

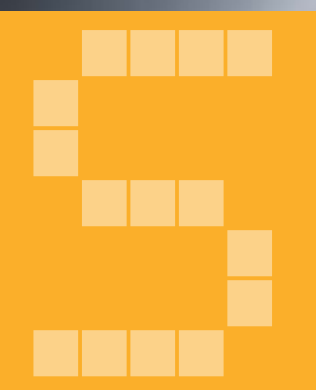






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RESPONSIBILITY STATEMENT

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF PETROLIA SE FOR THE FINANCIAL STATEMENTS IN THE ANNUAL REPORT FOR THE YEAR ENDING 31 DECEMBER 2024

In accordance with Article 9, sections (3) (c) and (7) of the Cyprus Transparency Requirements (Securities for Trading on Regulated Market) Law of 2007 ("Law"), we, the members of the Board of Directors and the other responsible persons for the consolidated and separate financial statements of Petrolia SE for the year ended 31 December 2024, confirm that, to the best of our knowledge:

(a) the annual consolidated and separate financial statements that are presented on pages 12 to 80:

- (i) were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and in accordance with the provisions of Article 9, section (4), of the Law; and
- (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of Petrolia SE and the undertakings included in the consolidated accounts taken as a whole; and

(b) the Management Report gives a fair review of the developments and performance of

the business and the financial position of Petrolia SE and the undertakings included in the consolidated accounts taken as a whole together with a description of the principal risks and uncertainties that they are facing.

Limassol, 29th of April 2025



Berge Gerdt Larsen
Chair of the Board



Sjur Storaas
Board member



George Hadjineophytou
Board member



Polycarpus Protopapas
Board member
Managing director



Marios Tornaritis
Finance manager

MANAGEMENT



MANAGEMENT REPORT

INTRODUCTION AND STRATEGY

Petrolia SE Group, which comprises Petrolia SE ("Petrolia" or the "Company") and its subsidiaries (together referred to as the "Group") has two business divisions: Energy and Energy Service. Petrolia SE is listed on the Oslo Stock Exchange under the ticker code PSE.

Energy division

The Energy division focuses primarily on exploration for and production of oil and gas.

Petrolia is the largest shareholder (49.9%) of Petrolia NOCO AS ("PNO"), an independent E&P company on the Norwegian Continental Shelf ("NCS"). The company is a Licence Partner and Operator and is registered on NOTC. PNO has various licence shares and has made one commercial discovery. The acquisition of a 12.26% interest in Brage was completed on 29 December 2023. Reserves as at 31 December 2024 were 1.38 million barrels of oil equivalent ("boe") net to PNO. Net production to PNO in Q4 2024 was 2,183 boe per day.

Energy Service division

The Energy Service division has since 2007 primarily focused on well services for oil and gas drilling, mainly through the global Independent Oil Tools AS Group ("IOT"). Well services are also provided for thermo and salt drilling.

The Group owns one landrig, drills and performs workover on land wells as a drilling contractor with this rig and hired in rigs whenever drilling contracts are secured.

Through CO2 Management AS, the division is involved with managing CO2 reduction projects as well as Carbon Capture, Utilisation and Storage (CCUS) activities.

The subsurface competence of PNO may be used for CO2 Storage Wells on the NCS.

ANALYSIS OF THE FINANCIAL STATEMENTS

Petrolia SE presents its financial information in USD.

Financial information, Group

Total revenue amounted to USD 53.5 million for the fiscal year 2024 (2023: USD 54.2 million), mainly relating to the Energy Service segment. Operating profit for the Group in 2024 amounted to USD 5.9 million, after deduction of depreciation of USD 7.2 million and impairment of fixed assets of USD 0.8 million. Operating profit for the Group in 2023 amounted to USD 5.4 million, after deduction of depreciation of USD 6.8 million and impairment of fixed assets of USD 0.4 million. Profit after tax for the Group amounted to USD 3.3 million in 2024 (2023: USD 1.8 million).

As at 31 December 2024, the total assets of the Group amounted to USD 63.1 million. Total assets of the Group amounted to USD 66.9 million as at 31 December 2023.

Total equity of the Group amounted to USD 42.6 million as at 31 December 2024, including a minority interest of USD 1.8 million.

Total equity of the Group amounted to USD 41.1 million as at 31 December 2023, including a minority interest of USD 2.6 million.

As at 31 December 2024, the total number of shares outstanding in Petrolia SE was 59,133,786 with par value USD 0.10 each.

Cash inflows from operations was USD 11.5 million in 2024 (2023: USD 11.0 million). Cash outflows from investments was USD 2.9 million in 2024 (2023: USD 6.2 million). Cash outflows from financing activities in 2024 was USD 5.9 million (2023: USD 5.8 million) mainly related to interest, lease interest and lease instalments.

Total cash position as at 31 December 2024 was USD 13.4 million (2023: USD 10.8 million). This included restricted cash of USD 213 thousand (2023: 212 thousand).

Financial information, Parent

Total revenues amounting to USD 162 thousand for 2024 (2023: USD 158 thousand), related to management (USD 118 thousand) and consultancy (USD 44 thousand) fees for the rendering of services to the Group by the Norwegian branch.

Operating profit for the parent company amounted to USD 1.6 million (2023: loss of USD 0.8 million).

Profit after tax for the parent amounted to USD 6.4 million (2023: loss of USD 8.8 million).

As at 31 December 2024, the total assets of the Parent amounted to USD 42.6 million of which investments in subsidiaries were USD 34.7 million, loan assets was USD 5.2 million, cash at bank was USD 1.7 million, investment in associates was USD nil and USD 0.7 million in trade and other receivables.

Total equity of the Parent amounted to USD 40.3 million as at 31 December 2024 (2023: USD 34.0 million).

As at 31 December 2024, the total number of shares outstanding in Petrolia SE was 59,133,786, with par value USD 0.10 each.

Cash outflows from operations were USD 0.7 million in 2024 (2023: inflows of USD 1.3 million). Cash inflows from investing were USD 0.8 million (2023: outflows of 1.6 million). Cash outflows from financing were USD 68 thousand (2023: USD 44 thousand).

Total cash position as at 31 December 2024 was USD 1.8 million (2023: USD 1.8 million). This included restricted cash of USD 28 thousand (2023: 31 thousand).

FINANCIAL AND LIQUIDITY RISK

The Group's long-term financing is mainly financial lease of equipment totalling USD 4.2 million (Note 19).

Additional information on liquidity risk is presented in Note 23.

GOING CONCERN

Management has conducted a review of the going concern assumption considering all relevant information available up to the date the consolidated and parent financial statements were issued, taking into account all available information about the future, for

at least 12 months from the reporting date. The forecast cash flows from the Energy Service division provide sufficient cash flows and the Group expects to be in a position to serve its working capital needs and other obligations as and when they fall due. These forecasts have been made based on past experiences and detailed knowledge of the local markets.

The Group's management expects a good environment for both segments in 2025 and remains confident in the Group's ability to continue to adapt cost levels to the activity and to maintain sufficient financial resources to enable it to continue as a going concern for the foreseeable future.

Following its review, management confirms that the requirements of the going concern assumption are met and that these financial statements have been prepared on that basis.

WORKING ENVIRONMENT AND PERSONNEL

Petrolia SE has five employees, three men and two women.

In total, the Group had 251 highly competent employees worldwide as at 31 December 2024. The Group is an equal opportunity employer and will not tolerate discrimination. Recruitment, promotion and reward are based entirely on merit.

There have not been any serious accidents reported in the Group in 2024.

Petrolia's Board of Directors consisted of 4 men as at 31 December 2024.

ENVIRONMENT REPORTING

The Group's objective is that all of its activities are carried out with the minimum of risk to people or damage to the surroundings. The Group's activities during 2024 have conformed with the demands of the prevailing authorities in its worldwide operations.

The Group is committed to complying with

the requirements set forth by the Corporate Sustainability Reporting Directive (CSRD) to the extent possible and in alignment with the ongoing discussions surrounding the EU omnibus package and its final transposition into legislation. Continuous monitoring of developments in this area will ensure adherence to applicable regulations and support sustainable business practices.

CORPORATE GOVERNANCE STATEMENT

The Board believes it is important that the Group is run and managed on sound principles of Corporate Governance. Reference is made to the section on Corporate Governance in this report.

As Petrolia is listed on the Oslo Stock Exchange, it follows the Norwegian Code of Practice for Corporate Governance of 14 October 2021.

Significant shareholders are presented in note 17 to the consolidated financial statements.

As at 31 December 2024 and as at 25 April 2025, the directors who held shares in the Company are shown in note 17.

There are no restrictions in voting rights or special control rights in relation to the shares of the Company.

Any amendment or addition to the Articles of Association of the Company is only valid if approved by a special resolution at a shareholders' meeting.

The rules governing the composition of the Board of Directors, appointment and replacement of its members and holding of Company's shares are set out in Section 8 of the Corporate Governance Report for 2024.

The powers of the Board of Directors and its Audit and Remuneration Committees are also set out in the Corporate Governance Report in section 9.

The Company, through internal controls implemented by management and supervised by the Audit Committee, implemented effective procedures for the composition and preparation of financial statements and periodic information, as provided by the Laws and Regulations of listed companies. In addition to the above, the main features of these procedures, are as follows:

- The financial statements of the Group companies and the consolidated financial statements are prepared with the responsibility of the Chief Financial Officer and reviewed by the Audit Committee.
- The periodic announcements of the Company and the detailed explanatory notes are prepared by the Chief Financial Officer and reviewed by the Audit Committee.
- The financial statements and the periodic announcements are approved by the Board of Directors prior to their publication.

EXISTENCE OF BRANCHES

To facilitate its operations, the Company has established a branch in Norway.

CHANGES IN SHARE CAPITAL

There have been no changes to the share capital during 2024.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2024 and at the date of this report are Berge Gerdt Larsen, Sjur Storaas, George Hadjineophytou and Polycarpus Protopapas.

The Annual General Meeting on 31 May 2024 re-elected Mr Berge Gerdt Larsen, Mr Sjur Storaas, Mr George Hadjineophytou and Mr Polycarpus Protopapas as directors of the Board.

In accordance with the Company's Articles of Association, all Directors who are presently

members of the Board will continue in office until the next Annual General Meeting and are eligible for re-election.

The Directors' interests in shares of the Company is disclosed in note 17 of the financial statements.

INDEPENDENT AUDITOR

The independent auditors of the Company, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution proposing the firm's re-appointment and authorising the Directors to set the remuneration for audit services will be proposed at the Annual General Meeting of the Company.

EVENTS AFTER THE REPORTING PERIOD

Please refer to note 29.

Limassol, 29th of April 2025



Berge Gerdt Larsen
Chair of the Board



Sjur Storaas
Board member



George Hadjineophytou
Board member



Polycarpus Protopapas
Board member
Managing director



Marios Tornaritis
Finance manager

THE BOARD OF DIRECTORS' REPORT ON CORPORATE SOCIAL RESPONSIBILITY

In this report, we disclose information relating to our CORPORATE SOCIAL RESPONSIBILITY ('CSR') policy and performance of this policy in 2024. This report relates to the period 1 January 2024 to 31 December 2024 and should be read as part of the Company's Annual Report for 2024. During 2024, the Group had subsidiaries in Cyprus, Norway, The Netherlands, the UK, Romania, Australia, New Zealand, Iraq, Malaysia, and UAE, therefore the majority of the information in this CSR report relates to the Group's operations in these countries. Our approach to CSR focuses on the way in which we conduct relationships with all of our stakeholders and the wider impact that we can have on society and the environment. In this context, we continuously address the following key aspects of our business:

HEALTH & SAFETY

The safety of our employees, contractors, partners and all of our stakeholders is of utmost importance to the Group. We aim to employ high Health & Safety standards to our operations. All our employees and contractors have the responsibility and the authority to stop any unsafe work. Our contracts include health and safety requirements consistent with our code of conduct. Our main objective is that all of our activities are carried out with the minimum of risk to people or damage to the environment and our safety and operational risk team works together to achieve this objective. Incidents and near misses are required to be reported and investigated. We are pleased to report that during 2024, no incident of pollution to the environment was reported and the Group conformed with the safety and environmental demands of the prevailing authorities in its worldwide operations. We continued to have an excellent health and safety record with no major injuries or fatalities in 2024.

ENVIRONMENT & SUSTAINABILITY

We recognise the potential to damage the environment through our operations and our responsibility to implement effective management to safeguard the environment by minimising such an impact. We have capable people to manage such risks at every stage. We are committed to making a positive

contribution to global sustainability and to protect the environment. We aim to operate to the highest international social, environmental and safety standards within the industry and believe that it is important to make a positive contribution to all of the geographical areas where we operate. Climate change and the transition to a lower carbon economy has been identified as a possible risk and an opportunity but presently does not materially affect our accounts. Our subsidiary, CO2 Management AS aims to mitigate this risk by taking steps to reduce the Group's carbon footprint and in addition, makes investments aimed at reducing CO2 emissions, including Carbon Capture & Storage (CCS).

EMPLOYEES

Our ability to create sustainable shareholder value is linked to our ability to recruit, motivate and retain highly competent employees. People continue to be our most important asset. The Group is an equal opportunities employer and will not tolerate discrimination in recruitment, advancement and remuneration in the workplace. We have a shared commitment with employees to create a safe working environment where there is respect for others, and we are responsive to employee needs. Employees are encouraged to speak up if they have any concerns through our Whistle Blowing Policy. Recruitment, promotion and reward are entirely based on merit. We believe in shared prosperity and wherever possible, we employ nationals of our host countries.

COMMUNITY AND HUMAN RIGHTS

Our continuous presence in a number of different territories brings challenges, which we meet through the application of our existing approach and policies. We aim to have a positive and enduring impact on the communities in which we operate and contribute to their development. We invest in our relationships with the local communities and ensure that all of our activities are conducted with absolute respect to these communities. We contribute to these communities by employing local staff and cooperating with local suppliers wherever possible. We respect internationally recognised human rights and we set our commitments in our human rights policy and our Code of Conduct. All of our initiatives

during 2024 were focused on health and social involvement across our operating regions.

BUSINESS CONDUCT

CSR encompasses the Company's management of relationships with shareholders, employees, contractors, partners and the local communities where we work, together with the impact it has on society and the environment. In this respect, we have a responsibility to ensure that we deliver our business objectives in a way that benefits all of our stakeholders. In recognition of this responsibility, we have robust policies and systems in place, which are continuously reviewed. We aim for the highest standards of business conduct across all of our worldwide operations. Our CSR policy aims to ensure a responsible and transparent performance of our business in all of the areas in which we operate. It reflects our commitment to generate and sustain long-term value growth for the Company, whilst creating long lasting legacies in local communities. Operating to high international social, environmental and safety standards and maintaining high standards of corporate governance is a key requirement of our policy. Our Code of Conduct ensures that we compete fairly and explicitly prohibits engaging in any form of bribery or corruption whilst our Integrity Due Diligence procedures ensure that we select our business partners carefully and do not expose the Group to any reputational risk with zero tolerance for unethical business practices. We also prohibit the use of funds to support political parties.

CORPORATE GOVERNANCE

We continue to operate with high standards of corporate governance, which helps us deliver our strategic objectives. We are committed to protecting the interests of all of our stakeholders through complete and absolute compliance with the relevant legal and regulatory environments and through the effective management of risk.

Every effort has been made to ensure that information contained in this report is accurate.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Petrolia SE – Group

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2024

(Amounts in USD 1,000)	Note	2024	2023
Revenue from contracts with customers	5	53,468	54,199
Wages cost	6	-15,257	-14,043
Other operating expenses	7	-24,388	-27,533
Operating result before depreciation and impairments		13,823	12,623
Depreciation	11	-7,192	-6,822
Net impairment of fixed assets	11	-754	-427
Operating result		5,877	5,374
Result from associated companies	12	0	-1,476
Interest income	8	924	510
Financial income	8	80	8
Interest expenses	8	-799	-956
Financial expenses	8	-2,096	-544
Result before income taxes		3,986	2,916
Income tax	9	-709	-1,143
Result for the year		3,277	1,773
Attributable to:			
Equity holders of the parent		3,975	2,008
Non-controlling interests		-698	-235
		3,277	1,773
Attributable to the equity holders (USD per share)			
Earnings per share (Basic and diluted, from continuing operations)	10	0.07	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Amounts in USD 1,000)	Note	2024	2023
Result for the year		3,277	1,773
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign operations		-729	505
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Loss on equity instruments designated at fair value through other comprehensive income	13	-1,004	0
Total comprehensive income for the year, net of tax		1,544	2,278
Attributable to:			
Equity holders of the parent		2,390	2,472
Non-controlling interests		-846	-194
Total comprehensive income for the year		1,544	2,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

ASSETS (Amounts in USD 1,000)	Note	2024	2023
Non-current assets			
Goodwill	28	249	249
Right of use assets	11	12,369	15,491
Land and buildings	11	1,499	2,292
Energy Service and other equipment	11	12,865	12,005
Land rigs	11	1,071	1,418
Investment in associated companies	12	0	0
Other financial assets	13	0	1,004
Restricted cash	16	8	3
Total non-current assets		28,061	32,462
Current assets			
Inventory	26	1,834	1,683
Trade receivables	14	13,035	14,934
Other current receivables	14	1,488	1,039
Other financial assets	13	5,212	5,920
Financial assets at fair value through profit or loss	15	33	36
Free cash	16	13,184	10,595
Restricted cash	16	205	209
Total current assets		34,991	34,416
TOTAL ASSETS		63,052	66,878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

EQUITY AND LIABILITIES (Amounts in USD 1,000)	Note	2024	2023
Equity			
Share capital	17	5,913	5,913
Own shares	17	-39	-39
Share premium		12,222	12,222
Other reserves		22,728	20,338
Equity attributable to equity holders of the parent		40,824	38,434
Non-controlling interests		1,773	2,619
Total equity		42,597	41,053
Liabilities			
Non-current liabilities			
Lease liabilities	19	5,372	8,622
Bank loan	21	756	463
Deferred tax liabilities	9	296	564
Other non-current liabilities		213	234
		6,637	9,883
Current liabilities			
Lease liabilities	19	4,655	5,573
Trade payables	20	3,217	4,017
Other payables	20	5,455	5,824
Bank loan and overdraft	21	258	199
Income tax payable		233	329
		13,818	15,942
Total liabilities		20,455	25,825
TOTAL EQUITY AND LIABILITIES		63,052	66,878

Limassol, 29th of April 2025



Berge Gerdt Larsen
Chair of the Board



Sjur Storaas
Board member



George Hadjineophytou
Board member



Polycarpus Protopapas
Board member
Managing director



Marios Tornaritis
Finance manager

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

(Amounts in USD 1,000)	Attributable to equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Own shares	Share premium	Reorgan-isation reserve	Retained earnings	Fair value reserve of financial assets at FVOCI	Currency translation	Subtotal		
Equity 1 January 2023	5,913	0	12,222	-15,075	31,389	482	1,459	36,390	2,624	39,014
Profit/(loss) for the year	0	0	0	0	2,008	0	0	2,008	-235	1,773
Other comprehensive income										
Exchange differences on translation of foreign operations	0	0	0	0	0	0	464	464	41	505
Total comprehensive income/(loss)	0	0	0	0	2,008	0	464	2,472	-194	2,278
Acquisition of own shares (Note 17)	0	-39	0	0	0	0	0	-39	0	-39
Acquisition of non-controlling interests (Note 28)	0	0	0	0	-389	0	0	-389	189	-200
Equity 31 December 2023	5,913	-39	12,222	-15,075	33,008	482	1,923	38,434	2,619	41,053
Profit/(loss) for the year	0	0	0	0	3,975	0	0	3,975	-698	3,277
Other comprehensive income										
Loss on equity instruments designated at fair value through other comprehensive income (Note 13)	0	0	0	0	0	-1,004	0	-1,004	0	-1,004
Exchange differences on translation of foreign operations	0	0	0	0	0	0	-581	-581	-148	-729
Total comprehensive income/(loss)	0	0	0	0	3,975	-1,004	-581	2,390	-846	1,544
Equity 31 December 2024	5,913	-39	12,222	-15,075	36,983	-522	1,342	40,824	1,773	42,597

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

(Amounts in USD 1,000)	Note	2024	2023
Operating activities			
Profit before taxes		3,986	2,916
Reversal of expected credit losses	7	-412	-278
Profit on disposal of property, plant and equipment	11	-223	-745
Depreciation of property, plant and equipment and right of use assets	11	7,192	6,822
Impairment of property, plant, equipment	11	754	427
Interest income	8	-924	-510
Change in financial assets at fair value through profit or loss	8	2	16
Interest expense on lease liabilities	8	746	932
Other interest expenses	8	53	24
Change in inventory		-151	282
Change in trade receivables		1,899	-3,984
Change in other current receivables		-201	1,689
Change in trade payables		-800	636
Change in other payables		-369	984
Change in other non-current liabilities		-21	-39
Result from investment in associated companies	12	0	1,476
Income tax paid		-1,158	-1,123
Other, incl unrealised foreign currency gain		1,108	1,502
Net cash generated from operating activities		11,481	11,027
Investing activities			
Purchase of fixed assets	11	-4,640	-4,536
Disposal of equipment	11	769	601
Dividends		4	6
Repayment of loans granted	13	0	934
Loan granted	13	0	-2,934
Investment in associates	12	0	-930
Proceeds from sale of shares	15	0	111
Interest received		924	510
Net cash used in investing activities		-2,943	-6,238
Financing activities			
(Increase)/release of restricted cash		-1	28
Leasing instalments (capital)	23	-5,558	-5,193
Other interest paid	8	-53	-24
Interest paid on lease liabilities	19	-746	-932
Bank loan, drawn down	23	633	435
Bank loan, repaid	23	-224	-135
Net cash used in financing activities		-5,949	-5,821
Net cash flow of the period		2,589	-1,032
Free cash and cash equivalents at the beginning of the period	16	10,595	11,627
Free cash and cash equivalents balance at 31 December	16	13,184	10,595



NOTES - GROUP

to the consolidated financial statements

NOTE 1 GENERAL INFORMATION

Petrolia SE (the "Company") is a European public limited company organised under the laws of Cyprus. The Company's registered office is at 205 Christodoulou Chatzipavlou Street, Loulloupis Court, 4th floor, office 401, 3036 Limassol, Cyprus. The Company also has a Norwegian branch with registered office at Haakon VIIs gate 1 (2. etg.), Oslo, Norway.

The main activity of the Group is the sale and rental of energy service equipment to the global energy industry.

The annual financial statements were adopted by the Board of Directors on the 29th of April 2025 and will be passed to the Annual General Meeting for approval.

Petrolia SE was established on the 26th of October 2012 as a result of the merger between Petrolia ASA (established on the 13th of March 1997) and Petrolia E&P Holdings Plc. The consolidated financial statements for the financial year 2024 comprise the Company and its subsidiaries and the Group's share

of associated companies. The Company is listed on the Oslo Stock Exchange with ticker "PSE" and ISIN "CY 010 263 0916".

The table below presents general ESEF data.

Domicile of entity	Limassol	Principal place of business	Cyprus
Legal form of entity	European public limited company	Description of nature of entity's operations and principal activities	The main activity of the Group is the sale and rental of energy service equipment to the global energy industry
Country of incorporation	Cyprus	Name of parent entity	Petrolia SE
Address of entity's registered office	205 Christodoulou Chatzipavlou Street, Loulloupis Court	Name of ultimate parent of group	Petrolia SE

NOTE 2 MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Petrolia SE have been prepared in compliance with IFRS Accounting Standards as endorsed by the EU and the requirements of the Cyprus Companies Law, Cap.113.

The consolidated financial statements have been prepared under the historical cost convention with the following modification: Financial assets recognised at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management

to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in note 3 below.

The consolidated financial statements are presented in United States Dollars (USD) and all values are rounded to the nearest thousand (USD 1,000), except when otherwise indicated.

The accounting year follows the calendar year.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between

market participants at the measurement date. The fair value measurement is based on the presumption that the transaction whereby an asset is sold, or a liability is transferred takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by

selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described in note 18.

GOING CONCERN

Management has conducted a review of the going concern assumption considering all relevant information available up to the date the consolidated and parent financial statements were issued, taking into account all available information about the future, for at least 12 months from the reporting date.

The forecast cash flows from the Energy Service division provide sufficient cash flows and the Group expects to be in a position to serve its working capital needs and other obligations as and when they fall due. These forecasts have been made based on past experiences and detailed knowledge of the local markets.

The Group's management expects a good environment for both segments in 2025 and remains confident in the Group's ability to continue to adapt cost levels to the activity and to maintain sufficient financial resources to enable it to continue as a going concern for the foreseeable future.

Following its review, management confirms that the requirements of the going concern assumption are met and that these financial statements have been prepared on that basis.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the

Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee
- ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated, in full, on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BUSINESS COMBINATIONS AND GOODWILL

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

b) Investment in associates

The group holds an interest in an associate, Petrolia NOCO AS. The financial statements of the associate are prepared for the same

reporting period as the Group. The accounting policies of the company are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments.

If an entity's share of losses of an associate equals or exceeds its interest in the associate, the entity discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investment in the associate or joint venture.

Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD.

The functional and presentation currency of the parent company is USD.

Converting from a functional currency other than USD will normally result in conversion differences in the consolidated financial statements.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the

exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under financial income / financial expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities in each statement of financial position presented are translated at the closing rate;
- income and expenses in each income statement are translated at the average exchange rates for the period;
- all resulting exchange differences are recognised in the statement of comprehensive income and as a separate item of equity (recycled to income statement upon disposal of the underlying investments).

Currency translation differences on net investment in foreign operations and financial instruments designated as hedges of such investments are recorded as part of the comprehensive income and as a separate item in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Rental of equipment – Service transferred over time:

The primary business function of the Group is the rental of equipment for upstream exploration & production activity, as such, the primary source of revenue is based on rental of equipment. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group. This performance obligation has two alternative payment options. The rental projects that continue throughout the month (more than 30 days) are invoiced in bulk at the end of each month, whereas the projects that terminate prior to the month's end are invoiced ad hoc as the customer has confirmed the final rental day. The payment terms vary depending on the individual contract with customers, but due dates normally range from 30 to 90 days from the invoice date.

On projects where the Group does not own the required equipment, there are contracts with customers to acquire, on their behalf, the required equipment from external suppliers. The Group is acting as principal in these arrangements.

Services – Service transferred over time:

Service and repairs:

All equipment returned from rental assignments are subject to inspection where it is determined whether service and/or repair is required. This performance obligation is satisfied upon completion of service and payment is generally due 30 to 90 days upon completion and acceptance by the customer. Hire of personnel:

Personnel services comprise casing & tubing running, drilling and make & brake services. These services have fixed daily rates in accordance with individual contracts. The performance obligation is satisfied over time, as the customer simultaneously receives and consumes the benefits provided. This performance obligation has two alternative payment options. The projects that continue throughout the month (more than 30 days) are invoiced in bulk at the end of each month, whereas the projects that terminate prior to the month's end are invoiced ad hoc upon completion of service. The payment terms

vary, depending on individual contract with customers but due dates normally range from 30 to 90 days from the invoice date.

Sales of goods – Goods transferred at a point in time:

Procurement services:

There are contracts with customers to acquire, on their behalf, goods from external suppliers. The Group is acting as principal in these arrangements because it typically controls the goods before transferring them to the customer. The performance obligation is satisfied upon receipt of the goods by the customer and payment is generally due 30 to 90 days upon that date.

Sales of equipment:

When the group sells equipment directly to customer the performance obligation is satisfied at delivery and payment is generally due 30-90 days upon this date.

INTEREST INCOME

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount. The recoverable amount is the estimated future cash flow discounted at the original effective interest rate. Interest income on impaired loans is recognised using the original effective interest rate.

TAXES

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax

regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part

of the expense item, as applicable,

- when receivables and payables are stated with the amount of sales tax included.

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.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and impairment.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, the Group determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on the Group's buildings and office properties. No changes were made after these evaluations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains on sales of equipment lost in hole or damaged by customers are determined by comparing the proceeds with the carrying amount and are recognised net within 'other revenue' in the income statement.

All other gains and losses are recognised as profit/loss on disposal of property, plant and equipment included in other operating expenses.

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Energy service and other equipment, 7 years
- Land and buildings, 1 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the

present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The Group also gets into sub-lease agreements for its ROU assets. These sub-leases are short term and treated as operating leases.

FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI and fair value through the income statement. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the income statement, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is de-recognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, cash at bank and loan to an associate.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments

Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the income statement. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's equity instruments designated at fair value through OCI are shown in note 13.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Critical accounting judgements, estimates and assumptions (Note 3);
- Financial risk management, Credit risk (Note 23).

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the income statement. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies

a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment as well as adjusted for individual ECL assessments against particular customers.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at amortised cost

This is the category most relevant to the Group. Interest-bearing loans are initially measured at fair value and are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of the income statement.

This category mainly applies to trade and other payables and bank loan. For more information, refer to Note 20 and 21.

INVENTORIES

Inventories are valued at the lower of cost

and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials: purchase cost on a first in, first out basis.
- finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less selling costs and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

CASH AND SHORT TERM DEPOSITS

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less but exclude any restricted cash which is not available for use by the Group.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

SHARE CAPITAL AND PREMIUM

Ordinary shares and share premium are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown

in equity as a deduction, net of tax, from the proceeds.

PROVISIONS

The Group recognises provisions when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Contingent liabilities and allocations are reassessed at each balance sheet date and the size of the recognised provision reflects best estimate of the obligation.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the management. The Company's management, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as General Managers and the Board of Directors.

CASH FLOW STATEMENT

The cash flow statement has been prepared by the indirect method. The indirect method involves reporting gross cash flow from investment and financing activities, while the accounting result is reconciled against net cash flow from operational activities. Cash and cash equivalents comprise bank deposits and other current, liquid investments which immediately and at insignificant exchange rate risk can be converted into known cash amounts and with due dates of less than three months from purchase date.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the result of the Group attributable to the shareholders of the parent with the weighted average number of ordinary shares of the period.

EVENTS AFTER THE REPORTING DATE

New information about the position of the Group existing at the reporting date regarding the accounting period have been taken into account in the financial statements according to standard estimation principles. Events after the reporting date are referred to in note 29.

CLIMATE-RELATED MATTERS

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures of non-financial assets. Refer to the accounting policies in section Property, Plant and Equipment.
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. The Group has concluded that no single climate-related assumption is a key assumption for the 2024 test of impairment. Refer to note 11 for further information.

2.4 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards and the new Interpretations that are mandatorily effective for the current period

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS amendments which have been adopted by the Group as of 1 January 2024:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as

Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.

- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements.

The amendments had no impact on the Group's consolidated financial statements.

New and revised IFRS in issue but not yet effective

The following Standards and Interpretations which are relevant to the Group's operations are in issue but not yet effective. The Group does not intend to adopt any standard, interpretation or amendment that has been issued but is not yet effective before their effective date.

Management anticipates that the adoption of all other Standards and Interpretations in future periods will have no significant impact on the results and financial position presented in these consolidated financial statements, apart from IFRS 18 as disclosed below.

(i) Issued by the IASB and adopted by the European Union

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

(ii) Issued by the IASB but not yet adopted by the European Union

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date,

subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income.

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows. The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

- Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. The Annual Improvements to IFRS Accounting Standards - Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards.

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

- IFRS 18 – Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB issued the IFRS 18 – Presentation and Disclosure in Financial Statements which replaces IAS 1 – Presentation of Financial Statements. IFRS 18 is the result of the IASB's Primary Financial Statements project and it becomes effective for annual reporting periods beginning on or after January 1, 2027. Management will analyse the requirements of the new standard and assess its impact before becoming effective.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19

permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after January 1, 2027, with early application permitted.

NOTE 3 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Impairment of property, plant and equipment

Refer also to note 11.

The Group tests whether the drilling equipment, land rigs and land and buildings have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

The value in use calculations are based on discounted cash flow models. The cash flows are based on present levels and adjusted for expected growth or decline. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

ii) Provision for expected credit losses of trade receivables

The Group uses a provision matrix at each location it operates to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if the oil prices are expected to decrease over the next year, which can lead to an

increased number of defaults in the energy service sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

As the number of customers at each location is small, in addition to the collective ECL assessment using the portfolio matrix approach as adjusted by forward looking information, the Group also performs individual ECL assessments against the biggest customers with significant long outstanding balances. The individual assessments are taking into account various information known locally for each customer, such as history of credit losses, financial performance, settlement arrangements agreed, etc. The information about the ECLs on the Group's trade receivables is disclosed in Note 14.

iii) Determining the lease term of contracts with renewal options when the Group acts as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. All relevant factors including economic incentive factors, are considered to exercise the renewal. Local teams are responsible for managing their leases and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide local management with greater flexibility to align its need for access to equipment and warehouses with the fulfilment of customer contracts and office rentals. The individual terms and conditions used vary across the Group.

The majority of extension and termination options held are exercisable only by Lessee and not by the respective lessors. In cases in

which Lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities. In almost all of the cases, the local teams assumes that the options to extend a lease will not be exercised, as on initial recognition it is not reasonable certain what will be the market conditions when the Group will need to decide whether to exercise an option to extend the lease. After the commencement date, the Group reassesses the lease term, at each reporting date, if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

During 2024, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities of USD 2.8 million (2023: USD 1.7 million).

NOTE 4 ORGANISATION

Summary of the companies of the Group:

As at 31.12.2024 the following companies are presented in the consolidated financial statements:

Company	Business office , activity, objective	% owned 2024	% owned 2023
Subsidiaries (fully consolidated)			
Petrolia AS	Norway. Energy Service.	100	100
Petrolia Invest AS	Norway. Investment company.	100	100
Petrolia Rigs AS	Norway. Investment company.	100	100
Oil Tools Supplier AS	Norway. Energy Service.	100	100
Independent Oil Tools AS	Norway. Energy Service.	100	100
Independent Tool Pool AS	Norway. Energy Service.	100	100
IOT Energy Services Australia PTY Ltd (formerly IOT Group Australia Pty Ltd)	Australia. Energy Service.	100	100
Independent Oil Tools BV	Netherlands. Energy Service.	100	100
Independent Oil Tools Dosco BV	Netherlands. Energy Service.	70	70
Independent Oil Tools Srl	Romania. Energy Service.	100	100
IOT Energy Services New Zealand Limited (formerly IOT Group Limited)	New Zealand. Energy Service.	100	100
Venture Drilling AS	Norway. Energy Service.	100	100
Independent Tool Pool DMCC	Jebel Ali Free Zone (Dubai). Energy Service.	100	100
Petrolia Tool Pool AS	Norway. Energy Service.	100	100
Petrolia Rigs II AS	Norway. Energy Service.	100	100
Catch Holding BV (Note 28)	Netherlands. Energy Service.	na 1)	100
Catch Fishing Services BV (Note 28)	Netherlands. Energy Service.	100 1)	100
IO&R Ltd	Dubai. Energy Service	100	100
Independent Oil Tools International (Cyprus) Ltd	Cyprus. Energy Service.	100	100
Independent Oil Tools Iraq for General Trading Co. Ltd	Iraq. Energy Service.	61	61
Tubulars Energy Services (M) Sdn Bhd	Malaysia. Energy Service.	100	100
IOT Energy Services Limited	UK. Energy Service.	90	90
CO2 Management AS	Norway. Energy Service.	100	100
Hydrogen & CCS AS	Norway. Energy Service.	100	100
Ammonia Energy Solutions AS	Norway. Energy Service	100	100
Associated companies (equity method) (refer to note 12)			
Petrolia Noco AS	Norway. Exploring for oil and gas on the Norwegian Continental Shelf.	49.90	49.90

1) In 2024 the two Catch companies merged with Catch Fishing Services BV as the surviving company.

NOTE 5 SEGMENT INFORMATION

The Group has two strategic segments: Energy and Energy Service (including land rigs).

Energy activities are presently carried out through an investment in an associate company. Operating activities are carried out from one segment: Energy Service. Energy Service activities are described in the accounting policy "Revenue from contracts".

THE GROUP'S ENERGY SERVICE SEGMENT OPERATES IN THE FOLLOWING MAIN GEOGRAPHICAL AREAS:

2024 Revenue from Energy Service segment (amounts in USD 1,000)	Rental of equipment	Services	Sales of equipment and consumables	Total
Norway	12,052	6,449	195	18,696
Europe outside Norway	8,941	5,187	8,627	22,755
Asia and Australia	6,485	5,488	44	12,017
Total	27,478	17,124	8,866	53,468
Result for the year from energy service segment				3,277

2023 Revenue from Energy Service segment (amounts in USD 1,000)	Rental of equipment	Services	Sales of equipment and consumables	Total
Norway	10,158	3,379	1,350	14,887
Europe outside Norway	8,413	3,666	9,104	21,183
Asia and Australia	9,860	6,711	1,558	18,129
Total	28,431	13,756	12,012	54,199
Result for the year from energy service segment				3,249

Non-current tangible assets (amounts in USD 1,000)	2024	2023
Norway	2,887	2,331
Europe outside Norway	7,441	7,075
Asia and Australia	3,794	4,608
Tool pools	1,313	1,701
Total	15,435	15,715

Non-current tangible assets include Land and buildings, Energy Service and other equipment and Land rigs.

Revenue

The major part of the Group's revenues derive from short term rental of drilling equipment such as drill pipes and test tubing. There are no material contract asset balances.

Geographic allocation

Geographic allocation is primarily based on where the Group companies are domiciled. Some asset owning subsidiaries are allocated as tool pools, because they only rent their equipment to companies in the Group.

Major customers

The end customers are energy companies, drilling contractors or energy service companies. No single customer represents a significant part of total revenues.

Petrolia Noco AS (Note 12)

The associate company, Petrolia Noco AS, operates in the Energy segment. The interest income from the Energy segment is shown in note 8 and the share of result in note 12.

NOTE 6 WAGES COST

(amounts in USD 1,000)	2024	2023
Wages and salaries	12,699	11,704
Social security	1,125	1,017
Pension costs	833	751
Other contributions	600	571
Total	15,257	14,043

The Group had 251 employees as at the end of 2024 (2023: 198 employees).
Average number of employees was 225 in 2024 (2023: 229).

Remuneration and benefits to directors and key management personnel (amounts in USD 1,000)	2024	2023
Polycarpus Protopapas (27 November 2019 -), Managing Director, Cyprus	57	57
Marios Tornaritis (1 December 2023 -), Finance Manager, Cyprus	22	2
Solve Nilsen (1 October 2010 -), General manager of the Branch, Norway	187	198
Total	266	257

The following fee has been paid to the members of the Board (amounts in USD 1,000) :	2024	2023
Berge Gerdt Larsen - Chair of the Board, Remuneration committee (re-elected on 31 May 2024)	0	0
George Hadjineophytou - Board member, Audit & Remuneration committees (re-elected on 31 May 2024)	52	49
Sjur Storaas - Board member, Audit & Remuneration committees (re-elected on 31 May 2024)	47	47
Polycarpus Protopapas - Board member (re-elected on 31 May 2024)	0	0
Total	99	96

NOTE 7 SPECIFICATION OF OTHER OPERATING EXPENSES

The amounts are exclusive of value added tax.

Other operating expenses comprise the following main items (amounts in USD 1,000) :	2024	2023
Fees to external advisors, lawyers, auditors	928	1,193
Cost of goods sold	18,289	20,859
Allowance of expected credit losses (Note 14)	-412	-278
Expenses relating to short-term leases	0	9
Expenses relating to leases of low value	2	3
Profit on disposal of property, plant and equipment (Note 11)	-223	-745
Other operating expenses	5,804	6,492
Total other operating expenses	24,388	27,533

AUDITORS FEE

Recognised fee for auditors of the group and its subsidiaries (amounts in USD 1,000) :	2024	2023
Statutory audit	503	445
Tax services	82	132
Other non-audit services	43	38
Total auditors' fee	628	615

The total fees charged by the statutory audit firm for the statutory audit of the Parent's separate and consolidated annual financial statements for the year ended 31 December 2024 amounted to USD 157,411 (2023: USD 156,357). The total fees charged by the statutory audit firm for the year ended 31 December 2024 for tax advisory services amounted to USD 10,416 (2023: 12,060) and for other non audit services amounted to USD nil (2023: USD 7,591). The statutory audit firm fees disclosed exclude irrevocable VAT and are disclosed in USD.

NOTE 8 SPECIFICATION OF FINANCIAL ITEMS

(amounts in USD 1,000)	2024	2023
Interest income		
Interest income from current bank deposits	264	145
Interest income from associate (refer to note 13)	660	365
	924	510
Financial income		
Dividend income	4	6
Financial guarantee income	76	2
	80	8
Interest expenses		
Other interest expense	-53	-24
Interest expense on lease liabilities (refer to note 19)	-746	-932
	-799	-956
Financial expenses		
Foreign exchange loss - net	-2,040	-214
Loss on shares at fair value through profit and loss (refer to note 15)	-2	-16
Other financial expenses	-54	-64
Allowance of expected credit losses on other financial assets	0	-250
	-2,096	-544
Net finance cost	-1,891	-982

NOTE 9 INCOME TAX

The tax charge (amounts in USD 1,000)	2024	2023
Corporation tax	977	794
Deferred tax - (credit)/charge	-268	349
Tax charge	709	1,143

The tax on the Group's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows: (amounts in USD 1,000)	2024	2023
Result before tax charges	3,986	2,916
Tax calculated at domestic tax rates applicable to profits in respective countries (12.5% for parent company)	1,098	806
Tax effect of expenses not deductible for tax purposes	4,763	2,318
Tax effect of allowances and income not subject to tax	-7,966	-1,959
Utilisation of previously unrecognised tax losses	-93	-422
Tax losses for the year (unrecognised)	2,907	400
Tax charge	709	1,143

Change in deferred tax is - 20 thousand from tax losses (2023: nil) and USD 288 thousand from temporary differences (2023: USD -349 thousand). In Cyprus there is a time limit of 5 years for the use of carry-forward tax losses. There is no time limit for the use of carry-forward tax losses in Norway.

Calculation of deferred tax (amounts in USD 1,000)	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2024	2023	2024	2023
Non-current assets	2,544	2,730	-39	378
Current assets	-889	-102	-172	
Non-current liabilities	0	0	0	
Current liabilities	-352	0	-77	-29
Net temporary differences	1,303	2,628	-288	349
Carry forward loss	-2	-86	20	0
Basis for deferred tax liability	1,301	2,542		
Deferred tax expense/(benefit)			-268	349
Deferred tax liability at nominal tax rates	296	564		
Carried tax asset	0	0		
Carried tax liability	296	564		

Temporary differences regarding non-current assets are primarily caused by 1) for property, plant and equipment; different depreciation and gains/losses profiles between accounts and tax filings and 2) some unrealised currency gains or losses are included in the accounts but not in the tax filings. Temporary differences regarding current assets are primarily regarding

impairments of receivables. Temporary differences regarding current liabilities are regarding accruals.

For the Norwegian companies, the tax obligation is nominated and calculated in NOK, and then converted to USD. The tax rate is 22%.

The Group has deductible temporary

differences, including carry forward losses mainly in Norway and Australia, of USD 32.1 million (2023: USD 21.9 million) with a tax value of USD 9.1 million (2023: USD 9.6 million) that are not carried as deferred tax assets since it is uncertain that these can be utilised.

NOTE 10 EARNINGS PER SHARE

(amounts in USD 1,000, with the exception of shares and earnings per share)		2024	2023
Result attributable to the equity holders of the parent		3,975	2,008
Weighted average number of shares		59,033,786	59,054,060
Number of shares at period end (excluding treasury shares)		59,033,786	59,033,786
Basic earnings per average number of shares			
From continuing operations		0.07	0.03
Basic earnings per share (USD per share)		0.07	0.03

The Company has no outstanding or authorised stock options, or warrants. As at 31 December 2024 and 31 December 2023, a subsidiary of the Company held 100,000 treasury shares.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year, if any. There have been no changes in the treasury shares of the Group during the year.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

(amounts in USD 1,000)	Energy Service and other equipment	Land and buildings	Land rigs	Total
Accounting year 2023				
Book value 01.01.23	11,421	1,758	1,579	14,758
Currency differences	-63	22	0	-41
Additions	3,655	942	0	4,597
Disposals	-3,721	0	0	-3,721
Depreciation for the year	-2,921	-180	-161	-3,262
Impairment charge	-177	-250	0	-427
Accumulated cost of assets reclassified from RoU	622	0	0	622
Accumulated depreciation of assets reclassified from RoU	-363	0	0	-363
Accumulated depreciation of assets disposed	3,521	0	0	3,521
Accumulated impairment of assets disposed	31	0	0	31
Book value 31.12.23	12,005	2,292	1,418	15,715
Per 31 December 2023				
Acquisition cost	295,840	4,461	14,270	314,571
Accumulated impairment	-28,115	-919	-7,656	-36,690
Accumulated depreciation	-255,720	-1,250	-5,196	-262,166
Book value 31.12.23	12,005	2,292	1,418	15,715
Accounting year 2024				
Book value 01.01.24	12,005	2,292	1,418	15,715
Currency differences	-354	-98	0	-452
Additions	4,451	0	0	4,451
Disposals	-1,503	-5	0	-1,508
Depreciation for the year	-3,282	-169	-347	-3,798
Impairment charge	-228	-526	0	-754
Accumulated cost of assets reclassified from RoU	1,822	0	0	1,822
Accumulated depreciation of assets reclassified from RoU	-1,101	0	0	-1,101
Accumulated depreciation of assets disposed	1,055	5	0	1,060
Accumulated impairment of assets disposed	0	0	0	0
Book value 31.12.24	12,865	1,499	1,071	15,435
Per 31 December 2024				
Acquisition cost	300,256	4,358	14,270	318,884
Accumulated impairment	-28,343	-1,445	-7,656	-37,444
Accumulated depreciation	-259,048	-1,414	-5,543	-266,005
Book value 31.12.24	12,865	1,499	1,071	15,435
Depreciation period	5-12 years	33 years*	12 years	
Residual value	0	0	0	
*) Land is not depreciated				

Impairment of property, plant and equipment

As at 31 December 2023, Group assessed whether indications of impairment exist related to equipment, land rig, land and buildings at each location considering internal and external factors. The Group identified impairment triggers for land rig and a plant located in Iraq due to the adverse events in relation to the geopolitical situation in Middle East. For the land rig carried at USD 1.4 million no impairment was made due to value being close to scrap value already. For the plant, the recoverable amount USD 0.7 million has been determined based on value in use calculation using a discounting rate of 14.7% on cash flow projections, and resulted in impairment recognition of USD 250 thousand. An increase in discounting rate of 1% would result in additional impairment of USD 274 thousand.

For equipment located in Israel, the Group determined recoverable amount to USD nil and recognised an impairment of USD 177 thousand in 2023 due to the overall situation connected to the Israel-Hamas conflict.

As at 31 December 2024, Group assessed whether indications of impairment exist related to equipment, land rig, land and buildings at each location considering internal and external factors.

The Group identified impairment triggers for land rig, equipment and a plant located in Iraq and performed impairment assessment treating the land rig as one cash generated unit and the plant and other equipment as another cash generated unit. For the land rig carried at USD 1.1 million no impairment was needed based on value in use calculations based on latest forecasts and using a discounting rate of 15%. A decrease in forecasts by 70% along with an increase of the discounting rate by 5% would not result in any impairment.

The Group recognised an impairment of USD 526 thousand regarding the plant and USD 228 thousand regarding equipment following value in use calculations based on latest forecasts and using a discounting rate of 15%.

The calculation of value in use is most sensitive to the following assumptions:

- Turnover projections
- Operating expenses projections
- Capital expenditure projections
- Discount rates

Turnover, operating expenses and capital expenditure are based on present market conditions and assuming that they will persist

through 2025. A decrease in projected revenue and associated direct cost of 1% would result in additional impairment of USD 114 thousand and a change of 10% would result in additional impairment of USD 1.1 million. An increase of the discount rate by 1% would result in an additional impairment of USD 116 thousand.

No impairment indications were identified for property, plant and equipment of other locations.

Energy Service and other equipment include fixed assets for own use of USD 2.2 million (2023: USD 2.4 million).

In 2024, the Group had a profit from disposal of assets of USD 223 thousand (2023: profit of USD 745 thousand). The amount is included under other operating income. Proceeds from the disposals were USD 769 thousand (2023: USD 601 thousand).

In 2024, the Group transferred accumulated cost price of USD 1.8 million (2023: USD 622 thousand) and accumulated depreciation of USD 1.1 million (2023: USD 363 thousand) from Right of Use assets to owned Property, Plant and Equipment relating to items for which the Group obtained legal ownership following expiry of lease term.

CLIMATE RELATED MATTERS

The Group constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Group's products. The Group has concluded that no single climate-related assumption is a key assumption for the 2024 impairment testing. Increased costs in most value chains will be passed on by increased sales prices and thus result in general inflation.

RIGHT OF USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

(amounts in USD 1,000)	Energy Service and other equipment	Land and buildings	Total
Book value 01.01.23	8,537	6,631	15,168
Additions	2,858	273	3,131
Modifications	0	1,675	1,675
Disposal cost	-519	-166	-685
Disposal depreciation	114	147	261
Depreciation of the year	-1,637	-1,923	-3,560
Accumulated cost of assets reclassified to property, plant and equipment	-622	0	-622
Accumulated depreciation of assets reclassified to property, plant and equipment	363	0	363
Translation differences	0	-240	-240
Book value 31.12.23	9,094	6,397	15,491
Per 31 December 2023			
Acquisition cost	18,156	15,982	34,138
Accumulated impairment	-18	0	-18
Accumulated depreciation	-9,044	-9,585	-18,629
Book value 31.12.23	9,094	6,397	15,491
Additions	2,018	0	2,018
Modifications	0	16	16
Disposal cost	-45	-168	-213
Disposal depreciation	10	168	178
Depreciation of the year	-1,585	-1,809	-3,394
Accumulated cost of assets reclassified to property, plant and equipment	-1,822	0	-1,822
Accumulated depreciation of assets reclassified to property, plant and equipment	1,101	0	1,101
Translation differences	-9	-997	-1,006
Book value 31.12.24	8,762	3,607	12,369
Per 31 December 2024			
Acquisition cost	18,298	14,833	33,131
Accumulated impairment	-18	0	-18
Accumulated depreciation	-9,518	-11,226	-20,744
Book value 31.12.24	8,762	3,607	12,369

Refer also to note 19.

As at 31 December 2024, management carried out an assessment of whether there is any indication that right of use assets may have suffered an impairment loss in accordance with the Group's policy and concluded that there is no such indication.

For Iraq there is an impairment indication regarding Land but no impairment was done since carrying value is already low.

Energy Service and other equipment primarily include rental equipment. Land and buildings represent storage facilities and offices.

In 2024 lease modifications were added with USD 16 thousand (2023: USD 1.7 million) connected to lease extensions of land and buildings.

NOTE 12 ASSOCIATED COMPANIES

The Group's interest in associated entities is accounted for using the equity method.

PETROLIA NOCO AS

The company is an oil company exploring the Norwegian Continental Shelf for oil and gas and its shares are registered with ticker "PNO" on the NOTC (www.notc.no), a market place for unlisted shares. The company holds interests in 10 licences, two of which as an operator. Exploration activities are capital intensive, especially in the short term when drilling wells. The tax value of the expenses are refunded with 71.8% in the following tax year and an additional 6.2% will reduce payable taxes on any profits from sale of

hydrocarbons. Thus in the long run, 22% of losses has to be funded by equity. Petrolia participate in capital issues to maintain its 49.9% ownership and has been the primary source of equity and debt funding since PNO was incorporated in 2011. Following a private placement in PNO in 2015 directed towards the largest shareholders of the Group, the Group's largest shareholders are now assisting in the funding of PNO, as are external lenders. In 2023 Petrolia AS subscribed for 4,985,000 new shares in Petrolia NOCO AS at NOK 2.00 per share. No additional subscriptions occurred in 2024.

The acquisition of a 12.26% interest in

Brage was completed on 29 December 2023. Reserves as at 31 December 2024 were 1.38 million barrels of oil equivalent ("boe") net to PNO. Net production to PNO in Q4 2024 was 2,183 boe per day.

The share of loss for the year of the associate was restricted to USD nil since the book value of the investment was reduced to zero. The unrecognised share of losses of the associate for 2024 was USD - 178 thousand and cumulatively as at 31 December 2024 was USD - 335 thousand.

(amounts in USD 1,000)		Petrolia Noco AS
Book value per 31.12.2022		547
Share issue		930
Translation difference		-1
Share of result of the year		-1,476
Book value per 31.12.2023		0
Share issue		0
Translation difference		0
Share of result of the year		0
Book value per 31.12.2024		0

KEY NUMBERS FROM THE ACCOUNTS

Company	Incorporated in	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Loss	Shareholding
Petrolia Noco AS	Bergen, Norway									
2024		20,581	71,857	92,438	36,497	56,613	93,110	62,854	-357	49.90%
2023		20,639	86,844	107,483	21,114	86,721	107,835	964	-3,379	49.90%

The associated company had no contingent liabilities as at 31 December 2024 or 2023. Petrolia Noco AS presently has no plans to drill exploration wells in 2025.



NOTE 13 OTHER FINANCIAL ASSETS

SECURED LOANS TO PETROLIA NOCO AS (ASSOCIATE)

The loans are denominated in NOK and carried an annual interest of 10% (3rd priority) and 13.2% (2nd priority). The loans mature in December 2025.

There is no history of credit losses related to the loans. In 2023, management assessed that there is very little risk regarding their recoverability and that the related expected credit losses for both loans amount to USD 250,000. In 2024 the change in ECL related to the loans was estimated to be insignificant. The assets of the company consist primarily of oil and gas properties and associated deferred tax liability and associated decommissioning provisions, tax receivable and working capital in licenses. To the extent exploration costs are carried, in line with accounting principles, a

tax liability of 78% is also carried reducing the net to 22%. For discoveries there will normally be values that are not carried. The shareholders of the associate company are also supportive by contributing additional equity when needed to support the exploration programme of the associate, including meeting its financial obligations.

LIQUIDITY LOANS TO PETROLIA NOCO AS (ASSOCIATE)

The loans are denominated in NOK and carried an annual interest of 13.2% (unsecured). The loans shall be of short duration and be repaid latest by the end of the year.

During 2024 four drawdowns were made of maximum NOK 10 million and duration was less than two months. As at 31 December 2024 and 2023 the balances were USD nil.

Interest received in 2024 was USD 30 thousand (2023: USD nil).

ZEG POWER AS (FAIR VALUE THROUGH OCI INVESTMENT)

ZEG delivers solutions for clean hydrogen production from gas, through its novel ZEG ICC™ Technology with integrated carbon capture.

The Group owns 1.2% of the shares and the investment is carried at fair value through OCI (level 3). The cost of investment was NOK 4,758,789 (USD 521,967). During the year the Group recognised a fair value loss of USD 1 million (2023:USD nil). For more information refer to Note 18.

(amounts in USD 1,000)	Secured loans to Petrolia NOCO AS			Shares	Total
	10% (3rd pri)	13.2% (2nd pri)	Total Loan	Zeg Power AS	
Book value per 31.12.2022	4,362	0	4,362	1,004	5,366
Interest income	355	10	365	0	365
Interest received	-393	0	-393	0	-393
Addition	0	2,934	2,934	0	2,934
Expected credit loss	-250	0	-250	0	-250
Repayment	-934	0	-934	0	-934
Translation difference	-179	15	-164	0	-164
Book value per 31.12.2023	2,961	2,959	5,920	1,004	6,924
Interest income	294	366	660	0	660
Interest received	-371	-363	-734	0	-734
Addition	0	0	0	0	0
Fair value change	0	0	0	-1,004	-1,004
Repayment	0	0	0	0	0
Translation difference	-326	-308	-634	0	-634
Book value per 31.12.2024	2,558	2,654	5,212	0	5,212

NOTE 14 TRADE AND OTHER CURRENT RECEIVABLES

(amounts in USD 1,000)	2024	2023
Trade receivables, net of expected credit losses	13,035	14,934
Other current receivables	1,488	1,039
Total	14,523	15,973

Ageing of trade receivables as at 31 December 2024	Not due	1-30 days	31-60 days	61-90 days	90+ days	Total
Trade receivables	8,049	3,390	836	171	4,341	16,787
Total, gross	8,049	3,390	836	171	4,341	16,787
Expected credit loss rate	0.11%	6.28%	4.78%	7.60%	21.88%	3.81%
Expected credit loss (simplified approach)*	9	213	40	13	242	517
Expected credit loss (individually assessed)	0	0	0	0	3,235	3,235
Total, net	8,040	3,177	796	158	864	13,035

*) Provision matrix

Ageing of trade receivables as at 31 December 2023	Not due	1-30 days	31-60 days	61-90 days	90+ days	Total
Trade receivables	7,462	3,299	1,100	463	9,349	21,672
Total, gross	7,462	3,299	1,100	463	9,349	21,672
Expected credit loss rate	0.29%	0.48%	0.60%	5.47%	8.76%	2.14%
Expected credit loss (simplified approach)*	21	16	7	25	257	326
Expected credit loss (individually assessed)	0	0	0	0	6,412	6,412
Total, net	7,440	3,283	1,094	438	2,680	14,934

*) Provision matrix

Movement of accumulated expected credit losses on trade receivables

(amounts in USD 1,000)	2024	2023
Opening balance	6,738	9,482
Reversal for the year	-412	-278
Written off	-2,574	-2,466
Closing balance	3,752	6,738

NOTE 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During 2024 and 2023 Petrolia Invest AS, a wholly owned subsidiary of the Company, has invested liquid reserves in shares listed on the Oslo Stock Exchange. The table below presents details for shares in DNO International ASA, ticker DNO. The change of fair value amounting to a loss of USD 2 thousand (2023: loss of USD 16 thousand) is shown in note 8.

(amounts in USD 1,000)	2024	2023
DNO, shares	36,254	36,254
DNO, total shares	975,000,000	975,000,000
DNO, % owned	0.004%	0.004%
DNO, market value (NOK 10.47 / USD 0.922) (NOK 10.07 / USD 0.990)	33	36
Fair Value / Carried value (Level 1)	33	36

NOTE 16 CASH AND CASH EQUIVALENTS

(amounts in USD 1,000)	2024	2023
Bank deposits	13,397	10,807
Hereof deposits restricted		
Other	8	3
Sum non-current	8	3
Other	14	14
Employees' tax deduction	191	195
Sum current	205	209
Total restricted cash	213	212
Free cash	13,184	10,595
Cash and bank deposits per currency (amounts in USD 1,000)		
Cash and bank deposits in NOK	5,662	2,880
Cash and bank deposits in USD	2,727	2,101
Cash and bank deposits in AED	10	13
Cash and bank deposits in GBP	451	366
Cash and bank deposits in EUR	2,535	1,702
Cash and bank deposits in NZD	42	177
Cash and bank deposits in RON	1,462	1,309
Cash and bank deposits in MYR	121	60
Cash and bank deposits in AUD	99	308
Cash and bank deposits in PGK	298	453
Cash and bank deposits in IQD	2	1,490
Expected credit loss	-12	-52
Total	13,397	10,807
Restricted cash	-213	-212
Total as per cash flow statement	13,184	10,595

Refer to Note 23 for information on the ECL related to cash at bank.

NOTE 17 SHARE CAPITAL

Share capital of Petrolia SE (amounts in USD 1,000)	Authorised shares	Issued shares	Nominal value	Book value 2024	Book value 2023
Shares	272,358,670	59,133,786	USD 0.10	USD 5,913	USD 5,913

CHANGES TO SHARE CAPITAL

There have been no changes to the share capital in 2024 or 2023.

In March 2023, 100,000 own shares were purchased for a total of NOK 411,276 (NOK 4.11 per share) by Petrolia Invest AS, a 100% owned subsidiary.

LIST OF THE MAJOR SHAREHOLDERS

Petrolia SE had a total of 2.737 shareholders as at 31 December 2024. The tables below shows the Company's 20 largest shareholders as at 31 December 2024 and as at 25 April 2025 according to the VPS (shares with nominal value USD 0.10):

	Shareholders 31 December 2024	Shares	Shareholding
1	INDEPENDENT OIL & RESOURCES PLC ¹⁾	27 182 571	45,97 %
2	LARSEN OIL & GAS AS ¹⁾	12 410 177	20,99 %
3	TIME CRITICAL PETROLEUM RESOURCES ¹⁾	3 789 897	6,41 %
4	NOCO (UK) Ltd ¹⁾	3 709 888	6,27 %
5	INCREASED OIL RECOVERY AS ¹⁾	3 446 624	5,83 %
6	TROMMESTAD, OLE	897 479	1,52 %
7	TOKALA AS	598 025	1,01 %
8	ELEKTROLAND NORGE AS	250 713	0,42 %
9	U-TURN VENTURES AS	224 370	0,38 %
10	NILSEN, SØLVE	202 971	0,34 %
11	OLSEN, ROLF ARILD	200 007	0,34 %
12	SPECTER INVEST AS	170 000	0,29 %
13	Ø. H. HOLDING AS	170 000	0,29 %
14	NORDNET LIVSFORSIKRING AS	150 000	0,25 %
15	TOSKA, KETIL	145 823	0,25 %
16	REPPEN, JON CHARLES	142 160	0,24 %
17	ØRNES AS	132 385	0,22 %
18	WEMUNDSTAD, JOHAN	116 880	0,20 %
19	ØSTFOLD ANLEGGSGARTNER AS	115 000	0,19 %
20	VESTFOLD ØKONOMI AS	100 966	0,17 %
	Others	4 877 850	8,25 %
	Total number of shares before treasury shares	59 033 786	99,83 %
	Treasury shares	100 000	0,17 %
	Total number of shares	59 133 786	100,00 %

Shareholders 25 April 2025		Shares	Shareholding
1	INDEPENDENT OIL & RESOURCES PLC 1)	27 182 571	45,97 %
2	LARSEN OIL & GAS AS 1)	12 410 177	20,99 %
3	TIME CRITICAL PETROLEUM RESOURCES AS 1)	3 789 897	6,41 %
4	NOCO (UK) Ltd 1)	3 709 888	6,27 %
5	INCREASED OIL RECOVERY AS 1)	3 446 624	5,83 %
6	TROMMESTAD, OLE	983 360	1,66 %
7	TOKALA AS	598 025	1,01 %
8	GRØNLAND, STEINAR	260 966	0,44 %
9	ELEKTROLAND NORGE AS	250 713	0,42 %
10	U-TURN VENTURES AS	204 345	0,35 %
11	NILSEN, SØLVE	202 971	0,34 %
12	Ø. H. HOLDING AS	172 334	0,29 %
13	OLSEN, ROLF ARILD	172 007	0,29 %
14	REPPEN, JON CHARLES	155 523	0,26 %
15	TOSKA, KETIL	150 000	0,25 %
16	SPECTER INVEST AS	150 000	0,25 %
17	NORDNET LIVSFORSIKRING AS	146 825	0,25 %
18	ØRNES AS	136 220	0,23 %
19	WEMUNDSTAD, JOHAN	135 000	0,23 %
20	ØSTFOLD ANLEGGSGARTNER AS	126 000	0,21 %
	Others	4 650 340	7,88 %
Total number of shares before treasury shares		59 033 786	99,83 %
Treasury shares		100 000	0,17 %
Total number of shares		59 133 786	100,00 %

SHARES OWNED BY MEMBERS OF THE BOARD AND OTHER PRIMARY INSIDERS

The table below shows shareholding of members of the board and key management and other related parties (shares with nominal value USD 0.10)

Name	Shares	Shares
Members of the board and management as at:	31 December 2024	25 April 2025
Berge Gerdt Larsen, Chair of the Board 1)	3,789,897	3,789,897
Sølve Nilsen, General manager (Norway)	202,971	202,971
Total	3,992,868	3,992,868

1) Berge Gerdt Larsen owns 44.95% of Increased Oil Recovery AS and his son owns the remaining 55.05%. Larsen Oil & Gas AS is a 100% owned subsidiary of Increased Oil Recovery AS. Together the two companies hold 26.82% of the shares. Increased Oil Recovery AS is a 49.63% shareholder in Independent Oil & Resources Plc, which holds 45.97% of the shares in Petrolia SE. Berge Gerdt Larsen also controls Time Critical Petroleum Resources AS which holds 6.41% of the shares in Petrolia SE and 20.95% in shares in Independent Oil & Resources Plc. Independent Oil & Resources Plc is a 38.75% indirect shareholder in NOCO (UK) Ltd. Increased Oil Recovery AS indirectly owns 38.42% in NOCO (UK) Ltd.

NOTE 18 FAIR VALUE

FAIR VALUE

Except financial assets at fair value through profit or loss and financial assets through OCI, all financial instruments are measured at amortised cost. Fair values of loans receivable are based on management's estimates by reference to loans with similar characteristics. The carrying amount of loan receivable approximates its fair value. The carrying value of cash and cash equivalents approximate the fair value owing to the fact that these instruments have short maturity. Correspondingly, the carrying value of the trade receivables and trade payables approximate the fair value as they are established at normal terms and doubtful receivables are impaired by recording impairment loss. The carrying value of financial leases approximate their fair value as they made with third parties and carried interest at floating rates.

FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group uses fair value through profit and loss only on listed shares. Fair value is determined by the quoted (unadjusted) prices in the market (Level 1). The carrying amount as at 31 December 2024 was USD 33 thousand. The fair value of the financial asset through OCI was determined to be zero, as no cash flows are expected to be realized from this asset (level 3).

NOTE 19 LEASES

GROUP AS LESSEE

The Group has lease contracts in respect of equipment and land & buildings. The leases expire between 1 and 5 years for equipment and between 1 and 10 years for land & buildings. Various extension options are attached.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(amounts in USD 1,000)	2024	2023
Lease liability		
As at 1 January	14,195	14,819
Additions	2,018	3,131
Modifications	16	1,675
Interest	746	932
Translation difference	-814	-237
Payments	-6,134	-6,125
As at 31 December	10,027	14,195
Current	4,655	5,573
Non-current	5,372	8,622

Set out below are the carrying amounts of lease liabilities per currency:

(amounts in USD 1,000)	2024	2023
NOK	5,876	8,183
USD	799	1,204
EUR	1,619	1,882
NZD	200	281
AUD	1,098	2,053
RON	123	155
MYR	29	86
IQD	83	92
GBP	200	259
As at 31 December	10,027	14,195

A carrying amount of USD 4.2 million (2023: USD 6.2 million) relates to equipment, and there are no options to extend or terminate. The lease term varies from 1 to 5 years and the average incremental borrowing rate used in the lease calculations is 5% (2023: 5%).

A carrying amount of USD 5.8 million (2023: USD 8.0 million) relates to rental of offices. In most of the rental agreements there are options to extend. The lease term varies from 1 to 10 years and the average incremental borrowing rate used in the lease calculations is 5% (2023: 5%).

For the contracts with options to extend, if the options are assumed to be exercised for the lease term to be until the end of 2029, then the lease liability would have increased by USD 2.8 million with a corresponding increase in Right of use asset as well. For the contracts with options to extend, the current assumption is that the lease terms will be between 2025 and 2026.

NOTE 20 TRADE AND OTHER PAYABLES

(amounts in USD 1,000)	2024	2023
Trade payables	3,217	4,017
Total trade payables	3,217	4,017
Other payables		
Other current liabilities	5,455	5,824
Total other payables	5,455	5,824
Total trade and other payables	8,672	9,841

NOTE 21 BANK LOAN AND OVERDRAFT

Current liabilities (amounts in USD 1,000)	Interest	Maturity	Security	Effective inter- est rate	2024	2023
Bank loan GBP 50,000	Fixed 0% first year, thereafter 2.5%	June 2026	None	2,50%	6	6
Bank loan AUD 680,000	Fixed 3.04%	June 2025	Equipment	3.08%	67	119
Bank loan EUR 1,000,000	Euribor 1M + 2%	December 2029	Property, plant, bank	5,77%	185	74
Total					258	199

Non-current liabilities (amounts in USD 1,000)	Interest	Maturity	Security	Effective in- terest rate	2024	2023
Bank loan GBP 50,000	Fixed 0% first year, thereafter 2.5%	June 2026	None	2,50%	33	41
Bank loan AUD 680,000	Fixed 3.04%	June 2025	Equipment	3.08%	0	73
Bank loan EUR 1,000,000	Euribor 1M + 2%	December 2029	Property, plant, bank	5,77%	723	349
Total					756	463

The Group has one unused overdraft facility of EUR 350 thousand.

NOTE 22 CAPITAL MANAGEMENT

CAPITAL STRUCTURE AND EQUITY

For the purpose of the Group's capital management, capital includes issued capital, share premium and all the equity reserves attributable to the equity holders of the parent. The main objectives of the Group when monitoring capital are to safeguard the Group's ability to maintain favourable loan terms from the

lenders in accordance with the Group's operations. By maintaining a satisfactory debt ratio and meeting its loan covenants, the Group is supporting the current operations and maximising the Group's value accordingly.

The Group is managing the capital structure and making necessary adjustments based

on a continuous assessment of the financial conditions that the enterprise is subject to and the present short and medium term prospects. The capital structure is managed through purchase of treasury shares, reduction of share capital, issuing new shares or through dividend policy.

(amounts in USD 1,000)	2024	2023
Equity of majority	40,824	38,434
Bank loan	1,014	662
Leases	10,027	14,195
Trade payables	3,217	4,017
Other payables	5,668	6,058
Less free cash	-13,184	-10,595
Net debt	6,742	14,337
Equity and net debt	47,566	52,771
Debt ratio	14 %	27%

NOTE 23 FINANCIAL RISK MANAGEMENT

Financial risk factors and categories of financial instruments

The Group uses financial instruments such as bond loans, bank loans and overdrafts, financial leases and borrowings from related parties. The purpose of these financial instruments is to provide capital for investments necessary for the Group's activities. In addition the Group has financial instruments like trade receivables and trade payables which are directly connected to the current operations of the Group. The Group has no derivative financial instruments, neither for hedging nor trading purposes. Except from the financial assets at fair value, all the financial assets are categorised as loans, receivables and cash and cash equivalent and are measured at amortised cost. In 2024 and 2023 the Group has invested in shares listed on the Oslo Stock Exchange.

Profit and loss effects from financial instruments measured at fair value through profit and loss are disclosed in note 15. Impairment on financial instruments concerns mainly loans to associated company and trade receivables and are disclosed in notes 13 and 14 respectively and under Credit risk below. The Group's activities expose it to a variety of financial risks: credit risk, interest risk, liquidity risk and currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's management is currently monitoring the risk related to credit, interest rate, liquidity and foreign exchange. The Group is subject to a balanced exposure through income and expenses in USD and NOK and financing in USD and NOK. The Group has a fixed rate on the major part of

interest bearing liabilities, which limits the cash flow interest rate risk. The credit risk which the Group is exposed to is acceptable.

Credit risk

The Group is primarily exposed to credit risk related to trade receivables, other receivables, loans receivable and cash at bank. The maximum risk exposure is represented by the carrying value of trade receivables and other receivables referred to in note 14, loan receivable shown in note 13 and cash at bank in note 16.

The Group's revenues arise from a limited number of transactions and customers and therefore credit risk is transparent.

Management has assessed the collectability of receivables and do not expect losses other than the expected credit allowance already provided in line with the accounting policy. In 2023, expected credit loss of USD 250

thousand was provided for the loans receivable as the associate is in net liability position but financially supported by its shareholders to enable it to continue its exploration and production activity. In 2024 the change in ECL related to the loans was estimated to be insignificant. Refer also to note 14.

The Group does not hold any collateral as security for its receivables.

The Group assesses, on an individual basis, its exposure to credit risk arising from other receivables. Management estimated the impairment loss at 31 December 2024 of other receivables to be immaterial.

The Group assesses, on an individual basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions. Management applies the IFRS 9 general approach. Bank balances were assessed as performing (Stage 1) and an ECL provision of USD 12 thousand was made regarding one

bank in Iraq. The ECL on other bank accounts is considered to be immaterial, as the cash at bank are held with banks with investment grade rating.

Financial guarantees

Guarantees which represent irrevocable assurances that the Group will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable.

At the reporting date, the Group acts as a joint and several guarantor to the loan of associate company Petrolia Noco AS. As at 31 December 2024, and at the reporting date, the outstanding loan balance subject to this guarantee totalled NOK 50.0 million (USD 4.4 million) and the loan has been properly served by Petrolia Noco AS with no defaults. A financial guarantee liability of USD 14 thousand is included in Other payables in note 20, which represents the guarantee fee charged less cumulative amortisation. No expected credit losses have been recognised as of the

reporting date in respect of these financial guarantees provided by the Group, since it was assessed that the present value of related expected payments is immaterial.

Until the date of the approval of the financial statements, no claim has been raised for the loan guarantee and the Board of Directors does not expect any claim in the future.

Interest rate risk

The Group is exposed to interest rate risk through its financing activities (refer to notes 19 and 21). Part of the interest-bearing liabilities is based on floating rates which imply that the Group is exposed to changes in the interest rate level.

The Group's interest rate risk management aims at reducing the interest expenses and at the same time the volatility of future interest payments is kept within acceptable frames. As at 31 December 2024 the Group's bank loans have fixed and variable interest, while the lease obligations are subject to floating rates of interest.

Sensitivity for changes in interest rate level (amounts in USD 1,000)	Changes in interest rate level in basic items	Impact on result before tax	Impact on equity
2024	+50	-4	-3
2023	+50	-18	-14

Further information regarding the interest rate conditions of the Group's financing is given in notes 13, 18, 19 and 21.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial liabilities as they fall due. The Group's strategy of handling liquidity risk is to have sufficient liquidity at all times to pay any liability on maturity, in both normal and extraordinary circumstances.

Liquidity risk may also arise from the financial guarantee contracts provided by the Group to secure credit facilities obtained by the associate of the Group, as further analysed in Credit risk above.

The table below states the maturity profile of the financial liabilities recognised as at 31 December 2024 and 2023.

As at 31st of December 2024	< 1 year	1-5 years	> 5 years	Total
Trade payables	3,217	0	0	3,217
Leasing (including interest)	4,968	6,529	150	11,647
Bank loan (including interests)	355	844	12	1,211
Other liabilities	5,668	0	0	5,668
Total	14,208	7,373	162	21,743



As at 31st of December 2023	< 1 year	1-5 years	> 5 years	Total
Trade payables	4,017	0	0	4,017
Leasing (including interest)	6,089	9,266	349	15,704
Bank loan (including interests)	235	513	12	760
Other liabilities	6,058	0	0	6,058
Total	16,399	9,779	361	26,539

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NOK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to exchange rate fluctuations

connected to the value of NOK relative to USD due to the fact that the Group has mainly income and operating expenses in USD while parts of the financing and some assets are denominated in NOK.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The table below illustrates the Group's sensitivity related to reasonable changes in the

currency rate between USD and NOK. The Group's main exposure to NOK is from the loan receivable amounting to USD 5.4 million, excluding accrued interest and expected credit losses, (2023: USD 5.9 million) as shown in note 13, cash at bank amounting to USD 5.7 million (2023: USD 2.9 million) as shown in note 16 and lease liabilities amounting to USD 5.9 million (2023: USD 8.2 million) as shown in note 19.

Changes in other currencies will not have material impact on the profit & loss.

	Changes in the exchange rate of NOK	Impact on result before taxes	Impact on equity
2024	5 %	261	204
	-10 %	-523	-408
2023	5 %	39	30
	-10 %	-77	-60

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2024	1 January 2023	Cash movement	Translation difference	Non-cash movement	Interest	31 December 2023
Bank loan	662	356	-58	0	53	1,013
Lease liabilities	14,195	-6,134	-813	2,033	746	10,027
Total	14,857	-5,778	-871	2,033	799	11,040

2023	1 January 2023	Cash movement	Translation difference	Non-cash movement	Interest	31 December 2023
Bank loan	346	276	16	0	24	662
Lease liabilities	14,819	-6,125	-237	4,806	932	14,195
Total	15,165	-5,849	-221	4,806	956	14,857

NOTE 24 RELATED PARTIES

LARSEN OIL & GAS AS (LOG AS) AND INCREASED OIL RECOVERY AS (IOR AS) AND KVER AS

IOR AS is the 100% owner of LOG AS and Kver AS. Mr. Berge Gerdt Larsen, Chair of the Board has economic interest of 44.95% in IOR AS and is the Chair of the board in IOR AS and LOG AS.

The Company has an office support agreement with LOG AS. The annual cost coverage was NOK 1.4 million (USD 135,170) in 2024. The annual cost coverage was NOK 1.3 million (USD 124,416) in 2023.

The Company has an office lease agreement with Kver AS. Annual office rent is NOK 1.4 million (USD 129,379). In 2024 shared costs

amounted to NOK 1.2 million (USD 105,787). In 2023 annual office rent was NOK 1.3 million (USD 126,043) and shared costs were NOK 1.4 million (USD 132,426).

PETROLIA NOCO AS

The Group has granted two loans to Petrolia NOCO AS (owned 49.9%). The loans are denominated in NOK and carried an interest rate of 10% and 13.2% in 2024. The loans have maturity date on 31 December 2025 (Note 13). The investment in the associated company is shown in note 12 and the loans are shown in note 13.

MOUNTWEST PETROLEUM LTD.

The Group has an office lease agreement with Mountwest Petroleum Ltd. Annual office rent

is GBP 51,700 (USD 66,122). Mr. Berge Gerdt Larsen, Chair of the Board has indirect economic interest in Mountwest Petroleum Ltd.

PETRORESOURCES LTD

The Group has an advisory service agreement with Petroresources Ltd with a quarterly fee of EUR 30,000. In 2024 EUR 120,000 (2023: EUR 440,000) has been invoiced in respect of the said agreement. Mr. Berge Gerdt Larsen, Chair of the Board, has indirect economic interest in, and is employed by Petroresources Ltd.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL AND DIRECTORS FEES

Refer to note 6.

NOTE 25 MATERIAL PARTLY OWNED SUBSIDIARIES

	Independent Oil Tools DOSCO BV The Netherlands		Independent Oil Tools Iraq for General Trading Co. Ltd Iraq	
	2024	2023	2024	2023
Proportion of equity interest held by non-controlling interest	30 %	30%	39 %	39%
Accumulated balances of material non-controlling interest	2,196	2,182	-275	604
Profit/(loss) allocated to material non-controlling interest	164	81	-879	-271
Comprehensive income/(loss) allocated to material non-controlling interest	28	157	-879	-271

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss	2024	2023	2024	2023
Revenue	15,163	13,942	2,586	8,674
Cost of sales	-9,646	-9,760	-954	-4,644
Administrative expenses	-4,187	-3,574	-2,442	-3,550
Depreciation	-615	-532	-1,463	-960
Finance (cost)/income	-1	-40	19	35
Profit/(loss) before tax	714	344	-2,254	-695
Income tax	-168	-74	0	0
Profit/(loss) for the year	546	270	-2,254	-695
Exchange differences	-451	254	0	0
Total comprehensive income/(loss)	95	524	-2,254	-695
Attributable to non-controlling interest	28	157	-879	-271
Dividends paid to non-controlling interest	0	0	0	0

Summarised statement of financial position	2024	2023	2024	2023
Current assets	5,053	4,984	2,495	4,527
Non-current assets	2,733	2,383	1,892	3,314
Current liabilities	467	92	5,091	6,291
Non-current liabilities	0	0	0	0
Total equity	7,319	7,275	-704	1,550
Attributable to:				
- Equity holders of parent	5,123	5,092	-430	945
- Non-controlling interest	2,196	2,183	-274	605

NOTE 26 INVENTORIES

(Amounts in USD 1,000)	2024	2023
Spare parts	295	275
Finished goods (at lower of cost and net realisable value)	1,539	1,408
Total inventories	1,834	1,683

Finished goods represent Energy Service equipment held for sale. For the cost of goods sold refer to Note 7.

NOTE 27 OPERATING ENVIRONMENT OF THE GROUP

The activity of the Group is closely correlated to the oil price and events affecting supply and/or demand, and thus price, will affect the Group's activity level. When oil prices drop to a lower level, the oil companies reduce their activity to protect their cash flows. When the prices increase again, the oil companies first want to see their cash balances increase before increasing the activity levels again. There are local variations to how quickly this is implemented.

In Iraq the operational environment is negatively affected by a closed pipeline, uncertainty regarding the production sharing agreements between the oil companies and the authorities and tight restriction on payments in USD. This resulted in a sharp reduction in the activity in the second half of 2023 and all of 2024. As of the reporting date the activity remains low.

The Group has managed to increase prices largely in line with inflation and with limited debt, the effects from rising interest rates have been limited.

NOTE 28 BUSINESS COMBINATIONS

ACQUISITION OF NON-CONTROLLING INTEREST

In March 2023, the remaining 10% of Catch Holding BV was purchased for EUR 183,960 (USD 200,057). Following the transaction, the company and its subsidiary are now 100% owned subsidiaries of the Group.

There were no business combinations in 2024.

Catch Holding BV The Netherlands	USD 1,000
Cash consideration paid to non-controlling shareholders	200
Carrying value of the additional interest	-189
Difference recognised in retained earnings	389

GOODWILL

Goodwill of USD 249 thousand presented in the statement of financial position relates to the purchase of remaining shares in CO2 Management AS in 2021. Goodwill is tested for impairment by the Group annually or earlier if there is an indication for impairment.

For the purposes of annual impairment testing of goodwill, management estimated the recoverable amount of this cash generating unit as at 31 December 2024 using value in use calculations. The main assumptions used for the calculation are projected revenues, estimated margin percentages and the

discount factor. In the base case scenario, a discount rate of 10% was used. Stress testing of the model was also performed by varying estimated margin percentages and discount factor, and a reasonable shift of these assumptions would not result into the recognition of impairment of goodwill.

NOTE 29 EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the balance sheet date.

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

Petrolia SE - Parent Company - 31 December 2024

PETROLIA SE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2024

	Note	2024 USD 000	2023 USD 000
Revenue from contracts with customers	8	162	158
Dividend income	23.4	2,856	500
Administration expenses		(1,438)	(1,443)
Operating profit/(loss)	9	1,580	(785)
Finance income	11	1,036	446
Finance costs	11	(895)	(198)
Reversal of impairment/(impairment) on subsidiary companies - net	14	4,642	(7,846)
Impairment charge on investments in associates	15	-	(124)
Expected credit losses on loan receivable	23.7	-	(250)
Profit/(loss) before tax		6,363	(8,757)
Tax	12	-	(5)
Net profit/(loss) for the year		6,363	(8,762)
Total comprehensive income/(loss) for the year		6,363	(8,762)

PETROLIA SE

STATEMENT OF FINANCIAL POSITION

31 December 2024

	Note	2024 USD 000	2023 USD 000
ASSETS			
Non-current assets			
Property, plant and equipment	13	1	2
Right-of-use assets	19	129	194
Investments in subsidiaries	14	34,716	30,074
Investments in associates	15	-	-
		<u>34,846</u>	<u>30,270</u>
Current assets			
Trade and other receivables	17	722	842
Loans receivable from associate	16	5,212	5,920
Restricted cash	18	28	31
Cash at bank	20	1,746	1,733
		<u>7,708</u>	<u>8,526</u>
Total assets		<u>42,554</u>	<u>38,796</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	21	5,913	5,913
Share premium		12,222	12,222
Distributable reserve		67,093	67,093
Accumulated losses		(44,881)	(51,244)
Total equity		<u>40,347</u>	<u>33,984</u>
Non-current liabilities			
Lease liabilities	19	65	120
		<u>65</u>	<u>120</u>
Current liabilities			
Trade and other payables	22	2,080	4,618
Lease liabilities	19	62	74
		<u>2,142</u>	<u>4,692</u>
Total liabilities		<u>2,207</u>	<u>4,812</u>
Total equity and liabilities		<u>42,554</u>	<u>38,796</u>

On 29 April 2025 the Board of Directors of Petrolia SE authorised these financial statements for issue.



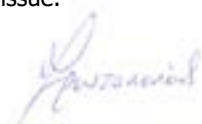
Sjur Storaas
Board member



Berge Gerdt Larsen
Chair of the Board



George Hadjineophytou
Board member



Polycarpus Protopapas
Board member
Managing director



Marios Tornaritis
Finance manager

PETROLIA SE

STATEMENT OF CHANGES IN EQUITY

31 December 2024

	Note	Share capital USD 000	Share premium USD 000	Merger reserve USD 000	Distributable reserve USD 000	Accumulated losses USD 000	Total USD 000
Balance at 1 January 2023		5,913	12,222	67,093	-	(42,483)	42,745
Comprehensive income							
Loss for the year / Total comprehensive loss for the year		-	-	-	-	(8,761)	(8,761)
		5,913	12,222	67,093	-	(51,244)	33,984
Transactions with owners							
Transfer between reserves	(1)	-	-	(67,093)	67,093	-	-
Balance at 31 December 2023/ 1 January 2024		5,913	12,222	-	67,093	(51,244)	33,984
Comprehensive income							
Profit for the year / Total comprehensive income for the year		-	-	-	-	6,363	6,363
Balance at 31 December 2024		5,913	12,222	-	67,093	(44,881)	40,347

- 1) By a Court Order dated 30/06/2023 sanctioning the shareholder's special resolution dated 31/05/2023 the Merger reserve of USD 67,093,489.64 was reduced to USD 0, and the said reduction was effected by crediting the reduction amount of USD 67,093,489.64 to a distributable reserve of the Company. The distributable reserve shall be available to the Directors of the Company to treat as they deem fit in their absolute discretion.

PETROLIA SE

STATEMENT OF CASH FLOWS

31 December 2024

	Note	2024 USD 000	2023 USD 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		6,363	(8,757)
Adjustments for:			
Depreciation of property, plant and equipment	13	1	-
Depreciation of right-of-use assets	19	-	68
Net exchange loss		958	178
Impairment charge - investments in associates	15	-	124
(Reversal of impairment)/impairment - investment in subsidiaries	14	(4,642)	7,846
Expected credit losses on loan receivable	16	-	250
Reversal of expected credit loss on receivables from related parties	23.5	(228)	-
Dividend income	23.4	(2,856)	(500)
Interest income	11	(732)	(369)
Financial Guarantee income	11	(76)	-
		(1,212)	(1,160)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		120	(48)
(Decrease)/increase in trade and other payables		(2,461)	2,109
		(3,553)	901
Dividends received		2,856	500
Tax paid		-	(59)
Net cash (used in)/generated from operating activities		(697)	1,342
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of computer hardware	13	-	(1)
Loans granted	16	-	(2,934)
Loans repayments received	16	-	927
Interest received	16	764	390
Financial guarantee	22	14	-
Net cash generated from/(used in) investing activities		778	(1,618)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of leases liabilities capital	19	(63)	(68)
Payments of leases liabilities interest	19	(8)	-
Decrease in restricted cash		3	24
Net cash used in financing activities		(68)	(44)
Net increase/(decrease) in cash and cash equivalents		13	(320)
Cash and cash equivalents at beginning of the year		1,733	2,053
Cash and cash equivalents at end of the year	20	1,746	1,733

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

1. Incorporation and principal activities

Country of incorporation

Petrolia SE (the "Company") was incorporated in Cyprus on 9 August 2011 as a limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Christodoulou Chatzipavlou 205, Louloupis court, 4th Floor, Office 401, 3036, Limassol, Cyprus.

On 17 November 2011, the Company changed its name from Petrolia E&P Holdings Limited to Petrolia E&P Holdings Plc. Following a shareholders' plan to re-domicile to Cyprus that was approved on 30 December 2011, Petrolia ASA merged ("cross-border merger") with Petrolia E&P Holdings Plc ("surviving entity") and the latter was at the same time converted into a European public company limited by shares ("Societas Europaea" or "SE") in accordance with Article 2 no. 1 of the European Council Regulation no. 2157/2001 (the "SE Regulation") and Section 5 of the Norwegian Act on European Companies of 1 April 2005 (the "SE Act").

Following the completion of the cross-border merger on 26 October 2012 and the creation of Petrolia E&P Holdings SE, the Company on 28 January 2013 changed its name to Petrolia SE.

The Company's shares are listed on the Oslo Stock Exchange (Ticker: "PSE"). On 21 September 2018, the Company changed its ticker name from "PDR" to "PSE".

Principal activities

The principal activities of the Company, which are unchanged from prior year, are the financing of group companies and the holding of investments in subsidiaries and associates engaged in two business segments: Energy and Energy Service. The core activities of the Company include the holding in a subsidiary company (Petrolia AS), which is a well established international oil service company. The Company has established a branch (Petrolia NUF) in Norway in order to facilitate its operations.

Environment and sustainability

The Company recognises the potential to damage the environment through its operations and its responsibility to implement effective management to safeguard the environment by minimising such an impact and has capable people to manage such risks at every stage. CO2 emissions from its activities receive the greatest attention. The Company is committed to making a positive contribution to global sustainability and to protect the environment. The Company aims to operate to the highest international social, environmental and safety standards within the industry and believes that it is important to make a positive contribution to all of the geographical areas where it operates. Climate change and the transition to a lower carbon economy has been identified as a possible risk and a opportunity but presently does not affect the Company's accounts.

The Company's objective is that all of its activities are carried out with minimum risk to people or damage to the surroundings. The Company's activities have conformed with the demands of the prevailing authorities in its worldwide operations regarding the pollution of the environment.

2. Basis of preparation

These parent company financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention. The notes to the consolidated financial statements provide additional information to the parent company financial statements. The accounting policies applied to the Group accounts have also been applied to the parent company, Petrolia SE. The parent company financial statements should be read in conjunction with the consolidated financial statements. Investments in subsidiaries and associates are carried at cost less impairment in these separate financial statements. In case of impairment, the investment is written down to its recoverable amount. The Company's functional currency is US dollars (USD) and the financial statements are presented in USD, rounded to the nearest thousand.

These parent company financial statements include the stand-alone results and position of the Company including its Norwegian registered branch, Petrolia NUF.

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and are effective for accounting periods beginning on 1 January 2024.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are applied retrospectively. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied within twelve months after the reporting period. The amendments had no impact on the Company's financial statements.

IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. Under the amendments, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. The amendments apply retrospectively to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments had no impact on the Company's financial statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments had no impact on the Company's financial statements.

4. Material accounting policies

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

4. Material accounting policies (continued)

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies. Investments in associated undertakings are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. These assets include Investments in subsidiaries and associates which are the main assets of the Company. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less selling costs and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets, other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

Revenue

Recognition and measurement

Revenue shall be recognised in such a way to depict the transfer of services to customers and reflect the consideration that the entity expects to be entitled to in exchange for transferring those services to the customer; the transaction price.

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A service that is promised to a customer is distinct if the customer can benefit from the service, either on its own or together with other resources that are readily available to the customer (that is the service is capable of being distinct) and the Company's promise to transfer the service to the customer is separately identifiable from other promises in the contract (that is, the service is distinct within the context of the contract).

- **Management and consultancy fees**

Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the annual or monthly fee under contract and the period for which the Company has provided services to subsidiaries, group subsidiaries and associate company.

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

4. Material accounting policies (continued)

Dividend income

Dividends are received from investments in subsidiaries and associates. Dividends are recognised as dividend income in profit or loss when the right to receive payment is established.

Dividend income for the year includes group contributions received from subsidiaries of the Company based on Norwegian group contributions rules, which under IFRS are assessed by the Company to be treated similar to dividends and are recognised in the period these are approved by the subsidiaries' general meetings.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (USD 000), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Leasing

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

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

4. Material accounting policies (continued)

Leasing (continued)

Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, in accordance with the depreciation accounting policy on property, plant and equipment. The estimated useful lives of buildings is 33 years from the date of construction. The right of use assets are also subject to impairment testing in the same manner as other non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term i.e the non-cancellable period of the lease including reasonably certain to exercise extension or termination options.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short term leases and leases of low value assets

The Company applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low value lease recognition exemption in respect of miscellaneous assets. Lease payments on short term and low value leases are recognised as expense on a straight-line basis over the lease term.

The Company does not act as a lessor in any transaction.

Financial instruments

(i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI and fair value through the income statement. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Financial assets at amortised cost (debt instruments)

This category is most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

4. Material accounting policies (continued)

Financial assets (continued)

(i) Financial assets (continued)

Financial assets at amortised cost are initially measured at fair value and are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables, cash at bank and loans receivable.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets - Impairment - credit loss allowance for ECL

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company applies the simplified approach for trade and other receivables and general approach for bank deposits in relation to the calculation of ECLs. In particular for trade and other receivables that are due within twelve months, the 12 month ECLs are the same as the lifetime ECLs. By using the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In relation to trade and other receivables, in order to measure the expected credit losses, the Company measured the historical loss rates based on the payment profiles of revenue, the historical loss rates are adjusted to reflect forward looking factors specific to the receivables and the economic environment affecting the ability of the customers to settle the receivables.

In relation to the loans due from related parties and amounts receivable from related parties, management has completed some high level analysis, which considers both historical and forward looking qualitative and quantitative information, to determine if a related party loan and balance is low credit risk at 31 December 2024. Management has considered the financial performance and financial position as well as the remaining term of the loans, and whether the related parties will have sufficient cash throughout that period to meet all of their working capital and other obligations, including repayment of the related party balances. Management does not expect that there will be adverse changes in economic and business conditions during that period. Consequently, management has determined that the loans and amounts receivable from related parties, are low credit risk, falls within 'stage 1' of IFRS 9's impairment model, and 12 month expected credit losses can be calculated.

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

4. Material accounting policies (continued)

Financial assets (continued)

(i) Financial assets (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of a counterparty to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued.

Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee in other income in profit or loss.

Financial guarantees are subsequently measured at the higher of (i) the amount determined in accordance with the expected credit loss model under IFRS 9 "Financial Instruments", and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with customers".

(ii) Financial liabilities

The Company's financial liabilities include trade and other payables and borrowings which are initially measured at fair value and are subsequently measured at amortised cost.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Climate-related matters

The Company considers climate-related matters in estimates and assumptions, mostly related to its investments in subsidiaries and associates. Even though the Company believes its subsidiaries will not be significantly affected by the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning their valuation. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation. Refer also to note 7.

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

4. Material accounting policies (continued)

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company, apart from IFRS18 that its impact will be assessed upon becoming effective.

6. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Credit risk

The Company is primarily exposed to credit risk related to receivables from related parties, loans receivable and cash at bank. The maximum risk exposure is represented by the carrying value of receivables from related parties referred to in note 17, loan receivable shown in note 16 and cash at bank in note 20.

The Company's revenues arise from a limited number of transactions and customers and therefore credit risk is transparent.

Management has assessed the collectability of receivables and do not expect losses other than the expected credit allowance already provided in line with the accounting policy. In 2023 expected credit loss of USD 250 thousand was provided for the loan receivable from the Company's associate. In 2024 the change in ECL related to the loan was estimated to be insignificant. Refer also to note 16.

The Group does not hold any collateral as security for its receivables.

Cash and cash equivalents

The Company assesses, on an individual basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions.

Bank balances held with banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2024 and 31 December 2023:

	External credit rating	2024 USD 000	2023 USD 000
Svenska Handelsbanken AB	A2	1,356	1,281
Bank of Cyprus Public Company Limited	Ba1	390	452
Total		1,746	1,733

The Company does not hold any collateral as security for any cash at bank balances.

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NOTES TO THE FINANCIAL STATEMENTS

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6. Financial risk management (continued)

6.1 Credit risk (continued)

Cash and cash equivalents (continued)

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

Financial guarantees

Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable.

At the reporting date, the Company acts as a guarantor joint and several to the loan of associate company Petrolia Noco AS. As at 31 December 2024, the outstanding loan balance subject to this guarantee totalled NOK 50 million and the loan was properly served by Petrolia Noco AS with no defaults. A financial guarantee liability of USD 14 thousand is included in trade and other payables in note 22, which represents the guarantee fee charged less cumulative amortisation. No expected credit losses have been recognised as of the reporting date in respect of these financial guarantees provided by the Company, since it was assessed that the present value of related expected payments is immaterial.

Until the date of the approval of the financial statements, no claim has been raised for the loan guarantee and the Board of Directors does not expect any claim in the future.

6.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2024	Carrying amounts USD 000	Contractual cash flows USD 000	Up to 12 months USD 000	1-2 years USD 000	2-5 years USD 000	More than 5 years USD 000
Lease liabilities	127	134	67	67	-	-
Trade and other payables	170	170	170	-	-	-
Payables to related parties	1,741	1,741	1,741	-	-	-
	2,038	2,045	1,978	67	-	-
31 December 2023	Carrying amounts USD 000	Contractual cash flows USD 000	Up to 12 months USD 000	1-2 years USD 000	2-5 years USD 000	More than 5 years USD 000
Lease liabilities	194	210	70	70	70	-
Trade and other payables	231	231	231	-	-	-
Payables to related parties	4,186	4,186	4,186	-	-	-
	4,611	4,627	4,487	70	70	-

Liquidity risk may also arise from the financial guarantee contracts provided by the Company to secure credit facilities obtained by the associate of the Company, as further analysed in Credit risk (section 6.1) above.

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6. Financial risk management (continued)

6.3 Foreign Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Norwegian Krone and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2024	2023	2024	2023
	USD 000	USD 000	USD 000	USD 000
Norwegian Krone	1,998	4,495	6,709	10,621
Euro	239	319	186	166
	2,237	4,814	6,895	10,787

The following table demonstrates the sensitivity to a reasonably possible change in Euro and Norwegian Krone currency exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity:

2024	Change in currency rate	Profit before tax	Equity
	%	USD 000	USD 000
Euro	5	(3)	(3)
Euro	(5)	3	3
Norwegian Krone	5	236	236
Norwegian Krone	(5)	(236)	(236)

2023	Change in currency rate	Profit before tax	Equity
	%	USD 000	USD 000
Euro	5	(8)	(8)
Euro	(5)	8	8
Norwegian Krone	5	189	189
Norwegian Krone	(5)	(189)	(189)

6.4 Capital risk management

Capital includes equity shares and share premium.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Company's overall strategy remains unchanged from last year.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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7. Critical accounting estimates and judgments (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Impairment of investments in subsidiaries and associates**

The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment or the fair value of their net assets in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these investments or the fair value of their net assets would be compared to their carrying amounts to determine if a write-down to fair value is necessary. The valuation may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the subsidiaries' and associates' products. The Company has concluded that no single climate-related assumption is a key assumption for the 2024 impairment testing. Refer to additional disclosures in Notes 14 and 15.

- **Impairment of financial assets - allowance for credit losses on loan receivables and amounts receivable from related parties**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. In relation to the loans and amounts due from related parties, in order to calculate the ECL, the Company applied the 12 month ECL model and the general approach. In determining the recoverability of the loans and amounts due from related parties, the Company considered the historic repayments made in conjunction with the parties' financial position at year end and their ability to make future repayments based on their current and expected future trading activities.

8. Revenue from contracts with customers

The Company derives its revenue from contracts with customers for the transfer of services over time as follows:

Disaggregation of revenue	2024 USD 000	2023 USD 000
Management fees	118	114
Consultancy fees (Note 23.3)	44	44
	162	158

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9. Operating profit/(loss)

	2024 USD 000	2023 USD 000
Operating profit/(loss) is stated after charging the following items:		
Depreciation of right-of-use assets (Note 19)	65	68
Depreciation of property, plant and equipment (Note 13)	1	-
Directors' fees (Note 23.1)	99	96
Staff costs including Directors in their executive capacity (Note 10)	585	546
Auditors' remuneration - current year	187	187
Auditors' remuneration (branch) - current year	24	22
Auditors' remuneration for tax compliance - current year	13	15
Auditors' remuneration for other non-audit services	-	9
Auditors' remuneration - prior years	<u>9</u>	<u>4</u>

The auditors remuneration as presented in the table includes irrecoverable VAT. The total fees, including VAT, charged by the statutory audit firm for the statutory audit of the Parent's separate and consolidated annual financial statements for the year ended 31 December 2024 amounted to USD 187,319 (2023: USD 187,065). The total fees, including VAT, charged by the statutory audit firm for the year ended 31 December 2024 for tax advisory services amounted to USD 13,013 (2023: 15,351).

10. Staff costs

	2024 USD 000	2023 USD 000
Directors' and key management remuneration (Note 23.1)	266	257
Wages	286	259
Social security costs	<u>33</u>	<u>30</u>
	<u>585</u>	<u>546</u>

The average number of employees during the year was 5 (2023: 4).

11. Finance income/(costs)

	2024 USD 000	2023 USD 000
Loan interest income (Note 16)	690	369
Income from financial guarantees	76	2
Other interest income	42	75
Reversal of ECL on related party receivables (Note 23.5)	<u>228</u>	<u>-</u>
Finance income	<u>1,036</u>	<u>446</u>
Net foreign exchange losses	(884)	(193)
Interest expense on lease liabilities (Note 19)	(8)	-
Sundry finance expenses	<u>(3)</u>	<u>(5)</u>
Finance costs	<u>(895)</u>	<u>(198)</u>
Net finance income	<u>141</u>	<u>248</u>

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

12. Tax

	2024 USD 000	2023 USD 000
Defence contribution	-	5
Charge for the year	-	5

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2024 USD 000	2023 USD 000
Profit/(loss) before tax	6,363	(8,757)
Tax calculated at the applicable tax rates	795	(1,095)
Effect of different tax rates on foreign earnings	99	76
Tax effect of expenses not deductible for tax purposes	104	1,102
Tax effect of allowances and income not subject to tax	(937)	(64)
Tax effect of carried forward losses	(186)	(218)
Tax effect of tax loss for the year for which no deferred tax asset was recognised	125	199
Defence contribution current year	-	5
Tax refund	-	5

The Company is resident in Cyprus for tax purposes.

Interest income is subject to Income Tax at the standard rate of 12.5% if the interest is considered to be generated in the ordinary carrying on of a business or closely connected to it. If the interest income is neither generated in the ordinary carrying on of a business nor closely connected to it, it is subject to Defence Tax at a rate of 30%. The interest income of the Company is considered to be generated in the ordinary carrying of the business

Dividends received from a non-resident (foreign) company are exempt from Defence Tax if the dividend paying company derives more than 50% of its income directly or indirectly from activities which do not lead to investment income or the foreign tax burden on the profit to be distributed as dividend has not been substantially lower than the Cypriot tax rate at the level of the dividend paying company

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2.65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The Company's Branch in Norway (the "Branch") is subject to income tax at the rate of 22% (2023: 22%) on the tax profits realized in Norway. The Branch under current legislation may carry forward the balance of tax losses indefinitely in the future. The Company in Cyprus is subject to income tax at the rate of 12.5% (2023: 12.5%) on the tax profits realized in Cyprus. The Company's tax losses in Cyprus amounts to USD 965 thousand and can be carried forward for 5 years. No deferred tax asset has been recognised as it is not expected that future taxable profits will be available to be utilised.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

13. Property, plant and equipment

	Computer hardware USD 000
Cost	
Balance at 1 January 2023	1
Additions	1
Balance at 31 December 2023/ 1 January 2024	2
Balance at 31 December 2024	2
Depreciation	
Balance at 1 January 2023	-
Charge for the year	-
Balance at 31 December 2023	-
Charge for the year	1
Balance at 31 December 2024	1
Net book amount	
Balance at 31 December 2024	1
Balance at 31 December 2023	2

During 2023, the Company through its branch, has acquired a new laptop at a cost of NOK 21 (USD 1).

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14. Investments in subsidiaries

	2024 USD 000	2023 USD 000
Balance at 1 January	30,074	37,920
Net reversal of impairment/(impairment)	4,642	(7,846)
Balance at 31 December	34,716	30,074

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2024 Holding %	2023 Holding %	2024 USD 000	2023 USD 000
Petrolia AS (1)	Norway	Holding company of IOT Group - Energy service	100	100	33,568	29,337
Petrolia Tool Pool AS	Norway	Holding company	100	100	17	17
Independent Oil Tools International (Cyprus) Ltd (2)	Cyprus	Holding company	100	100	1,131	720
					34,716	30,074

The Company performs an impairment assessment of its subsidiaries when there are indicators for impairment or reversal of impairment in accordance with the relevant accounting standard.

(1) During 2024, a reversal of impairment of USD 4,231 thousand was recognized (2023: impairment USD 7,846 thousand). The accumulated impairment as at 31 December 2024 is USD 91,242 thousand (2023: USD 95,473 thousand). Petrolia AS is the holding company of the oil service sub-group.

As at 31 December 2024, and based on the economic performance of the oil service sub-group which was better than expected, the Management identified reversal of impairment indicators and calculated the recoverable amount of the investment using the discounted cash flow model for a period of 5 years with an exit price. The discounted cash flow calculations included the following main inputs and assumptions:

- Capital expenditure based on historic averages: range of USD 4.3m - USD 4.6m (2023: USD 3.1m - USD 3.3m)
- Forecasted EBITDA: range of USD 13.7m - USD 14.9m (2023: USD 11.1m - USD 13.8m)
- Discount rate of 11.3% (2023: 11.3%)
- Terminal growth rate of 2% (2023: 2%)

The following sensitivity analysis has been performed by management as at the year-end:

- A decrease in projected EBITDA rates by 10% would result in a total of USD 9,203 thousand impairment charge whereas an increase in projected EBITDA rates by 5% would result in a total of USD 10,948 thousand reversal of impairment.
- An increase in the discount rate by 1% would result in a total of USD 915 thousand reversal of impairment.

(2) As at 31 December 2024 a reversal of impairment of USD 411 thousand was recognised, after comparing the investment's carrying amount with its recoverable amount, due to reversal of impairment indicators being present. Independent Oil Tools International (Cyprus) Ltd is a holding company, and management has based its impairment assessment on the net assets of the investee which considered to be a close approximation of its fair value less cost to disposal. The accumulated impairment as at 31 December 2024 is USD 12,468 thousand (2023: USD 12,879 thousand). No impairment or reversal of impairment was recognised during the year ended 31 December 2023.

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14. Investments in subsidiaries (continued)

Total reversal of impairment for the year amounted to USD 4,642 thousand (2023: impairment USD 7,846 thousand). Total accumulated impairment as at 31 December 2024 amounted to USD 171,493 thousand (2023: USD 176,135 thousand).

15. Investment in associate

The details of the investment are as follows:

	2024 USD 000	2023 USD 000
Balance at 1 January	-	124
Impairment charge	-	(124)
Balance at 31 December	-	-

The details of the investment are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2024 Holding %	2023 Holding %	2024 USD 000	2023 USD 000
Petrolia Noco AS	Norway	Oil & Gas	10.61	10.61	-	-

During 2023, the investment in Petrolia Noco AS has increased its capital by the issuance of additional share capital. The associate has completed a private placement issue where 10,000,000 shares have been issued at a price of NOK 2.00 per share. Petrolia SE, has not participated directly in the purchase of additional shares but 4,985,000 shares were subscribed by Petrolia AS, a 100% subsidiary of Petrolia SE and therefore its shareholding decreased from 11.27% to 10.61%. During 2024, Petrolia SE shareholding remained unchanged from 2023 at 10.61%. The Company exercises significant influence through participating in the financial and operating policy decisions of the investee (Petrolia Noco AS) through its common director Berge Gerdt Larsen and Sjur Storaas who remain on the board of directors of both companies, the Parent (Petrolia SE) and associate (Petrolia Noco AS).

By reference to the net assets of the associate and as a result of losses incurred by the associate during the year the investment in associate remained fully impaired. The accumulated impairment as at 31 December 2024 amounted to USD 25,658 thousand (2023: USD 25,658 thousand).

Through its subsidiaries the Company owns 49.9% (2023: 49.9%) of the shares of Petrolia NOCO AS.

16. Loan receivable from associate

	2024 USD 000	2023 USD 000
Balance at 1 January	5,920	4,362
Loans granted	-	2,934
Principal repayments	-	(927)
Interest charged (Note 11)	690	369
Interest repayments for the year	(764)	(391)
Foreign exchange differences	(634)	(177)
Expected credit loss movement	-	(250)
Balance at 31 December	5,212	5,920
Less current portion	(5,212)	(5,920)
Non-current portion	-	-

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

16. Loan receivable from associate (continued)

On 14 May 2020, Petrolia Noco AS (borrower) and Independent Oil & Resources Plc (lender and security agent) have signed a loan agreement. According to the loan agreement, the borrower can enter into any additional loans with any additional lender by entering into an accession letter, provided that 10 days prior notice is given to the lender and the security agent. During 2021, Petrolia SE through its branch Petrolia NUF (additional lender) has provided a loan to Petrolia Noco AS amounting to NOK 71,750,000 (USD 8,225,838). The loan balance as at 31 December 2024 was NOK 31,780,000. The loan bears an interest of 10% p.a and was repayable by 31 December 2024. The interest income for the year related to this loan is NOK 3,178,000 (USD 293,992) (2023: NOK 3,714,581 (USD 353,255)).

On 22 December 2023, according to a signed loan addendum, Petrolia SE and Independent Oil & Resources Plc mutually agree a new loan of NOK 75,000,000 (Petrolia SE to give NOK 30,000,000 and Independent Oil & Resources Plc to give NOK 45,000,000) and to become joint and several guarantors to remaining lenders for an additional loan amount of NOK 75.9 million. During 2023, Petrolia SE through its branch Petrolia NUF (additional lender) has provided a loan to Petrolia Noco AS amounting to NOK 30,000,000 (USD 2,934,129). The loan balance as at 31 December 2024 was NOK 30,000,000. The additional loan bears an interest of 13.2% p.a and was repayable by 31 December 2024. The interest income for the year related to this loan is NOK 3,960,000 (USD 366,334) (2023: NOK 165,000 (USD 16,224)).

The loans' repayment period for both loans have been renewed until 31 December 2025.

Within 2024, Petrolia SE through its branch Petrolia NUF (lender), according to a signed liquidity loan agreement, provided short term liquidity loans of total NOK 30,500,000 to Petrolia Noco AS (borrower). All loans have been fully repaid within 2024. The short term liquidity loans bear an interest of 13.2% p.a. The interest income for the year related to these loans is NOK 317,717 (USD 29,633).

The loans are repayable as follows:

	2024 USD 000	2023 USD 000
Within one year	<u>5,212</u>	<u>5,920</u>
	<u>5,212</u>	<u>5,920</u>

Loan is denominated in NOK.

Refer also to Note 13 to the consolidated financial statements.

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

There is no history of credit losses related to the loan. The management assessed that there is very little risk regarding its recoverability and that the related expected credit losses recognised amounting to USD 250,000 are not considered significant.

17. Trade and other receivables

	2024 USD 000	2023 USD 000
Receivables from related parties (Note 23.5)	705	804
Deposits and prepayments	13	24
VAT refundable	<u>4</u>	<u>14</u>
	<u>722</u>	<u>842</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

17. Trade and other receivables (continued)

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

18. Restricted cash

	2024 USD 000	2023 USD 000
Bank deposits	28	31
Less non-current portion	-	-
Current portion	28	31

Refer also to Note 16 to the consolidated financial statements.

19. Leases

The Company has an office rental agreement with a contractual lease term until 31 December 2023, with options to extend. During the year 2023, the Company has assessed that it was reasonably certain that the extension option will be exercised for three more years until 31 December 2026. Management exercises judgement in determining whether it is reasonably certain to continue to use the premises for additional periods after 31 December 2026. Management has assessed that the extension for additional optional periods is not reasonably certain and therefore these optional periods were not taken into account in the lease calculations. The incremental borrowing rate used in the calculation was 4.8%. The addition of one more year in the lease calculations will result in an increase in Right of use asset and lease liability by USD 48 thousand whereas the addition of two years will result in an increase of USD 102 thousand.

Set out below are the carrying amounts of right of use assets recognised and the movements during the year:

Right of Use Asset:

	2024 USD 000	2023 USD 000
Balance at 1 January	194	68
Additions	-	194
Depreciation charge for the year (Note 9)	(65)	(68)
Balance at 31 December	129	194

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Lease liability

	2024 USD 000	2023 USD 000
Balance at 1 January	194	68
Additions	-	194
Repayments	(71)	(68)
Interest expense (Note 11)	8	-
Exchange differences	(4)	-
Balance at 31 December	127	194
Less current portion	(62)	(74)
Non-current portion	65	120

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

20. Cash at bank

Cash balances are analysed as follows:

	2024 USD 000	2023 USD 000
Cash at bank	<u>1,746</u>	<u>1,733</u>
	<u>1,746</u>	<u>1,733</u>

Cash and cash equivalents by currency:

	2024 USD 000	2023 USD 000
Norwegian Krone	<u>1,324</u>	<u>1,277</u>
US Dollars	<u>236</u>	<u>297</u>
Euro	<u>186</u>	<u>159</u>
	<u>1,746</u>	<u>1,733</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

21. Share capital

	2024 Number of shares	2024 USD 000	2023 Number of shares	2023 USD 000
Authorised				
Ordinary shares of USD1 each	<u>272,358,670</u>	<u>27,236</u>	<u>272,358,670</u>	<u>27,236</u>
Issued and fully paid				
Balance at 1 January	<u>59,133,786</u>	<u>5,913</u>	<u>59,133,786</u>	<u>5,913</u>
Balance at 31 December 2024	<u>59,133,786</u>	<u>5,913</u>	<u>59,133,786</u>	<u>5,913</u>

Refer also to Note 17 to the consolidated financial statements.

22. Trade and other payables

	2024 USD 000	2023 USD 000
Trade payables	<u>96</u>	<u>150</u>
Social insurance and other taxes	<u>74</u>	<u>81</u>
Shareholders' current accounts - credit balances (Note 23.8)	<u>2</u>	<u>10</u>
Financial guarantee	<u>14</u>	<u>81</u>
Accruals	<u>155</u>	<u>120</u>
Payables to own subsidiaries (Note 23.6)	<u>12</u>	<u>123</u>
Payables to related parties (Note 23.6)	<u>1,727</u>	<u>4,053</u>
	<u>2,080</u>	<u>4,618</u>

In 2023, Petrolia Noco AS has paid to Petrolia SE the guarantee fee of NOK 850,000 (USD 83,134). During 2024, the amount was fully amortised. On 19 December 2024, based on an addendum signed, Petrolia Noco AS has paid to Petrolia SE the guarantee fee of NOK 162,500 (USD 14,561). The amount at year end represents the guarantee fee charged less cumulative amortisation for the year. During the year 2024, income from financial guarantee was recognised in the income statement amounting to USD 75,673 (2023: USD 1,807) (Note 11).

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

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31 December 2024

23. Related party transactions and balances

The Company is controlled by Berge Gerdt Larsen. For more details refer to Note 17 of the consolidated financial statements.

The following transactions were carried out with related parties:

23.1 Directors' and key management personnel remuneration

The remuneration of Directors was as follows:

	2024 USD 000	2023 USD 000
Directors' fees (Note 9)	99	96
Directors' and key management personnel remuneration (Note 10)	266	257
	365	353

	2024 USD 000	2023 USD 000
Director's fees		
George Hadjineophytou - Board member, Audit & Remuneration committees (re-elected on 31 May 2024)	52	49
Sjur Storaas - Board member, Audit & Remuneration committees (re-elected on 31 May 2024)	47	47
	99	96
Directors' and key management personnel remuneration		
Polycarpus Protopapas (27 November 2019), Managing Director, Cyprus	57	57
Solve Nilsen (1 October 2010), General manager of the Branch, Norway	187	198
Marios Tornaritis (1 December 2023), Finance manager, Cyprus	22	2
	266	257
Total Directors' and key management personnel remuneration	365	353

23.2 Management fees charged to related parties (Note 8)

	<u>Nature of transactions</u>	2024 USD 000	2023 USD 000
Subsidiaries and sub-subsidiaries	Trade	118	114
		118	114

23.3 Consultancy fees charged to related parties (Note 8)

<u>Name</u>	<u>Nature of transactions</u>	2024 USD 000	2023 USD 000
Petrolia Noco AS	Trade	44	44
		44	44

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31 December 2024

23. Related party transactions and balances (continued)

23.4 Dividend income

	2024 USD 000	2023 USD 000
Independent Oil Tools International (CY)	300	500
Venture Drilling AS	2,359	-
Petrolia Tool Pool AS	197	-
	<u>2,856</u>	<u>500</u>

23.5 Receivables from related parties (Note 17)

Name	2024 USD 000	2023 USD 000
IO & R Ltd	-	569
Petrolia AS	705	983
Petrolia Invest AS	-	15
Catch Holding BV	-	228
Petrolia Tool Pool	-	(194)
Less: Accumulated expected credit losses	-	(797)
	<u>705</u>	<u>804</u>

The receivables from related parties are interest free, and have no specified repayment date.

The accumulated ECL provisions were made in accordance with the relevant accounting policy. The accumulated ECL for the year amounted to USD nil (2023: USD 797 thousand).

Movement of Accumulated expected credit losses

	2024 USD 000	2023 USD 000
Balance at 1 January/31 December	797	797
Reversal of impairment for the year (Note 11)	(228)	-
Write off	(569)	-
Balance at 31 December	<u>-</u>	<u>797</u>

23.6 Payables to own subsidiaries and related parties (Note 22)

Name	Nature of transactions	2024 USD 000	2023 USD 000
Independent Oil Tools International (Cyprus) Ltd	Finance	12	123
Venture Drilling Limited	Finance	1,727	4,053
		<u>1,739</u>	<u>4,176</u>

The payables to related parties are provided interest free, and have no specified repayment date.

23.7 Loans receivable from associate (Note 16)

	2024 USD 000	2023 USD 000
Petrolia Noco AS	5,212	5,920
	<u>5,212</u>	<u>5,920</u>

PETROLIA SE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

23. Related party transactions and balances (continued)

23.8 Shareholders' current accounts - credit balances (Note 22)

	2024 USD 000	2023 USD 000
Berge Gerdt Larsen	<u>2</u>	<u>10</u>
	<u><u>2</u></u>	<u><u>10</u></u>

The shareholders' current accounts are interest free, and have no specified repayment date.

24. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2024 and 31 December 2023 other than financial guarantees disclosed in Note 22.

25. Commitments

The Company had no capital or other commitments as at 31 December 2024 and 31 December 2023.

26. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

AUDITOR'S





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Independent Auditor's Report

To the Members of Petrolia SE

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Petrolia SE and its subsidiaries (the "Group"), and the separate financial statements of Petrolia SE (the "Company"), which are presented in pages 12 to 80 and comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.



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Recoverability of investment in Petrolia AS, Impairment of property, plant and equipment and Recoverability of trade receivables

Recoverability of investment in Petrolia AS (Separate Financial Statements only)

The key audit matter

Investment in Petrolia AS with a carrying amount of USD 33,568 thousand as at 31 December 2024 represents 79% of the Company's total assets and 97% of the Company's investments in subsidiaries. An analysis of the investments in subsidiaries is presented in Note 14 of the Company's separate financial statements. Petrolia AS is the holding company of the energy service sub-group. The economic performance of the energy service sub-group was better than expected during 2024, and Management identified reversal of impairment indicators and proceeded to estimate the recoverable amount of the investment using a discounted cash flow model. As a result of the exercise performed, a reversal of impairment of USD 4,231 thousand was recognized during the year ended 31 December 2024. Management's assessment of the recoverable amount of the investment in Petrolia AS requires estimation and judgement around key assumptions used. Changes to key assumptions could lead to material changes in the estimated recoverable amount of the investment, thus impacting the amount of reversal of impairment recognized and/or leading to additional impairment.

Due to the significant balance of the investment in Petrolia AS and the estimation uncertainty involved in the assessment of its recoverable amount, we have considered this area as a key audit matter.

How the matter was addressed in our audit

In this area, among others, we considered management's identification of indicators of impairment or reversal of impairment. We also assessed the methodology used by management to estimate the recoverable amount of the investment in Petrolia AS and considered its consistency with IFRS Accounting Standards. We analyzed the key assumptions used in management's estimates of the recoverable amount of the subsidiary, such as its profitability and financial position, future cash flows and discount rates and concluded on its recoverability. In doing so, we also involved our internal valuation specialists for the review of methodology applied, discount factor and appropriateness of terminal period and growth rate. We also performed sensitivity analysis by stressing the key assumptions used in the management's discounted cash flow model and we checked the mathematical accuracy of the relevant calculations. We finally evaluated the relevance of the Company's disclosures regarding the impairment assessment of its investment in Petrolia AS and its recoverability.

Impairment of property, plant and equipment (Consolidated Financial Statements only)

The key audit matter

Property, plant and equipment with a total carrying amount of USD 15,435 thousand (Note 11) as at 31 December 2024 represent 24% of the Group's total assets. As at 31 December 2024, Group assessed whether indications of impairment exist considering internal and external factors. Impairment triggers were identified for property, plant and equipment located in Iraq due to the geopolitical situation in the Middle East. For these reasons, the Group subjected property, plant and equipment located in Iraq to an impairment test, as a result of which it recognized a total impairment loss of USD 754 thousand, relating to an impairment loss of USD 526 thousand regarding plant and USD 228 thousand regarding equipment. The recoverable amount was estimated based on value in use, which was based on a discounted cash flow model. No impairment indications were identified for property, plant and equipment of other locations.

We have considered this area as a key audit matter, due to the size of the property, plant and equipment on the Group's consolidated statement of financial position and the estimation uncertainty, complexity and subjectivity involved during the recoverable amount estimation process. The Group provides details on the impairment tests in Note 11 to the consolidated financial statements.



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Impairment of property, plant and equipment (Consolidated Financial Statements only) (continued)

How the matter was addressed in our audit

In this area, among others, we considered management's identification of indicators of impairment. We also assessed the methodology used by management to estimate the recoverable amount of property, plant and equipment located in Iraq and considered its consistency with IFRS Accounting Standards. Our audit procedures also included an assessment of the key assumptions and method used in the impairment testing of property, plant and equipment located in Iraq, focusing our assessment on the principal assumptions used, such as the discount rate, the expected trend in turnover, operating expenses and capital expenditure, and comparing them to historical data and internal budgets. In doing so, we have also involved our internal valuation specialists for the review of the discount rate used. In addition, we have tested the mathematical accuracy of the relevant impairment calculations. Further, we assessed the adequacy and completeness of the Group's disclosures as regards to the impairment testing.

Recoverability of trade receivables (Consolidated Financial Statements only)

The key audit matter

Trade receivables with a carrying amount of USD 13,035 thousand (Note 14) as at 31 December 2024 represent 21% of the Group's total assets and as at 31 December 2024 the accumulated allowance for expected credit losses ("ECLs") amounted to USD 3,752 thousand. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by both the Group and local management.

The determination as to whether a trade receivable is collectable involves management judgement. Key judgements and estimates in respect of the timing and measurement of ECLs include:

- The use of a general ECL provision matrix to calculate ECLs, determining the provision rates based on trade receivables ageing analysis and adjusting historical loss rates with forward-looking information, if necessary.
- The use by management of this information to determine whether any additional loss allowance for ECL is required for individual trade receivables in respect of the biggest customers with significant long outstanding balances.

We focused on this area because it requires a high level of management judgement and due to the size of the amounts involved. The accounting policy for provisions for ECLs of trade receivables is described in Note 2.3 and further analyzed in Notes 3, 14 and 23 to the consolidated financial statements.

How the matter was addressed in our audit

We focused on assessing the assumptions used to calculate the ECLs on trade receivables, notably through analyzing the provision matrix used for the collective assessment and the individual customer balances determined to be assessed individually, evaluating the reasonability of ECL rates and loss patterns. We also performed recalculations of ECLs. In our trade receivable ECLs evaluation, we also considered the results from other audit procedures such as the testing of a sample of sales transactions to supporting documents, obtaining trade receivable confirmations, and performing subsequent receipts testing of bank payments by customers. Furthermore, we assessed the appropriateness and completeness of the presentation and disclosures of trade receivables and related ECLs in line with the requirements of IFRS 9.

Reporting on Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, the Board of Directors' report on Corporate Social Responsibility and the Board of Directors' report on Corporate Governance, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated and Separate Financial Statements

The Board of Directors is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Requirements of Article 10(2) of the EU Regulation 537/2014

1. Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company and the Group on 30 November 2012 by the Board of Directors. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 13 years. In 2018, the Company conducted a tendering process and we were recommended for re-appointment.

2. Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated and separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 24 April 2025 in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and the Company which have not been disclosed in the consolidated and separate financial statements or the Management Report.

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Petrolia SE for the year ended 31 December 2024 comprising the XHTML file which includes the consolidated financial statements for the year then ended and XBRL files with the marking up carried out by the entity of the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and all disclosures made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 2024 that correspond to the elements of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the "ESEF Regulation") (the "digital files").

The Board of Directors of Petrolia SE is responsible for preparing and submitting the consolidated and separate financial statements for the year ended 31 December 2024 in accordance with the requirements set out in the ESEF Regulation.

Our responsibility is to examine the digital files prepared by the Board of Directors of Petrolia SE. According to the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order to examine whether the content of the consolidated and separate financial statements included in the digital files corresponds to the consolidated and separate financial statements we have audited, and whether the format and marking up included in the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.



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European Single Electronic Format (continued)

In our opinion, the digital files examined correspond to the consolidated and separate financial statements, and the consolidated and separate financial statements included in the digital files are presented and marked-up in all material respects, in accordance with the requirements of the ESEF Regulation.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated and separate financial statements.
- In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated and separate financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Avraam.



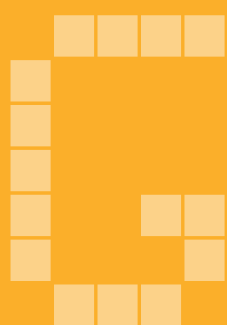
Andreas Avraam

Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 29 April 2025

corporate



THE BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

The Corporate Governance Policy of Petrolia SE ("Petrolia" or "the Company") addresses the responsibility and interaction between shareholders, the General Assembly, the Board of Directors ("the Board") and the executive management. The purpose of this document is to outline the current status of Petrolia's Corporate Governance Policy.

As Petrolia is listed on the Oslo Stock Exchange, it follows the Norwegian Code of Practice for Corporate Governance of 14 October 2021 (the "Code of Practice"). Adherence to the Code of Practice is based on a "comply or explain" principle, whereby companies will be expected to either comply with the Code of Practice or explain why they have chosen an alternative approach. The Code of Practice is published on www.nues.no/English.

Below is an account outlining how Petrolia has implemented the Code of Practice. This account follows the same structure as the Code of Practice and covers all sections thereof. Petrolia complies with the Code of Practice. Any deviations from the Code of Practice are discussed under the relevant sections. In addition to the Code of Practice, the Norwegian Accounting Act § 3-3 stipulates that companies must provide a report on their policies and practices for corporate governance either in the annual report or in a document referred to in the annual report. This report is integrated in this Corporate Governance statement.

The holding company Petrolia SE is domiciled in Cyprus and adheres to Cypriot law, consequently various associated policies can be subject to updates and revisions. Any updates and changes in the Company's Corporate Governance Policy will be published on www.petrolia.eu.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Petrolia believes that maintaining solid standards of Corporate Governance will improve the quality of discussions and work to be carried out by the corporate bodies. Sound Corporate Governance practice will strengthen confidence in the Company among shareholders, the capital market and other interested parties and thus contribute to value creation for the shareholders over time.

2. BUSINESS GOALS AND STRATEGY

Petrolia's business scope is clearly defined in the Company's Articles of Association, as follows: "The purpose of the Company is to conduct business within the areas of petroleum, shipping, offshore, transport, trade, industry and finance and other related areas and also participate as shareholder or otherwise in other businesses".

As of April 2025, the Company is described as follows in Stock Exchange Notices: Petrolia SE has two business segments: Energy division and Energy Service division and is listed on Oslo Stock Exchange under the ticker code PSE. The activity includes investments in Petrolia NOCO AS, an independent oil & gas company approved as a licensee and pre-qualified as an operator on the Norwegian Continental Shelf, and a group of leading rental equipment companies for the global oil industry.

The Company's core objective is to secure a competitive return on the invested capital of the shareholders in the longer term. In accordance with this purpose, the Board of Directors and management shall actively develop and control the Company and its assets.

Petrolia is under several obligations provided for in the relevant Cypriot and Norwegian laws and the laws of other jurisdictions in respect of the business operations carried out by the Company and its subsidiaries. The Board of Directors has formulated a Code of Ethics, implemented across the Company, based on corporate values and corporate social responsibility principles. The Code of Ethics summarises the Company's values and standards of behaviour in, among others, human rights, safety, security and the working environment. In addition, the Company has implemented a strict policy regarding Health, Safety, Security and Environment (HSSE).

3. EQUITY AND DIVIDENDS

Petrolia shall have a capital structure at a level appropriate to the Company's objective, strategy and risk profile. Dividend payments will depend on Petrolia's earnings, financial situation and cash flow. The possibility of further value creation through investments will also be taken into account. The Company's key targets for 2024 were to improve the Company's financial position,

to improve the profitability of the Energy Services division following the improved market and to develop Petrolia NOCO AS. Dividends to shareholders may be given on an ad hoc basis.

Authorisations granted to the Board of Directors to increase Petrolia's share capital or to purchase its own shares shall, as a general rule be restricted to defined purposes. At each Annual General Meeting, the shareholders shall have the opportunity to evaluate and consider the authorisations granted by the Board. Thus, the authorisations should be limited in time to no later than the date of the next Annual General Meeting. All authorisations not in compliance with these guidelines should be accounted for in the Annual Report.

As of 31 December 2024, the Company had equity of USD 43 million, representing an equity ratio of 68 per cent.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSELY RELATED PARTIES

Petrolia has one class of shares and all shares are equal in all respects. Each share in the Company carries one vote. All shares are freely transferable. No shareholder shall be treated unequally unless it is in the Company's and the shareholders' common interests. Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in Petrolia's share capital must be justified, and an explanation shall be appended to the agenda for the General Meeting.

Any transactions carried out by Petrolia in its own shares shall be made either through the stock exchange or, if carried out in any other way, at prevailing stock exchange prices. If there is limited liquidity in the Company's shares, the Company should consider other ways to ensure equal treatment of all shareholders.

At the Annual General Meeting on 31 May 2024 the Board of Directors was granted authorisations relating to acquiring its own shares and issuing up to 13,250,000 new shares (22.4%) waiving pre-emptive rights. The details of the authorisations are provided in the minutes to the Annual General Meeting,



published 31 May 2024 on the Company's website www.petrolia.eu.

5. FREELY NEGOTIABLE SHARES

The shares are listed on the Oslo Stock Exchange and are freely transferable. No form of restriction on negotiability is included in the Articles of Association of Petrolia.

6. GENERAL MEETING

Through the General Meeting the shareholders exercise the highest authority in Petrolia. General Meetings are convened by written notice to all shareholders with known addresses and a minimum of 21 days' notice. All shareholders are entitled to submit items to the agenda, meet, speak and vote at the General Meetings as is normally outlined in the summons to the General Meeting and as required by law.

Summons to general meetings, including supporting documentation on relevant items on the agenda, are made available on the Company's website no later than 21 days prior to the General Meeting. The Company's Articles of Association stipulate that documents pertaining to matters to be deliberated by the General Meeting shall only be made available on the Company's website, and not normally be sent physically by post to the shareholders unless required by law. In order to ensure that the General Meeting is an effective forum for the views of the shareholders and the Board of Directors, the Board shall ensure that the information distributed is sufficiently detailed and comprehensive as to allow the shareholders to form a view on all matters to be considered.

The Board of Directors shall take steps to ensure that as many shareholders as possible can exercise their rights by participating in General Meetings in Petrolia, for instance by setting deadlines for shareholders to give notice of their intention to attend the meeting (if any) as close to the date of the meeting as possible and by giving shareholders who are not able to attend the option to vote by proxy. To the extent practicable, the Board of Directors shall make arrangements for shareholders voting by proxy to give voting instructions on each matter to be considered at the meeting.

As it is a priority for the General Meeting to be conducted in a sound manner, with all shareholder votes to be cast, to the extent possible, on the basis of the same information, the Company has thus far not deemed it advisable to recommend the introduction of electronic attendance. The Company will contemplate the introduction of such arrangements on an on-going basis in view of, inter alia, the security and ease of use offered by available systems.

The General Meetings shall be organised in such a way as to facilitate dialogue between shareholders and the officers of the Company. Thus, the Board of Directors must ensure that the members of the Board and the chairperson of the nomination committee are present at all General Meetings. In addition, the Board of Directors shall make arrangements to ensure an independent Chair for each General Meeting, for instance by arranging for the person who opens the General Meeting to put forward a specific proposal for a Chair.

The Minutes of the General Meetings will be made available as soon as practicable on the announcement system of the Oslo Stock Exchange, www.newsweb.no (ticker: PSE), and on Petrolia's own web site, www.petrolia.eu.

7. NOMINATION COMMITTEE

In accordance with its Articles, the Company shall have a Nomination Committee. The committee shall present to the General Meeting a proposal, justifying each candidate, for candidates to be elected as members of the Board. The committee shall also propose to the General Meeting the Board members' remuneration. The Nomination Committee shall consist of three members who shall be elected by the General Meeting. The committee shall be independent of the Board and the management of the Company. The General Meeting shall set the committee members' remuneration. The General Meeting may adopt instructions for the Nomination Committee. The costs of the Nomination Committee shall be covered by the Company.

On 31 May 2024, Rob Arnott, Tove Kate Larsen and Andros Constantinou were elected as members of the Nomination Committee.

The work of the Nomination Committee is

regulated through Terms of Reference.

During this period, the Committee has undertaken several key initiatives, including Board Composition: We have reviewed the composition of the Board to ensure it reflects a diverse range of skills, experiences, and perspectives necessary for effective decision making. Our aim has been to maintain a balanced mix of expertise while promoting diversity and inclusivity. The Committee will be carrying out a detailed analysis of the skills and experience for each director, in line with the draft Director Diversity policy to be approved by the Board of Director during 2025.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Articles of Association stipulate that the Board of Directors shall consist of three to five directors elected by the General Meeting. According to the Articles of Association, the Board of Directors is appointed for one year by the General Meeting.

The Board of Directors comprised four directors as at 31 December 2024. The current composition of the Board of Directors is described in note 6 in the Petrolia SE Annual Report 2024. The Board shall attend to the common interests of all shareholders, and its members shall meet the Company's need for expertise, capacity and diversity. Attention should be paid to the fact that the Board of Directors can function effectively as a collegiate body. The Board shall consist of individuals who are willing and able to work as a team. Each member shall have sufficient time available to devote to his or her appointment as a director.

The Board of Directors has prepared a Board Diversity Policy with the purpose to set out the approach to diversity on the Board of Directors and Senior Management, which will be approved during 2025. The Board will consider all aspects on diversity when reviewing the composition and balance of the Board and when conducting the annual Board effectiveness review. The Board of Directors expect to progress on the Board members and senior management diversity in the near future.

The composition of the Board of Directors shall ensure that it can operate independently

of any special interests. Two of the four members of the Board are independent of the Company's executive management, material business contacts and main shareholder(s). The two independent members are George Hadjineophytou and Sjur Storaas. Polycarpus Protopapas is the Managing Director of the Company.

The Petrolia Group cannot, without the approval of the Board of Directors of Petrolia, buy consultancy services from a board member or from companies in which any board member is an owner, employee or otherwise has an interest.

Six board meetings were held during 2024, with a complete attendance among the board members.

All the directors are encouraged to hold shares in Petrolia, however not to an extent that can encourage a short-term approach that is not in the best interest of Petrolia and its shareholders. The shareholdings of the directors as at 31 December 2024 are set out in Note 17 to the consolidated financial statements.

9. THE WORK OF THE BOARD OF DIRECTORS

The proceedings and responsibilities of the Board of Directors have been laid down in written guidelines adopted by the Board of Directors. The main responsibilities of the Board of Directors are to:

- Lead Petrolia's strategic planning and make decisions that form the basis for the executive management to prepare for and implement investments and structural measures. The Company's strategy shall be reviewed on a regular basis;
- Ensure that all instructions given by the Board of Directors are complied with;
- Ensure that the Board of Directors are well informed about the Company's and the Group's financial position;
- Ensure the adequacy of the Company's executive management and issue instructions for its work in which the areas of responsibilities and duties are clearly defined, also with respect to the relationship between the executive management and the Board of Directors;
- Agree on dividend policy;
- Annually evaluate its work, performance, composition, expertise, and that of the

managing director (the "MD"). The evaluation of the Board's work should be made available to the Nomination Committee. The Board of Directors did not evaluate its own work in 2024;

- Ensure that a system of direction and internal control is established and maintained as to ensure that the Group activities are conducted in accordance with all rules and regulation applicable to the Group, Petrolia's Articles of Association, its corporate values and its ethical guidelines, as well as authorisations and instructions approved by the General Meeting. The internal control arrangements must address the organisation and implementation of the Company's financial reporting. The Board of Directors contributes its knowledge and experience to the Company and has frequent meetings with the executive management for updates on the recent developments.

The Chair of the Board of Directors carries a particular responsibility for ensuring that the Board of Directors performs its duties in a satisfactory manner and that the Board is well organised. The Board of Directors will elect a Deputy Chair who takes chair in the event that the Chair of the Board cannot or should not lead the work of the Board, including matters of a material nature in which the Chair has an active involvement.

The Board of Directors has appointed an Audit Committee. The committee, which is composed of Sjur Storaas and George Hadjineophytou, shall prepare the Board's follow up of the financial reporting process, monitor internal control and risk handling systems and communicate with the Group's auditor on a regular basis in connection with the preparation of the annual accounts. Furthermore, the committee shall assess the auditor's independence, in particular to which extent other services to the Group may jeopardise the independence. The Audit Committee held regular meetings in 2024 and in 2025 (up to 29 April 2025) and reviewed all interim reports prior to publication. The committee works closely with the auditor.

The Board of Directors has appointed a Remuneration Committee. The committee is composed of Sjur Storaas, Berge Gerdt Larsen and George Hadjineophytou.

The Managing Director is responsible for the day-to-day management of the Company. Furthermore, the Managing Director is

responsible for ensuring that the Company's accounts are in accordance with all applicable legislation, and that the assets of the Company are managed appropriately.

The Managing Director is appointed by the Board of Directors and reports to the Board of Directors. His or her powers and responsibilities are defined by detailed instructions adopted by the Board of Directors.

In the event of any material transactions between the Company and its shareholders, directors, members of the executive management or close associates of any such parties, the Board of Directors shall arrange for valuation to be obtained from an independent third party. The same shall apply to transactions between companies within the Petrolia Group where any of the companies involved have minority shareholders. All such transactions shall be reported by the Board of Directors in the Annual Report. The Company has established and operates guidelines to ensure that members of the Board of Directors and the executive management promptly notify the Board of Directors if they have any significant direct or indirect interest in any transaction entered into by the Company.

A disclosure of any related party transaction is presented in Note 24 in the Annual Report.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk management is primarily handled locally in each Group company in accordance with applicable rules and regulations. Internal control in the Group is performed through Group companies reporting to Petrolia on operational and financial risk factors related to accounting, operations and HSE. Key figures and information are reported on a monthly basis, enabling the Board to monitor the situation on a continuous basis throughout the year.

The most important risk factors applicable to the Group are thoroughly considered in connection with yearly budgeting. The Audit Committee reviews interim reports from the Group companies and reports to the Board. The annual accounts for all Group companies are audited by the Group's external auditor. The Company's risk management systems are described in Note 23 of this Annual Report.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration awarded to the members of the Board of Directors is determined annually by the General Meeting, based on the Board's responsibility, expertise, time commitment and the complexity of the operations of the Group. The Nomination Committee will propose the remuneration for approval by the General Meeting.

The remuneration is not linked to the Group's performance. No directors have been granted or will be granted share options, and no directors participate in the incentive programs available for the executive management and/or other employees.

More detailed information about the reward of individual directors in 2024 is provided in Note 6 to the consolidated financial statements for the Group.

No members of the Board of Directors (or companies with which they are associated) shall take on specific assignments for the Group, in addition to their appointment as director unless instructed by the Board. If such assignments are taken on, they shall be disclosed to the full Board, and the remuneration shall be approved by the Board. Further, all remuneration paid to each of the directors shall be described in the Annual Report. Such description shall include details of all elements of the remuneration and benefits of each member of the Board and any remuneration paid in addition to normal director's fees. Details regarding Polycarpus Protopapas' remuneration are disclosed in Note 6 to the consolidated financial statements.

12. REMUNERATION OF EXECUTIVE MANAGEMENT

The Managing Director's remuneration shall be determined by a convened meeting of the Board of Directors and the Board has adopted guidelines for the reward of executive management.

Remuneration for the other members of the executive management is determined by the Managing Director and Chair of the Board in accordance with guidelines provided by the Board of Directors. The guidelines are annually communicated to the General Meeting and included in the Annual Report together

with detailed information on all elements of the remuneration. The General Meeting shall be informed of any changes made during the last year.

The Company has no bonus schemes or incentives in place. As of 31 December 2024, executive management held common shares in the Company following the rights issue offered to key employees and the Board of Directors on 2 September 2011, in addition to shares and options bought in the market. Details regarding management remuneration can be found in Note 6 to the consolidated financial statements.

13. INFORMATION AND COMMUNICATION

Petrolia will ensure that the shareholders receive accurate, clear, relevant and timely information related to all matters of significance to shareholders. All information is published in a way ensuring simultaneous and equal access for all equity shareholders:

- Each year, Petrolia publishes a Financial Calendar detailing key events.
- Information to shareholders is distributed through stock exchange notices and/or on www.petrolia.eu. To the extent required by law, information is also sent by regular post to shareholders.
- All information is available in English, and, when required, Norwegian.

The Board of Directors has adopted guidelines for the Company's reporting of financial and other information that is based on openness, equal treatment of all shareholders and participants in the securities market, and restrictions imposed by law. The guidelines also include instructions on the internal treatment of market sensitive information and insider trading instructions and for the Company's contact with shareholders other than through General Meetings.

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To increase the share liquidity, the Company aims to increase the investor activities going forward, in addition to attending industry conferences.

14. TAKE-OVERS

The Company's objective is to create shareholder value and the Board of Directors and the executive management will not seek to hinder or obstruct takeover bids for the

Company's shares or activities unless there are good reasons for this. In the event of any possible takeover or restructuring situation, the Board of Directors will take particular care to protect shareholder value and the common interests of all shareholders. The Board of Directors will not exercise mandates or pass any resolutions to obstruct the takeover bid unless approved by the General Meeting following announcement of the bid. In a takeover situation, the Board of Directors will issue a recommendation to the shareholders and arrange a valuation from an independent expert.

Any transaction, which is in fact a disposal of the Company's activities, should be decided by a General Meeting.

15. AUDITORS

Petrolia's auditor is Ernst & Young Cyprus Limited.

The auditor is elected by the General Meeting and shall report to the General Meeting.

Excessive non-auditing work assigned to the auditor may jeopardise his position and diminish the public confidence in the auditor's integrity and independence from Petrolia.

The primary task of the auditor shall be to perform the audit work required by law and professional standards with the care, competence and integrity prescribed by law or said standards. The auditor will submit the main features of the plan for the audit to the Board of Directors annually. Further, the Board of Directors will receive an annual written confirmation from the auditor that the requirements of independence and objectivity have been met. The auditor shall also at least once a year present to the Board of Directors a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The auditor will participate in any meetings of the Board of Directors that deal with the Annual Accounts. At these meetings, the auditor shall review material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the Company. At least once a year, the Board of Directors shall have a meeting with the auditor in which

no member of the Executive Management is present. The Audit Committee will adopt guidelines in respect of the use of the auditor by the Company's Executive Management for services other than audit. Each year, the auditor shall provide the Board with a summary of all services in addition to audit work which have been undertaken for the Company. The Board of Directors must report the remuneration paid to the auditor at the Annual General Meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

■ ■ ■ PETROLIA SE: 205 Christodoulou Chatzipavlou Street, Loulloupis Court, 4th floor, office 401, 3036 Limassol, CYPRUS

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