



Report of the Board of Directors for 2021.

Message to the Shareholders.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the 45th Annual Report and consolidated financial statements to the Shareholders of IPG for the year 2021.

A surge in Covid cases in the early part of the 2021 slowed the expected recovery in global oil demand. Benchmark Crude oil prices plunged, inflation and economic growth weighed on the market making it difficult to predict. Strong competition continued, and the year passed through a challenging business environment. Even so, IPG's performance during 2021 was quite satisfactory.

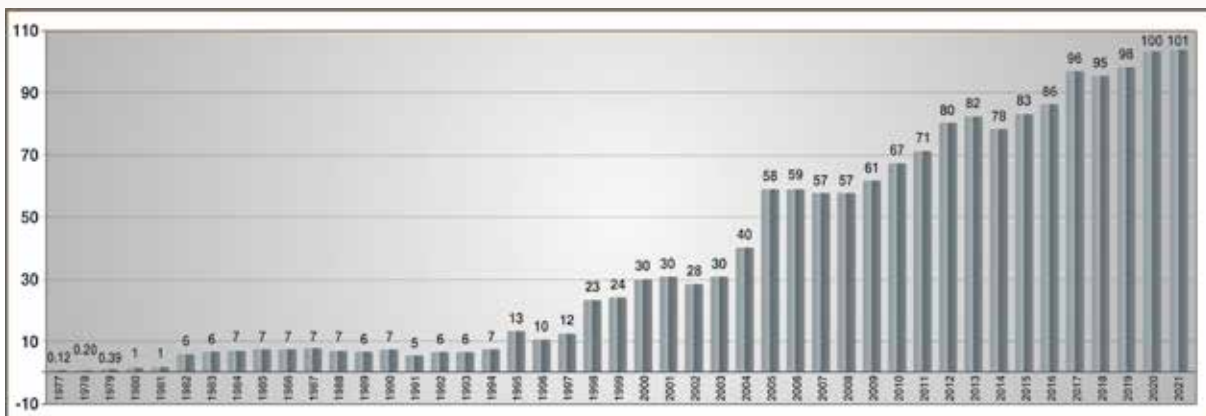
Crude Oil prices fluctuated from a high of 86.70 dollars a barrel to a low of 50.56 dollars per barrel. Sharp fluctuations in prices were not uncommon during 2021 and IPG was able to maintain its approach of minimizing risk and improving margins. No major setbacks were faced during the year.

IPG's performance during 2021 was commendable enabling it to outperform the budgeted volume of 5.2 million tons in the plan by about 200 thousand tons.

The Board of Directors express their thanks and appreciation to all concerned for their confidence, hard work and commitment to IPG.

In so doing, IPG was able to achieve a net profit of 7.194 "Million KD, equivalent to 39.79 Fils per share. The increase of profit is about 4.6% compared to 2020.

IPG's Equity Movement (KD Million)





Marketing:

IPG was able to market about 5.4 million tons in 2021 compared to 4.2 million tons in 2020. Core markets in Red Sea and Euro-Med region gained momentum and achieved considerable increase in sales volume in 2021. Despite adverse market conditions and strong competition, IPG continued to trade in its key region including the Middle East and East Africa while at the same time achieve improvements in volumes.

Summary of pursuits:

- (a) **Trading activities in the Arabian Gulf and Red Sea region.**
Traded volumes in the Arabian Gulf and Red Sea region recorded a quantity close to 3.17 million tons. This represented about 59% of IPG's total volumes.
- (b) **Trading activities in East Africa.**
Nearly 650 thousand tons were shipped to East Africa. This represented about 12.0% of total volumes.
- (c) **Trading activities in Euro-Med region.**
Euro-Med region ranked second in sales with about 1.5 million tons of product traded. It accounted for about 28% of the total volumes.
- (d) **Trading activities in India/Far East.**
Restructuring of activities in the Far East region is still on going.
- (e) **Storage of Petroleum Products.**
IPG continued to utilize its storage capacities in Mozambique and Morocco to enhance its marketing activities. Total volume of products stored by IPG in these oil terminals were about 1.52 million cubic meters in 2021. Storage capacities in other locations were utilized by other customers and is continuing for the next year.



Shipping:

Product tankers have had a difficult and volatile year with extraordinary peaks and troughs in earnings. Due to unprecedented cuts in oil production, growing fleets and rising bunker prices kept earnings low.

MR (Medium Range) tankers average earnings for all regions worldwide was about USD 8,687 per day, while the average IPG fleet earning was USD 11,967 per day. One of our vessels was on Time Charter resulting in NIL idle time and reduced demurrage costs due to prolonged periods at disports resulting in high Time Charter Earnings as compared to those of a regular voyage.

Cargo volumes have been limited across the board due to reduced exports from the Middle East and China, as the major refinery hubs entered their seasonal maintenance period, thus lowering overall output.

Global oil demand is expected to continue recovering, although the spread of the Delta variant has slowed the pace of recovery and the emergence of the Omicron variant may exacerbate this situation with many countries restoring restrictions.

Growth in refinery capacity in the Middle East and parts of Asia are expected to be drivers of products export flows as the demand recovery takes hold, while smaller and older refineries, particularly in OECD countries, are expected to see further permanent closures. The positive news is deliveries of new buildings of all sizes of products tankers from LR2s down to Handy size vessels is expected to decline in 2022 and fleet growth is expected to fall to a very low level. Also scrap values now are almost double to what they were a year ago. Should the weak freight market continue, we can expect the current scrapping levels to continue well into 2022. The afore-mentioned developments are projected to lead to a recovery in the products tanker market rates.



Risk Management:

The Risk Team perform key functions in assisting all Marketing activities of IPG. The team assists the Marketing desk in analyzing fundamental and technical views of the oil market supply and demand globally. RMT coordinate with the trading desk to provide inputs on pricing advantage, forward curves, and market structure to help in trading positions. RMT's primary function is risk control and in monitoring Marketing positions of IPG. The team ensures that the IPG Hedge Policy and Trade Guidelines are followed.

Business Development & Projects:

In line with IPG's Corporate Strategy and its endeavour to support IPG's trading operations, the Business Development & Projects Department (BD) followed up with improvements of existing terminal facilities and the development of new projects. BD has been actively involved in the project management of the new

terminal facilities in the Port of Beira and Matola in Mozambique as well as developing a facility for Bottling & Distribution for LPG in Matola.

In addition to the development of projects, BD provided information and analytical support to assist with the project finance process by actively working with international, regional and local financial institutions for securing long term project financing in multiple currencies at competitive terms and conditions. Meanwhile, BD is exploring different cooperation models with its strategic partners to augment its business growth and development of strategic markets.



Finance & Treasury:

The finance department continues to provide the full support to the group to meet the financial liquidity requirements of its international operations and to support the participation for its international oil bids to supply the group's customers with a competitive and flexible pricing of petroleum products.

As part of its strategy, the department continues to establish new relationships with new banks locally and internationally to obtain additional funding required at a competitive rate to meet current and future financial needs.

Human Resources:

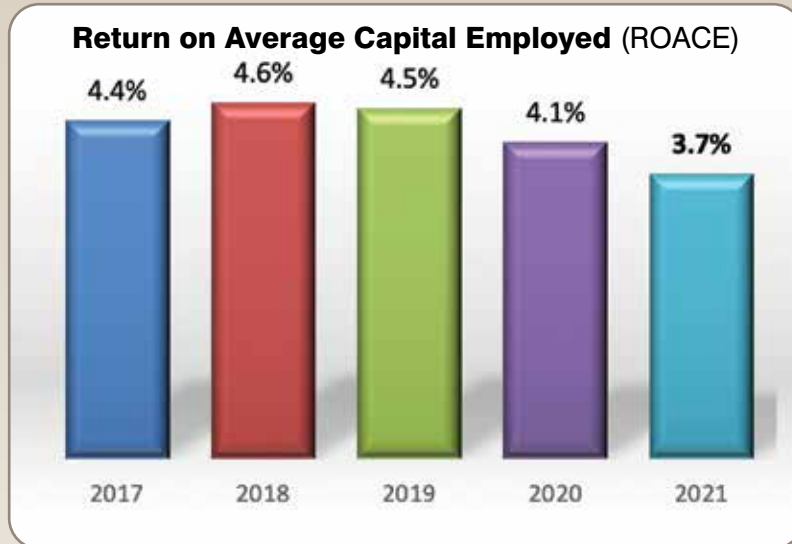
IPG remains committed to increasing the employment of Kuwaitis to achieve its long terms goals. During 2021, nine (9) new employees were recruited, bringing the total number of staff to 146 and by the end of the year, the percentage of Kuwaitis reached 17% of the total workforce.

Information Technology:

IT overhauled our network and communication systems during 2021. Such enhancements aim to provide our employees with the necessary tools to improve work efficiency and increase productivity.

Legal:

The Legal Department ensured that the Company followed sound guidelines in its commercial activities. IPG retains the services of top tier law firms to assist in carefully implementing its contracts and for any legal advice. Despite the impact of Covid 19 on international trade, the Legal Department managed to run IPG's legal issues smoothly, without affecting IPG's business.



The Board of Directors approved the audited financial statements as of 31 December 2021 and decided to recommend the below:

- 1 - Cash dividend of 30 Fils per share in the total amount of KD 5,424,000 (KD Five Million Four Hundred Twenty Four Thousand) for the year ended 31/12/2021 to the registered shareholders on the date of GAM set for at least 8 working days after the GAM meeting date. The Board of Directors is authorized to change those dates if necessary.
- 2- Approving the remuneration to the Board of Directors for the financial year ended 31/12/2021 amounting to KD 80,000 (KD Eighty Thousand).

Where these recommendations are subject to approval by the competent official authorities and ordinary General Assembly.

It is a great pleasure to announce that IPG's performance during 2021 was highly commendable and I would like to take this opportunity to thank everyone who contributed to IPG's strong performance.

On behalf of The Board of Directors I would like to express our thanks and appreciation to all shareholders for their confidence and to the employees for their hard work and commitment to IPG.

Ali M. Al-Radwan
Chairman of the Board of Directors

IPG's Subsidiary, Joint Venture and Associate Companies (brief of operating facilities and latest developments)

1. D&K Holdings (L.L.C.) – UAE: (IPG share 100% - Subsidiary Company)

D&K Holdings LLC is the shipping arm of IPG. The company owns and operates 3 petroleum product vessels which are fully utilized by IPG. The D&K fleet will provide IPG with the required strategic controlled tonnage coverage.



2. Asia Petroleum Limited (APL) – Pakistan: (IPG share 12.5% - Associate Company)

APL owns and operates an 82 Kilometer petroleum products pipeline (including a pumping station and storage facility) in Pakistan. The pipeline runs from Zulfiqarabad terminal at Pipri, Karachi to Hub, Baluchistan to transport Fuel Oil for HUBCO Power Plant. The facility was constructed at a total capital cost of US \$100 million.

Other Shareholders are:

- Pakistan State Oil (PSO)
- Asia Infrastructure Ltd of Singapore (AIL)
- VECO International of USA (VECO)





3. **Uniterminals – Lebanon: (IPG share 50%- Joint Venture Company)**

Uniterminals markets petroleum products to wholesale buyers in Lebanon. It owns and operates a petroleum product storage terminal with a capacity of 74,000 m³. It has a paid-up capital of US \$16.7 million. By Shareholding, IPG's capacity is 37,000 m³.

Other shareholder is:

- Unihold SAL, Lebanon



4. **Horizon Djibouti Holdings Limited (HDHL) – Djibouti:** *(IPG share 22.22%- Associate Company)*

HDHL owns 90 % of the Horizon Djibouti Terminals Limited (HDTL), with the remaining (10%) owned by Govt. of Djibouti. HDTL owns and operates an independent storage terminal for petroleum products, LPG, chemicals, and edible oils with a storage capacity of 371,000 m³ constructed at a capital cost of US \$100 million. By Shareholding, IPG's capacity is 74,200m³.

Other shareholders are:

- Horizon Terminals Limited (HTL)
- Net Support Holdings Limited (NSHL)
- Essense Management Limited (EML)



5. Inpetro SARL, Beira – Mozambique:
(IPG share 40% - Associate Company)

Inpetro owns and operates petroleum products storage terminal in Port Beira, Mozambique with a storage capacity of 95,000 m³ constructed at a total capital cost of US \$26 million. By Shareholding, IPG's capacity is 38,000 m³.

Other Shareholders are:

- PETROMOC – National Oil Company of the Republic of Mozambique
- NOIC - National Oil Infrastructure Company of Zimbabwe (Pvt.) Limited



6. Arabtank Terminals Ltd (ATT), Yanbu – Kingdom of Saudi Arabia:
(IPG share 36.5% - Associate Company)

ATT owns and operates a storage facility of 288,300 m³ of which 223,500 m³ is for petroleum products and 64,800 m³ is for chemical products with a total capital cost of US\$ 74 million along with a pipeline connection (three 16" lines) to Samref Refinery, Yanbu. Also, the facility is connected to Farabi Petrochemical Company for intermediate storage of chemical products. By Shareholding, IPG's capacity is 105,230 m³.

Other Shareholders are:

- Emirates National Oil Company (ENOC)
- Saudi Arabian Refining Company (SARCO)





**7. Horizon Singapore Terminals Pty. Ltd. (HSTPL)– Singapore:
(IPG share 15%- Associate Company)**

HSTPL owns and operates an independent petroleum storage terminal with a storage capacity of 1.2 million m³ and four jetties at a capital cost of US\$ 299 million. By Shareholding IPG's capacity is 186,750 m³.

Other Shareholders are:

- Horizon Terminals Limited (HTL)
- Boreh International Limited (BIL)
- South Korea Energy Asia Pte. Limited (SK)
- Martank BV (MBV)



**8. Vopak Horizon Fujairah Limited (VHFL) – UAE:
(IPG share 11.11% - Associate Company)**

VHFL owns and operates an independent petroleum products storage terminal in Fujairah, U.A.E. with a storage capacity of 2.6 million m³ including marine facilities with 4 berths and one single point mooring (SPM), at a total capital cost of US\$ 505 million. By Shareholding, IPG's capacity is 289,860 m³.

Other Shareholders are:

- VOPAK Oil Logistics Europe & Middle East B.V. of Netherlands (VOPAK)
- Horizon Terminals Limited (HTL)
- The Government of Fujairah



**9. Horizon Tangiers Terminals SA (HTTSA) – Morocco:
(IPG share 32.5% - Associate Company)**

HTTSA owns and operates a storage and bunkering terminal of 533,000 m³ for clean and black petroleum products at Port Tangiers, Morocco under a 25-year Concession Agreement with TMPA (Tanger Med Port Authority). The capital cost of the terminal is € 140.5 million. By

Shareholding, IPG's capacity is 173,225 m³.

Other Shareholders are:

- Horizon Terminals Limited (HTL)
- Afriquia SMDC



**10. Galp-IPG Matola Terminal Limitada (GIMTL), Matola, Mozambique:
(IPG share: 45% - Associate Company)**

GIMTL owns and operates a hydrocarbon storage facility (Liquid & LPG) in the Port Matola Mozambique for a capacity of 66,000 m³ along with other logistical facilities such as, loading gantries, access to Jetty, road, rail, etc. By Shareholding, IPG's capacity is 29,700 m³.

Other Shareholders are:

- Petrogal Mozambique Lda, (part of Galp Energia SGPS, SA, Portugal)
- SPI – Gestão e Investimento, S.A.R.L.

**11. IPG-Galp Beira Terminal Limitada (IGBTL), Beira, Mozambique:
(IPG share: 45% - Associate Company)**

IGBTL owns and operates a hydrocarbon storage facility in the Port Beira Mozambique, for a capacity of 65,000 m³ along with other logistical facilities such as, loading gantries, access to Jetty, access to CPMZ pipeline, etc. By Shareholding, IPG's capacity is 29,200 m³.

Other Shareholders are:

- Petrogal Mozambique Lda, (part of Galp Energia SGPS, SA, Portugal)
- SPI – Gestão e Investimento, S.A.R.L.

12. Independent Petroleum Mozambique Limitada (IPM) - LPG Bottling & Distribution Facility: (IPG share 100% - Subsidiary Company)

IPM is setting up a state-of-art Bottling & Distribution Facility for LPG Cylinders in Matola, Mozambique. The facility is expected to have bottling capacity of 5,000 bottles per day along with a captive storage of 400 m³ for bulk LPG with other facilities. The project is expected to be commissioned by Q1 of 2022.

