

Report of the Board of Directors for 2023

Message to the Shareholders.

Dear Shareholders,

On behalf of the Board of Directors of the Independent Petroleum Group Company K.S.C.P., I am pleased to present the 47th Annual Report and consolidated financial statements to the Shareholders of IPG for the year 2023.

The challenges due to sanctions over the continued war in Ukraine have led to various concerns over shipping and international oil prices and supplies. The unrest and the political situation in the Middle East added another dimension to the situation, initially increasing prices. However, uncertainty over economic growth and inflation overall led to softening of prices in the latter half of the year.

Nevertheless, the year 2023 was another successful year for IPG, as the Group achieved good revenues that reflect its business operations during this period. The Group's net profit during this year amounted to 7.818 million KD, equivalent to 43.24 fils per share. This number shows a noticeable increase compared to the year 2022, therefore the profit increased to about 2.12% over that of the year 2022, which reflects the success and excellence achieved by the Group during this period.

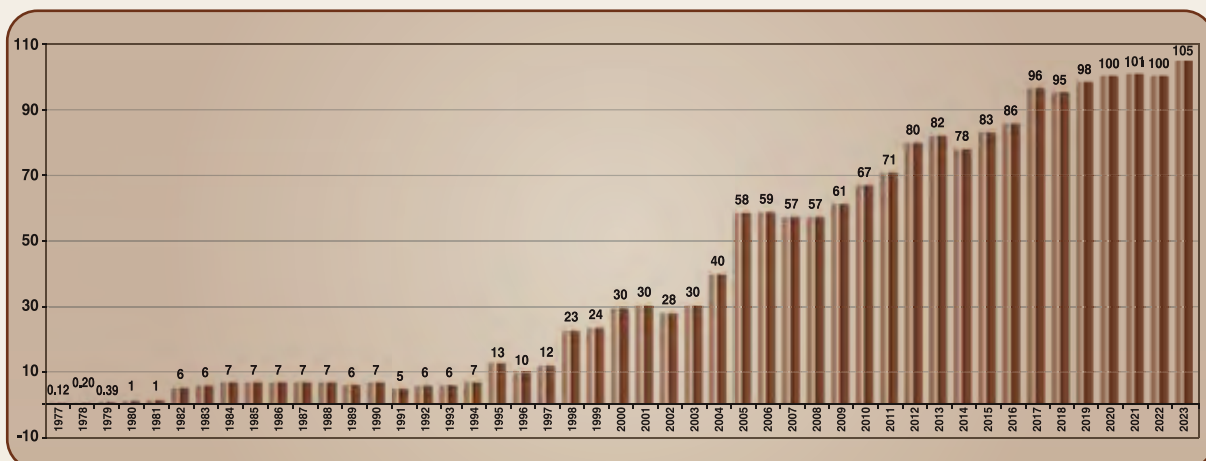
The Group continued to provide the necessary liquidity and financing for its operations through local and international banks, and through this it was able to confront the challenges of price fluctuations.

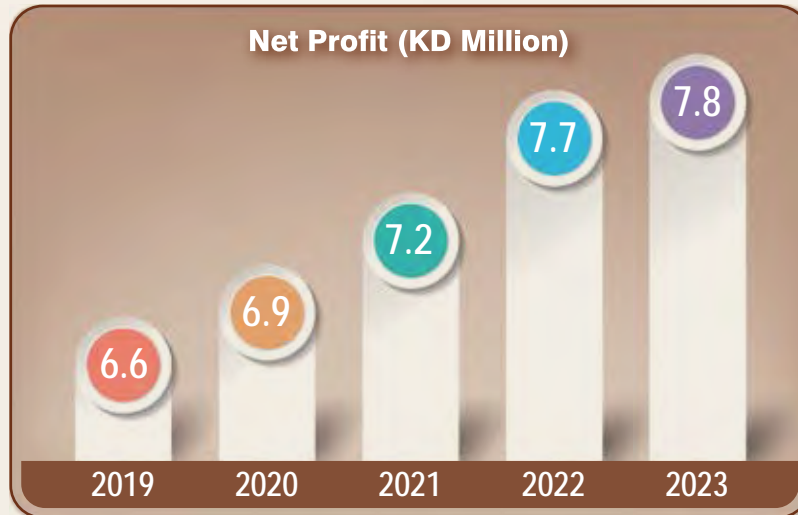
The policies and regulations governing Corporate Governance continue to be followed by the Board of Directors. The attached Corporate Governance report highlights the achievements of the year 2023.

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 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 3.8 million tons of petroleum products in 2023 compared to 4.9 million tons in 2022. Our concentrations were in our key markets such as East Africa, North Africa, Middle East, and Red Sea. Despite adverse market conditions and strong competition, IPG managed to trade in its key regions while at the same time achieved improvements in margins.

IPG continued its strong and fairtrade relations with the National Oil Companies and Major Oil Companies, thus strengthening our ties with trading partners and expanded its presence in strategic areas. Efforts continued to make a stronger position in weaker market areas and recapture other areas of our trade.

IPG shipped nearly 1.75 million tons of products to Arabian Gulf and Red Sea region. This represented about 46% of total sales volume and ranked high in sales. The Euro-Med region ranked second in sales with about 1.3 million tons of products traded. It accounted for about 34% of the total sales volume. Sales in the East Africa region recorded a quantity close to 0.78 million tons. This represented about 20% of total sales volumes.

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 1.25 million cubic meters in 2023. Storage capacities in other locations were utilized by other customers and will continue for the next year.

Trading activities in the Arabian Gulf and Red Sea region:

Sales in the Arabian Gulf and Red Sea region recorded a quantity close to 1.75 million tons. This represented about 46% of total sales volumes and ranked high in sales.

Trading Activities in Euro- Med region.

The Euro-Med region ranked second in sales with about 1.30 million tons of product traded. It accounted for about 34% of the total sales volume.

Trading activities in East Africa

IPG shipped nearly 0.78 million tons of products to East Africa. This represented about 20% of total sales volume.

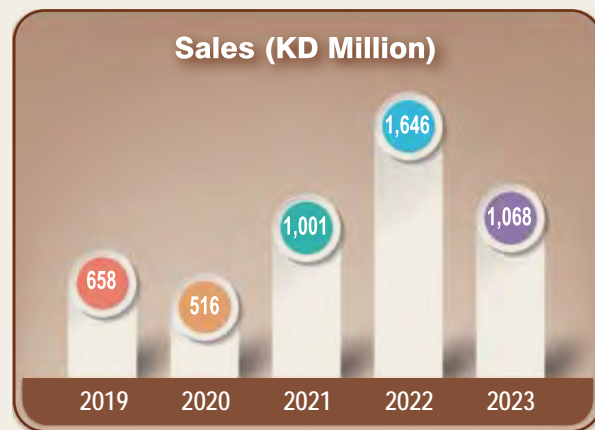
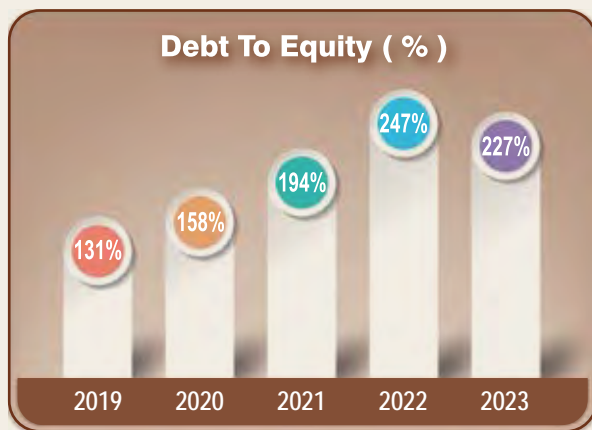
Shipping:

2023 has been a turbulent year for the oil and tanker markets, with robust earnings for all sectors owing to strong demand growth and tight supply caused by geopolitical and climate related events.

During February, the introduction of the European and US embargo on Russian refined products capped the upside for tankers throughout 2023.

In October, the Middle East unrest events had an impact on freight rates especially in the Red Sea due to reluctance of some owners to call Red Sea ports causing shortage of tonnage and increase in freight rates.

We have optimized in using our owned vessels for our own cargos, especially in the Red Sea trade. 28% percent of IPG's liftings in 2023 were by its own vessels.



Risk Management:

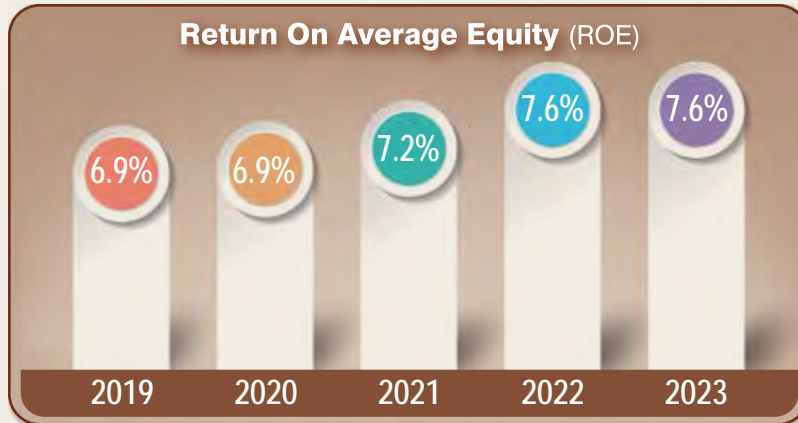
The Risk Management Team (RMT) at IPG plays a crucial role in supporting marketing activities. The team coordinates with the trading desk to strategically hedge cargos as per the hedge policy, securing margins despite market volatility.

Collaborating closely with the marketing team, RMT analyzes fundamental and technical aspects of the oil market, offering insights on pricing advantages, forward curves, and market structure for optimized trading positions. Additionally, RMT actively contributes to yearly budget planning, tracking company performance, and maintains vigilant oversight on marketing positions to uphold hedge policies and trade guidelines.

Business Development & Projects Department:

Heeding with IPG's Corporate Strategy and in its endeavor to find growth opportunities and generate long-term value while supporting IPG's trading operations, the Business Development & Projects Department (BD) in 2023 followed up with improvements of existing terminal facilities and the development of new projects in strategic markets. BD is actively involved in streamlining the operations of new terminal facilities in the Port of Beira & Matola in Mozambique and developing a terminal project in Port Sudan, Republic of Sudan.

In addition to the development of projects, BD provided information and analytical support for concluding the financing process of GIMTL (joint venture with Galp of Portugal), Matola, Mozambique in 2023. BD continues to work with international, regional, and local financial institutions for securing long term project financing in multiple currencies at competitive terms and conditions for its existing & potential investments. In addition, 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 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

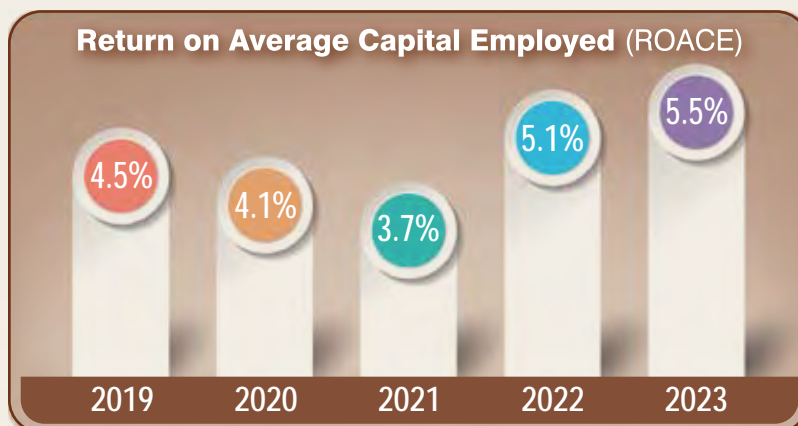
IPG remains committed to increasing the employment of Kuwaiti nationals to achieve its long terms goals. During 2023, Nine (9) new employees were recruited, bringing the total number of staff to 166 and by the end of the year, the percentage of Kuwaitis reached 19% of the total workforce.

Information Technology

Taking its part in the digital transformation journey, IPG appointed a market leader in Enterprise Resource Planning applications (ERP) to implement a full fledge software system to cater for all financial and operational needs carried by all departments under one umbrella.

Legal

During 2023 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 to secure the required legal protection for the Group. The Department also contributed by providing sound legal opinions to all departments of the Group, which led to a reduction in outsourcing costs of international law firms.



The Board of Directors approved the audited financial statements as of 31 December 2023 and decided to recommend the below:

1. Cash dividend of 30% equivalent to 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 31/12/2023 to the registered shareholders on the date of GAM set for at least eight 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 fiscal year ended 31/12/2023 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 2023 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

**Here are 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 three 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 Kilometers 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 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. 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 sixteen" 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. 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)



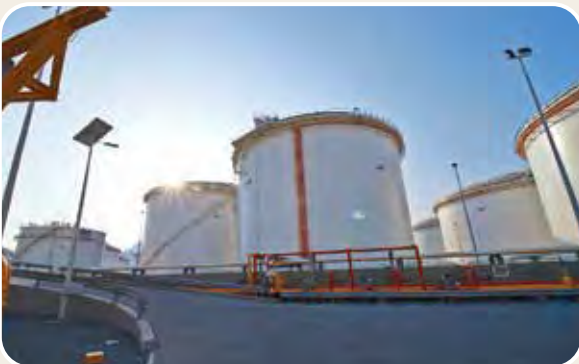
8. **Vopak Horizon Fujairah Limited (VHFL) – UAE:**

(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 four 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 four hundred m³ for bulk LPG with other facilities.

