



Report of the Board of Directors for 2022

Message to the Shareholders.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the 46th Annual Report and consolidated financial statements to the Shareholders of IPG for the year 2022.

2022 was marked by a sudden and unexpected war between Russia and Ukraine directly impacting on energy supplies and food. The oil markets faced difficult challenges due to sanctions leading to higher prices and concerns over supplies. Inflation and economic growth weighed on the markets. As the war continues, forecasting future direction has become a difficult task.

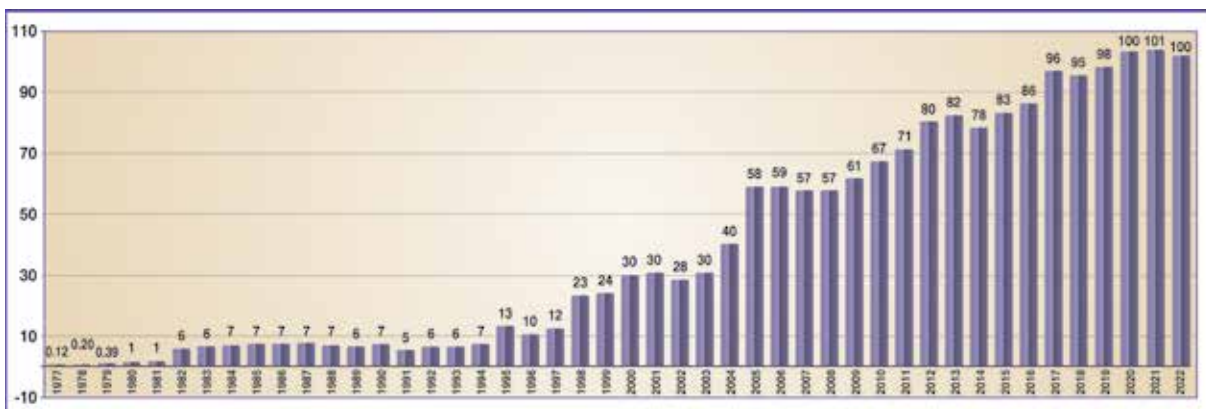
Nevertheless, 2022 was another successful year for IPG, generating solid revenues. Performance figures during 2022 reveal a net profit of 7.656 million KD, equivalent to 42.35 fils per share, therefore the profit increased to about 6.42% over that of the year 2021.

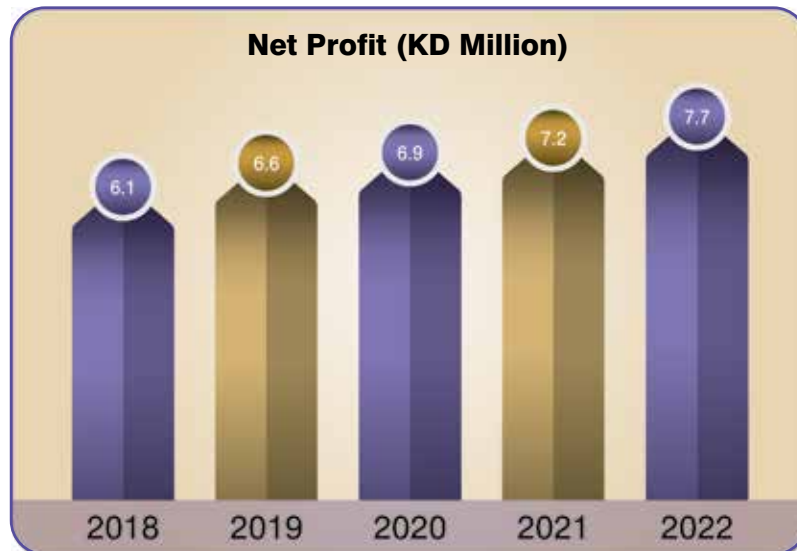
Crude Oil and petroleum products prices fluctuated continuously during 2022 due to the ongoing war causing constraints on Finance and Marketing. However, these were overcome with care and guidance provided by IPG Management.

I would like to take this opportunity to thank everyone who contributed to IPG's strong performance from our shareholders to staff members and to all sectors associated with the Group.

The policies and regulations governing the Corporate Governance continued by the Board of Directors. The attached Corporate Governance report highlights the achievements of the year 2022. The Board of Directors express their thanks and appreciation to all shareholders for their confidence and the employees for their hard work and commitment to IPG.

Equity Movement since inception (KD Million)





Marketing:

IPG marketed about 4.86 million tons of petroleum products in 2022 compared to 5.35 million tons in 2021. Despite adverse market conditions and strong competitions.

Trading activities in the Arabian Gulf and Red Sea region:

Sales in the Arabian Gulf and Red Sea region recorded a quantity close to 1 million tons. This represented about 20.6% of total Sales volumes.

Trading activities in East Africa

IPG shipped over 2 million tons of products to East Africa. This represented about 41% of total Sales volume and ranked highest in sales volumes.

Trading Activities in Euro- Med region.

Euro-Med region ranked second in sales with about 1.7 million tons of product traded. It accounted for about 35 % of the total Sales volumes.

Storage of petroleum Products:

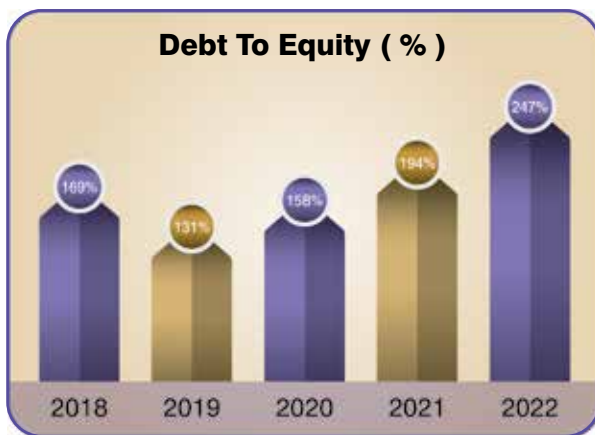
IPG continued to utilize its storage capacities in Mozambique and Morocco to enhance its marketing activities. Total volume of products stored by IPG in these oil terminals were about 1.5 million cubic meters in 2022. IPG Storage capacities in other locations were utilized by other customers.



Shipping:

2022 provided Tanker owners an increase Time Charter Equivalent (TCE) earning that has not been seen since 2008, mainly due to the Russia – Ukraine conflict.

The volatile market, the geopolitical tension, the changes of the flow of trade, opening Arbitrage movements, the demand in areas that used to source from Russia, the ease of COVID restrictions, all contributed to big swings for product tanker rates . 30 percent of IPG’s liftings in 2022 were by its own vessels.



RMT

The Risk Management Team continued its task to provide all hedging requirements needed by Marketing. It also gave analysis of fundamental and technical views of the oil market including pricing advantages, forward curves, and market structure to help in trading positions. RMT is also involved in the yearly budget planning to keep track of the company’s performance year on year. RMT’s primary function is risk control and monitoring marketing positions of IPG to ensure that the hedge policy and trade guidelines are followed.

Business Development & Projects Department

Heading with IPG’s Corporate Strategy and in its endeavour to find growth opportunities and generate long-term value while supporting IPG’s trading operations, the Business Development & Projects Department (BD) in 2022 followed up with improvements of existing terminal facilities and the development of new projects in strategic markets. BD is actively involved in the tank conversion with associated pipeline logistics in Yanbu-KSA as well as streamlining the operations of new terminal facilities in the Port of Beira & Matola in Mozambique and developing a facility for Bottling & Distribution for LPG in Matola, Mozambique. The LPG Bottling & Distribution plant in Matola, Mozambique was commissioned in May 2022 and has the capacity to fill 5000 LPG bottles per day.

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 to secure long term project financing .In addition, BD is exploring different cooperation models with its partners to augment its business growth and development of strategic markets.



Finance & Treasury:

The Finance Department continues to provide support to the group to meet the financial requirements to its international operations.

As part of its strategy, the department continues to establish new relationships with new banks locally as well as internationally to meet additional funding required at competitive rates.

Human Resources

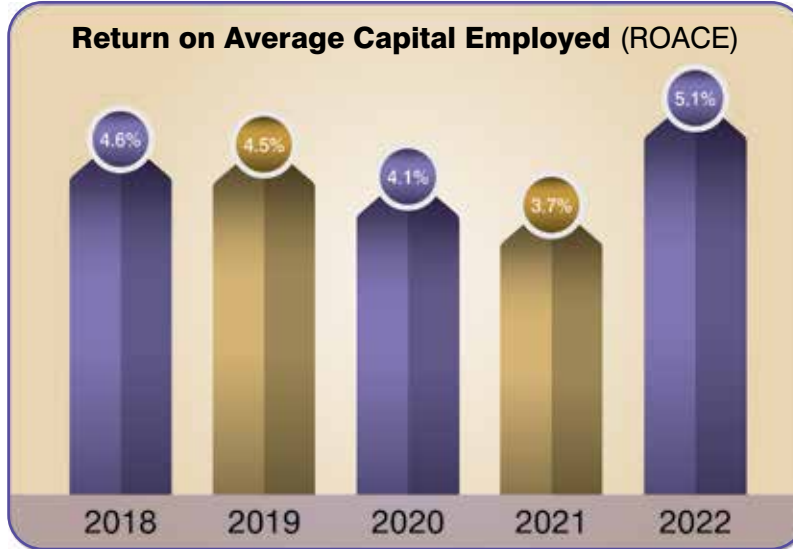
IPG remains committed to increasing the employment of Kuwait to achieve its long terms goals. During 2022, thirty-one (31) new employees were recruited, bringing the total number of staff to 168 and by the end of the year, the percentage of Kuwaitis reached 19% of the total workforce.

Information Technology

Through its continuous efforts to improve work efficiency and increase productivity, the IT Department upgraded all necessary network, security and infrastructure Hardware and Software to the latest Up-To-Date compatible versions.

Legal

During 2022 and amidst a number of challenges, the Legal Department was successful in dealing with disputes and lawsuits involving the Group's operations worldwide. The Department adopted the best practices available in the legal sector in order to secure the required legal protection to the Group. The Department also contributed in providing sound legal advice to all departments of the Group.



The Board of Directors approved the audited financial statements as of 31 December 2022 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 31/12/2022 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 31/12/2022 amounting to KD 100,000 (KD One hundred 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 2022 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.

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. 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. By Shareholding, IPG's capacity is 74,200 m³.

Other shareholders are:

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



5. **Inpetro SARM, 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. 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 along with a pipeline connection (three 16" lines) to Samref Refinery (Aramco/Exxon) in 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. 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). 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).

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) (IPG share 100% - Subsidiary Company)

IPM owns and operates a state-of-art Bottling & Distribution Facility for LPG Cylinders in Port Matola, Mozambique. The facility has a bottling capacity of 5,000 bottles per day along with a captive storage of 400 m³ for bulk LPG with other facilities.

