



المجموعة البترولية المستقلة ش.م.ك.ع.
Independent Petroleum Group K.S.C.P.



**ANNUAL
REPORT 2025**

49 YEARS
1976 - 2025

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المجموعة البترولية المستقلة ش.م.ك.ع.
Independent Petroleum Group K.S.C.P.



ANNUAL REPORT 2025



His Highness Sheikh
Mishal Al-Ahmad Al-Jaber Al-Sabah
The Amir of The State of Kuwait



المجموعة البترولية المستقلة ش.م.ك.س.ع.
Independent Petroleum Group K.S.C.P.



His Highness Sheikh
Sabah Khaled Al-Hamad Al-Sabah
The Crown Prince of The State of Kuwait

Board of Directors

• Ali M. Al-Radwan	Chairman
• Ghazi F. Alnafisi	Vice Chairman
• Waleed J. Hadeed	Board Member – Senior Advisor To The Group
• Samir S. Shammam	Board Member & Chief Executive Officer
• Abdullah E. Al-Kandari	Board Member & Deputy Chief Executive Officer
• Mohammad A. Qasim	Board Member – Managing Director Bd
• Abdullah A. Zaman	Board Member
• Abdul Aziz S. Alessa	Board Member
• Ibrahim Y. Al-Ghanim	Board Member
• Hamad S. Al-Dalali	Board Member



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Report of the Board of Directors for 2025

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 49th Annual Report and consolidated financial statements to the Shareholders of IPG for the year 2025.

As a continuation of 2024, the oil markets in year 2025 faced difficult challenges due to sanctions leading to higher prices and concerns over petroleum product supplies. Even the logistics market in the petroleum sector was turbulent. Crude oil and petroleum products' prices fluctuated intermittently during 2025 due to the geopolitical disruptions, and it caused constraints on Finance and Marketing. Forecasting future directions has become unpredictable.

Nevertheless, the year 2025 was another successful year for The Group, generating solid revenues. Performance figures reveal a net profit of 10.171 million KD, equivalent to 56.26 fils per share, an increase of 12.85% over that of the year 2024.

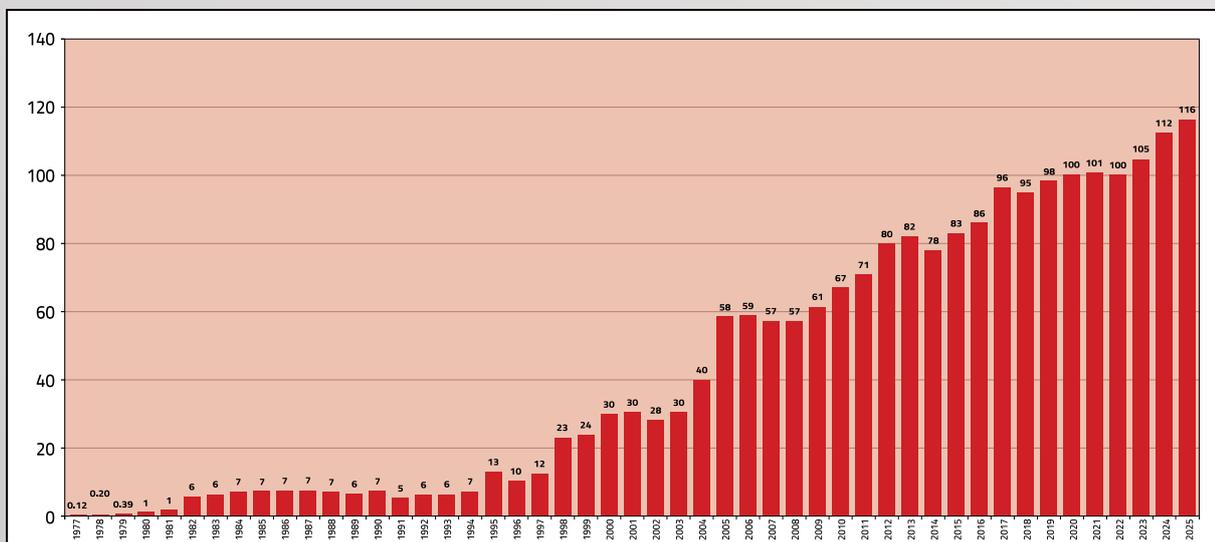
The Group continued to pursue the core activities in its traditional as well as in the new markets. Challenges in the market are not uncommon, however, The Group was able to maintain its approach of minimizing risk and improving margins. We believe the staff and Management in The Group are well experienced to meet such challenging business environment.

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 and ethically 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 Corporate Governance. The attached report highlights the achievements of the year 2025.

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

Equity Movement since inception (KD Million)





Marketing Department

Independent Petroleum Group demonstrated sturdy performance in 2025, by trading a total volume of 3.889 million tons of petroleum products. This was achieved despite prevailing adverse market conditions and intense competition in key African and Middle Eastern markets. Strategic focus on high-potential regions and improved margin, IPG focuses on meeting volume close to targets and increasing overall profitability.

IPG successfully navigated complex market dynamics, focusing specifically on strategic growth areas: East and North Africa, the Middle East, and the Red Sea regions. The company's resilience enabled it not only to compete effectively but also to enhance profit margins.

Total Trading Volume Overview

A total of 3.889 million tons of petroleum products were traded in 2025. The majority of this volume was concentrated in the Arabian Gulf-Red Sea and Euro-Med markets reflecting the Group's strategic focus on key markets with high potential.

Trading activities per regions:

The Arabian Gulf and Red Sea region:

This region served as the primary market, accounting for 2.238 million tons (57.54% of total volume traded).

The Mediterranean Sea region:

Euro-Med Region was the second highest performing region in sales volume, with approximately 0.909 million tons of products traded (23.37% of total volume traded).

East Africa region:

Shipments to the East Africa markets totaled nearly 0.576 million tons (14.82% of total volume traded).

India / Far East Asia:

Shipments to the Far East Asia markets totaled nearly 0.166 million tons (4.27% of total volume traded).

Storage of Petroleum Products:

IPG continued to leverage its strategic storage assets in Mozambique and Morocco to facilitate and enhance marketing activities. The total volume of products stored in these dedicated oil terminals reached approximately 0.68 million cubic meters in 2025.

The Group has prioritized maintaining strong, sustainable relationships with both national and private oil companies. These enduring partnerships have been crucial in strengthening our market presence in strategic locations. Efforts remain ongoing to enhance and expand IPG's footprint into new geographical regions in support of its expansion strategy and business growth.

Shipping

2025 has been an extension of the Red Sea conflict that disrupted the maritime supply chain throughout 2024. Although the ceasefire announced in October 2025 was welcomed by the industry, significant risk remains. Many owners continue to avoid transiting the Bab El-Mandeb, which maintains a premium for vessels trading in the Red Sea.

Clean petroleum product (CPP) tankers—particularly MRs have outperformed other tanker segments because of the ongoing instability. Strong spot earnings in the first half of the year supported firm time-charter rates; however, the second half of the year did not meet expectations. Softer spot markets in the third quarter, coupled with the absence of a winter rally in the fourth quarter, led to a significant correction in both spot and time-charter levels.



IPG Fleet Deployment:

Usage of IPG's own tonnage within the company's internal program reached 69% across the fleet:

- **DK Yusuf AlGhanim:** 398 total days, of which 330 days (83%) were deployed within the IPG program, with 229 demurrage days.
- **Al Betroleya:** 331 total days, 291 days (88%) within the IPG program, and 201.41 demurrage days.
- **Abdul Razzak:** 346 total days, 113 days (33%) within the IPG program, and 70 demurrage days.

In total, the fleet accumulated **1,075 operating days**, of which **734 days (69%)** were utilized within the company's own program, generating **500.41 demurrage days**.

Our average time-charter rate across the fleet stands at **\$24,619 per vessel per day**.

Risk Management Department

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 company performance, and monitoring marketing positions to ensure the strategic activities are achieved efficiently and effectively.

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 2025 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 exploring the feasibility investigations of potential opportunities. 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.

In this context, IPG is undertaking two projects – (1) Expansion of Independent Petroleum Mozambique Limitada (IPM), Matola, Mozambique for the storage and handling of bulk LPG and (2) developing a storage and handling facility in Port Sudan, Sudan.

For the execution of the Port Sudan Project a separate Sudanese registered legal entity called Independent Petroleum Terminal Company Ltd., Sudan has been created. The project is to construct, own and operate a 140,000 m³ storage and handling terminal for Mogas, Gasoil and Jet A1 in Port Sudan, Sudan with associated facilities. By Q4 of 2025, the project has moved into execution phase with total investment of US\$ 30 Million and expected to be commissioned by Q4 of 2027.

IPG expects that these petroleum logistic facilities will augment existing trading operations and will open multiple business opportunities (trading/investment/new business) in the coming year and near future.



Finance & Treasury Department

The finance department continues to provide 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.

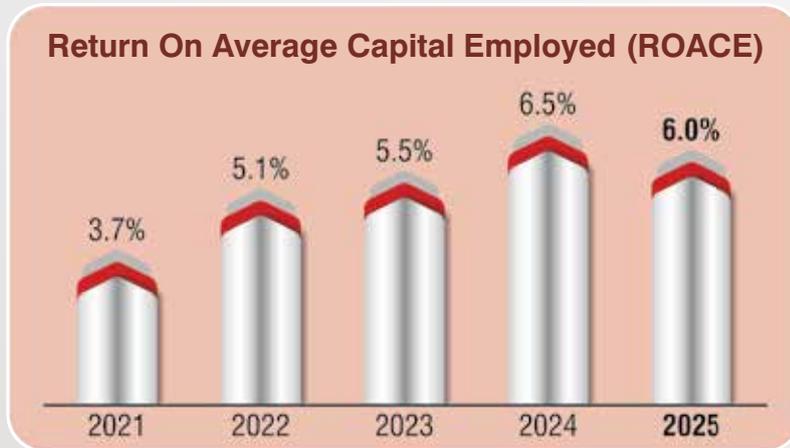
As part of its strategy, the department continues to establish new relationships with new banks locally and internationally to obtain additional funding required at a competitive rate to meet current and future financial needs..

Human Resources Department

IPG remains committed to increasing the employment of Kuwaitis to achieve its long terms goals. During 2025 Twenty-One (21) new employees were recruited, bringing the total number of staff to 176 and by the end of the year, the percentage of Kuwaitis reached 21% of the total workforce.

Information Technology Department

This year, the IT Department significantly strengthened the company's cybersecurity posture by replacing the legacy Check Point system with the newest AI-driven Palo Alto Next-Generation Firewall and deploying Cortex XDR across our environment. These upgrades provide advanced threat detection, improved network visibility, and faster, more accurate incident response.



The new systems enhance perimeter and endpoint protection, reduce operational risk, and streamline management through centralized, AI-assisted monitoring. Together, these enhancements deliver a more secure, efficient, and resilient technology foundation for the company's continued growth.

Legal Department

During 2025 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 to providing sound legal advice to all departments of the Group.

The Board of Directors approved the audited financial statements as of 31 December 2025 and decided to recommend the following:

1. Cash dividend of 45% equivalent to 45 fills per share in the total amount of KD 8,135,000 (KD Eight million one hundred thirty five thousand) for the year ended 31/12/2025 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 31/12/2025 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.

I would like to take this opportunity to express my sincere thanks and appreciation to the shareholders, employees, and all related sectors and entities for their efforts that contributed to achieving this strong performance by the Group.

I also extend my deep gratitude to all, for their continued trust, tireless efforts, and ongoing commitment to supporting the Group's journey and achieving its goals.

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.

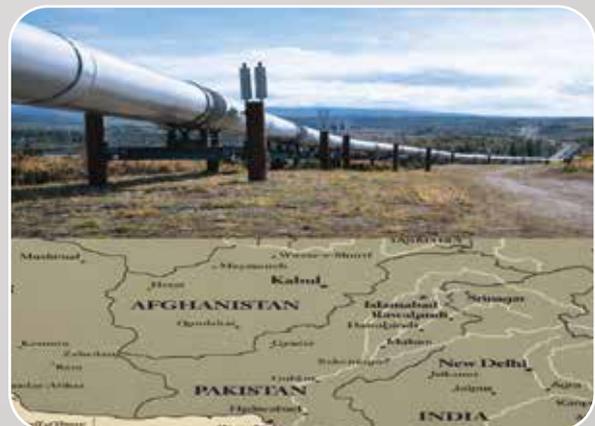


2. **Asia Petroleum Limited (APL) – Pakistan:** *(IPG share 12.5% - Associate Company)*

APL owns and operates an 82 Kilometer petroleum products pipeline (including a pumping station and storage facility) in Pakistan. The pipeline runs from Zulfikarabad 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 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. 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), Matola, Mozambique:

(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 m³ for bulk LPG with other facilities. Currently IPM is carrying out an expansion project at an investment of US\$ 20 Mn with scope of creating additional bulk storage capacity of 15,000 m³ for LPG along with access to Jetty lines and a truck loading gantry along with other associated facilities to meet the objective of providing storage and handling of LPG. The Expansion is expected to be commissioned in Q4 of 2026.

Financial Highlights

	2021	2022	2023	2024	2025
 Sales (KD Million)	1,001	1,646	1,068	1,221	885
 Gross Margin	1.4%	1.5%	1.7%	3.0%	2.0%
 Net Profit (KD Million)	7.2	7.7	7.8	9.0	10.2
 Earning Per share (Fils)	39.79	42.35	43.24	49.85	56.26
 Price Earning (Time)	14.60	12.04	10.20	9.49	9.54
 Book value/Share (Fils)	557	553	579	621	643
 Cash Dividend	30%	30%	30%	40%	45%
 Dividend Yield	5.2%	5.9%	6.8%	8.5%	7.6%
 Total Assets (KD Million)	424	439	493	491	423
 Shareholders Equity (KD Million)	100.6	100.1	104.6	112.3	116.3
 Return on Average Equity	7.2%	7.6%	7.6%	8.3%	8.9%
 Return on Average Capital Employed	3.7%	5.1%	5.5%	6.5%	6.0%



Independent Auditors' Report and Consolidated Financial Statements

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Independent Auditor's Report

To the Shareholders of Independent Petroleum Group Company K.S.C.P.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Independent Petroleum Group K.S.C.P. (the "Parent Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting standards ("IFRS").

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 Financial Statements section of our report. We are independent of the Group in accordance with the International Code Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- **Investments at fair value through other comprehensive income**

Investments in Vopak Horizon Fujairah Limited and Asia Petroleum Limited ("investees") amounting to KD 31.72 million (2024: KD 31.82 million) and classified as investments at fair value through other comprehensive income are fair valued using the discounted cash flow technique. The valuation is carried out by the Parent Company's internal valuer ("Valuer"). Due to the unquoted nature of this investment, the assessment of fair value is subjective and requires several significant judgements and estimates by management in particular to discount rates, capitalization rate, growth rates and the estimation of future cash flows



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projections. Accordingly, this was an area of focus for our audit.

Refer to Note 3 - Material judgements and key sources of estimation uncertainty and Note 6 – Investments and Note 34 - Fair value of financial instruments

Our audit procedures over the valuation of these investments included, but were not limited to, the following:

- Discussions were held with the valuer on the appropriateness of valuation technique to test the key inputs and assumptions used to determine fair value; and
- Evaluated the reasonableness of the key inputs and assumptions made by the valuer in conjunction with available supporting information, such as the verification of financial inputs from the investees' management accounts, historical ratios, capacity utilization rates, discount rates, growth rates and cash flow projections.

- **Expected Credit Loss (ECL) on Trade Receivables:**

The carrying amount of net trade receivables amounted to KD 128.78 million (2024: KD 151.58 million). The Group determines the ECL on trade receivables by using a provision matrix that is based on historical credit loss experience, shared credit risk characteristics and days past due which is further adjusted for forward-looking factors specific to the debtors and the economic and political environment. This requires the management to make the appropriate judgment on the estimation of the amounts and timing of future cash flows and the capability of customers to repay. Accordingly, this was an area of focus for our audit.

Refer to Note 3 – Material judgements and key sources of estimation uncertainty and Note 5 – Trade and other receivables.

Our audit procedures over expected credit loss included, but were not limited to, the following:

- Reviewed the compliance with the Group's credit and collection policies and inquired whether there were changes from previous years.
- Reviewed the calculation of ECL prepared by the management to determine the impairment.
- Reviewed the inputs used, whether current or historical, and reviewed the reasonableness of assumptions used to calculate the ECL.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Board of Directors report which forms part of the annual report and the remaining sections of the annual report are expected to be made available to us after that date of our auditor's report.

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

In connection with our audit of the consolidated 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, 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.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS accounting standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA 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 financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future



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events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group's audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we have obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025, that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the year ended 31 December 2025, that might have had a material effect on the business or financial position of the Parent Company.

Mohamed Shuaib A. Shuaib
License No. 235 - A
RSM Albazie & Co.

State of Kuwait
14 January 2026

Consolidated statement of financial position

As at 31 December 2025

	Notes	2025 KD'000	2024 KD'000
ASSETS			
Current assets			
Cash on hand and at banks	4	59,560	97,794
Trade and other receivables	5	136,880	158,991
Inventories		10,366	26,808
Investments at fair value through profit or loss	6	81,944	73,594
Investments at fair value through other comprehensive income	6	1,397	1,102
Current portion of other loans	7	10,569	12,666
Total current assets		300,716	370,955
Non-current assets			
Investments at fair value through other comprehensive income	6	31,723	31,819
Investment in a joint venture	8	12,014	7,889
Investment in associates	9	29,718	30,284
Non-current portion of other loans	7	3,901	4,553
Right of use assets	10	14,378	18,819
Property and equipment	11	30,182	26,397
Total non-current assets		121,916	119,761
Total assets		422,632	490,716
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of due to banks	12	224,758	203,478
Trade and other payables	13	63,926	141,225
Current portion of lease liabilities	14	4,245	4,117
Directors' fees payable	29,30	100	100
Total current liabilities		293,029	348,920
Non-current liabilities			
Non-current portion of due to banks	12	-	12,223
Non-current portion of lease liabilities	14	10,970	15,361
Provision for staff indemnity	15	2,326	1,947
Total non-current liabilities		13,296	29,531
Total liabilities		306,325	378,451
Equity			
Share capital	16	18,841	18,841
Share premium		29,665	29,665
Legal reserve	17	9,420	9,420
General reserve	18	606	606
Fair value reserve		29,598	28,435
Foreign currency translation adjustments		(3,806)	(3,745)
Treasury shares reserve		1,429	1,429
Treasury shares	19	(2,770)	(2,770)
Retained earnings		33,324	30,384
Total equity		116,307	112,265
Total liabilities and equity		422,632	490,716

The accompanying notes form an integral part of these consolidated financial statements.

Ali Mohammed Al-Radwan
Chairman

Ghazi Fahad Alnafisi
Vice Chairman

Samir S. Shammam
Chief Executive Officer



Consolidated statement of income

For the year ended 31 December 2025

	Notes	2025 KD'000	2024 KD'000
Sales	20	884,840	1,220,807
Cost of sales		(867,205)	(1,183,944)
Gross profit		17,635	36,863
Net interest relating to oil marketing operations	21	(7,084)	(13,251)
Net results of oil marketing operations		10,551	23,612
Share of results from a joint venture and associates	22	11,664	9,660
Dividend income	24	2,851	1,337
General and administrative expenses		(1,892)	(1,895)
Staff costs		(6,483)	(5,818)
Depreciation	11	(2,323)	(1,406)
Net provisions charged	23	(11,478)	(22,396)
Unrealized gain from investments at fair value through profit or loss	24	9,084	6,114
Net other income	25	253	334
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat, DMTT and Directors' fees		12,227	9,542
Contribution to KFAS	26	(122)	(95)
Contribution to NLST & ZAKAT		-	(334)
Domestic Minimum Top-up Tax (DMTT)	27	(1,834)	-
Directors' fees	29,30	(100)	(100)
Profit for the year		10,171	9,013
Earnings per share (fils)	28	56.26	49.85

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2025

	2025 KD'000	2024 KD'000
Profit for the year	10,171	9,013
Other comprehensive income:		
<u>Items that will not be reclassified subsequently to consolidated statement of income</u>		
Changes in fair value of investments at fair value through other comprehensive income	1,163	4,407
<u>Items that may be reclassified subsequently to consolidated statement of income</u>		
Foreign currency translation adjustments	(61)	(380)
Other comprehensive income for the year	1,102	4,027
Total comprehensive income for the year	11,273	13,040

The accompanying notes form an integral part of these consolidated financial statements.



Consolidated statement of changes in equity

For the year ended 31 December 2025

	Share capital KD'000	Share premium KD'000	Legal reserve KD'000	General reserve KD'000	Fair value reserve KD'000	Foreign currency translation adjustments KD'000	Treasury shares reserve KD'000	Treasury shares KD'000	Retained earnings KD'000	Total KD'000
Balance at 1 January 2025	18,841	29,665	9,420	606	28,435	(3,745)	1,429	(2,770)	30,384	112,265
Total comprehensive income (loss) for the year:										
Profit for the year	-	-	-	-	-	-	-	-	10,171	10,171
Other comprehensive income (loss)	-	-	-	-	1,163	(61)	-	-	-	1,102
Total comprehensive income (loss) for the year	-	-	-	-	1,163	(61)	-	-	10,171	11,273
Transactions with the shareholders, recognized directly in equity:										
Dividends for 2024 (Note 30)	-	-	-	-	-	-	-	-	(7,231)	(7,231)
Balance at 31 December 2025	18,841	29,665	9,420	606	29,598	(3,806)	1,429	(2,770)	33,324	116,307

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Share capital KD'000	Share premium KD'000	Legal reserve KD'000	General reserve KD'000	Fair value reserve KD'000	Foreign currency translation adjustments KD'000	Treasury shares reserve KD'000	Treasury shares KD'000	Retained earnings KD'000	Total KD'000
Balance at 1 January 2024	18,841	29,665	9,420	606	24,028	(3,365)	1,429	(2,770)	26,795	104,649
Total comprehensive income (loss) for the year:	-	-	-	-	4,407	(380)	-	-	9,013	9,013
Profit for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	4,407	(380)	-	-	-	4,027
Total comprehensive income (loss) for the year	-	-	-	-	4,407	(380)	-	-	9,013	13,040
Transactions with the shareholders, recognized directly in equity:										
Dividends for 2023 (Note 30)	-	-	-	-	-	-	-	-	(5,424)	(5,424)
Balance at 31 December 2024	18,841	29,665	9,420	606	28,435	(3,745)	1,429	(2,770)	30,384	112,265

The accompanying notes form an integral part of these consolidated financial statements.



Consolidated statement of cash flows

For the year ended 31 December 2025

	Notes	2025 KD'000	2024 KD'000
Cash flows from operating activities			
Profit for the year before provisions for contribution to KFAS, NLST, Zakat, DMTT and Directors' fees		12,227	9,542
Adjustments for:			
Interest expense	21	9,965	16,389
Share of results from a joint venture and associates	22	(11,664)	(9,660)
Dividend income	24	(2,851)	(1,337)
Net provisions charged	23	11,478	22,396
Provision for staff indemnity	15	532	302
Depreciation	11	2,323	1,406
Unrealized gain from investments at fair value through profit or loss	24	(9,084)	(6,114)
Interest income	21	(2,881)	(3,138)
Interest expense on lease liabilities	14	700	728
Amortization of rights of use assets	10	4,282	5,149
		<u>15,027</u>	<u>35,663</u>
Changes in operating assets and liabilities:			
Trade and other receivables		11,041	6,033
Other loans		2,749	862
Lease liabilities	14	(4,963)	(5,671)
Inventories		16,442	428
Trade and other payables		(78,700)	(8,490)
Net cash (used in) generated from operations		<u>(38,404)</u>	<u>28,825</u>
Payment of staff indemnity	15	(153)	(134)
Interest income received		2,473	3,063
Payment to KFAS	26	(95)	(82)
Directors' fees paid		(100)	(100)
Net cash flows (used in) generated from operating activities		<u>(36,279)</u>	<u>31,572</u>
Cash flows from investing activities			
Purchase of property and equipment	11	(6,957)	(128)
Dividends received		12,143	10,559
Net cash flows generated from investing activities		<u>5,186</u>	<u>10,431</u>
Cash flows from financing activities			
Due to banks		9,057	(784)
Dividends paid	30	(7,231)	(5,424)
Interest paid		(10,425)	(16,792)
Net cash flows used in financing activities		<u>(8,599)</u>	<u>(23,000)</u>
Effect of foreign currency translation		1,458	(507)
Net (decrease) increase in cash on hand and at banks		<u>(38,234)</u>	<u>18,496</u>
Cash on hand and at banks at beginning of the year		97,794	79,298
Cash on hand and at banks at end of the year	4	<u>59,560</u>	<u>97,794</u>

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2025

1. Formation and activities

Independent Petroleum Group Company K.S.C.P. ("the Parent Company") was established on 11 September 1976 as a Kuwaiti Shareholding Company under commercial registration No.24496. The Parent Company was listed on the Boursa Kuwait on 10 December 1995.

The objectives of the Parent Company are as follows:

Benefit from national scientific and business expertise in petroleum and petrochemical industry to achieve the following objectives:

- a) Provide economic, technical and specialist advisory services to oil and petrochemicals producing and consuming governments and companies, in areas of marketing, refining, production, investment, financial affairs, planning, maritime transport, organization, training and other areas related to oil and petrochemicals;
- b) Conduct marketing researches, and gather and publish information about the oil and petrochemicals industry;
- c) Provide specialist services to the oil and petrochemicals consuming and producing governments to expedite communications and maintain consistent relationships among them;
- d) Initiate and carry out marketing operations and industrial projects for its own account or the account of oil and petrochemicals consuming and producing governments or in collaboration and participation with them in all areas of oil and petrochemical industry;
- e) Acquire facilities, tools, equipment and all other instruments used in oil and petrochemicals industry including manufacturing plants, transport means and others, for its own account or in participation with oil and petrochemicals producing and consuming governments and companies all over the world; and
- f) Act as agents and representatives for oil and petrochemicals producing and consuming governments and companies and carry out all other operations required by company's activities, interests and objectives including sale, purchase and acquisition in all areas related to oil and petrochemicals.

The Parent Company may have interest or participate in any manner with entities that carry on similar business or that may assist it with achieving its objectives in the State of Kuwait or abroad, and it may buy these entities or acquire them as subsidiaries.

The registered address of the Parent Company is P.O. Box 24027, Safat 13101, State of Kuwait.

As of 31 December 2025, the Group has 176 employees (2024:170 employees).

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on 14 January 2026. The Annual General Assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2. Material accounting policies information

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS accounting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the relevant provisions of the Companies Law No. 1 of 2016 and its Executive Regulations



Notes to the consolidated financial statements

For the year ended 31 December 2025

as amended, Ministerial Order No. 18 of 1990 and the Parent Company's Memorandum of Incorporation and Article of Association, as amended. The IFRS – Accounting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 3. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended 31 December 2024.

The consolidated financial statements have been prepared under the historical cost convention, except for the following items that are stated at their fair value:

- Investments at fair value through profit or loss;
- Investments at fair value through other comprehensive income;
- Inventories
- Derivative financial assets and liabilities

The consolidated financial statements are presented rounded to the nearest thousand Kuwaiti Dinars ("KD'000"), which is the Parent Company's presentation currency. The functional currency of the Group is the US Dollars ("USD"). The Parent Company is filing the consolidated financial statements to the Ministry of Commerce and Industry and Boursa Kuwait in Kuwaiti Dinar.

b) Material accounting policies information

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following new and revised IFRS accounting standards ("IFRS") as of 1 January 2025:

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity.

These amendments do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

c) New and revised Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS accounting standards ("IFRS") that have been issued but are not yet effective:

IFRS 18 Presentation and Disclosure in Financial Statements

The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss,
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements,
- Improve aggregation and disaggregation.

Notes to the consolidated financial statements

For the year ended 31 December 2025

IFRS 18 requires retrospective application with specific transition provisions. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027 with earlier application permitted. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

An entity is required to apply these amendments for annual reporting periods beginning on or after 1 January 2026. The amendments include:

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The amendments are required to be applied retrospectively with specific transition provisions. The amendments are applicable for annual reporting periods beginning on or after 1 January 2027 with earlier application permitted. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

d) Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has power over the investee; is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Parent Company reassess 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 listed above.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.



Notes to the consolidated financial statements

For the year ended 31 December 2025

All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with Group policies.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in consolidated statement of income; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to consolidated statement of income or retained earnings as appropriate.

Details of the Parent Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (%)	
			2025	2024
Independent Petroleum Group Limited	Bahamas	Trading of crude oil and petroleum products	100%	100%
Independent Petroleum Group of Kuwait Limited.	United Kingdom	Representative office	100%	100%
Independent Petroleum Group (Asia) Pte. Limited.	Singapore	Trading of crude oil and petroleum products	100%	100%
Independent Petroleum Group (Southern Africa) (Pty) Limited.	South Africa	Representative office	100%	100%
D&K Holdings L.L.C. (DKHL)	United Arab Emirates	Holding Company for subsidiaries in shipping	100%	100%
Independent Petroleum Group Kenya Limited	Kenya	Trading of crude oil and petroleum products	100%	100%

e) Investment in joint venture

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Long term subordinated loans provided by the Group to the joint venture are accounted as part of the investment.

Notes to the consolidated financial statements

For the year ended 31 December 2025

The results and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Under the equity method, investment in joint venture is carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group’s interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint venture) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any goodwill arising on the acquisition of the Group’s interest in a joint venture is accounted for in accordance with the Group’s accounting policy for goodwill arising on the acquisition of associates.

Where the Group transacts with its joint venture, unrealized profits and losses are eliminated to the extent of the Group’s interest in the joint venture.

Upon loss of joint control, the Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former joint venture upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognized in consolidated statement of income.

f) Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and net asset changes of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill.

The goodwill is included within the carrying amount of the investments in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

Where a Group transacts with its associate, profits and losses are eliminated to the extent of the Group’s interest in the relevant associate.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.



Notes to the consolidated financial statements

For the year ended 31 December 2025

g) Financial instruments

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.

Classification and subsequent measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

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 FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date the Group commits to purchase or sell the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the marketplace concerned.

Business model assessment

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Financial assets that are managed, held to collect, and whose performance is evaluated on a fair value basis and are measured at FVTPL. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and

Notes to the consolidated financial statements

For the year ended 31 December 2025

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Initial recognition

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss;

Financial assets at amortized cost

The Group measures financial assets at amortized 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 amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in the consolidated statement of income when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade and receivables, other loans and cash on hand and at banks.

Cash and cash equivalents include cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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 FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not at fair value through profit or loss. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the consolidated statement of income 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 FVOCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

The Group classifies financial assets as at fair value through profit or loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Financial assets as at fair value through profit or loss are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so



Notes to the consolidated financial statements

For the year ended 31 December 2025

eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value, gain on disposal, interest income and dividends are recorded in consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

The Group classifies investments in quoted equity and debt investments under financial assets at FVTPL in the consolidated statement of financial position.

Financial liabilities- initial recognition and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in the statement of income. This category includes trade and other payables, due to banks, lease liability and term loans.

h) De-recognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

i) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortized cost i.e. trade receivables, cash at bank and other loans. No impairment loss is recognized for investments in equity instruments classified as FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group applies three-stage approach to measure expected credit losses (ECL) for cash at

Notes to the consolidated financial statements

For the year ended 31 December 2025

bank and other loans. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognized.

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. As this uses the same criteria as under IAS 39, the Group's methodology for specific provisions remains largely unchanged.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes;

- when there is a significant breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL. At each reporting date, the Group assesses each customer for lifetime ECL based on Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors, and therefore considers any current and potential future adverse macroeconomic conditions arising from economic scenarios and political factors and the likelihood of their occurrence.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.



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For the year ended 31 December 2025

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Group recognizes an impairment loss or reversal of impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

j) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

k) Derivative financial instrument

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

l) Inventory

Inventory of oil and petroleum products is valued at fair value less cost to sell. Any changes arising on the revaluation of inventory are recognized in the consolidated statement of income.

m) Property and equipment

Property and equipment except freehold land is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use.

Depreciation is calculated based on the estimated useful lives of the applicable assets. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred.

Significant improvements and replacements of assets (including improvements to leasehold property) are capitalized.

Freehold land is carried at cost and is not depreciated. Other assets are depreciated on straight line basis as follows:

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For the year ended 31 December 2025

Buildings	20 years
Vessels	16 - 25 years
Furniture, equipment and computer software	3 - 5 years
Motor vehicles	5 years
Leasehold improvements	Shorter of useful life or assets lease period

The estimated useful lives, residual values or depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on prospective basis.

Properties in the course of construction for administrative or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

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 (Note 2(t)).

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income.

n) Provision for staff indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. The expected costs of these benefits are accrued over the period of employment, and approximates the present value of the final obligation.

o) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued and subsequently reacquired by the Parent Company and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves and then to share premium. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve. No cash dividends are paid on these shares. Any issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

p) Foreign currencies

Foreign currency transactions are translated to the functional currency (USD) at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies outstanding at the year-end are retranslated into USD at the rates of exchange prevailing at the reporting date. Any resultant gains or losses are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently retranslated. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.



Notes to the consolidated financial statements

For the year ended 31 December 2025

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in USD, which is the functional currency of the Parent Company. The presentation currency for the consolidated financial statements is the Kuwaiti Dinar (KD).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in KD using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve. Such exchange differences are recognized in the consolidated statement of income in the period in which the foreign operation is disposed off.

q) **Revenue recognition**

The Group's performance obligations primarily relates to the delivery of the products to customers. Revenue is recognized at the point in time when the customer obtains control of the product. Control is transferred when title has passed to the customer, generally at the loading port.

Certain products in certain markets may be sold with variable pricing arrangements. Such arrangements determine that a preliminary price is charged to the customer at the time of transfer of the control of products, while the price of products can only be determined by reference to a time period ending after that time. In such cases, and irrespective of the formula used for determining preliminary and final prices, revenue is recorded at the time of transfer of control of products at an amount representing the amount of consideration that the Group expects to receive based on preliminary pricing. Where the Group records receivable for the preliminary price, subsequent changes in the estimated final price will not be recorded as revenue until such point in time at which the final price is determined.

r) **Income**

Dividend income is recognized in the consolidated income statement on the date that the Group's right to receive such payments is established.

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset when the asset is not credit-impaired or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Gain on sale of investments carried at FVTPL and FVOCI is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized in the consolidated statement of income and retained earnings respectively at the time of the sale.

s) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest on other borrowings is calculated on an accrual basis and is recognized in the consolidated statement of income in the period in which it is incurred.

Notes to the consolidated financial statements

For the year ended 31 December 2025

t) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of income.

u) Provision

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

v) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

w) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

x) Leases

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.



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Right of use assets

The Group recognizes 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 amortization and impairment losses in accordance with IAS 36 Impairment of Assets, and adjusted for any re-measurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees..

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 in-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 Group applies the short-term lease recognition exemption to its short-term leases (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 that are considered of low value (i.e. below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within general and administrative expenses heads in the consolidated statement of income.

3. Material judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Parent Company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a) Material judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

- (i) Performance obligation

Notes to the consolidated financial statements

For the year ended 31 December 2025

The judgments applied in determining what constitutes a performance obligation will impact when control is likely to pass and therefore when revenue is recognised i.e. over time or at a point in time. The Group has determined that only one performance obligation exists in contracts which is the delivery of specified products at loading port. Revenue is therefore recognised at a point in time.

(ii) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(iii) Useful lives of property and equipment

The cost of property and equipment is depreciated over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors.

(iv) Impairment of property and equipment

The Group determines whether the vessel is impaired at least annually by obtaining estimates of fair value from independent valuers. Where the fair value less selling cost is lower than vessel carrying values, the estimation of recoverable value further requires an estimation of the value in use of the vessel. Estimating the value in use requires management to make an estimate of the expected future cash flows and remaining useful life of the vessel and to choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Residual value of the vessels

The residual value of the vessels is determined based on the estimations performed by the management. The estimates are calculated using the deadweight of the vessels multiplied by management's estimate of the scrap steel rate, which is partly based on the age of the vessels and quality of the steel.

(vi) Allowance for expected credit losses

The determination of expected credit losses and the factors determining the impairment of the receivable involve significant judgment.

(vii) Leases

Critical judgements required in the application of IFRS 16 include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement,.
- Determining the stand-alone selling prices of lease and non-lease components.

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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:



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For the year ended 31 December 2025

(i) Sales, cost of sales and inventory

Where the sales and purchase transactions are based on forward pricing, the sales, cost of sales and inventory is estimated with reference to the closing commodity price quote (Platts) in the commodity exchange in accordance with the terms of the contract.

(ii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Groups' past history, existing market conditions and forward looking estimates at the end of each reporting period.

(iii) Fair value of unquoted equity investments

If the market for a financial asset is not active or not available, the Group estimates fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(iv) Leases

Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

(v) Allowance for expected credit losses

The extent of allowance for expected credit losses involves estimation process. Allowance for expected credit losses is based on a forward looking ECL approach as explained in Note 2(i). Bad debts are written off when identified. The ECL allowance and write-down of accounts receivable are subject to management approval.

4. Cash on hand and at banks

	2025 KD'000	2024 KD'000
Cash on hand and at banks	7,968	19,390
Call accounts and time deposits	51,592	78,404
	59,560	97,794

Time deposits earned interest at an average effective interest rate of 4% (2024: 4.2%) per annum and mature within 3 months (2024: 3 months) from the date of the placement.

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5. Trade and other receivables

	2025 KD'000	2024 KD'000
Net trade receivables (i)	128,779	151,579
Prepaid expenses	1,297	1,216
Refundable deposits and taxes	31	31
Others	6,773	6,165
	136,880	158,991

- i) The Group's credit period varies from customer to customer. Trade receivables are short term in nature and carry interest on commercial terms in case of delay in payments. A significant portion of trade receivables are due within three months from the reporting date and are secured against letter of guarantees issued by customers in favor of the Group.

During the year, the Group has recognized provisions towards expected credit losses on trade receivables amounting to KD 11.48 million (31 December 2024: KD 22.40 million). The management has assessed that the provisions are a collective impact of the prevailing economic and political situation in the region, effect of market deterioration on the Group's local and international operations, default events including delay in payments during the year ended 31 December 2025.

The movement in allowance for expected credit losses is as follows:

	2025 KD'000	2024 KD'000
Balance at the beginning of the year	(80,325)	(57,639)
Net provisions charged (Note 23)	(11,478)	(22,396)
Foreign currency translation adjustments	807	(290)
Balance at the end of the year	(90,996)	(80,325)

The average aging of net trade receivables was from 3 to 6 months.

6. Investments

	2025 KD'000	2024 KD'000
Investments at fair value through profit or loss		
Managed portfolios	81,944	73,594
	81,944	73,594

	2025 KD'000	2024 KD'000
Investments at fair value through other comprehensive income		
Unquoted securities (Current)	1,397	1,102
Unquoted securities (Non – Current)	31,723	31,819
	33,120	32,921

Investments at fair value through profit or loss with a carrying amount of KD 81.94 million (2024: KD 73.59 million) are pledged as collateral against amounts due to banks (Note 12).

During the year, the Group has fair valued its investment in Vopak Horizon Fujairah Limited (VHFL) (unquoted equity security), and a fair value gain of KD 0.416 million (2024: fair value gain of KD 4.87 million) is recognized in fair value reserve in equity. At



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For the year ended 31 December 2025

the reporting date, the fair value of VHFL was KD 30.73 million (2024: KD 30.31million). The Group's ownership interest in VHFL is 11.1% (2024: 11.1%). The fair value was based on discounted cash flows using a rate based on the risk-free rate of 4.14% (2024: 4.55%) and the risk premium of 5% (2024: 5.3%) specific to the investment.

The unquoted equity securities also include Group's investment of 12.5% (2024: 12.5%) in Asia Petroleum Ltd. (APL), carried at fair value of KD 0.993 million (2024: 1.50 million). During the year, the Group has fair valued its investment in Asia Petroleum Ltd. (APL) and a fair value loss of KD 0.507 million is recognized (2024; KD 0.240 million) in fair value reserve in equity. The fair value was determined based on discounted cash flows using a rate based on the risk-free rate of 4.14% (2024: 4.55%) and the risk premium of 16.40% (2024: 19.2%) specific to the investment.

The significant unobservable inputs used in the fair value measurements categorized as unquoted equity securities within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis is explained in (Note 34).

7. Other loans

	2025 KD'000	2024 KD'000
<u>Current portion of other loans:</u>		
Galp-IPG Matola Terminal Limitada (GIMTL) (i)	5,523	5,883
IPG-Galp Beira Terminal Limitada (IGBTL) (i)	5,046	6,783
	10,569	12,666
<u>Non-current portion of other loans:</u>		
Arabtank Terminals Limited (non-current) (ii)	3,901	4,553
	3,901	4,553
	14,470	17,219

i. The Group had provided original loan facilities amounting to KD 11.91 million to Galp-IPG Matola Terminal Limitada (GIMTL), Mozambique and KD 8.66 million to IPG-Galp Beira Terminal Limitada (IGBTL) Mozambique which carries effective interest at market rate.

ii. The Group has provided Arabtank Terminals Ltd., Kingdom of Saudi Arabia, an associate of the Group the following loans:

a) Long-term subordinated loan of an amount of KD 0.72 million (2024: KD 0.72 million). The effective interest rate for the loan vary from 3% to 8% (2024: 3% to 8%) per annum.

b) In August 2015, the Group has agreed to finance the 'Debottlenecking' project of Arabtank Terminals in Yanbu, Kingdom of Saudi Arabia, which is currently being utilized 100% by the Group on long term lease. The project is expected to improve the operational flexibility of the terminal, add value to the terminal and enhance the revenue of both ATT and the Group. The loan amount was for KD 3.18 million (2024: KD 3.83 million) and carries effective interest at market rate to be repaid in semi-annual instalments.

8. Investment in a joint venture

	2025 KD'000	2024 KD'000
Uniterminals S.A.L., Lebanon	12,014	7,889

The Group holds 50% equity shareholding with equivalent voting power in Uniterminals S.A.L, Lebanon. The following table illustrates summarized financial information of the Group's investment in its joint venture:

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	2025 KD'000	2024 KD'000
Current assets	27,357	24,697
Non-current assets	9,484	8,194
Current liabilities	(12,813)	(16,498)
Non-current liabilities	-	(615)
Net Assets	24,028	15,778
Group's share of net assets	12,014	7,889
Operating profit	14,834	10,698
Loan interest and other expenses	(3,322)	(2,756)
Profit for the year	11,512	7,942
Group's share of profit for the year (Note 22)	5,756	3,971

The functional currency of the Joint Venture is USD. During the year, The Group received cash dividends of KD 2.46 million (2024: KD 2.62 million) from joint venture.

9. Investment in associates

	Location	Percentage of ownership	2025 KD'000	2024 KD'000
Inpetro SARL	Mozambique	40%	727	776
Arabtank Terminals Ltd	Kingdom of Saudi Arabia	36.5%	6,242	5,877
Horizon Djibouti Holdings Ltd.	Djibouti	22.22%	7,404	7,959
Horizon Singapore Terminals Private Ltd	Singapore	15%	4,004	4,472
Horizon Tangiers Terminals SA	Morocco	32.5%	7,066	7,282
Galp-IPG Matola Terminal Limitada (GIMTL)	Mozambique	45%	1,545	1,480
IPG-Galp Beira Terminal Limitada (IGBTL)	Mozambique	45%	2,730	2,438
			29,718	30,284

Inpetro SARL

The Group's investment in Inpetro SARL represents an investment in a petroleum storage terminal. The Group's share of interest in the associate as of 31 December is summarized as follows:

	2025 KD'000	2024 KD'000
Total assets	1,173	1,141
Total liabilities	(446)	(365)
Net assets	727	776
	2025 KD'000	2024 KD'000
Operating income	844	852
Operating expenses	(573)	(540)
Profit for the year (Note 22)	271	312



Notes to the consolidated financial statements

For the year ended 31 December 2025

Arabtank Terminals Ltd (ATT)

The Group's investment in ATT represents its share of investment in the first phase of the project towards chemical product storage facilities and its share in the second phase of the project towards petroleum product storage facilities. The Group's share of interest in the associate as of 31 December is summarized as follows:

	2025 KD'000	2024 KD'000
Total assets	10,824	10,876
Total liabilities	(4,582)	(4,999)
Net assets	6,242	5,877
Operating income	2,148	1,460
Operating expenses	(1,722)	(979)
Profit for the year (Note 22)	426	481

Horizon Djibouti Holdings Ltd. (HDHL)

The Group's investment in HDHL represents an investment in a petroleum storage terminal. The Group's share of interest in the associate as of 31 December is summarized as follows:

	2025 KD'000	2024 KD'000
Total assets	8,284	8,563
Total liabilities	(880)	(604)
Net assets	7,404	7,959
Operating income	2,870	2,749
Operating expenses	(1,519)	(1,272)
Profit for the year (Note 22)	1,351	1,477

Horizon Singapore Terminals Private Ltd (HSTPL)

The Group's investment in HSTPL represents 15% share in the issued and paid-up share capital. As per the shareholders' agreement dated 29 March 2005, all commercial, technical and operating policy decisions require the approval of shareholders together holding not less than 86% of the issued share capital of the investee company. On this basis the Group has significant influence but not overall control over the financial and operating policy decisions of the investee company. The Group's share of interest in the associate as of 31 December is summarized as follows:

	2025 KD'000	2024 KD'000
Total assets	10,048	10,210
Total liabilities	(6,044)	(5,738)
Net assets	4,004	4,472
Operating income	4,861	4,674
Operating expenses	(2,690)	(2,614)
Profit for the year (Note 22)	2,171	2,060

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For the year ended 31 December 2025

Horizon Tangiers Terminals SA (HTTSA)

The Group's investment in HTTSA represents an investment in a petroleum storage terminal. The Group's share of interest in the associate as of 31 December is summarized as follows:

	2025 KD'000	2024 KD'000
Total asset	10,892	8,146
Total liabilities	(3,826)	(864)
Net assets	7,066	7,282
Operating income	3,751	3,501
Operating expenses	(2,493)	(2,387)
Profit for the year (Note 22)	1,258	1,114

Galp-IPG Matola Terminal Limitada (GIMTL)

The Group's investment in GIMTL represents an investment in a petroleum storage terminal. The Group's share of interest in the associate as of 31 December is summarized as follows:

	2025 KD'000	2024 KD'000
Total assets	11,679	11,781
Total liabilities	(10,134)	(10,301)
Net assets	1,545	1,480

	2025 KD'000	2024 KD'000
Operating income	1,421	1,022
Operating expenses	(1,332)	(1,088)
Profit (loss) for the year (Note 22)	89	(66)

IPG-Galp Beira Terminal Limitada (IGBTL)

The Group's investment in IGBTL represents an investment in a petroleum storage terminal. The Group's share of interest in the associate as of 31 December is summarized as follows:

	2025 KD'000	2024 KD'000
Total assets	9,403	9,636
Total liabilities	(6,673)	(7,198)
Net assets	2,730	2,438

	2025 KD'000	2024 KD'000
Operating income	1,179	889
Operating expenses	(837)	(578)
Profit for the year (Note 22)	342	311



Notes to the consolidated financial statements

For the year ended 31 December 2025

Summarized financial information of the above associates as of 31 December were as follows:

	2025 KD'000	2024 KD'000
Total assets	217,217	211,914
Total liabilities	(107,044)	(97,131)
Net assets	110,173	114,783
Operating income	70,649	64,679
Operating expenses	(43,409)	(38,225)
Profit for the year	27,240	26,454

During the year, the Group received a dividend of KD 6.83 million (2024: KD 6.60 million) from its associates.

10. Right of use asset

The Group leases terminals for storage of its products. The average lease term ranges between 12 to 64 months (2024: 24 to 96 months).

The movement of right of use assets are as follows:

	KD'000
Balance at 1 January 2024	20,191
Additions during the year (Note 14)	3,735
Amortization charge for the year (included in cost of sales)	(5,149)
Foreign currency translation adjustments	42
Balance at 31 December 2024	18,819
Amortization charge for the year (included in cost of sales)	(4,282)
Foreign currency translation adjustments	(159)
Balance at 31 December 2025	14,378

Expenses related to right of use assets recognized in consolidated statement of income were as follows:

	2025 KD'000	2024 KD'000
Expenses relating to short term leases	330	184
Amortization charge for the year (included in cost of sales)	4,282	5,149
Interest expense on lease liability (Note 14)	700	728
Total amount recognized in the consolidated statement of income	5,312	6,061

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For the year ended 31 December 2025

11. Property and equipment

	Freehold Land KD'000	Buildings KD'000	Vessels KD'000	Furniture, equipment and computer software KD'000	Motor vehicles KD'000	Leasehold improvements KD'000	Capital Work in Progress KD'000	Total KD'000
Cost:								
As at 1 January 2024	544	3,267	35,663	3,829	265	73	-	43,641
Additions	-	-	-	40	57	-	31	128
Currency translation effects	-	(45)	117	(175)	(9)	(1)	-	(113)
As at 31 December 2024	544	3,222	35,780	3,694	313	72	31	43,656
Additions	-	22	789	961	28	-	5,157	6,957
Currency translation effects	-	31	(337)	(195)	5	(2)	(234)	(732)
As at 31 December 2025	544	3,275	36,232	4,460	346	70	4,954	49,881
Accumulated depreciation:								
As at 1 January 2024	-	1,473	12,940	1,349	193	67	-	16,022
Charge for the year	-	76	1,170	126	34	-	-	1,406
Currency translation effects	-	16	(187)	2	1	(1)	-	(169)
As at 31 December 2024	-	1,565	13,923	1,477	228	66	-	17,259
Charge for the year	-	160	1,221	903	39	-	-	2,323
Currency translation effects	-	(13)	96	32	(2)	4	-	117
As at 31 December 2025	-	1,712	15,240	2,412	265	70	-	19,699
Carrying amount								
As at 31 December 2025	544	1,563	20,992	2,048	81	-	4,954	30,182
As at 31 December 2024	544	1,657	21,857	2,217	85	6	31	26,397

a) As per the CMA clause (1/c) and (2/c) of Appendix No. (1) (Real Estate Assets Valuation) of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. 7 of 2010 as amended, the fair value of land and buildings in Kuwait is KD 2.94 million (2024: KD 2.79 million) being the lower of 2 valuations of which one is a bank and the other is an independent external valuer. The carrying amount of Land and Buildings is KD 0.73 million (2024: KD 0.77 million) and the Group carries its land at cost and building at cost less depreciation.

The Group's management conducted a review of its vessels to determine if there are any indicators of impairment. Accordingly, the Group reassessed the recoverable value of its vessels and concluded that there are no indications of impairment.



Notes to the consolidated financial statements

For the year ended 31 December 2025

12. Due to banks

Due to banks represent the credit facilities in KD and USD provided by the Group's banks. These facilities carry an average effective interest rate of 6% (2024: 7%) per annum. Due to banks are partially secured by investments at fair value through profit or loss with a carrying amount of KD 81.94 million (2024: KD 73.60 million) (Note 6).

13. Trade and other payables

	2025 KD'000	2024 KD'000
Trade payables	18,071	95,016
Accrued expenses	40,360	42,676
Accrued staff leave	427	318
Provision for KFAS (Note 26)	122	95
Others	4,946	3,120
	63,926	141,225

14. Lease liabilities

The movement of the lease liabilities during the year are as follows:

	2025 KD'000	2024 KD'000
Balance at 1 January	19,478	20,686
Additions (Note 10)	-	3,735
Interest on lease liabilities (Note 10)	700	728
Paid during the year	(4,963)	(5,671)
As at 31 December	15,215	19,478

Analyzed as:

	2025 KD'000	2024 KD'000
Current portion	4,245	4,117
Non-current portion	10,970	15,361
Total present value of minimum lease	15,215	19,478

	Minimum lease payments		Present value of minimum lease payments	
	2025 KD'000	2024 KD'000	2025 KD'000	2024 KD'000
<u>Amounts payable relating to leases</u>				
Within one year	4,776	4,822	4,245	4,117
From second year inclusive	11,935	16,870	10,970	15,361
	16,711	21,692	15,215	19,478
Less: unamortized future finance charge	(1,496)	(2,214)	-	-
Present value of minimum lease payments	15,215	19,478	15,215	19,478

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15. Provision for staff indemnity

	2025 KD'000	2024 KD'000
Balance at 1 January	1,947	1,779
Charge for the year	532	302
Paid during the year	(153)	(134)
Balance at 31 December	<u>2,326</u>	<u>1,947</u>

16. Share capital

The authorized, issued and fully paid up share capital consists of 188,407,500 shares of 100 fils each (2024: 188,407,500 shares of 100 fils each), fully paid in cash.

17. Legal reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to legal reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

Distribution of this reserve is limited to the amount required to enable the payment of a dividend of 5% of the paid up share capital in years when retained earnings are not sufficient for payment of such dividends. Since the legal reserve has reached 50% of the Parent company's issued capital, the Parent Company had ceased transfers to statutory reserve.

18. General reserve

In accordance with the Parent Company's Articles of Association, 10% of the profit for the year before contribution to KFAS, NLST, Zakat and Board of Directors' fees is to be transferred to the general reserve. The transfer was discontinued by an ordinary resolution adopted in the Parent Company's general assembly as recommended by the Parent Company's Board of Directors. There are no restrictions on distributions from general reserve.

19. Treasury shares

	2025	2024
Number of shares	7,620,000	7,620,000
Percentage of issued shares	4%	4%
Market value (KD million)	4.49	3.60
Cost (KD million)	2.77	2.77

The Parent Company has allotted an amount equal to the treasury shares balance from the available retained earnings as of 31 December 2025. Such amount will not be available for distribution during treasury shares holding period. Treasury shares are not pledged.

20. Revenue

Revenue from contracts with customers represent revenue from trading in crude oil and petroleum products is disaggregated by major products and reconciled with the amounts disclosed in the segment information (Note 32).

	2025 KD'000	2024 KD'000
Sale of crude oil and petroleum products	<u>884,840</u>	<u>1,220,807</u>



Notes to the consolidated financial statements

For the year ended 31 December 2025

21. Net interest relating to oil marketing operations

	2025 KD'000	2024 KD'000
Interest income	2,881	3,138
Interest expense	(9,965)	(16,389)
	<u>(7,084)</u>	<u>(13,251)</u>

22. Share of results from a joint venture and associates

	2025 KD'000	2024 KD'000
Inpetro SARL (Note 9)	271	312
Arabtank Terminals Ltd. (Note 9)	426	481
Horizon Djibouti Holdings Ltd (Note 9)	1,351	1,477
Horizon Singapore Terminals Private Ltd. (Note 9)	2,171	2,060
Horizon Tangiers Terminals. (Note 9)	1,258	1,114
Galp-IPG Matola Terminal Limitada. (GIMTL) (Note 9)	89	(66)
IPG-Galp Beira Terminal Limitada. (IGBTL) (Note 9)	342	311
Uniterminals S.A.L. (Note 8)	5,756	3,971
	<u>11,664</u>	<u>9,660</u>

23. Net provisions charged

	2025 KD'000	2024 KD'000
Provision for expected credit loss on trade receivables (Note 5)	(11,478)	(22,396)
	<u>(11,478)</u>	<u>(22,396)</u>

24. Investment income

	2025 KD'000	2024 KD'000
Unrealized gain from investments at fair value through profit or loss	9,084	6,114
Dividend income	2,851	1,337
	<u>11,935</u>	<u>7,451</u>

During the year ended 31 December 2025, the Group received dividends from VHFL of KD 2.716 million (2024: KD 1.02 million) and from Asia Petroleum Limited (APL) of KD 0.135 million (2024: KD 0.320 million).

25. Net other income

	2025 KD'000	2024 KD'000
Foreign currency exchange gain	253	334
	<u>253</u>	<u>334</u>

Notes to the consolidated financial statements

For the year ended 31 December 2025

26. Contribution to KFAS

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Group after deducting its share of income from Kuwaiti shareholding subsidiaries and associates and transfer to legal reserve.

During the year ended 31 December 2025, the Group has provided for KFAS amounting to KD 0.122 million (2024: KD 0.095 million) and the Group has paid KD 0.095 million (2024: KD 0.082 million).

27. Domestic Minimum Top-up Tax (DMTT)

The State of Kuwait issued Law Number 157 of 2024 on 31 December 2024 (the Law) introducing domestic minimum top-up tax (DMTT) effective from the year 2025 on entities which are part of Multi-National Entities ("MNE") Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait.

The taxable income and effective tax rate are computed in accordance with the executive regulations issued through Ministerial Resolution No. 55 of 2025. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law. The Group is in the process of assessing the full impact of Pillar 2 tax regulations. Accordingly, based on the initial assessment the Group has charged KD 1.83 million (2024: KD Nil) as DMTT in the consolidated statement of income.

28. Earnings per share

Earnings per share is computed by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	2025	2024
Profit for the year (KD'000)	10,171	9,013
Weighted average number of issued shares outstanding	188,407,500	188,407,500
Weighted average number of treasury shares outstanding	(7,620,000)	(7,620,000)
Weighted average number of shares outstanding	180,787,500	180,787,500
Earnings per share (fils)	56.26	49.85

29. Proposed dividends and BOD remunerations

The Board of Directors, in its meeting held on 14 January 2026, proposed the distribution of cash dividend of 45 fils per share (2024: 40 fils per share) and Board of directors' remuneration of KD 0.100 million (2024: KD 0.100 million) for the year ended 31 December 2025. This proposal is subject to the approval of the Shareholders' Annual General Assembly.

30. Annual general assembly

The Shareholders' Annual General Assembly held on 15 March 2025, approved the annual audited consolidated financial statements for the year ended 31 December 2024, payment of cash dividend of 40 fils per share and BOD remuneration of KD 0.100 million for the year ended 31 December 2024.



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The Shareholders' Annual General Assembly held on 6 February 2024, approved the annual audited consolidated financial statements for the year ended 31 December 2023, payment of cash dividend of 30 fils per share and BOD remuneration of KD 0.100 million for the year ended 31 December 2023.

31. Related party transactions and balances

These represent transactions with the related parties in the normal course of business. The terms of these transactions are on negotiated contract basis.

Related parties primarily comprise the Parent Company's major shareholders, directors, subsidiaries, associates, joint venture, key management personnel and their close family members.

The related party transactions and balances included in the consolidated financial statements are as follows:

	Joint Venture KD'000	Associates KD'000	Total 2025 KD'000	Total 2024 KD'000
1 Revenues:				
Sales	143,095	-	143,095	123,122
Storage expense	-	5,383	5,383	6,491
Finance charges (Note 14)	-	700	700	728
2 Due from / to related parties:				
Trade and other receivables	9,479	-	9,479	9,840
Trade and other payables	-	1,347	1,347	1,916
Other loans (Note 7)	-	14,470	14,470	17,219
Lease liabilities (Note 14)	-	15,215	15,215	19,478
3 Key management compensation				
Salaries and other short-term benefits			1,133	1,092
Terminal benefits			189	106
BOD's remuneration			100	100
			1,422	1,298

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32. Segment information

The Group primarily operates in the trading of crude oil and petroleum products. The trading of crude oil and petroleum products is also related to storage and distribution operations. These operations are inter-related and subject to similar risks and returns. The management has determined that the Group is considered to have a single reportable operating segment. The Group operates in different geographic locations. Information about the Group's reportable operating segment is summarized as follows:

	2025			2024			
	Africa and Middle East KD'000	Europe KD'000	Asia and Far East KD'000	Africa and Middle East KD'000	Europe KD'000	Asia and Far East KD'000	Total KD'000
Sales	877,666	-	7,174	1,220,807	-	-	1,220,807
Segment result	22,858	-	2,208	32,549	-	2,060	34,609
Unallocated corporate items							(25,596)
Profit for the year							9,013
Other information:							
Trade and other receivables	136,880	-	-	158,991	-	-	158,991
Unallocated corporate assets							331,725
Total assets							490,716
Segment liabilities	4,719	13,352	-	52,506	42,510	-	95,016
Unallocated corporate liabilities							283,435
Total liabilities							378,451

Depreciation, capital expenditure and non-cash expenses are mainly related to unallocated corporate assets.

The results of the Group's associates and a joint venture are included in the Africa and Middle East and Asia and Far East segments.



Notes to the consolidated financial statements

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33. Financial instruments and risk management

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms. The estimated fair value of financial assets and liabilities that are not carried at fair value at the reporting date is not materially different from their carrying value.

Financial risk management objectives

The Group's Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group's activities exposes it primarily to the financial risk of changes in interest rates and equity prices. The Group is not significantly exposed to foreign currency risk as most of its financial assets and liabilities are denominated in USD.

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The Group also places short-term deposits with banks.

Interest rate sensitivity analysis

At 31 December 2025, if interest rates on borrowings (due to banks), non current portion of other loans, short-term deposits had been 1% (2024:1%) higher / lower with all other variables held constant, profit for the year would have been increased / decreased by KD 1.69 million respectively (2024: profit for the year would have been increased / decreased by KD 1.33 million).

The Group's exposures to interest rates on term deposits, non current portion of other loans and due to banks are detailed in Notes 4, Note 7 and 12 respectively to the consolidated financial statements.

Equity price risk

Equity price risk is the risk that fair values of equity securities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in quoted securities and managed portfolios classified as investments at fair value through profit or loss. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

As at 31 December 2025, if the net asset value of the managed portfolio would have increased / decreased by 5% (2024: 5%), the profit for the year would have increased / decreased by KD 4.097 million (2024: profit for the year would have increased or decreased by KD 3.68 million).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, trade and other receivables and other loans as disclosed in Note 4, Note 5 and Note 7 respectively.

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Trade receivables and other loans

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. At the reporting date, significant portion of the Group's trade receivables are due from entities operating in the oil and gas sector and governmental institutions with high credit ratings.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The lifetime ECL on trade receivables are assessed based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The letters of credit are considered integral part of ECL calculation. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Cash at banks

The Group places its cash and time deposits with various reputed financial institutions carrying high credit rating. The Group's cash at banks are considered to have a low credit risk and the loss allowance is based on the 12 months expected credit loss, which is not significant to the Group as at 31 December 2025.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves, maintaining valid and available credit lines with banks, and matching the maturity profiles of financial assets and liabilities.

All the financial liabilities of the Group are due within one year except for non-current portion of due to banks and non-current portion of lease liabilities. Non-current portion of lease liabilities is due in 8 years amounting to KD 10.97 million (2024: KD 15.36 million). The non-current portion of due to banks amounting to KD Nil (2024: KD 12.22 million).

34. Fair value of financial instruments

Fair value is the price that would be received to sell 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 to sell the asset or transfer the liability 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 following methods and assumptions are used to estimate the fair value of each class of financial instruments:



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Receivables, payables and borrowings

The carrying amounts approximate fair values because of the short maturity of such instruments.

Cash on hand and at banks, deposits and investments

The carrying amounts of cash on hand and at banks and deposits approximate fair values. The fair value of quoted securities is based on market quotations, whereas, the fair value of investments classified as FVOCI is measured using DCF techniques as disclosed in Note 6.

Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Fair value hierarchy			
	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
2025				
Investments at fair value through other comprehensive income	-	1,397	31,723	33,120
Investments at fair value through profit or loss	81,944	-	-	81,944
	<u>81,944</u>	<u>1,397</u>	<u>31,723</u>	<u>115,064</u>
2024				
Investments at fair value through other comprehensive income	-	1,102	31,819	32,921
Investments at fair value through profit or loss	73,594	-	-	73,594
	<u>73,594</u>	<u>1,102</u>	<u>31,819</u>	<u>106,515</u>

During the years ended 31 December 2025 and 31 December 2024, there were no transfer amounts between the fair value levels.

The fair value of the financial assets and financial liabilities are subjective in nature and are significantly affected by the assumptions made and the discount rates used.

31 December 2025

	At 1 January 2025 KD'000	Change in fair value KD'000	At 31 December 2025 KD'000
Investments at fair value through other comprehensive income	31,819	(96)	31,723
	<u>31,819</u>	<u>(96)</u>	<u>31,723</u>

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31 December 2024

	At 1 January 2024	Change in fair value	At 31 December 2024
	KD'000	KD'000	KD'000
Investments at fair value through other comprehensive income	27,186	4,633	31,819
	<u>27,186</u>	<u>4,633</u>	<u>31,819</u>

The level 2 and 3 assets unobservable inputs and sensitivity are as follows

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Investments at fair value through other comprehensive income	Growth rate	0% to 2.26%	0.25% change would increase/decrease fair value by KD 0.885 million / (0.803) million
	Discount rate	7.36% - 14.77%	1% change would increase/decrease fair value by KD 6.617 million / KD (4.479) million

Future and swap contracts

The fair value of the Group's open futures and swap contracts are the estimated amounts that the Group would receive or pay to terminate the contracts at the reporting date. The estimated fair values of these contracts classified under Level 1 are as follows:

		Notional amount 2025 KD'000	Notional amount 2024 KD'000	Fair value 2025 KD'000	Fair value 2024 KD'000
Swap contracts	Buy	5,450	4,854	5,449	4,831
Swap contracts	Sell	6,904	4,927	6,875	4,926
Future contracts	Buy	2,452	1,943	2,436	1,960
Future contracts	Sell	3,869	11,188	3,789	11,344

35. Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's strategy remains unchanged from 2024.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash on hand and at banks. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The capital structure of the Group consists of debt, which includes due to banks and cash on hand and at banks and equity comprising issued capital, reserves, treasury shares and retained earnings as disclosed in these consolidated financial statements.



Notes to the consolidated financial statements

For the year ended 31 December 2025

	2025 KD'000	2024 KD'000
Due to banks and lease liabilities (Note 12 and 14)	239,973	235,179
Less: cash on hand and at banks (Note 4)	(59,560)	(97,794)
Net debt	180,413	137,385
Total equity	116,307	112,265
Total capital resources	296,720	249,650
Gearing ratio	61%	55%

36. Contingent liabilities and commitments

At 31 December, the Group is contingently liable in respect of the following:

	2025 KD'000	2024 KD'000
Contingent liabilities:		
Letters of guarantee and bid bonds	9,290	12,670
Letters of credit	45,223	141,016
	54,513	153,686
Commitments:		
Investments in projects	14,533	9,827

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About the Group

Independent Petroleum Group (KSCP) (hereinafter referred to as the “Company” or the “Group”) is considered one of the leading companies in the field of marketing petroleum products and crude oil in the State of Kuwait and abroad. It was incorporated on 11 September 1976 as a Kuwaiti Closed Shareholding Company, and its shares were listed on the Kuwait Stock Exchange on 10 December 1995, within the framework of its commitment to expanding the shareholder base and enhancing transparency in its transactions.

The principal activities of the Company consist of executing commercial operations related to the marketing and distribution of petroleum products and crude oil, in addition to establishing and developing related infrastructure and logistical facilities, in a manner that achieves its operational and strategic objectives.

In the context of maintaining business continuity during the exceptional circumstances the country underwent during the period of the Iraqi occupation in August 1990, the Group established a wholly owned subsidiary outside the State of Kuwait under the name “Independent Petroleum Group Limited” on 08 August 1990 in the Commonwealth (Bahamas), which became the international trading arm of the Group in global markets.

Pursuant to the requirements of Companies Law No. 25 of 2012 and its amendments by Law No. 97 of 2013, and the Executive Regulations issued under the Minister of Commerce and Industry Resolution No. 425 of 2013, the Company reconciled its legal status through the Ordinary and Extraordinary General Assembly held on 10 March 2014. Whereby, the amendment of the Company’s legal entity to become a Kuwaiti Public Shareholding Company (K.S.C.P) was approved, and this was recorded in the Commercial Register under the Shareholding Companies Department Memorandum No. 207 dated 25 March 2014.

The Company’s issued and fully paid-up capital amounts to KD 18,840,750, distributed over 188,407,500 shares at a nominal value of 100 Kuwaiti Fils per share.

This legal and organizational structure reflects the Group’s keenness to adhere to the best practices of corporate governance and enhance transparency and accountability towards its shareholders and all stakeholders.

Main Shareholders:

Pursuant to the disclosure requirements set forth in the Corporate Governance Rules issued by the Capital Markets Authority of Kuwait, and based on the shareholders’ register as of 31 December 2025, the major shareholders holding 5% or more of the share capital of **Independent Petroleum Group (KSCP)** are as follows:

No.	Shareholder’s Name	Percentage (%)
1	Markaz Energy Fund (Under liquidation)	8.328
2	Al Ahlia Insurance Company	6.759
3	Kuwaiti Financial Company (Markaz) – Clients 1	6.608
4	Ali Muhammad Al-Radwan and his Group (Ali Al-Radwan and Sons General Trading Company) Direct and Indirect	6.239

First: Introduction to the Corporate Governance Framework and its Implementation at Independent Petroleum Group (KSCP)

Independent Petroleum Group (KSCP) (the “Group”) affirms its continuous commitment to developing the governance framework in line with the laws and regulations applicable in the State of Kuwait, particularly those issued by the Capital Markets Authority. Since the issuance of the Corporate Governance Rules, the Group has been keen on the effective implementation of their provisions, stemming from its firm belief in the principles of good governance, and the importance of enhancing transparency, accountability, protection of shareholders’ rights, and achieving a balance between the interests of various stakeholders.

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Second: Commitment to Governance Culture and Practices

The Group strives to entrench a culture of corporate governance at all its operational and administrative levels by adopting best professional and ethical practices and standards, and ensuring the adherence of the Board of Directors and Executive Management to these principles. The Group also conducts continuous and periodic monitoring of updates issued by regulatory authorities, ensuring the compliance of its policies and procedures with approved regulatory amendments, thereby guaranteeing effective internal control and prudent risk management.

Furthermore, the Group is committed to the accurate and transparent disclosure of material information in a timely manner, which enhances the confidence of shareholders, investors, and all stakeholders in its performance and operational efficiency.

Third: Summary of Governance Practices and Mechanisms during the Fiscal Year 2025

Independent Petroleum Group presents below a summary of the governance practices and mechanisms adopted during the fiscal year ended 31 December 2025. This includes the extent of compliance with the governance rule requirements set forth in Module Fifteen of the Executive Bylaws of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments, in addition to the measures taken by the Group to ensure full compliance therewith.

Rule I

Construct a Balanced Board Composition

Brief Outline on the Composition of the Board of Directors:

1. Board of Directors Composition

The current Board of Directors was elected during the Ordinary General Assembly meeting held on March 15, 2025, for a three-year term ending in March 2028, in accordance with the provisions of the Companies Law and the Corporate Governance Regulations issued by the Capital Markets Authority of Kuwait (Book XV). When constituting the Board, adherence to the requirements of Rule I regarding the construction of a balanced Board structure was observed, ensuring effective decision-making and providing independent oversight of executive performance.

Upon election, the Board of Directors comprised ten (10) members distributed as follows:

- **Four (4) Non-Executive Members**, including the Chairman of the Board, to enhance Board independence and the separation of powers.
- **Four (4) Executive Members**, undertaking the daily operational tasks of the Group.
- **Two (2) Independent Members**, meeting the independence criteria stipulated in Book XV (Corporate Governance).

The Board was constituted in compliance with the Capital Markets Authority requirements, whereby:

- The majority of members are Non-Executive.
- The percentage of Independent Members is 20% of the total Board members, which is the regulatory minimum.

2. Objectives of the Board Structure:

This composition aims to:

- Enhance the effectiveness of internal control and supervision over Executive Management.
- Mitigate conflicts of interest and ensure transparency and integrity in decision-making.
- Support the work of committees stemming from the Board, specifically:
 - The Audit and Risk Management Committee.
 - The Remuneration and Nominations Committee.

3. Changes During the Financial Year Ended December 31, 2025:

In line with the disclosure requirements contained in the Annual Corporate Governance Report, the Group announced the following changes:



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3.1 Resignation of the CEO and Reappointment as a Non-Executive Member

Mr. Waleed Jaber Hadeed stepped down from his position as Group CEO effective October 01, 2025, at his request, following a service tenure extending nearly fifty years. Mr. Waleed Jaber Hadeed continued as a Non-Executive Member of the Board of Directors and was appointed as Senior Advisor to the Group.

The Group confirms that this change did not result in any material impact on the financial performance or operational continuity during the financial year.

3.2 Reorganization of Executive Management:

The Group reorganized executive positions and functions to reflect the strategic directions of the Group, and to enhance operational efficiency and compliance with governance requirements.

3.3 Amendment of the Remuneration and Nominations Committee Composition:

The composition of the Remuneration and Nominations Committee was amended to align with best practices and regulatory regulations, taking into account independence standards and diversity of expertise.

The Group confirms that the administrative and organizational changes referred to were conducted in accordance with governance provisions and did not entail any material impact on the Company's performance or its operational processes.

4. Current Composition of the Board of Directors After Changes:

Following the amendments referred to during the financial year, the Board of Directors consists of ten (10) members according to the following distribution:

- **Five (5) Non-Executive Members**, including the Chairman of the Board.
- **Three (3) Executive Members**, undertaking the daily operational tasks of the Group.
- **Two (2) Independent Members**, meeting the professional and regulatory independence requirements:

The following is a list of the Board of Directors' members' names and positions, showing each member's classification, academic qualification and date of election or appointment:

Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
Ali M. Al-Radwan Founder Chairman of the Board of Directors	Non-Executive	<p>Academic Qualification: Bachelor of Law, Cairo University, 1961.</p> <p>Work Experience: Currently:</p> <ul style="list-style-type: none"> • Founder and partner in Ali Al-Radwan & Partners Law Firm, Kuwait, 1970 – up to date. • Founder and current member of Kuwait Bar Association <p>Formerly:</p> <ul style="list-style-type: none"> • Founder and former Chairman of the Board of Directors of Siemens Kuwait Company. • Former member of the Board of Directors of Kuwait Stock Exchange, Kuwait • Former member of the Board of Directors of the Kuwait Company for Fuel, Gas and Energy Industries • Former Vice Chairman of the Board of Directors of Kuwait National Petroleum Company • Former Secretary General of the Constituent Assembly and National Assembly, Kuwait 	<p>(Election) Joined IPG KSCP Board of Directors on 11 Sep- tember 1976</p> <p>◆◆◆</p> <p>Re-Elected Chairman of the Board of Directors On 15 March 2025</p>

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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
<p>Ghazi F. Alnafisi</p> <p>Founder Vice Chairman of the Board of Directors</p>	Non-Executive	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Diploma in Aeronautical Engineering, Chelsea College, University of London, June - 1965. Two-year special training course at British Petroleum on aviation fuel. <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Founder and Chairman of the Board – Salhia Real Estate Company – Kuwait. Founder and Chairman of the Board – Hotel Owners Union. <p>Formerly:</p> <ul style="list-style-type: none"> Member of the Board of Directors – Arcapita Bank – Bahrain. Founder and Vice Chairman of the Board – Al-Zad Commercial Group Company – Kuwait. Chairman of the Board and Managing Director – National Investments Company – Kuwait. Chairman of the Board – Gulf Investment Company – Bahrain. Member of the Board of Directors – Kuwait National Petroleum Company (KNPC). Chairman of the Board and General Manager – Kuwait Aviation Fueling Company (KAFCO). 	<p>(Election) Joined IPG Board of Directors on 11 September 1976</p> <p>◆◆◆</p> <p>Re-Elected Vice Chairman of Board of Directors On 15 March 2025</p>
<p>Waleed J. Hadeed</p> <p>Founder, Member of the Board of Directors, and Senior Advisor to the Group</p>	Non-Executive	<p>Academic Qualification:</p> <p>Bachelor's degree in economics and mathematics, Central Missouri State University, USA, 1967.</p> <p>Practical Work Experience:</p> <p>Formerly:</p> <ul style="list-style-type: none"> General Manager, International Marketing Department (London), Kuwait National Petroleum Company Manager, Middle East Office (Kuwait), International Marketing Department, Kuwait National Petroleum Company Manager of Middle East Office (Singapore), International Marketing Department, Kuwait National Petroleum Company. 	<p>(Election) Joined IPG Board of Directors on 11 September 1976</p> <p>◆◆◆</p> <p>Re-Elected Member of the Board of Directors On 15 March 2025</p> <p>◆◆◆</p> <p>The position was restruc- tured to be- come Senior Advisor to the Group on 01 October 2025</p>



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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
<p>Samir S. Shammas</p> <p>Member of the Board of Directors and Chief Executive Officer</p>	Executive	<p>Academic Qualification: Bachelor's degree in economics, University of California, Los Angeles, USA, 1976</p> <p>Work Experience: Formerly:</p> <ul style="list-style-type: none"> Marketing Development Manager, Independent Petroleum Group, London, 2014-2018. Board Member and Marketing Executive Director, Independent Petroleum Group, Kuwait, 2001-2013. General Marketing Manager, Independent Petroleum Group Company, Kuwait, 1999-2000. Marketing Manager, Independent Petroleum Group, Kuwait, 1993-1998. Office Manager, Independent Petroleum Group, London, 1988-1992. Administrative Director, Kuwait Real Estate Company, London, 1985-1988. Executive Marketing Manager, Middle East Oil Company, London, 1980-1984. Area Coordinator, Kuwait National Oil Company, 1976-1980. 	<p>Joined IPG KSCP on 01 July 1992</p> <p>◆◆◆ Elected Board Member on 09 March 2022</p> <p>◆◆◆ He was re-elected to the Board of Directors on March 15, 2025.</p> <p>◆◆◆ The position was restructured to become Chief Executive Officer on 01 October 2025</p>
<p>Abdullah A. Zaman</p> <p>Founder Member of the Board of Directors</p>	Non-Executive	<p>Academic Qualification: Bachelor's degree in mathematics, California University, Berkeley, USA, 1964.</p> <p>Work Experience: Formerly:</p> <ul style="list-style-type: none"> Member of the Board of Directors of Spanish Kuwait Petroleum Company Member of the Board of Directors of Kuwait Aviation Fueling Company (KAFCO) Deputy Managing Director for Planning, Kuwait National Petroleum Company Planning Director, International Marketing Department (London), Kuwait National Petroleum Company Planning Department, Headquarters, Kuwait National Petroleum Company Systems Analyst, Kuwait National Petroleum Company 	<p>(Election) Joined IPG KSCP Board of Directors on 11 September 1976</p> <p>◆◆◆ Re-Elected Member of the Board of Directors On 15 March 2025</p>

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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
<p>Abdullah E. Al-Kandari</p> <p>Member of the Board of Directors and Deputy CEO</p>	Executive / Secretary	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Member of the American Institute of Certified Public Accountants (AICPA), Washington State, USA, 1992 Master's degree in professional accounting from Miami University, 1986 Bachelor's degree in accounting, Kuwait University, 1983. <p>Work Experience:</p> <ul style="list-style-type: none"> Managing Director of Financial Affairs, Independent Petroleum Group (KSCP). Chief Financial Officer (CFO), Independent Petroleum Group (KSCP), Formerly. Executive Director of Financial Affairs, Independent Petroleum Group (KSCP), Formerly. Finance Manager, Independent Petroleum Group (KSCP), Formerly. Cost and Budget Coordinator, Kuwait Petroleum Corporation – International Operations, Formerly. Auditor, Anwar Al-Qatami & Grant Thornton, Formerly. Internal Audit Officer, Burgan Bank, Formerly. Specialized Training Course in Banking (15 months), Burgan Bank, Formerly. 	<p>Joined Independent Petroleum Group K.S.C.C. on 28 March 2001</p> <p>◆◆◆ (Election) On 3 March 2010</p> <p>◆◆◆ He was appointed Secretary of the Board of Directors on March 29, 2022</p> <p>◆◆◆ Re-elected as a Board Member on 15 March 2025</p> <p>◆◆◆ The position has been restructured to become Executive Vice President, effective October 1, 2025.</p>
<p>Mohammad A. Qasim</p> <p>Member of the Board of Directors and Managing Director for Business Development</p>	Executive	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Master's degree in international business, Sofia University, Tokyo, Japan, 1981. Banking Studies Diploma, Banking Studies Institute, Kuwait. Bachelor's degree in economics, Kuwait University, 1972. <p>Work Experience: Formerly:</p> <ul style="list-style-type: none"> Deputy Managing Director (Sales), Kuwait Petroleum Corporation Deputy Managing Director, Marketing (Planning) Kuwait Petroleum Corporation Vice President, KPI-Q8 Member of the board of directors, KPI and KPE Aviation (UK) Ltd. and Kuwait Petroleum, Spain, Kuwait Petroleum Company, France, Kuwait Petroleum Company, Sweden, Kuwait Petroleum Development Company, Thailand, Kuwait National Petroleum Company 	<p>Jointed IPG KPSC On 05 December 2004</p> <p>◆◆◆ Elected on 24 March 2013</p> <p>◆◆◆ He was re-elected to the Board of Directors on March 15, 2025.</p> <p>◆◆◆ The position has been restructured to become Managing Director of Business Development, effective October 1, 2025</p>



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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
		<ul style="list-style-type: none"> Vice Chairman, Refinery / Milano, Joint Venture with AGIP, Italy. Chairman of the board of directors, Kuwait Petroleum, Western Hemisphere, USA Member of the Board of Directors, KAFCO, Kuwait Manager, Crude Oil Sales Department, Kuwait Petroleum Corporation Manager, Sales Manager, Q8 Lubricating Oil, Kuwait Petroleum Corporation Sales Management Department, Kuwait Petroleum Corporation Manager, Kuwait Petroleum Corporation (Coordination Office, Singapore) Regional Sales Coordinator, Kuwait Petroleum Corporation Assistant Manager, Tokyo Office, Japan, Kuwait Petroleum Corporation Senior Sales representative, Kuwait National Petroleum Company, London Office Trainee Executive Office, Kuwait National Petroleum Company, Marketing Section Supervisor, Bank of Kuwait and the Middle East 	
<p>Abdulaziz S. Alessa</p> <p>Member of the Board of Directors</p>	Independent	<p>Academic Qualification:</p> <ul style="list-style-type: none"> PhD in Civil Engineering, University of Michigan, USA 1971 <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Chairman of the Board of Directors, Sultan Holding Company, since 1999 – up to date. Chairman of the Board of Directors, Q International Consultants, since 1991 – up to date. Chairman of the Board of Directors Sultan Education Society, Kuwait since 1979 – up to date. Chairman of the Board of Directors of Kuwait Bottling and Plastic Industries Company since 1976 – up to date. <p>Formerly:</p> <ul style="list-style-type: none"> Chairman and Managing Director – Gulf Bank 1989-1992. Member of the Higher Studies Council, Kuwait 1986 . Member of the Council of Higher Education, Kuwait 1986 – 1988. Member of the National Council for Education Evaluation 1980 – 1984. Member of the Board of Directors, Kuwait National Petroleum Company and Petrochemical Industries Company 1972 – 1975. Engineer, Ministry of Public Works 1963-1972. 	<p>(Election) board of directors member on 09 March 2022</p> <p>◆◆◆</p> <p>He was re-elected to the Board of Directors on March 15, 2025.</p>

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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
<p>Ibrahim Y. Alghanim</p> <p>Member of the Board of Directors</p>	Independent	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor of Science in Business Administration, California State Polytechnic, Pomona, 1980. <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Chief executive officer and Managing Director, Maseelah World Trading Company. <p>Formerly:</p> <ul style="list-style-type: none"> Chairman of the Board of Directors of Securities House KSCP, 2014-2023. Chairman of the Board of Directors of Aman Investment Company KPSC 2009 – 2010. Chairman of the Board of Directors of YIACO Medical Company 2000 – 2006. Chief Executive Officer of Alghanim Holding Company 1996 – 2000. General Manager, YIACO Medical Company 1991 – 1996. General Manager, Equipment Company 1986 – 1996. Assistant General Manager, Equipment Company 1981 – 1985. 	<p>(Election) board of directors' member on 09 March 2022</p> <p>***</p> <p>He was re-elected to the Board of Directors on March 15, 2025.</p>
<p>Hamad S. Al-Dalali</p> <p>Member of the Board of Directors</p>	Non-Executive	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor of Mechanical Engineering, Pennsylvania State University State College, Pennsylvania, 1997 – 2002. <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Sales Manager and Commercial Manager, Baker Hughes, Asia Pacific, October 2023 to date. <p>Formerly:</p> <ul style="list-style-type: none"> Country Manager, Baker Hughes, Kuwait, February 2020-September 2023. Senior Sales Manager, Baker Hughes, A subsidiary of General Electric Corp., from December 2017 - January 2020. Operations Manager, Schlumberger Drilling and Measurement Company, Kuwait, November 2013 - October 2017. Project Manager, Schlumberger Business Consulting Company (Abu Dhabi, Kuwait, Saudi Arabia, Sudan, Pakistan) September 2009 - November 2013. Field Engineer and Field Service Manager, Schlumberger Drilling & Measurement Company (Venezuela, Libya, USA, Saudi Arabia, Kuwait) December 2002 – August 2009. 	<p>Appointment of a representative of the coalition on 09 March 2022</p>



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- **Brief on the Company's Board of Directors' meetings, through the following statement:**

During the fiscal year ending 31 December 2025, IPG Board of Directors has held seven (7) meetings, as below indicated:

Board Meetings Held During the Year 2025

Member Name	Meet. No. (259)	Meet. No. (260)	Meet. No. (265)	Meet. No. (266)	Meet. No. (267)	Meet. No. (268)	Meet. No. (270)	No. Of Meetings
	Held on 15.1.25	Held on 23.2.25	Held on 19.3.25	Held on 14.4.25	Held on 14.4.25	Held on 13.7.25	Held on 12.10.25	
Ali M. Al-Radwan chairman of the Board of Directors. Non-Executive	✓	✓	✓	✓	✓	✓	✓	7
Ghazi F. Alnafisi Vice Chairman of the Board of Directors. Non-Executive.	✓	✓	✓	✓	✓	✓	✓	7
Walid J. Hadid Senior Advisor to the Group Non-Executive as of 01 October 2025	✓	✓	✓	✓	✓	✓	✓	7
Samir S. Shammass Board Member and Chief Executive Officer Executive appointment as of October 1, 2025	✓	✓	✓	✓	✓	✓	✓	7
Abdullah A. Zaman Board Member - Non Executive	✓	✓	✓	✓	✓	✓	✓	7
Abdullah E. Al-Kandari Board Member and Executive Vice President – Secretary Executive appointment dated October 1, 2025	✓	✓	✓	✓	✓	✓	✓	7
Mohammed A. Qasim Board Member - Managing Director for Business Development Executive position as of October 1, 2025	✓	✓	✓	✓	✓	✓	✓	7
Abdulaziz S. Alessa Board Member (Independent)	X	✓	✓	✓	✓	✓	✓	6
Ibrahim Y. Al-Ghanim Board Member (Independent)	✓	✓	✓	✓	✓	✓	✓	7
Hamad S. Al-Dalali Board Member - Non Executive	✓	✓	✓	✓	✓	✓	✓	7

How to apply the requirements for registration, coordination and keeping the minutes of the meetings of the IPG Board of Directors:

The Secretary of the Board assists the Chairman and Members of the Board of Directors in all matters related to the Board of Directors including:

- **Recording and keeping minutes:** Recording and keeping all minutes of the Board meetings, its records, books and reports submitted to and from the Board, provided that the minutes of the meetings shall be signed by the Secretary and all attending members.
- **Meeting Procedures:** Ensuring that all Board members adhere to the procedures established by the Board and that they are being notified of the Board meetings three working days before the dates assigned thereto, taking into account emergency meetings.
- **Access to information:** Ensuring that Board members have full and quick access to all Board meetings' minutes, information, documents and records related to IPG.
- **Distribution of information:** Ensuring proper communication and distribution of information and coordination among the members of the Board and other IPG stakeholders, including shareholders, the various IPG departments and employees, under the supervision of the Chairman.

Attached hereto is a copy of the declaration of the two independent members, both of whom fulfill the controls related to independence.

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Rule II

Establish Appropriate Roles and Responsibilities

Brief on how IPG determines the policy of tasks, responsibilities and duties of each of the Board Members and the Executive Management members and the powers and authorities delegated to the Executive Management:

In accordance with the Memorandum of Association and the Articles of Association, IPG's Board of Directors exercises its functions and duties as follows:

- Devotes sufficient time: devotes sufficient time to its responsibilities and tasks and works to serve the interests of the Group and its shareholders.
- Strengthening relationships: The Board of Directors performs a major role in maintaining a constructive relationship between the Board and the Executive Management and ensures the maintenance of trust among members.
- Exchange of views: The Board seek to exchange of views within the Board to ensure that decisions are taken based on sound foundations and information.
- Task definition: the tasks and duties of the Board members and the Executive Management are determined through a set of regulations established by the Board and the Board committees, as well as the Executive Management's approved table of delegation of authorities.
- Approved job descriptions: IPG has developed specific job descriptions for each Board and Executive Management member, which clearly specifies the tasks and responsibilities of each Board member and each member of the Executive Management.

Board of Directors Responsibilities and Tasks:

- Approving IPG's main objectives, strategies, plans and policies.
- Approving the annual budgets and interim and annual financial statements.
- Overseeing IPG's main capital expenditure and the ownership and disposal of assets and inventory.
- Ensuring IPG's observance to the policies and procedures.
- Ensuring the accuracy and validity of any data and information to be disclosed.
- Establishing effective communication channels to enable shareholders to access periodic and continuous information about IPG's activities and any other major developments related thereto.
- Establishing and overall overseeing and following up the Corporate Governance System.
- Monitoring the performance of each member of the Board of Directors and the Executive Management, using Key Performance Indicators (KPIs).
- Preparing the Annual Report to be presented to the General Assembly and forming specialized committees in accordance with the requirements of the regulatory authorities, defining their responsibilities, rights and obligations.
- Determining the powers and authorities delegated to the Executive Management, the procedures for making decisions and delegation terms.
- Following up the performance of the Executive Management members, ensuring completion of all the tasks assigned thereto.
- Substitution plans approval.
- Determining the policy of regulating the relationship with stakeholders, with a view to protect their rights.
- Preparing a mechanism to regulate dealings with all related parties to avoid conflict of interests.
- Adoption of the key risk indicators, their measurements and the willingness to take risks at IPG to deal with these risks.
- Ensuring that IPG approved policies and regulations are transparent and clear, allowing decision-making process, investigation, and separation of powers and interests between the Board of Directors and the Executive Management.
- Determining remunerations/bonus segments granted to the employees.
- Ensuring the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
- Ensuring the effectiveness of the internal control systems as applied in IPG.



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Key achievements of the Board of Directors during the year 2025:

- Reviewing and approving all internal policies and regulations in compliance with the requirements of the Capital Markets Authority (CMA), including updating regulations related to governance, risk management, and internal controls.
- Regularly monitoring the progress of executive performance to ensure adherence to the implementation of approved policies and procedures and the efficient achievement of the Group's objectives.
- Direct supervision of the work of committees emanating from the Board, including the periodic evaluation of their performance to ensure their effectiveness and independence.
- Conducting periodic reviews of work progress on approved strategic projects, discussing relevant developments and challenges, and taking necessary corrective decisions.
- Following up on the implementation of the Group's strategic plan through Key Performance Indicators (KPIs), ensuring progress toward achieving set objectives and enhancing shareholder value.
- Emphasizing the principle of transparency in the presentation of financial information and integrating operational performance results into the Group's consolidated financial statements up to December 31, 2025.
- Strengthening the Group's relationships with banks and investment institutions to support sustainable growth and achieve long-term strategic objectives.
- Supporting Executive Management by attracting and appointing qualified national cadres, thereby enhancing human capital and increasing added value for shareholders.

Executive Management's Tasks and Duties:

- The Executive Management is the entity responsible for implementing the strategic plans and annual operational plans approved by the Board of Directors, including the application of internal policies and regulations aimed at ensuring the efficiency and effectiveness of the Group's operational processes.
- The Board of Directors selects members of the Executive Management based on strict professional standards to ensure the availability of the competence and experience necessary to supervise the Group's various activities and achieve its objectives.
- In addition to executing strategy, the Executive Management plays a fundamental role in supporting corporate governance practices by adhering to relevant laws and regulations, applying the highest ethical and control standards, and promoting principles of transparency and accountability.
- The Executive Management also bears the responsibility of preparing and submitting periodic reports to the Board of Directors covering financial, operational, and non-financial performance, including the assessment of risks and opportunities, to ensure clarity of vision and informed decision-making.
- The Management strives to develop integrated accounting and administrative systems that ensure the accuracy of financial data and improve operational efficiency, while fully adhering to the authorities granted to it within the supervisory framework of the Board of Directors.
- Generally, the Executive Management is considered a key axis in achieving sustainability and maximizing shareholder value, by working in close coordination and under the direct supervision of the Board of Directors.

Brief on the implementation of formation requirements, issued by the Board, of specialized independent committees, per individual committee:

The Board of Directors has formed specialized independent committees, namely, the Audit and Risk Management Committee and Nomination and Remuneration Committee.

The following is a detailed statement concerning each committee:

Committee Name	Audit and Risk Management Committee
	<p>The Audit and Risk Committee is one of the committees established by the Board of Directors, and it is dedicated to instilling a culture of compliance and sound governance within the Independent Petroleum Group (KSCP). The Committee assumes the responsibility of overseeing the integrity and efficiency of financial reporting, ensuring the effectiveness of internal control systems, and monitoring risk management in accordance with the Group's risk appetite.</p> <p>The Committee's key duties include the following:</p>

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Committee Name	Audit and Risk Management Committee
<p>Committee's Tasks & Achievements during the year ending 31 December 2025</p>	<ul style="list-style-type: none"> • Recommending to the Board of Directors the appointment, reappointment, or change of the External Auditor, determining their fees, and reviewing their engagement letters. • Reviewing the interim and annual financial statements prior to their presentation to the Board of Directors, to ensure their transparency and accuracy. • Studying the applied accounting policies and principles and amendments thereto, and providing necessary recommendations to the Board of Directors. • Reviewing the results of internal and external audit reports, and ensuring that material observations are addressed. • Assessing the adequacy and effectiveness of the internal control systems applied within the Group. • Ensuring compliance with relevant laws and regulations, including the requirements of the Capital Markets Authority and the Commercial Companies Law. • Reviewing the Internal Audit Charter annually, and ensuring the existence of effective communication channels with the internal and external auditors and Executive Management. • Recommending the appointment of the Internal Audit Office and periodically evaluating its performance. • Reviewing and monitoring the implementation of approved internal audit plans. • Preparing and reviewing the risk management strategy, and monitoring the implementation of relevant policies and procedures. • Evaluating the systems and mechanisms used to identify, measure, and monitor risks at the Group level. • Assisting the Board of Directors in determining acceptable risk levels, and reviewing the Group's risk appetite. • Reviewing risk exposure in the countries where the Group operates, and assessing its impact on overall performance. • Reviewing the organizational structure of the Risk Management Unit, and making recommendations regarding it to the Board of Directors. • Reviewing reports related to risk management published in the Group's Annual Report. • Reviewing proposed transactions and deals with Related Parties (if any), and ensuring their compliance with approved policies and regulatory regulations.
<p>Commission's Formation Date and Term</p>	<p>Audit and Risk Management Committee was formed on 11/07/2016 upon the approval of the Capital Markets Authority to merge the Audit Committee and the Risk Management Committee, according to the Authority's letter, dated 27/07/2016, for a term of three years.</p>
<p>Members and Chairman of the Committee</p>	<p>Ghazi F. Alnafisi: Chairman of the Committee / Non-Executive member Abdullah A. Zaman: Committee Member / Non-Executive member Abdulaziz S. Alessa: Committee Member / Independent Member Ibrahim Y. Al-Ghanim: Committee Member / Independent Member</p>
<p>Number of Meetings Held by the Committee During the Year 2025</p>	<p>The Committee meets on a regular basis, at least four times during the year and on a quarterly basis, or whenever required, whether at the invitation of the committee chair or at the request of two of its members, the committee is convened to ensure it performs its duties and responsibilities efficiently and effectively, in accordance with the Corporate Governance Rules issued by the Kuwait Capital Markets Authority. During 2025, the committee held its meetings on the following dates:</p> <p>Dates of Meetings:</p> <ul style="list-style-type: none"> • January 15, 2025 • April 14, 2025 • July 13, 2025 • October 12, 2025



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Committee's Name	Nomination and Remuneration Committee
<p>Committee's Tasks & Achievements during the year ending 31 December 2025</p>	<p>The Nomination and Remuneration Committee is responsible for formulating policies and supervising the procedures for appointment, nomination, and remuneration, in a manner that ensures attracting competencies and maintaining the highest standards of governance. The Committee submits its recommendations to the Board of Directors regarding the appointment and re-appointment of Board members and Executive Management. It also supervises the implementation of remuneration policies, ensuring their fairness and alignment with institutional performance.</p> <p>The key duties of the Committee include the following:</p> <ul style="list-style-type: none"> • Recommending to the Board of Directors the acceptance of nominations and appointments of Board members and Executive Management, including their re-appointment. • Presenting nominations for Board membership to the General Assembly and supervising the course of procedures during the relevant meetings. • Preparing and updating job descriptions for Executive, Non-Executive, and Independent Board members. • Ensuring the continued fulfillment of independence requirements for Independent Boardmembers. • Examining and reviewing employment and appointment practices and procedures adopted within the Group. • Preparing a clear and fair remuneration policy for Board members and Executive Management that aligns with the strategic objectives of the Group. • Reviewing approved remuneration policies and ensuring their compliance with governance requirements and the performance of the concerned entities. • Determining mechanisms for evaluating the performance of the Board of Directors as a whole, as well as the performance of members individually, in addition to evaluating the performance of Executive Management. • Reviewing performance evaluation results and submitting relevant recommendations to the Board of Directors. • Enhancing and developing the skills of Board members through continuous training programs to ensure they keep pace with best professional and regulatory practices.
<p>Commission's Formation Date and Term</p>	<p>The Nomination and Remuneration Committee was formed on 11/07/2016 for a term of three years.</p>
<p>Members and Chairman of the Committee</p>	<p>Ali M. Al-Radwan: Chairman of the Committee / Non-Executive Member Waleed J. Hadeed: Committee Member / Non-Executive Member Ibrahim Y. Al-Ghanim: Committee Member/Independent Member</p>
<p>No. of Meetings Held by the Committee During 2025</p>	<p>The committee meets periodically, at least once a year, and the secretary prepares and properly documents the minutes of its meetings. During 2025, the committee held three meetings, as follows:</p> <ul style="list-style-type: none"> • Ninth meeting: January 15, 2025 • Tenth meeting: February 23, 2025 • Eleventh meeting: July 10, 2025

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Brief on applying the requirements that allow Board Members to obtain accurate and timely information and data:

The Board of Directors has direct access to IPG management and receives all periodic reports as well as any information requested by the Board. Under the supervision of the Chairman, the Secretary of the Board periodically and regularly communicates with all Board members and meets their requests in coordination with the Executive Management and all concerned parties.

Additionally, board members receive agendas for Board meetings, accompanied by all the necessary documents and information, at least **three working days** before the date of the meeting, so that the members would have sufficient time to examine the issues to be deliberated and take appropriate decisions.

Rule III

Recruit Highly Qualified Candidates for the Membership of a Board of Directors and the Executive Management

Brief on the application of formation requirements of the Nominations and Remunerations Committee:

The requirements of the Capital Markets Authority in terms of forming the Nominations and Remunerations Committee were achieved by assigning three Board members to form that Committee, in addition to an independent member. The Committee is chaired by a non-executive Board member.

Report on the remunerations to the Board members, the Executive Management members and the managers for the year 2025:

1. Summary of IPG's Remuneration and Incentives Policy, specifically in terms of the Board members, Executive Management members and director generals:

IPG has adopted a policy approved by the Board of Directors regarding the remuneration of members of the Board of Directors, the Executive Management members, managers and all employees of the Company.

The remuneration of the members of the Board of Directors is based on the IPG performance and in accordance with the provisions of the Companies Law. Remunerations for executive management members, managers and all other employees of the Group, are calculated according to the Group's performance during the year and in accordance with its internal policy as approved by the Board of Directors, by deducting 10% of the annual net profit.

2. Two detailed statements of all remunerations and benefits for the members of the Board of Directors, the Executive Management members and managers:

Board Members Remuneration and Benefits							
Total No. of Members	Remuneration and Benefits by the Parent Company			Remuneration and Benefits by Subsidiaries			
	Fixed Remuneration and Benefits (KD)	Variable Remuneration and Benefits (KD)		Fixed Remuneration and Benefits (KD)		Variable Remuneration and Benefits (KD)	
	Health Insurance	Annual Remuneration	Committees Remuneration	Health Insurance	Monthly Salaries (Total during the year)	Annual Remuneration	Committees Remuneration
10	-	100,000	-	-	-	-	-



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Total remunerations and benefits for five senior executives who received the highest remunerations, in addition to the CEO and the Chief Financial Officer, or his representative, if they are not among them																
Total No. of Executives	Remuneration and Benefits by the Mother Company							Remuneration and Benefits by Subsidiaries								
	Fixed Remuneration and Benefits (KD)							Variable Remuneration and Benefits (KD)	Fixed Remuneration and Benefits (KD)							Variable Remuneration and Benefits (KD)
	Monthly Salaries (Total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transp. Allowance	Children's Education	Annual Remuneration		Monthly Salaries (Total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transp. Allowance	Children's Education	Annual Remuneration	
7	893,072	5,880	7,408	-	-	-	256,968	-	-	-	-	-	-	-		

3. Substantial Deviations from the Board-Approved Remuneration Policy:

There are no deviations from the approved Remuneration Policy.

Rule IV

Safeguard the Integrity of Financial Reporting

Board of Directors and the Executive Management Written Declarations of the Soundness and Integrity of the Prepared Financial Reports:

The IPG Board Chairman and members declare and undertake the accuracy and integrity of the financial statements provided to the external audit and that the financial reports of the Group have been properly and fairly presented, in accordance with the international accounting standards applied in the State of Kuwait and approved by the Authority, ensuring that they reflect the financial position of the Group as of 31 December 2025. This is based on the information and reports provided by the executive management and the auditor, with due care taken to verify the integrity and accuracy of these reports.

The Executive Management submitted to the IPG Board of Directors a written undertaking on 15 January 2025 (**the date of the meeting of the Board of Directors**) that the financial reports of IPG provide a proper and fair presentation of all the financial aspects of the company and that these were prepared according to the applicable international accounting standards.

The Annual Report submitted to the shareholders by the Board includes an undertaking and guarantee to the correctness and integrity of all financial statements and reports related to the Group's activity.

Brief on the application of formation requirements of the Audit and Risk Management Committee:

The Audit and Risk Committee has been formed to consist of four members, including two of the independent Board members. The Committee enjoys independence in its work, as its membership does not include the Chairman of the Board of Directors or any of the Board executive members.

The Audit and Risk Management Committee aims to assist the Board of Directors in carrying out its responsibilities related to ensuring financial reports' soundness and integrity, as well as verifying the adequacy and effectiveness of the internal control systems applied in IPG. This is in addition to working on managing the risks the Group may be exposed to and setting the necessary controls to reduce them and identify IPG's appetite to risk and the acceptable ratios thereof in light of the expected benefits, submitting relevant recommendations to the Board of Directors.

In case of any conflicts between the recommendations of the Audit Committee and the resolutions of the Board of Directors:

No conflicts have occurred during the year between the Audit Committee and the resolutions of the Board.

Emphasizing the independence and impartiality of the external auditor:

The Audit and Risk Management Committee recommends the appointment, reappointment and replacement of the external auditor, whose remuneration is determined by the Board of Directors, after assessing his independence and impartiality. External auditor appointment takes place in the annual general assembly meeting, based on a recommendation by the Board of Directors.

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IPG gives high priority to the auditor's integrity and independence, attained by appointing a global company known for its sound professional practices and ethics. Hence, The Audit and Risk Management Committee recommended to the Board of Directors the reappointment of RSM "Al-bazie & Co." as the Group's external auditor for 2025, subject to approval at the Annual General Meeting. This recommendation was subsequently approved at the Ordinary General Meeting held on March 15, 2025, in accordance with the requirements of the Capital Markets Authority.

The Committee also verifies the independence of the external auditor and that they have not provided any services to IPG other than those services required by the audit profession.

Rule V

Apply Sound Systems of Risk Management and Internal Audit

Brief statement on the application of formation requirements for the Risk Management Department/ Office/ Independent Unit:

IPG has a separate Risk Management Department, directly reporting to the Audit and Risk Management Committee. Its objectives are to identify, measure and control risks associated with IPG's activities. Risk management officers in-charge have significant independence and enjoy professional competencies as well as technical capabilities that enable them to perform their tasks efficiently and effectively.

The risk management function includes all methods and processes adopted to manage risks and seize opportunities related to achieving its objectives. It provides a framework for risk management, which usually includes:

- identifying specific events or conditions relevant to the Group's objectives (**risks and opportunities**).
- assessing them in terms of likelihood and magnitude of impact.
- determining a risk response strategy.
- monitoring the progress achieved by identifying and proactively addressing risks and opportunities.

This framework contributes to the protection of the Group and creates value for stakeholders, including owners, employees, customers, regulators, and society at large.

The group has identified financial and operational risks as significant risks that require continuous monitoring and review to ensure effective response to these risks.

Brief Description of the Internal Control and Monitoring Systems:

IPG is keen on adopting internal control and monitoring systems comprehensive of all IPG activities, in order to maintain the financial integrity of the Group and the accuracy of its data. In this regard, IPG has properly identified the powers and responsibilities adopted by its Board of Directors and Executive Management as designed to provide reasonable assurance regarding achieving the following purposes:

- Operations effectiveness and efficiency.
- Maintaining the safety of assets.
- Reliability of financial reports.
- Compliance with applicable laws and regulations.
- Timely detection and prevention of errors and violations.

To achieve these objectives, the Group appointed the office of Mohammed Ahmed Al-Anjari - Certified Public Accountants, an independent member of Baker Tilly International, to review and evaluate the internal control systems and prepare a report in this regard (Internal Control Report) for the financial year ending December 31, 2025. The final report will be provided to the Authority no later than March 31, 2026.

Brief statement on the application of the requirements for the formation of an independent unit for Internal Audit Department/ Office/ Unit:

IPG has appointed an external audit office to perform the internal audit function. Internal auditors enjoy independence through their direct reporting to the Audit and Risk Management Committee. They also have technical expertise that enables them to efficiently perform their tasks.



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The objective of the Internal Audit Department is to guarantee the operational effectiveness of the internal controls systems, in addition to the implementing the IPG policies and procedures, through periodic reporting of the various findings. The internal audit function reports to the Audit and Risk Management Committee directly.

During the year, internal audit covered IPG's departments, pursuant to the Internal Audit Plan approved by the Audit Committee. Regular internal audit reports are presented and submitted to the Audit and Risk Management Committee.

Rule VI

Promote Code of Conduct and Ethical Standards

Brief on business charter, including standards and determinants of the code of conduct and ethical values:

IPG's Board of Directors has adopted the professional, ethical and behavioral standards required to be adhered to by all Board members and employees in their fields of work, regardless of the work place and conditions. The Group is committed to the highest levels of ethical standards that represent Code of Conduct basic values and ethics, which have been prepared for IPG to embrace the following values:

- **Respect.**
- **Financial integrity and faithfulness.**
- **Diversity and equal opportunities.**
- **Health and safety.**

Brief on the policies and mechanisms on reducing conflicts of interest:

IPG exerts due diligence in implementing its policies in order to avoid conflicts of interests, as the Group has adopted an approved policy to minimize such cases. This policy provides for reviewing all transactions with related parties, in accordance with the instructions of the Capital Markets Authority and ensure that any conflict of interests situations are properly addressed, in a timely manner.

Rule VII

Ensure Timely and High-Quality Disclosure and Transparency

Brief on the application of the mechanisms set for presentation as well as accurate and transparent disclosures that define the aspects, areas and characteristics of disclosure:

- IPG is committed to provide accurate and clear disclosures of all substantial information of the Group and its subsidiaries, adopting a Disclosure and Transparency Policy approved by the Board of Directors, with a view to ensure that shareholders can access timely, up-to-date and consistent information.
- IPG undertakes to disseminate full and accurate information, so that stakeholders and investors can take decisions, as it is IPG's policy to provide real information about its business and strategic objectives on a regular basis.
- All reports, financial statements, auditors' reports, Board members holding IPG shares and any material information that allows shareholders to exercise their rights to the fullest and helps stakeholders to be fully aware of IPG's status.

Brief on the application of the Board of Directors, Executive Management disclosures and Directors' disclosure requirements:

- IPG maintains a special record of the disclosures of the members of the Board of Directors, the Executive Management and the managers in the Group, which includes all data and information required to be disclosed in accordance with the laws, instructions and policies adopted by IPG in this regard, where stakeholders are entitled to access that record during working hours.
- IPG's official website includes a record of all its disclosures for the previous five years.

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Brief statement on the application of formation requirements for the Investors Affairs Unit:

- In line with the corporate governance requirements issued by the Capital Markets Authority, the Group established an Investor Relations Unit to ensure an effective and transparent communication mechanism with all shareholders and investors. This unit enables them to obtain essential information and data related to the Group's activities and financial performance in a timely manner. All inquiries from shareholders and investors are received via the unit's dedicated email address.
- The Board of Directors adopted a clear organizational policy for communicating with shareholders and investors. This policy aims to protect shareholders' rights, ensure effective communication, and provide accurate and reliable disclosures in a timely manner, in accordance with the requirements of the Authority and the regulations of the Kuwait Stock Exchange.
- The Investor Relations Unit operates within an internal organizational framework that guarantees its independence and impartiality. It makes important information available through official disclosure channels, including financial reports, the annual report, and official publications on the website www.ipg.com.kw, to ensure that all stakeholders receive information in an organized and transparent manner.

Brief on how to develop information technology infrastructure to be relied on heavily in disclosure processes:

- A dedicated section has been created on IPG's website which includes information, data and news, updated on a regular basis, that helps current shareholders to view and update any information related to the Group.
- IPG's website includes all its disclosures to the market, in addition to key information about results, periodic and annual financial reports, information about the Board of Directors and Executive Management, and an overview of the Group.
- IPG is keen to follow the automated disclosure system through the Boursa Kuwait website by updating its news and announcements regularly.

Rule VIII

Respect the Rights of Shareholders

Brief on the application of the requirements set for the identification and protection of shareholders' general rights, in order to ensure fairness and equality among all shareholders:

IPG is committed to ensuring that all shareholders exercise their rights fairly, pursuant to the Group's Memorandum of Association and Articles of Association, as well as the Companies Law and the resolutions of the Capital Market Authority. These rights include:

- ❖ **Shareholders' rights related to IPG's general assembly:** Sending invitations to attend assembly meetings to all shareholders, informing them of all relevant issues.
- ❖ **Shareholders' voting rights:** Ensuring that all shareholders can exercise their voting rights in person or by proxy without any hindrance.
- ❖ **Shareholders' rights in share ownership and profits attained by the Group:** Providing shareholders with the right to dispose of shares, i.e., registration or transfer of shares ownership. IPG records shareholders' equities in its registers and accounting books.

Brief on creating special record at the Clearing Agency, as part of the requirements for on-going monitoring of shareholders' data:

The Group maintains an accurate and continuously updated register of all shareholders with the Kuwait Clearing Company, including detailed data such as shareholder names, number of shares held, percentage of ownership, and other relevant information.

The Group complied with Capital Markets Authority Resolution No. (111) of 2025, issued on July 3, 2025, which granted the Kuwait Central Securities Depository Company a license to operate as a clearing agency, including the transfer of the shareholder register maintenance agreement in accordance with the approved regulations and procedures.



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Brief on how to shareholders are encouraged to participate and vote at IPG's general assembly meetings:

IPG seeks to maintain a solid relationship with its shareholders and encourages them to attend and constructively participate in all discussions and deliberations at the shareholders' meeting. Ordinary and extraordinary general assemblies are called upon at the request of the Board of Directors pursuant to relevant laws. The Group sends invitations to the shareholders to attend the meeting, enclosing the agenda, time and venue of the meeting, financial data and other attachments, in addition to publishing the invitation on IPG's website and the Kuwait Stock Exchange website, as well as in local daily newspapers.

IPG seeks to protect the rights of its shareholders, including:

- Ensuring the agreed-upon share of dividends.
- Providing a proper share in IPG's assets in case of liquidation.
- Providing regular related data and information on IPG's activities, operations and investment strategies.
- Participating in shareholders' general assembly meetings and voting on the decisions suggested therein.
- Obtaining financial statements for the elapsed financial period, as well as the report of the Board of Directors and the auditor's report.
- Obtaining timely information about Board membership elections.
- Submitting a liability claim against members of the Board of Directors or the Executive Management in case they fail to perform the duties assigned thereto.
- Candidacy for membership of the Board of Directors.

Rule IX

Recognize the Role of Stakeholders

Brief on the conditions and policies that ensure protection and recognition of stakeholders' rights:

IPG is fully responsible for protecting stakeholders' rights and for creating a stable business environment by ensuring that the Group enjoys a sound financial position. As part of the corporate governance framework, IPG has developed a Stakeholder Protection Policy that has been approved by the Board of Directors, with the aim of ensuring respect and protection of stakeholders' rights in accordance with the laws and regulations of the relevant Kuwaiti regulatory authorities.

The compliance officer undertakes monitoring the implementation of this policy, noting that IPG's policy on protecting stakeholders' rights acknowledges all parties as stakeholders, including shareholders, regulatory authorities, customers, employees, suppliers, etc.

The Board of Directors is responsible for the following key responsibilities to protect IPG's stakeholders' rights:

- Appointing an efficient executive management.
- Supervising IPG's affairs effectively and efficiently.
- Adopting effective policies.
- Knowledge of IPG's conditions and performance.
- Maintaining sufficient IPG capital.
- Compliance with laws, regulations and instructions.
- Treating all stakeholders fairly and equally.
- Undertaking independent review of the transactions carried out by IPG with related parties (if any), providing appropriate recommendations in this regard to the Board of Directors.
- Providing reliable and sufficient information to stakeholders on an ongoing basis.
- Providing periodic reports to the Board of Directors on grievances (if any).

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Brief on encouraging stakeholders to follow up on IPG's various activities:

- With a view to encourage stakeholders to participate in following up on its various activities, IPG actively works toward ensuring that stakeholders obtain accurate, sufficient and timely information on the topics raised through the website, including the annual report, governance report, audit and risk management committee report and all IPG's disclosures, as well as other matters that contribute to respecting the rights of stakeholders stipulated by law.
- IPG is committed to the principle of full transparency and disclosure of material information, which is updated on both Kuwait Stock Exchange and IPG's websites.

Rule X

Encourage and Enhance Performance

Brief on the application of the requirements set for developing mechanisms that allow Members of the Board of Directors and Executive Management to continuously attend training programs and courses:

- The Group is committed to developing the capabilities of its Board members and executive management through ongoing training programs, workshops, and international conferences, with the aim of enhancing their skills and knowledge to keep pace with market developments.
- Initiatives include reviewing compliance with Capital Market Authority regulations, along with specialized training programs tailored to the company's operations.
- These efforts aim to ensure that senior staff are prepared to make informed decisions and support efficient corporate performance.

Brief on the evaluation of Board's performance as a whole, as well as the performance of every Member of the Board of Directors and the Executive Management:

- An annual performance evaluation of the Board of Directors, Board members and members of the Committees and Executive Management is carried out according to criteria approved by the Board of Directors.
- The Nominations Committee develops objective and quantitative performance criteria and indicators to evaluate the performance of the Executive Management. approved by the Board of Directors, where the latter evaluates the performance of the Executive Management on an annual basis.

Brief on the Board of Directors efforts to create corporate values (Value Creation) among IPG employees, through achieving strategic goals and improving key performance indicators:

- IPG is directly concerned with the creation of corporate values (Value Creation) by preparing clear strategies and objectives that it seeks to achieve through working with world-class professionalism and providing required human and material resources to achieve such objectives and obtain proper performance rates in line with the Group's plans and the aspirations of its shareholders.
- IPG prepares consolidated reports that provide accurate information to the Board of Directors, helping to achieve the Group's objectives and improve its rates.



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Rule XI

Focus on the Importance of Corporate Social Responsibility

Brief on the development of a policy that ensures a balance between IPG's and society's objectives:

IPG is committed to achieve alignment with its work and strategy, on the one hand, with responsibility towards the environment, society and the main stakeholders, on the other. The objective of this policy is to give the Group, in the context of its management, social responsibility, including achieving sustainable development for society and manpower, by contributing to reducing the level of unemployment and achieving optimal use of available resources. IPG also seeks to enhance and achieve knowledge and awareness among its employees of the importance of social responsibility programs, through various communication programs and means with employees.

Brief on the programs and mechanisms that help highlight IPG's efforts in the field of social work:

Being fully aware of its corporate responsibility toward society and its own employees, IPG has adopted a policy that ensures the achievement of the objectives of both the Group and society by raising the level of knowledge and awareness by its employees of the importance of social responsibility programs and ensuring that the Group employees have a thorough knowledge of the social responsibility goals that IPG actively and continuously seeks to achieve, thereby contributing to enhance the performance of the Group as a whole.

To this end, IPG launches a wide variety of programs in the following areas:

- Appointment of national competencies in IPG and its subsidiaries.
- Responsibility towards society by supporting community initiatives and projects.
- Protection of the environment by adopting environmentally friendly practices.
- Providing a healthy and efficient work environment for its employees at all levels.
- Focusing on the importance of social responsibility and the desire to support donations for real social security initiatives, charitable activities, education programs, etc.
- Working to improve the living conditions for all employees to ensure their well-being and stability.

Ali M. Al-Radwan

Chairman of the Board of Directors