FINANCIAL STATEMENTS

Shell Trading Risk Management, LLC
As of December 31, 2024 and 2023, and
for the Years Ended December 31, 2024 and 2023,
With Report of Independent Auditors

Shell Trading Risk Management, LLC

Financial Statements

Contents

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Report of Independent Auditors

The Board of Directors
Shell Trading Risk Management, LLC

Opinion

We have audited the financial statements of Shell Trading Risk Management, LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of profit or loss and other comprehensive income, changes in member's equity and cash flows 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 as of 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 (IFRS).

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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.

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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.

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.

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Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The attached Supplementary Information – Capital Requirements under Title 17 CFR § 23.101 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

Houston, Texas
March 18, 2025

Shell Trading Risk Management, LLC

Balance Sheets

	December 31 2024	December 31 2023
	(In Thousands of Dollars)	
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	13,790	13,080
Receivables, risk management assets, and prepayments:		
Accounts receivable, net of allowance for doubtful accounts (Note 2)	8,165	26,506
Receivables from affiliate (Notes 2, 3)	5,807	432
Short-term notes receivable (Note 2)	170	170
Assets from risk management activities (Note 5)	281,099	330,317
Owing by related parties (Notes 3, 4)	1,596,464	3,093,796
Prepayments and other (Note 5)	7,990	13,200
Total current assets	1,913,485	3,477,501
Total assets	1,913,485	3,477,501
Liabilities and member's equity		
Current liabilities:		
Accounts payable – trade (Note 2)	13,228	5,972
Payable to affiliate (Notes 2, 3)	2,079	27,340
Other payables, risk management activities, and accruals:		
Liabilities from risk management activities (Note 5)	264,434	329,502
Accrued liabilities and other payables (Note 5)	4,409	17,729
Total current liabilities	284,150	380,543
Member's equity	1,629,335	3,096,958
Total equity	1,629,335	3,096,958
Total liabilities and member's equity	1,913,485	3,477,501

The accompanying notes are an integral part of these financial statements.

Shell Trading Risk Management, LLC

Statements of Profit or Loss and Other Comprehensive Income

	Year Ended December 31	
	2024	**2023**
	(In Thousands of Dollars)	
Revenues		
Net trading revenue (Note 2)	6,081	19,830
Costs and expenses		
Selling, general, and administrative expenses (Note 3)	(9,119)	(10,421)
Other income and deductions		
Interest income (Note 3)	135,563	152,552
Interest expense	(148)	(1,425)
Profit before tax	132,377	160,536
Profit for the year	132,377	160,536
Other comprehensive income	–	–
Total comprehensive income for the year	132,377	160,536

The accompanying notes are an integral part of these financial statements.

Shell Trading Risk Management, LLC

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

As at January 1, 2023	2,936,422
Profit for the year	160,536
As at December 31, 2023	3,096,958
Profit for the year	132,377
Capital reduction (Note 4)	(1,600,000)
As at December 31, 2024	1,629,335

Shell Trading Risk Management, LLC

Statements of Cash Flows

	Year Ended December 31	
	2024	**2023**
	(In Thousands of Dollars)	
Operating activities		
Profit for the year [1]	132,377	160,536
Working capital changes:		
Decrease in accounts receivable	18,341	57,222
Increase in receivables from affiliates	(5,375)	(432)
Increase in notes receivable	–	(78)
Decrease in prepayments and other	5,210	83,650
Net change in risk management activities	(15,850)	(27,391)
Increase/(decrease) in accounts payable – trade	7,256	(29,707)
(Decrease)/increase in payables to affiliate	(25,261)	4,069
Decrease in accrued liabilities and other	(13,320)	(31,974)
Net cash flows from operating activities	103,378	215,895
Investing activities		
Cash management and investments with related parties	(102,668)	(215,255)
Net cash flows used in investing activities	(102,668)	(215,255)
Net increase in cash and cash equivalents	710	640
Cash and cash equivalents		
Beginning of year	13,080	12,440
End of year	13,790	13,080

The accompanying notes are an integral part of these financial statements.

[1] Net includes interest received of $136 million and $153 million and interest paid of $0.1 million and $1.4 million in 2024 and 2023, respectively.

1. Organization

Shell Trading Risk Management, LLC (the Company), a Delaware limited liability company, was created as a direct subsidiary of Shell Energy North America (U.S.), L.P. (SENA), which is the sole member of the Company. Shell plc (Shell), formerly Royal Dutch Shell plc, is the ultimate parent of the Company. The Company is a registered swap dealer and the primary entity engaging in “swap dealing” activities as defined by the Commodity Futures Trading Commission (CFTC). The Company’s registered office is located at 1000 Main Street, Houston, Texas, 77002.

All profits and losses of the Company for each fiscal year are allocated entirely to SENA.

2. Summary of Material Accounting Policies

Basis of Presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards board (IASB). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated. The financial statements are presented in U.S. dollars and all values are rounded to the nearest thousands of dollars except where otherwise indicated.

The Company’s statements of profit or loss and other comprehensive income include expense allocations for certain Company functions performed by affiliates. The Company records these expenses through support-relatedintercompany charges based on service agreement as detailed in Note 3.

The financial statements were approved and authorized for issue by the board of directors on March 18, 2025.

Use of Estimates

The preparation of the Company’s financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, fair value measurements, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ materially from those estimates.

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments that have original maturities of three months or less.

Accounts Receivable/Accounts Payable

Accounts receivable are shown on the balance sheets, net of loss allowance. The loss allowance for financial assets is measured at an amount equal to the expected credit losses. If the credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses. Changes in loss allowances are recognized in profit or loss. For trade receivables, the Company uses a provision matrix to calculate Expected Credit Losses (ECL). The provision matrix is initially based on the Company's historical observed default rates. The Company calculates the ECL to adjust the historical credit loss experienced with forward-looking information. Estimating this amount involves the examination of past-due balances, monitoring of the financial strength of the Company's counterparties, and the analysis of relevant information specific to assessing the collectability of the Company's accounts receivable. The loss allowance is $27 million and $28 million as of December 31, 2024 and 2023, respectively. If all efforts at collection are unsuccessful, the account will be deemed uncollectible and written off.

Accounts receivable and payable balances include settled but unpaid amounts related to trading activities. Some of these receivables and payables with individual counterparties are subject to master netting arrangements. Where there is a legally enforceable right of offset under such arrangements and the Company has the intention to settle on a net basis, or realize the asset and settle the liability simultaneously, the net asset or liability is recognized in the balance sheets; otherwise, assets and liabilities are presented gross.

The Company also provides financing to certain counterparties and records interest income related to thesenotes receivable using the effective interest method over the term of the loan. The Company evaluates thecollectability of these notes receivable based on specific customer circumstances, credit risk changes, payment patterns, and historical loss experience. When the collectability is determined tobe at risk based on the above criteria, the Company will record an allowance for credit losses. If all effortsat collection are unsuccessful, the account will be deemed uncollectible and written off.

2. Summary of Significant Accounting Policies (Continued)

Net trading revenues

Revenue is associated with the sale of financial instruments related to natural gas, power, crude oil, and refined products. The Company revenue includes realized and unrealized gains and losses recorded on derivatives recognized at fair value. Realized revenue is recognized based on the invoiced amount, which is equal to the value of financial performance obligation completed to date. The payment terms with the Company's customers vary based on the product or service provided but usually are 60 days or less.

Risk Management Activities

The Company executes financial trades that qualify as derivatives for trading and hedging purposes as described in Notes 5 Derivative assets and liabilities are presented separately in the balance sheets, except where there is a legally enforceable right of offset and The Company has the intention to settle on a net basis or realize the asset and liability simultaneously. Derivatives are recorded at fair value as assets and liabilities from risk management activities on the balance sheets. These derivative assets and liabilities are classified as current as they are held primarily for the purposesof trading.

Unrealized gains and losses associated with contract restructurings and the impact of price movements are recorded in net trading revenue in the period of occurrence. Changes in assets and liabilities from derivatives result primarily from changes in the valuation of the portfolio of contracts, newly originated transactions, and the timing of settlement of certain contracts (Note 5).

Fair Value

Fair value measurements are estimates of the amounts for which assets or liabilities could be transferred at the measurement date, based on the assumption that such transfers take place between participants in principal markets and, where applicable, taking highest and best use into account. Where available, fair value measurements are derived from prices quoted in active markets for identical assets or liabilities. In the absence of such information, other observable inputs are used to estimate fair value. Inputs derived from external sources are corroborated or otherwise verified, as appropriate.

2. Summary of Significant Accounting Policies (Continued)

Fair Value (Continued)

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The Company's fair value measurement techniques incorporate various valuation approaches, including market and income approaches. Financial assets and liabilities carried at fair value are classified and disclosed in oneof the following three categories:

Level 1 – Fair value is based on unadjusted quoted market prices for assets or liabilities in active markets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the assets or liabilities, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term. The fair values for Level 2 assets or liabilities are generally obtained from third-party broker quotes, independent pricing services, and exchanges. Level 2 primarily consists of over-the-counter financial swaps.

Level 3 – Fair value is based on unobservable inputs that are significant to the fair value measurement. Level 3 fair value transactions primarily consist of over-the-counter financial options and long-term commodity contracts qualifying as derivatives, where a significant portion of the term of the contract extends beyond the period where there are observable quoted prices or options where the volatility inputs are not observable for the full term of the contract. At each balance sheet date, the Company performs an analysis of all instruments subject to fair valuemeasurement and includes in Level 3 all of those whose fair value is based on significant unobservable input. In cases where there is no corroborative market information obtainable to support significant model inputs, the transaction price is used as the best estimate of fair value.

2. Summary of Significant Accounting Policies (Continued)

Fair Value (Continued)

In the absence of publicly available information, fair value is determined using estimation techniques that consider market perspectives relevant to the asset or liability, in as much as they can reasonably be ascertained, based on predominantly unobservable inputs. For derivative contracts where publicly available information is not available, fair value estimations are generally determined using models and other valuation methods, the key inputs for which include future prices, volatility, price correlation, counterparty credit risk, nonperformance risk, and market liquidity, as appropriate; for other assets and liabilities, fair value estimations are generally based on the net present value of expected future cash flows.

The fair values of accounts receivable, receivable from affiliate, short-term notes receivable, accounts payable, payable to affiliate, and other current liabilities, owing by related parties approximate the carrying amounts reported on the balance sheets, due to short term maturity of these instruments.

Income Taxes

For federal income tax purposes, the Company is a single-member LLC classified as a disregarded entity. Therefore, the Company does not file any federal income tax returns in the U.S.,and its activities are reflected on SENA’s federal income tax return as a division of the partnership.

For the states in which the Company does business, the state and local tax jurisdictions follow the federal tax return treatment with respect to disregarded entities, and, therefore, no separate state or local income tax returns are required to be filed.

Since the Company is wholly owned by SENA, it would be subject to the same federal, state, and local tax jurisdictional timelines as SENA with respect to statutory and tax audits.

New Accounting Standards

Recent accounting pronouncements that became effective during 2024 or are scheduled to become effective in the following years and beyond are described in the following paragraphs.

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*, which clarifies the requirements for the timing of recognition and derecognition of some financial assets and liabilities. The standard is effective for annual periods beginning on or after 1 January 2026. The Company is currently assessing the future impact of this standard on its financial statements.

2. Summary of Significant Accounting Policies (Continued)

New Accounting Standards (Continued)

Improvements to International Financial Reporting Standards

In July 2024, the IASB issued *Annual Improvements to IFRS Accounting Standards – Volume 11*. The amendments that could impact The Company's financial statements include update to the language on unobservable inputs under IFRS 7 and removal of the term "transaction price" from IFRS 9. The amendments are effective for annual periods beginning on or after 1 January 2026. The Company is currently assessing the future impact of this standard on its financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements*, which replaces IAS 1. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for "operating profit or loss", "profit or loss before financing and income taxes" and "profit or loss". IFRS 18 differentiates between "presenting" information in the primary financial statements and "disclosing" it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. The amendments are effective for annual periods beginning on or after 1 January 2027 and must be applied retrospectively. The Company is currently assessing the future impact of this standard on its financial statements.

There are no other IFRS standards or interpretations not yet effective that would be expected to have a material impact on the Company.

3. Transactions With Related Parties

The Company routinely transacts significant business directly or indirectly with Shell and its affiliates. The Company enters into a variety of financial instruments that are derivative contracts with affiliates of Shell. The agreements are part of the overall portfolio of contracts for risk management. Such transactions are in the ordinary course of business at prevailing quoted market prices and include financial derivative positions related to natural gas, electricity, crude oil, and refined products.

Net trading revenue included total related-party loss of $58 million and $899 million which comprise both realized and unrealized activities for 2024 and 2023, respectively. The Company recognized net unrealized gain of $119 million and net unrealized losses of $355 million from transactions with related parties in 2024 and 2023, respectively. Included in The Company's assets and liabilities from risk management activities related to these transactions are net assets of $7 million and net liabilities of $112 million as at December 31, 2024 and 2023, respectively.

3. Transactions With Related Parties (Continued)

Related party risk management activities were not collateralized as at December 31, 2024 and 2023.

The Company has a continuing services agreement with Shell Petroleum Inc., a subsidiary of Shell. The services provided include all personnel and other administrative costs to enable the Company to carry on its business activities. A payable in the amount of $2 million and $2 million existed as at December 31, 2024 and 2023, respectively, for these services. Management expenses for these serviceswere $10 million and $10 million, in 2024 and 2023, respectively.

Cash Management Activities with Related Parties

The Company operates under a Master Agreement with a Shell Petroleum Inc (referred to as Shell Treasury), whereby the Company is funded via a credit and deposit facility with Shell Treasury. A cash sweep arrangement and cash equivalents are deposited with Shell Treasury under the arrangementbearing market-based interest rates.

The Company’s borrowing capacity under the working capital facility is $250 million with borrowings under the facility priced at market-based interest rates. The Company had no borrowings under this facility as at December 31, 2024 and 2023. The Company had $1,596 million and $3,094 million of receivables related to cash sweep activities with Shell Treasury as at December 31, 2024 and 2023, respectively. The receivable balances are included in Owing by related parties on the balance sheets. Interest earned on these receivables, was $135 million and $151 million in 2024 and 2023, respectively. There are no provisions for doubtful accounts in relation to receivables from related parties.

Capital Management Activities with Related Parties

The CFTC imposed capital requirements for swap dealers as a part of its required rulemakings under section 731 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). The rule provides swap dealers with the option to elect one of three alternative methods to establish minimum capital requirements depending on the characteristics of their businesses. As a registered swap dealer, the Company is subject to these external capital requirements and has chosen to measure capital requirements under the tangible net worth method (Note 8).

4. Financing

In determining tangible net worth, all long and short positions in swaps, security-based swaps, and related positions must be marked to their market value. A swap dealer must include in its computation of tangible net worth all liabilities or obligations of a subsidiary or affiliate that the swap dealer or major swap participant guarantees, endorses, or assumes either directly or indirectly.

The tangible net worth approach requires a non-bank swap dealer to maintain tangible net worth

4. Financing (Continued)

in an amount equal to or greater than the highest of (1) $20 million, plus the non-bank swap dealer's market and credit risk charges associated with the firm's swap dealing and related hedging activities, (2) 8% of the initial margin for each uncleared swap position open on the books of the non-bank swap dealer, or (3) the amount of capital required by the National Futures Association.

To meet these capital requirements, the Company received a non-cash contribution of $3,750 million receivable from its parent company in October 2021. The receivable represents an agreement whereby the parent company will transfer cash to the Company if called upon. The receivable is recorded on the balance sheet at cost in the Owing by related party. In 2022, the Company decreased its equity by $1,000 million through a dividend to SENA. In 2024, the Company made a non-cash distribution of $1,600 million to SENA.

5. Financial Instruments

The accounting classification of each category of financial instruments, including their carrying amounts which are included in the accompanying balance sheets, is presented in the table below.

The carrying values of financial instruments measured at amortized costs presented in the table below approximate their fair values.

	Measured at Amortized Cost	**Measured at Fair Value Through Profit and Loss**	**Carrying Amount**
		(In Thousands of Dollars)	
December 31, 2024			
Financial Assets			
Cash and cash equivalents	13,790	–	13,790
Accounts receivable	8,165	–	8,165
Receivable from affiliate	5,807	–	5,807
Short-term notes Receivable	170	–	170
Asset from risk management activities	–	281,099	281,099
Owing by related parties	1,596,464	–	1,596,464
Financial Liabilities			
Accounts payable	(13,228)	–	(13,228)
Payable to affiliate	(2,079)	–	(2,079)
Liability from risk management activities	–	(264,434)	(264,434)

5. Financial Instruments (Continued)

	Measured at Amortized Cost	Measured at Fair Value Through Profit and Loss	Carrying Amount
		(In Thousands of Dollars)	
December 31, 2023			
Financial Assets			
Cash and cash equivalents	13,080	–	13,080
Accounts receivable	26,506	–	26,506
Receivable from affiliate	432	–	–
Short-term notes Receivable	170	–	170
Asset from risk management activities	–	330,317	330,317
Owing by related parties	3,093,796	–	3,093,796
Financial Liabilities			
Accounts payable	(5,972)	–	(5,972)
Payable to affiliate	(27,340)	–	(27,340)
Liability from risk management activities	–	(329,502)	(329,502)

Risks

The Company adopts treasury policy consistent with Shell treasury standards. The policy covers: financing structure; interest rate risk management; counterparty risk management; and use of derivative contracts. The Company's derivative activity is carried out by a specialist team that has appropriate skills, experience, supervision, control, and reporting systems. The Company's operations expose it to market, credit, and liquidity risks, as described below.

Market Risk

Market risk is the possibility that changes in interest rates, or the prices of crude oil, natural gas, refined products, and power will adversely affect the value of assets, liabilities, or expected future cash flows. The Company is exposed to interest rate risk due to financing it provides certain counterparties. The carrying amounts of the notes receivable and the interest income are presented in Notes 5 and 3, respectively.

5. Financial Instruments (Continued)

The Company offers price risk management services in connection with its energy trading activities. These services are provided through financial instruments and other energy trading contracts, including swap and option agreements, which require payments to (or receipt of payments from) counterparties based on the differential between a fixed and variable price for the commodity. The availability and use of these types of contracts allow the Company to manage its contractual commitments and manage its exposure relative to the volatility of market prices.

Although the Company generally attempts to balance its financial purchase and sale contracts in terms of quantities and contract performance, net open positions can exist or are established through the origination of new transactions and the Company's assessment of, and response to, changing market conditions. The Company has established trading policies and exposure limits that are monitored and reviewed by management on a daily basis to manage these exposures. As of December 31, 2024 and 2023, the net forward long (short) positions for the Company's outstanding natural gas, power, crude oil, and refined products commodity contracts from proprietary trading had a net volume of zero.

Value-at-risk (VAR) techniques based on variance/covariance or Monte Carlo simulation models are used to make a statistical assessment of the market risk arising from possible future changes in market values over a one-day holding period and within a 95% confidence level. The calculation of potential changes in fair value takes into account positions, the history of price movements and the correlation of these price movements. Models are regularly reviewed against actual fair value movements to ensure integrity is maintained. The VAR year-end positions are zero for both years.

Credit Risk

Policies are in place to ensure that counterparties have appropriate creditworthiness. These policies include detailed credit analysis and monitoring of trading partners against counterparty credit limits. Credit information is regularly shared between business and finance functions, with dedicated teams in place to quickly identify and respond to cases of credit deterioration.

Mitigation measures are defined and implemented for higher-risk business partners and customers, and include shortened payment terms, collateral, or other security posting and vigorous collections. In addition, policies limit the amount of credit exposure to any individual financial institution. There are no material concentrations of credit risk with individual customers or geographically.

Counterparty credit risk is managed within a framework of credit limits, with utilization being regularly reviewed. Credit risk exposure is monitored, and the acceptable level of credit exposure is determined by a credit committee. Credit checks are performed by a department independent of traders and are undertaken before contractual commitment. Where appropriate, netting arrangements, credit insurance, prepayments, and collateral are used to manage risks.

5. Financial Instruments (Continued)

The Company places its cash with federally insured financial institutions and Shell group entities. At times, such balances with financial institutions may be in excess of federally insured limits. The majorityof the Company's accounts receivable are from customers within the energy industry and certain financialentities and are heavily impacted by the underlying price volatility of energy commodities and related products. Collectability is dependent upon the general financial condition of the counterparties, the underlying economic conditions of their specific industries, and their ability to absorb energy price volatility. To further lessen its exposure to credit risk, the Company requires collateral margin deposits from certain customers and enters into financial master agreements to allow the netting of offsetting exposures with the same customer.

The Company routinely enters into offsetting, master netting, and similar arrangements with trading and other counterparties to manage credit risk. Where there is a legally enforceable right of offset under such arrangements and the Company has the intention to settle on a net basis or realize the asset and settle the liability simultaneously, the net asset or liability is recognized in the balance sheets; otherwise, assets and liabilities are presented gross. These amounts, as presented net and gross within accounts receivables, accounts payables, and derivative financial instruments in the balance sheets as at December 31, were as follows:

	2024					
	Amounts offset				Amounts not offset	
	Gross Amounts Before Offset	Amounts Offset	Net Amounts as Presented	Cash Collateral Received/Pledged	Other Offsetting Instruments	Net Amounts
	(In Thousands of Dollars)					
Assets:						
Within accounts receivables	80,286	(72,121)	8,165	(43)	–	8,123
Within receivable from affiliate	15,399	(9,592)	5,807	–	–	5,807
Within assets from risk management activities	228,257	52,842	281,099	(3,950)	(163,313)	113,836
Liabilities:						
Within accounts payables	(85,349)	72,121	(13,228)	–	–	(13,228)
Within payable to affiliate	(11,671)	9,592	(2,079)	–	–	(2,079)
Within liabilities from risk management activities	(211,592)	(52,842)	(264,434)	7,586	163,313	(93,535)

5. Financial Instruments (Continued)

	2023					
			Amounts offset		Amounts not offset	
	Gross Amounts Before Offset	Amounts Offset	Net Amounts as Presented	Cash Collateral Received/Pledged	Other Offsetting Instruments	Net Amounts
	(In Thousands of Dollars)					
Assets:						
Within accounts receivables	69,600	(43,094)	26,506	(6)	–	26,500
Within receivable from affiliate	9,606	(9,174)	432.00	–	–	432
Within assets from risk management activities	405,837	(75,520)	330,317	(15,574)	(119,232)	195,511
Liabilities:						
Within accounts payables	(49,066)	43,094	(5,972)	1,462	–	(4,510)
Within payable to affiliate	(36,514)	9,174	(27,340)	–	–	(27,340)
Within liabilities from risk management activities	(405,022)	75,520	(329,502)	12,500	119,232	(197,770)

Amounts not offset principally relate to contracts where the intention to settle on a net basis was not clearly established on December 31.

The carrying amount of financial assets pledged as collateral for liabilities presented within prepayments and other, were $4 million and $18 million as at December 31, 2024 and 2023, respectively. The carrying amount of collateral presented within accrued liabilities and other payables, were $8 million and $13 million as at December 31, 2024 and 2023, respectively. Collateral mainly relates to over-the-counter counterparty variation margins.

Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the Company’s business activities may notbe available. Management believes that it has access to sufficient debt funding sources and to undrawn committed borrowing facilities to meet foreseeable requirements. Information about borrowing facilities is presented in Note 4.

5. Financial Instruments (Continued)

All trade payables are expected to result in a cash outflow within the next 12 months. The contractual maturities of derivative liabilities were as follows:

	2024						
	Contractual Maturities						
	Less Than 1 year	**Between 1 and 2 Years**	**Between 2 and 3 Years**	**Between 3 and 4 Years**	**Between 4 and 5 Years**	**5 Years and Later**	**Total**
	(In Thousands of Dollars)						
Liabilities from risk management activities (undiscounted)	164,113	76,763	29,008	4,493	877	476	275,730

	2023						
	Contractual Maturities						
	Less Than 1 year	**Between 1 and 2 Years**	**Between 2 and 3 Years**	**Between 3 and 4 Years**	**Between 4 and 5 Years**	**5 Years and Later**	**Total**
	(In Thousands of Dollars)						
Liabilities from risk management activities (undiscounted)	168,940	127,141	40,927	6,009	2,035	1,345	346,396

Fair Value Measurement

The following tables summarize the net carrying amounts of derivative contracts held as at December 31, categorized according to the predominant source and nature of inputs used in determining the fair value of each contract:

	2024			
	Fair Value Measurement			
	Level 1	**Level 2**	**Level 3**	**Total**
	(In Thousands of Dollars)			
Derivatives	–	10,988	5,677	16,665

	2023			
	Fair Value Measurement			
	Level 1	**Level 2**	**Level 3**	**Total**
	(In Thousands of Dollars)			
Derivatives	–	7,369	(6,554)	815

5. Financial Instruments (Continued)

The following sets forth a reconciliation of the changes in the fair value of derivatives classified as Level 3:

	2024
	(In Thousands of Dollars)
Balance, beginning of year	(6,554)
Realized and unrealized gains included in net income	7,367
Purchases	12,613
Issuances	(7,748)
Transfers into Level 3	–
Transfers out of Level 3	–
Balance, end of year	5,677

	2023
	(In Thousands of Dollars)
Balance, beginning of year	(22,365)
Realized and unrealized gains included in net income	17,161
Purchases	19,081
Issuances	(20,431)
Transfers into Level 3	–
Transfers out of Level 3	–
Balance, end of year	(6,554)

Net gains recognized in revenue include unrealized net gains totaling $3 million and $13 million related to assets and liabilities held as at December 31, 2024 and 2023, respectively.

5. Financial Instruments (Continued)

Gains and losses (realized and unrealized) from Level 3 trading derivatives are included in net trading revenue on the statements of profit or loss. Gains and losses (realized and unrealized) from Level 3 instruments could potentially be offset by gains and losses (realized and unrealized) on instruments classified in Level 2. The Company transfers amounts among levels of the fair value hierarchyas of the end of each period. Transfers into Level 3 represent existing assets or liabilities that were previously categorized at a higher level for which the inputs to the Company's models became unobservable. Transfers out of Level 3 represent existing assets or liabilities that were previously classified as Level 3 for which the inputs became observable in accordance with the Company's hierarchy policy.

Unrecognized Day One Gains or Losses

Certain long-term commodity purchase contracts extend to periods where observable pricing data are limited, and so their value may include estimates for a portion of the value. Where this is more than an insignificant part of the overall contract valuations, any gains or losses will be deferred. The unrecognized gains or losses on these derivative contracts are zero as at December 31, 2024.

6. Commitments and Contingencies

As of December 31, 2024, no commitments or contingencies exist that would require disclosure in the financial statements.

7. Subsequent Events

The Company evaluated and concluded there are no subsequent events that would require further disclosure since the balance sheet date through March 18, 2025**,** the date these financial statements were available to be issued.

8. Supplementary Information – Capital Requirements under Title 17 CFR § 23.101

On November 16, 2020, the Commodities and Futures Trading Commission ("CFTC") issued final regulations with respect to minimum capital requirements for swap dealers. As a result of the issuance of these new regulations the Company is now required to meet Title 17 of the Code of Federal Regulation (CFR) § 23.101(2). We have elected to meet these new rules using the Net Tangible Worth criteria as described in Title 17 CFR § 23.101. The Company maintained a tangible net worth within the risk tolerance limits set forth by the Minimum Tangible Net Worth Capital Approach. The Company monitors and retains a tangible net worth in excess of the 120% regulatory notice threshold.

8. Supplementary Information – Capital Requirements under Title 17 CFR § 23.101 (Continued)

	December 31, 2024
	(In Thousands of Dollars)
* Minimum Tangible Net Worth Requirement	393,902
Regulatory Notice Threshold (120% Min Req.)	472,683
Tangible Net Worth	1,629,335

Tangible Net Worth Calculation:

	December 31, 2024
	(In Thousands of Dollars)
Base Tangible Net Worth	20,000
Credit Risk Exposure	373,902
* Minimum Tangible Net Worth Requirement	393,902
Total ownership equity	1,629,335
Tangible Net Worth	1,629,335

The Company determined Credit Risk Exposure as the sum of Initial Margin as defined by Title 17 CFR § 23.154(c)(2) and Variation Margin as defined by the Securities and Exchange Commission Rule 18a-1 as of December 31, 2024.

The Company does not have any creditors as subordinates and hence did not hold any subordinated liabilities.