded as selling, general, and administrative expenses as of the years ended December 31, 2024 and 2023:

	2024	2023
	(In Thousands of Dollars)	
Wages and salaries	**$ 8,145**	$ 8,206
Statutory social welfare contributions and employee benefits	**1,813**	1,269
Expenses relating to post-employment benefits	**45**	44
Total Personnel Costs	**$ 10,003**	$ 9,519

Wages, salaries and any other short-term employee benefits, including bonuses, are reported as an expense in the statement of profit and loss and other comprehensive income after the service is provided by the employee. An annual bonus is paid to all employees in December and is included as a component of wages and salaries. If the Company has obligations for services provided by employees that have not yet been paid, a corresponding liability is reported for the amount due, regardless of whether the amount can be estimated reliably.

Key management personnel are considered to be any individuals who exercise the authority to control the activities of the Company directly or indirectly, and comprise both senior managers and directors. The aggregate compensation for such key management personnel includes salaries, bonuses and any expenses relating to pensions and other employee benefits. The carrying amounts of compensation for key management personnel as of December 31, 2024 and 2023 are $3,647,150 and $3,520,129, respectively.

5. Personnel Costs (Continued)

Contributions are similarly made towards post-employment benefit plans for current employees, whereby payments are made by the Company to an independent party in return for said post-employment benefits. Under the terms of such an arrangement, there is no obligation for the Company to disburse funds to any former employee in the future, with all post-employment benefits managed by the independent party. In addition to the contributions made to independent parties, any payments made that are considered to provide a benefit after the cessation of employment are also qualified as a post-employment benefit plan, such as a government pension plan. After the service of an employee has been provided, all contributions are recorded in the statement of profit and loss and other comprehensive income as an expense. If additional payments to the plan are made that result in a reduction or elimination of future payments, the fair value of said payments is recognized as an asset in the statement of financial position.

6. Trade and Other Receivables

As of the years ended December 31, 2024 and 2023, the Company holds receivables as follows:

	2024	**2023**
	(In Thousands of Dollars)	
Trade receivables	**$ 32,063**	$ 72,366
Allowance for doubtful debts	**(228)**	—
Prepayments	**332**	292
Amounts due from related parties	**10**	10
Other receivables	**71**	69
Total trade and other receivables	**$ 32,247**	$ 72,736

All receivables are amounts that are due from customers for products and services the Company has provided, or prepayments for products and services that have not yet been provided. After initially being measured at fair value, trade and other receivables are subsequently measured at amortized cost, less an estimated allowance for any irrecoverable amounts. A provision is created for any irrecoverable amount where there is evidence to suggest that the amount due on the agreed payment terms will not be collected.

6. Trade and Other Receivables (Continued)

Under a provisionally priced contract whereby the sales price is determined using market prices at the end of a quotation period, a corresponding receivable is reported at fair value through profit or loss from the date the sale is recognized once the customer has received all the goods and services stipulated. Any subsequent movements in commodity prices are acknowledged in the financial statements as fair value gains or losses on provisionally priced trade receivables.

Trade receivables do not bear any interest and are offered to third parties considered creditworthy after assessment on terms from 30 to 60 days. The recoverability of trade and other receivables is on the basis of the age and type of the outstanding amount, in addition to the current and projected creditworthiness of the third party. If it is deemed that the third party may not fulfill its contractual obligations, then the amount is considered impaired.

On December 31, 2024, no trade receivables were considered impaired.

7. Accounts Payable and Other Accrued Expenses

The outstanding balances of accounts payable and other accrued expenses consist of the following as of December 31, 2024 and 2023:

	2024	2023
	(In Thousands of Dollars)	
Trade payables	**$ 1,476**	$ 5,183
Amounts due to affiliates	**3,831**	47,998
Other payables	**405**	363
Accruals	**185**	634
Total current liabilities	**$ 5,897**	$ 54,178

Trade payables do not bear any interest and are settled within 60 days of the contract commencing. Other payables do not bear any interest and have an average term of six months.

Included in other current liabilities are liabilities for wire transfer payments that are outstanding due to timing.

8. Derivative Financial Instruments

The Company sometimes uses derivative financial instruments to hedge the risk associated with fluctuations in currency exchange rates. These are initially recognized at fair value and then revalued at the end of the reporting period. Any gains and losses associated with changes in the value of derivatives are recorded in the statement of profit and loss and other comprehensive income. Derivative financial instruments, such as forward foreign currency contracts, are reported in the statement of financial position as financial assets if the fair value is positive and as financial liabilities when the fair value is negative. With regard to such assets and liabilities, the Company may utilize hedge accounting and relevant risk management policies to evaluate the effectiveness of changes in the fair value of hedging instruments in offsetting the exposure to changes in the fair value of the hedged items or cash flows attributable to the hedged risk throughout the periods for which they were designated.

All embedded derivatives are reported at fair value, with any changes recognized in the statement of profit or loss and other comprehensive income. This figure is only revalued if there is a change in the terms of the contract that would materially modify the cash flows, or the embedded derivative is reclassified at another fair value categorization. If the derivative is embedded in a hybrid contract with a financial liability or non-financial host, then it may be separated from said host and recognized as a separate derivative under certain circumstances. This may arise if another instrument with the same terms would otherwise meet the definition of a derivative, and the economic characteristics and risks not associated with the host. In such a scenario, the hybrid contract is not recorded at fair value through profit or loss.

9. Financial Risk Management

Certain activities and transactions conducted expose the Company to a number of risks that could affect assets, liabilities or cash flows. This includes the principal financial assets of the Company, comprising trade and other receivables, in addition to cash and short-term deposits, all of which arise directly from its operations. Risk management policies aim to alleviate the volatility of financial markets and minimize any impact on financial performance, whilst also protecting future financial security.

9. Financial Risk Management (Continued)

Actions regarding risk management are agreed upon and reviewed by management, who consider whether the risk management activities of the Company are governed by sufficient and appropriate policies and safeguarding procedures. Management also considers whether all financial risks are adequately identified, measured and managed in accordance with the broader policies and objectives of the Company. All activities conducted for risk management purposes are carried out by those who have the relevant skills and experience.

Market Risk Management

Market risk recognizes that market volatility and fluctuations could affect the fair value of future cash flows from a financial instrument. This is managed by segmenting different areas of risk, including commodity price risk, interest rate risk, foreign currency risk and credit risk. Therefore, risk management policies are designed and implemented to mitigate market risk. These policies are intended to alleviate the sensitivity to changes in market variables on the financial instruments of the Company and project the impact of such changes on profit, loss and equity, where applicable.

Interest Rate Risk Management

The exposure of the Company to interest rate risk arises from the fact that the fair value of a financial instrument, or the future cash flows of a financial instrument, could fluctuate as a result of changes in market interest rates. The risk of changes in market interest rates relates primarily to short-term deposits with variable interest rates. The policy of the Company is to keep at least 50% of its cash in banks at fixed rates of interest and manage its other deposits using both fixed and variable interest rates, depending on external interest rate forecasts.

Foreign Currency Risk Management

The foreign currency exposures of the Company are a result of valuations of financial assets and liabilities, foreign contractual commitments and transactions in currencies other than the functional currency of the Company. The risk is that the fair value or future cash flows of a financial instrument will be susceptible to volatility in foreign exchange rates. The Company attempts to alleviate this risk by monitoring movements in exchange rates on a regular basis.

9. Financial Risk Management (Continued)

Commodity Price Risk Management

The Company is exposed to commodity price risk due to fluctuations in market commodity prices for the petroleum it trades. The policy of the Company is to assess profit-at-risk, thus analyzing its exposure to fluctuations in commodity prices. Management then contains these risks by keeping between 20% and 40% of its revenue on fixed-price contracts, with the majority of revenue earned from derivative commodity contracts where exposure to the risk is higher.

Credit Risk Management

The Company is exposed to the risk that a counterparty will not meet its obligations under a contract or financial instrument, leading to a financial loss, with this risk inherent throughout the commercial business activities of the Company. The primary exposure to credit risk is through outstanding trade receivables and financial instruments, although credit risk also arises from the other financial assets of the Company, comprising cash, short-term investments and derivative financial assets. This vulnerability to credit risk arises from the counterparty or counterparties defaulting, with a maximum exposure to the risk equal to the carrying amount of these instruments.

To mitigate this risk, the Company undertakes various policies and actions, including regularly monitoring receivables balances on an ongoing basis, and ensuring that such balances are paid in full on or before the required date. The Company also conducts transactions exclusively with creditworthy parties. Any customer who wishes to trade on credit terms is subject to an assessment of their credit report from a recognized credit reference agency, and an analysis of their recent financial statements. In some instances, collateral may be obtained from customers as a means of mitigating the risk of financial loss. The risk from international shipments can similarly be abated by obtaining letters of credit or other forms of credit insurance.

The Company manages the risk concerning financial assets by using the services of financial institutions that it considers reputable. Management annually reviews the performance, suitability and long-term viability of the financial institutions it cooperates with.

9. Financial Risk Management (Continued)

Liquidity Risk Management

The susceptibility of the Company to liquidity risk derives from the potential inability to meet any outstanding financial obligations at the time payment is due to be settled partially or in full. This particular risk pertains to all the ongoing financial liabilities held by the Company, such as trade and other payables, in addition to any loans and borrowings. Likewise, it can also relate to any restrictions placed upon, or inability to access, sources of funding for the commercial business activities of the Company. To alleviate this risk, management seeks to sustain consistent cash flows throughout the financial year. This includes ensuring that the balances of all trade and other receivables are paid according to schedule, and maintaining a consistent supply of working capital when necessary. However, management believes that this risk continues to be low due to the fact that the Company is not reliant upon external financing and maintains stringent polices regarding trade and other receivables.

10. Commitments and Contingencies

A capital commitment is created when a contract has been agreed, either orally or in writing, and its terms have not yet been fulfilled. Likewise, a contingency is a present obligation, which may or may not require repayment, that has been created due to a past event that has already occurred.

The Company has capital commitments arising from operating leases for property, plant and equipment, with an average contract length of five years. Some of these contracts are non-cancelable and or include an option to extend the lease on terms based on the market price at the time of contract renewal. No restrictions have been placed on the Company as a result of entering into any lease contracts.

11. Member’s Equity

The Company is a limited liability company directly and wholly owned by RF Energy Investments Ltd., which is its sole member. The Company has no shares and no authorized share equity as of December 31, 2024, but maintains $10,000,000 in additional paid-in capital.

Capital management policies are utilized in the administration of the equity reserves to safeguard the Company as a going concern, principally by maintaining an adequate ratio of capital-to-debt and a secure credit rating, which should maximize member value in the long term. These capital management policies are adjusted with regard to changes in economic and financial conditions.

11. Member's Equity (Continued)

For example, the Company may elect to pay or withhold a dividend in the following financial year, or opt to return funds to shareholders as deemed appropriate. No alterations were made to these policies or processes during the last financial year.

Capital is analyzed using a gearing ratio, with the Company upholding a policy to maintain the ratio at a maximum of 50%. It is calculated by dividing net debt by equity. Incorporated into net debt are loans and borrowings, trade and other payables, less cash and short-term deposits.

12. Subsequent Events

No events that have occurred since December 31, 2024 have had a material impact on the financial statements of the Company.