

## Report of the Board of Directors for 2024

### 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 48th Annual Report and consolidated financial statements to the Shareholders of IPG for the year 2024.**

In 2024, IPG reported a net profit of 9.013 million KD, equivalent to 49.85 fils per share, an increase of 15.29% over that of the year 2023.

It has been quite an impressive year in spite of the ongoing conflicts in Europe and the Middle East and the fluctuations in the Oil market. IPG was still able to navigate through them and achieve positive results.

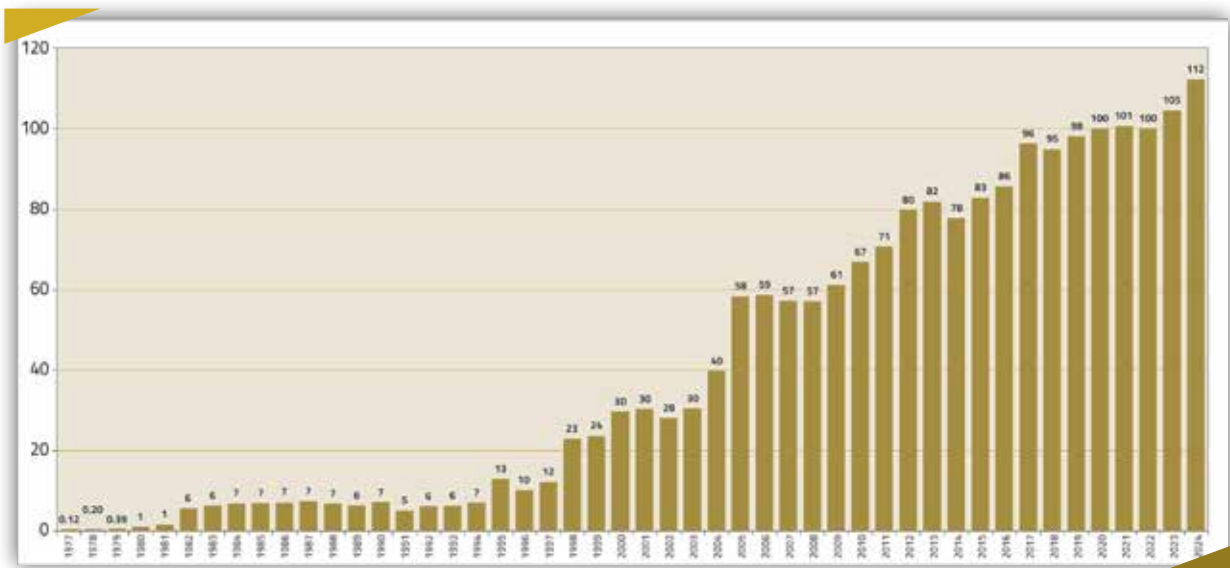
While we continue to pursue our core activities, we are also looking towards opportunities that would provide a basis to meet the latest market changes and environmental standards. As challenging as they may be, we believe the staff and Management in IPG are well experienced to meet them.

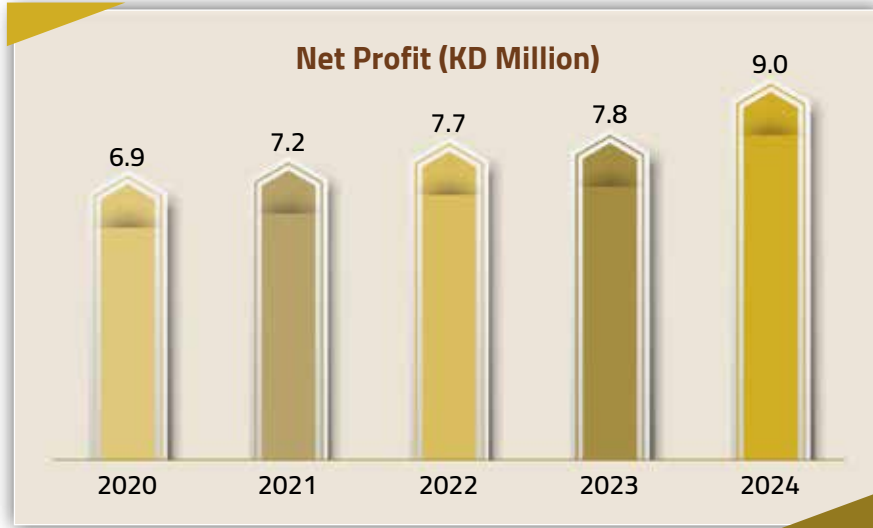
I would like to thank all our employees for their efforts and valuable contributions during the year. As always, we remain focused on operating responsibly as well as trying to provide sustainable long-term value for all our shareholders.

The Board of Directors continues to follow the policies and regulations of the Corporate Governance. The attached report highlights the achievements of the year 2024.

The members of the Board of Directors express their thanks and appreciation to all shareholders for their confidence in the efforts of IPG.

### Equity Movement since inception (KD Million)





### Marketing:

IPG marketed about 5.02 million tons of petroleum products in 2024 compared to 3.80 million tons in 2023.

Several adverse market conditions prevailed in our key markets in Africa and the Middle East. Though strong competitions existed, IPG managed to trade a volume close to the plan for 2024 while at the same time achieving improvements in margins.

Our focus has been on specific markets such as East and North Africa, the Middle East, and the Red Sea. Despite the changing market conditions and the challenges posed by competitors, the Independent Petroleum Group has managed to compete and even increase its profits in these regions.

The Independent Petroleum Group has shipped approximately 2.82 million tons of petroleum products in the Arabian Gulf and Red Sea regions, representing about 56.22% of the total trading volume. The European market and the Mediterranean Sea came in second, with a trading volume of nearly 1.09 million tons, representing 21.75% of the total trading volume. The trading volume in East Africa was around 1.10 million tons, accounting for 22.03% of the total trading volume.

### Trading activities in the Arabian Gulf and Red Sea region:

This region recorded a quantity close to 2.82 million tons representing about 56.22% of total volume traded.

### Trading activities in East Africa:

East Africa ranked second in sales with about 1.10 million tons of products traded accounting for about 22.03% of the total volume traded.

### Trading Activities in Mediterranean Sea region:

IPG shipped nearly 1.09 million tons of products to Mediterranean Sea region representing about 21.75% of total volume traded.

### 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 in these oil terminals by IPG was about 1.06 million cubic meters in 2024. Storage capacities in other locations were utilized by other customers and are about 1.58 million cubic meters.

The Group has also maintained its ongoing and sustainable friendships and partnerships with both national and private oil companies, which has led to strengthening our relationships with our partners and expanding our presence in strategic locations. Efforts continue to enhance our presence in other regions.

## SHIPPING:

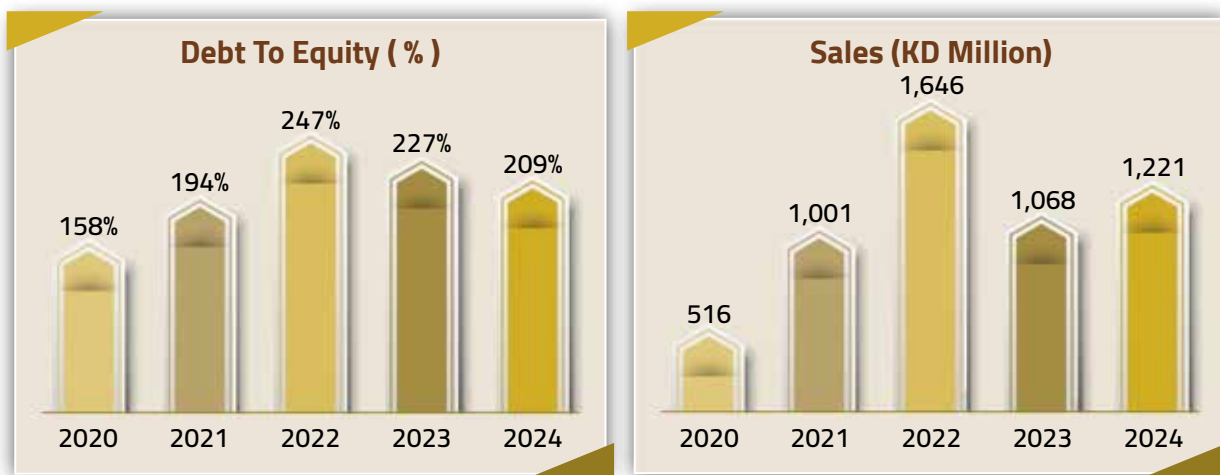
The conflict in the Red Sea had a larger than expected impact on world's supply chain shipping lines and tankers, forcing containers and oil tankers to sail around the Cape of Good Hope. This indirectly absorbed some of the overcapacity in the industry and boosted freight rates.

A lot of owners refrained from calling Red Sea ports or crossing Bab Al Mandab to avoid the risk of being attacked. This gave an opportunity for IPG vessels to trade across Red-Sea ports at high premiums.

Vessels are operated with very high safety standards. Prime importance is given for safety of human life, prevention of sea and air pollution, and carriage of cargo.

There has been NIL untoward incidents and ZERO loss of days during the year.

International regulations for safe carriage of petroleum products are strictly complied with.



## Risk Management:

The Risk Management Team (RMT) at IPG coordinates with Marketing to strategically hedge various shipments in accordance with the company's hedge policy. Working 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 to optimize hedge positions. Furthermore, RMT directly participates in yearly budget planning, checking on company performance, and monitoring of marketing positions.

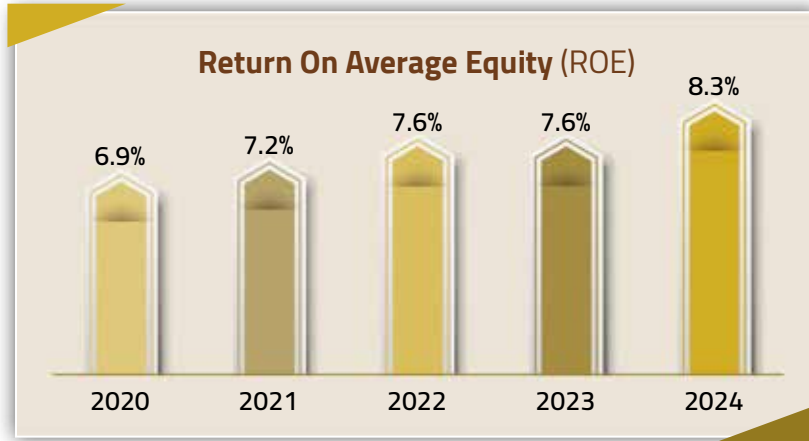
## Business Development & Projects Department:

Heeding 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 2024 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 the financing process of IGBTL, Beira, Mozambique in 2024. 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 Kuwaitis to achieve its long terms goals. During 2024 Twenty-One (21) new employees were recruited, bringing the total number of staff to 170 and by the end of the year, the percentage of Kuwaitis reached 22% of the total workforce.

#### Information Technology:

This year, we were focused on the process of transitioning our ERP system from Microsoft GP to the world leader SAP. This will enhance the Group operational efficiency and data integration. We also strengthened our security framework by replacing traditional signature-based systems with advanced AI-powered EDR solutions, improving our threat detection and response capabilities. These achievements modernize our infrastructure and bolster our resilience against emerging cybersecurity threats.

#### Legal:

During 2024 the Legal Department was successful in dealing with disputes and lawsuits involving the Group's operations. The Department adopted the best practices available in the legal sector in order to secure the required protection for 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 2024 and decided to recommend the below:**

1. Cash dividend of 40% equivalent to 40 fils per share in the total amount of KD 7,231,500 (KD Seven Million Two Hundred Thirty One Thousand Five Hundred) for the year ended 31/12/2024 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 31/12/2024 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 2024 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)



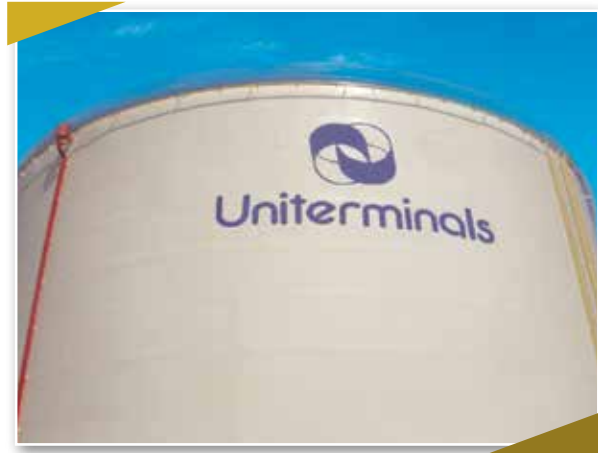


### 3. **Uniterminals – Lebanon:** *(IPG share 50%- Joint Venture Company)*

Uniterminals markets petroleum products to wholesale buyers in Lebanon. It owns and operates a petroleum product storage terminal with a capacity of 74,000 m<sup>3</sup>. By Shareholding, IPG's capacity is 37,000 m<sup>3</sup>.

**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 m<sup>3</sup>. By Shareholding, IPG's capacity is 74,200 m<sup>3</sup>.

**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 m<sup>3</sup>. By Shareholding, IPG's capacity is 38,000 m<sup>3</sup>.

### **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 m<sup>3</sup> of which 223,500 m<sup>3</sup> is for petroleum products and 64,800 m<sup>3</sup> is for chemical products 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 m<sup>3</sup>.

### **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 m<sup>3</sup> and four jetties. By Shareholding IPG's capacity is 186,750 m<sup>3</sup>.

### **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 m<sup>3</sup> including marine facilities with 4 berths and one single point mooring (SPM). By Shareholding, IPG's capacity is 289,860 m<sup>3</sup>.

### **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 m<sup>3</sup> 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 m<sup>3</sup>.

**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 m<sup>3</sup> along with other logistical facilities such as, loading gantries, access to Jetty, road, rail, etc. By Shareholding, IPG's capacity is 29,700 m<sup>3</sup>.

**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 m<sup>3</sup> 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 m<sup>3</sup>.

**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 captive storage of 400 m<sup>3</sup> for bulk LPG with other facilities.

