



Privatization  
Authority

Unlocking Value, Enhancing Productivity

# Kenya Pipeline Company IPO **PROSPECTUS**



Kiplevu Oil Terminal 2, Mombasa



# INFORMATION MEMORANDUM



## KENYA PIPELINE COMPANY

Information Memorandum in respect of an offer for sale by the Government of Kenya of 11,812,644,350 shares at an Offer Price of Kenya Shillings 9.00 with a par value of Kenya Shillings 0.02 each in the ordinary share capital of Kenya Pipeline Company (the "Offer Shares") comprising a public offer of 65% of the issued ordinary Kenya Pipeline shares (the "Offer")

Lead Transaction Advisor: Faida Investment Bank Limited

Legal Advisor: TripleOKLaw Advocates and G&A Advocates LLP



## KENYA PIPELINE COMPANY PLC

Incorporated in Kenya under the Companies Act (Cap 486) and Converted to a public limited company of registration Number PLC-VY7TPQMRK pursuant to a special resolution of the sole member dated 08th January 2026

("Kenya Pipeline" or the "Company")

## INFORMATION MEMORANDUM

in respect of an offer for sale by the Government of Kenya of 11,812,644,350 shares at an Offer Price of Kenya Shillings 9.00 with a par value of Kenya Shillings 0.02 each in the ordinary share capital of Kenya Pipeline Company (the "Offer Shares") comprising a public offer of 65% of the issued ordinary Kenya Pipeline shares (the "Offer") on the Main Investment Market Segment of the Nairobi Securities Exchange ("NSE")

Proposed Listing Date: 9th March 2026

This Information Memorandum is issued in compliance with the Companies Act (Cap 486), the Capital Markets Act, (Cap 485A) and the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2023.

This Information Memorandum is dated 17 January 2026

This Offer opens at 9.00 a.m. on 19 January 2026 and closes at 5.00 p.m. on 19 February 2026

If you are in any doubt about this Information Memorandum, the Offer or any information contained in this document, please consult your stockbroker, investment adviser, banker, financial consultant or other professional adviser, who specializes in advising on the acquisition of shares and other securities.

The Capital Markets Authority has approved the Offer and the listing of the Offer Shares on the Main Investment Market Segment of the Nairobi Securities Exchange. As a matter of policy, the CMA and the NSE assume no responsibility for the correctness of any statements or opinions made or reports contained in this Information Memorandum. Approval of the Offer or listing is not to be taken as an indication of the merits or considered an endorsement of Kenya Pipeline Company or the securities.

This document is not for sale. This document is important and requires your attention.

Lead Transaction Advisor



Lead Sponsoring Broker



Co-Sponsoring Broker



Joint Legal Advisors



Reporting Accountant



Registrar



Advertising Agency



Receiving Banks



COMPANY'S VISION

Africa's Premier Energy Partner

COMPANY'S MISSION

Safe delivery of quality and sustainable energy and integrated solutions to our stakeholders with utmost care

COMPANY'S CORE VALUES

D Diligence

I Integrity

I Innovation

S Safety & Environmental Stewardship

C Customer Intrinsic

C Collaboration





Kisumu oil jetty, Kisumu

# Table of Contents

1	Important Notice	5
2	Letter from Cabinet Secretary to the Treasury and Economic Planning	8
3	Advisers to the Company and Vendor for the Offer	9
4	Summary Corporate Information	11
5	Important Dates	15
6	Glossary of Definitions and Abbreviations	16
7	Features of the Offer	20
8	Additional Corporate Information	37
9	Use of Proceeds	38
10	Dividend Policy	38
11	Macroeconomic Overview	40
12	Equities Market Overview	50
13	Industry Overview	52
14	Business Overview	59
15	KPRL Strategic Value and KPC Leverage Potential	73
16	Risk Factors and Mitigation Measures	76
17	Selected Financial Data	83
18	Operating, Technical and Financial Review	87
19	Regulatory Environment	95
20	Board of Directors, Senior Management & Corporate Governance	102
21	Employee Share Option Plan	119
22	Taxation on Income of Shares	122
23	Statutory and General Information	123
	Appendix I: Authorised Selling Agents	156
	Appendix II: Downloadable Application Form	159
	Appendix III: Form of Irrevocable Bank Guarantee (IBG)	164
	Appendix IV: Legal Opinion	166
	Appendix V: Reporting Accountant's Report	174



Kipevu Oil Terminal 2, Mombasa

# 1. Important Notice

This document is important for considering what action to take and requires your careful attention.

A copy of this Information Memorandum together with the documents required has been lodged with the Capital Markets Authority ("CMA") and Nairobi Securities Exchange ("NSE") for approval. Prospective investors should carefully consider the matters set forth in this document. Investors should read the printed version of this Information Memorandum before making an investment decision.

This document is an Information Memorandum inviting applications for 65% of the issued ordinary shares of Kenya Pipeline Company under terms outlined herein, which are being offered for sale by the Government of Kenya, acting through the Cabinet Secretary to the Treasury and Economic Planning ("GoK"). The Offer consists of five pools: (i) Kenyan investors (the "Kenyan Pool") (ii) investors from the East Africa Community ("EAC"); (iii) Oil Marketing Companies ("OMCs") (iv) KPC Employees (v) International investors (the "International Pool") If you are in doubt as to the meaning of the contents of this Information Memorandum or as to what action to take, please consult your investment bank, financial advisor, stockbroker or other professional advisor authorised under the Capital Markets Act who specialises in advising on the acquisition of shares and other securities, immediately.

If you wish to apply for shares in terms of the initial public offer then you must complete the procedures for application and payment set out in the applicable part of the section titled "Features of the Offer". The CMA has approved the public offering and listing of the ordinary shares of Kenya Pipeline Company at the Nairobi Securities Exchange ("NSE"). As a matter of policy, the CMA assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Information Memorandum. Approval of the Offer and/or Listing is not to be taken as an indication of the merits of the Company or of the Offer Shares.

Approval has been obtained from NSE for the admission of the ordinary shares of Kenya Pipeline Company to the Main Investment Market Segment ("MIMS"). Subject to compliance with the NSE Listing Rules, the NSE will admit to listing the ordinary shares of Kenya Pipeline Company under the security code "KPC.0000".

The Offer Shares will carry the right to participate in all future dividends to be declared and paid on the ordinary share capital of the Company. The Offer Shares rank pari passu with the other ordinary shares of Kenya Pipeline Company and each ordinary share carries one vote at a general meeting of the Company. After the closing of the Offer, the ordinary share capital of Kenya Pipeline Company will comprise 19,369,580,000 authorised ordinary shares and 18,173,299,000 issued ordinary shares with a par value of KSHS 0.02 each. These shares will be freely transferable and will not be subject to any restrictions on marketability or any pre-emptive rights. Following Cabinet approval, the National Assembly, through Sessional Paper No. 2 of 2025, approved the privatisation of Kenya Pipeline Company through an IPO at the Nairobi Securities Exchange.

This Information Memorandum contains information that is provided in compliance with the requirements of the Companies Act and the Capital Markets Act as well as the rules and regulations made thereunder. The Offer does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such an offer or solicitation would be unlawful. The Offer consists of an offering outside the United States of America (the "United States") of shares pursuant to Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "Securities Act"). The shares have not been, and will not be, registered under the Securities Act or any state securities laws and may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) absent registration or an exemption from registration under the Securities Act.

The Offer does not constitute an offer or solicitation of an offer to the public in the United Kingdom or Germany. The Offer Shares have not been, nor will they be, registered under the applicable securities laws of Australia, Canada and Japan. Subject to certain exceptions, the Offer Shares may not be offered or sold, directly or indirectly, in or into Australia, Canada or Japan or to or for the account or benefit of any national, resident or citizen of Australia, Canada or Japan.

A description of these and certain other restrictions to which the Offer and sale of the Offer Shares are subject are set out in full in the section of this Information Memorandum entitled "Features of the Offer—Selling Restrictions".

This Information Memorandum contains statements from PricewaterhouseCoopers LLP ("PwC"), the Reporting Accountants, which constitute a statement made by an expert in terms of Section 42(1) of the Companies Act. The Reporting Accountants have given and not withdrawn their consent to the issue of the said statements in the form and context in which they are included in this Information Memorandum.

TripleOKLaw Advocates LLP & G&A Advocates LLP, the Legal Advisers, have given and not withdrawn their written consent to the inclusion in this Information Memorandum of their letter in Appendix IV –Legal Opinion, and the references to their names, in the form and context in which they appear, and have authorised the contents of said letter.

Faida Investment Bank, acting as the Lead Transaction Advisor, have relied on information provided by Kenya Pipeline Company to prepare this Information Memorandum and is not liable for the correctness, or lack of it, of the information presented in this document.

## Forward-looking statements

This Information Memorandum contains "forward-looking statements" relating to the Company's business. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed in more detail under "Risk Factors" and "Business Overview". Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Information Memorandum as anticipated, believed, estimated or expected. The Company does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set out in this Information Memorandum.

This Information Memorandum is dated: 17 January 2026

## DECLARATION

The Directors of Kenya Pipeline Company, whose names appear on Section 20 of the Information Memorandum accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything that is likely to affect the import of such information.

Signed on behalf of the Board of Directors of Kenya Pipeline Company.

Mrs. Faith Bett-Boinnet  
Chairperson

Joe K Sang, EBS  
Managing Director & CEO

## 2. Letter from Cabinet Secretary to the Treasury and Economic Planning

16th January, 2026

Dear Investor,

It is with great pleasure that I present to you this Information Memorandum for the offer for sale of 11,812,644,350 ordinary shares of Kenya Pipeline Company. The Government of Kenya, acting through the Cabinet Secretary to the Treasury and Economic Planning, is giving all Kenyans and the investing community at large the opportunity to be co-owners in Kenya Pipeline Company.

Key among the Government's privatisation objectives is the need to broaden the shareholding of state-owned corporations among Kenyans, as well as to deepen the capital market and raise resources for infrastructure development. The NSE has undoubtedly been a major catalyst to the growth of our country. It is for this reason that the Government seeks to encourage every Kenyan to participate in the benefits of investing through the stock market.

KPC is a leading Oil and Gas Company in Kenya and has grown significantly in the recent years. As a result, KPC is one of the most profitable companies that is wholly owned by GoK, and in this way, has contributed significantly to the country's budget.

KPC recorded revenues of Kes 38.59 Billion and after-tax profits of Kes 7.49 Billion for the year ended 30 June 2025. The company is financially sound and supported by a strong resilient balance sheet. This Offer is of great significance not only to the capital markets, but to Kenya as a whole, the IPO is the largest ever in East Africa. In keeping with the promise His Excellency the President made to Kenyans, we are proud to present this Offer and encourage every Kenyan to take part in this proud success story.

This Information Memorandum sets out the details of the Offer and the listing of the ordinary shares of KPC on the Main Investment Market Segment of the NSE. I encourage all investors to read the full Information Memorandum carefully to gain a clear understanding of the potential rewards and risks relating to investing in KPC.

Under the Central Depository System, shareholders are required to open an account with the Central Depository & Settlement Corporation Limited ("CDSC") prior to buying, selling, or acquiring additional shares at the Nairobi Securities Exchange. Thereafter, shareholders must deposit their shares with CDSC, upon which CDSC will issue a share statement evidencing the securities held on their behalf. All applicants are urged to open their CDS accounts without delay by contacting stockbrokers or investment bank branches listed in this Information Memorandum.

This will be the first e-IPO, meaning all applications will be submitted electronically. Participation is therefore limited to investors who hold CDS accounts. I encourage anyone without a CDS account to open one immediately through a CDS agent of their choice.

I look forward to welcoming you as a co-shareholder of Kenya Pipeline Company.

Hon. FCPA John Mbadi, EGH,  
Cabinet Secretary, National Treasury and Economic Planning

## 3. Advisers to the Company and Vendor for the Offer

Lead Transaction Adviser



Faida Investment Bank Limited  
Crawford Business Park  
State House Rd  
P.O. Box 45236 - 00100  
Nairobi Kenya

Telephone: + 254 (020) 7606026-35  
Contact person: Rina Hicks  
Email: kpcipo@fib.co.ke

Legal Advisers



TripleOKLaw Advocates  
5th Floor, Wing C, ACK Garden  
P.O. Box 43170-00100  
Nairobi, Kenya

Telephone: +254 722 690 796  
Contact Person: Brian Muindi  
Email:sgc@tripleoklaw.com



G&A Advocates LLP  
Avenue 5 Building, 4th Floor- Rose Avenue  
P.O. Box 22966 – 00100,  
Nairobi, Kenya

Telephone: +254 204 400 509  
Contact Person: Doreen Onwonga  
Email: projectalpha@gallp.co.ke

Reporting Accountant



PricewaterhouseCoopers  
PwC Tower  
Waiyaki Way/Chiromo Road, Westlands  
P.O. Box 43963 – 00100  
Nairobi, Kenya

Tel: +254 (020) 2855000  
Contact Person: Michael Mugasa  
Email: ke\_pwc@pwc.com

Data Processing Agent & Share Registrar



Image Registrars  
5th Floor, Absa Towers  
P.O Box 9287-00100 GPO  
Nairobi Kenya  
Loita Street

Tel: +254 709 170 000/ 735 565 666  
Contact Person: Abdulhaleem Mohamed  
Email: info@image.co.ke

## 4. Summary Corporate Information

Lead Sponsoring Broker	Dyer and Blair Investment Bank Limited 7th Floor, Goodman Tower, Off Waiyaki Way P.O. Box 45396 – 00100 Nairobi, Kenya Tel: +254 (0)709930000 Contact Person: Cynthia Mbaru Email: <a href="mailto:corporate@dyerandblair.com">corporate@dyerandblair.com</a>	For more information regarding the Company's Board of Directors and senior management, see the section entitled "Board of Directors, Senior Management and Corporate Governance".			
Co-Sponsoring Broker	Francis Drummond & Company Ltd Hughes Building, 2nd floor, P.O. Box 45465 - 00100 Tel: + 254 724256815 Contact Person: Daniel Gikandi Email: <a href="mailto:info@drummond.co.ke">info@drummond.co.ke</a>	DIRECTORS:			
Advertising Agency	Belva Digital 7734, Muchai Drive, 53656, Ngong Road Tel: +254 725 436 181 Email: <a href="mailto:info@belvadigital.com">info@belvadigital.com</a>				
PR Agency	Apex Porter Novelli (APN) Apple Wood Park, 3 <sup>rd</sup> Floor Wood Street, off Wood Avenue, Kilimani. Tel: +254 20 3861051 Email: <a href="mailto:info@apn.co.ke">info@apn.co.ke</a>				
Receiving Banks	Co-operative Bank Kenya Co-operative House, Haile Selassie Avenue, P.O. Box 48231 - 00100, Nairobi, Kenya Tel: +254 (020) 277 6000				
	KCB Group PLC Kencom House, Moi Avenue P. O. Box 48400 – 00100 Nairobi, Kenya Tel: + 254711012000				
	Stanbic Bank Kenya Head Office Westlands Road, Chiromo P.O. Box 72833- 00200 Nairobi Nairobi, Kenya Tel: +254203268888				
Name	Occupation	Address	Nationality		
Faith Bett-Boinnet	Chairperson – Kenya Pipeline Company	P.O. Box 73442-00200 Nairobi	Kenyan		
Joe K Sang, EBS	MD & CEO – Kenya Pipeline Company	P.O. Box 73442-00200 Nairobi	Kenyan		
Hon. FCPA John Mbadi, EGH	Cabinet Secretary-National Treasury and Economic Planning	P.O. Box 30007-00100 Nairobi	Kenyan		
Liban Mohamed	PS, State Department of Petroleum	P.O. Box 51614-00100 Nairobi	Kenyan		
Hon. Dorcas Oduor	Attorney General	P.O. Box 40112-00100 Nairobi	Kenyan		
Hon. Christopher Adhiambo Karani	Human Resource Expert	P.O. Box 821-80100 Mombasa	Kenyan		
Irene Wachira	Operations Management	P.O. Box 2378-00606 Nairobi	Kenyan		
Mutungwa Wambua	Human Resource/ IT expert	P.O. Box 86819-80100 Mombasa	Kenyan		
Martha Miano	Public Communications Specialist	P.O. Box 12051 – 00400 Nairobi	Kenyan		
Hon. Joyce Emanikor	Community Development	P.O. Box 158 – 30500 Lodwar	Kenyan		
Sharon Irungu- Asiyo, HSC	Alternate to Attorney General	P.O. Box 40112-00100 Nairobi	Kenyan		
Abraham Koech	Alternate to CS, National Treasury	P.O. Box 30007-00100 Nairobi	Kenyan		
Mohamed Birik	Alternate to PS, State Department of Petroleum	P.O. Box 51614-00100 Nairobi	Kenyan		
Mohamed, OGW, EBS	General Manager (Company Secretary & Legal Services)	P.O Box 73442-00200 Nairobi	Kenyan		
Flora Okoth					

EXECUTIVE MANAGEMENT TEAM:

Name	Position	Address
Joe. K Sang, EBS	Managing Director	P.O. Box 73442-00200 Nairobi
Pius Mwendwa	General Manager (Finance)	P.O. Box 73442-00200 Nairobi
Zilper Michelle Abong'o	General Manager (Strategy)	P.O. Box 73442-00200 Nairobi
Dinah J. Kirwa	General Manager (Human Resource & Administration)	P.O. Box 73442-00200 Nairobi
Eng. Moses Tawuo, CE	Ag. General Manager (Pipeline Operations & Engineering Services)	P.O. Box 73442-00200 Nairobi
Maureen Mwenje	General Manager (Supply Chain)	P.O. Box 73442-00200 Nairobi
Mr. Caxton Gambo Njuga	Ag. General Manager (Audit)	P.O. Box 73442-00200 Nairobi
Dr. Nancy Kosgei	Director (Morendat Institute of Oil & Gas)	P.O. Box 73442-00200 Nairobi
Eng. David Muriuki	General Manager (Infrastructure)	P.O. Box 73442-00200 Nairobi
Flora Okoth	General Manager (Company Secretary & Legal Services)	P.O. Box 73442-00200 Nairobi
Tom Mailu	Ag. General Manager (KPRL)	P.O. Box 73442-00200 Nairobi

COMPANY SECRETARY  
Flora Okoth  
P.O Box 73442-00200  
Nairobi, Kenya

COMPANY PRINCIPAL ADVOCATES  
Attorney General  
Office of the Attorney General  
Department of Justice  
Harambee Avenue  
P.O Box 40112-00200  
Nairobi, Kenya

Mohammed Muigai Advocates  
MM Chambers 4th Floor  
K-Rep Centre  
P.O Box 613323-00200  
Nairobi, Kenya

COMPANY AUDITORS  
Auditor General  
The Office of the Auditor General  
Anniversary Towers, University Way  
P.O Box 30084\_00100  
Nairobi, Kenya

REGISTERED OFFICE & HEADQUATERS  
Kenpipe Plaza  
Sekondi Road  
Off Nanyuki Road  
Industrial Area  
P.O Box 73442-00200  
Nairobi

CORPORATE CONTACTS  
Telephone: +(254) 020 26065004  
Email: info@kpc.co.ke  
Website: www.kpc.co.ke

PRINCIPAL BANKERS

Co-operative Bank of Kenya  
Co-operative House Branch  
Nanyuki Road  
P.O Box 67881-00200  
Nairobi, Kenya

Stanbic Bank Limited  
Stanbic Centre- Chiromo Road  
P.O Box 72833-00200  
Nairobi, Kenya

Sidian Bank  
K-Rep Centre, Wood Avenue, Kilimani  
P.O Box 25363-00603  
Nairobi, Kenya

Citibank, N.A.  
Citibank House  
Upper Hill Road  
P.O Box 30711-00100  
Nairobi, Kenya

Kenya Commercial Bank  
Kencom House  
Moi Avenue  
P.O Box 48400-00100  
Nairobi, Kenya

NCBA Bank Kenya  
Wabera Street Branch  
P.O Box 30437-00100  
Nairobi, Kenya

Standard Chartered Bank  
Stanchart Chiromo  
P.O Box 30003-00100  
Nairobi, Kenya

Equity Bank  
Kenpipe Plaza, Sekondi Road  
Off Lunga Lunga Road  
P.O Box 78569-00507  
Nairobi Kenya

## 5. Important Dates

<b>Important Date</b>	<b>Date</b>
Offer Period Opens	19 January 2026
Offer Closes	19 February 2026
Announcement of Allocation Results	4 March 2026
Final date of Payment on Guarantees (Domestic and international)	5 March 2026
Electronic Crediting of Shares to CDS Accounts	6 March 2026
Processing of Refunds	6 March 2026
Trading of KPC shares commences at NSE	9 March 2026

\*The dates indicated above may be subject to change with the prior approval of the CMA. Any such amendments will be published in the press. The Offer period may be extended or shortened subject to approval by the CMA.

## 6. Glossary of Definitions and Abbreviations

<b>TERM/ ABBREVIATION</b>	<b>DESCRIPTION</b>
AIFM	Alternative Investment Fund Managers
Authorized Selling Agents	CMA licensed members listed in Appendix I of this Information Memorandum
Board or Directors	The persons named herein as directors of the company under section 20
BETA	Bottom-Up Economic Transformation
CA	Communication Authority of Kenya
CAK	Competition Authority of Kenya
CBK	Central Bank of Kenya
CDS	Central Depository System
CDS Account	Electronic account for shares deposit and custody with the Central Depository System
CDSC	Central Depository & Settlement Corporation
CM Act	Capital Markets Act
CMA	Capital Markets Authority established by the Capital Markets Authority Act (Cap 485A of the Laws of Kenya)
Company or KPC	Kenya Pipeline Company
Cores	The number of optical fibre strands in a single fibre-optic cable
CST	Cabinet Secretary, Treasury
EAC	East African Community
EBITDA	Earnings Before Interest Tax Depreciation Amortization
EEA	European Economic Area
EFT	Electronic Funds Transfer
E-IPO	Electronic Initial Public Offer
Employee(s)	Any individual employed by, or seconded to, Kenya Pipeline Company and/or Kenya Petroleum Refineries Limited as of the date of this Information Memorandum.
EPRA	Energy & Petroleum Regulatory Authority
EPS	Earnings Per Share
EV	Enterprise Value
ESG	Environmental, Social and Governance
EU	European Union
FIB	Faida Investment Bank
FMA	Financial Markets Authority
FOC	Fibre Optic Cable
Foreign investor	Any person who is not a local investor
GDP	Gross Domestic Product
GOE	Government Owned Enterprise
GoK	Government of Kenya
GPS	Global Payment System
IMF	International Monetary Fund
IPO	Initial Public Offer
KSHS/KES	Kenyan Shillings

KSHSONIA	Kenya Shilling Overnight Interbank Average
KPRL	Kenya Petroleum Refineries Limited
KRA	Kenya Revenue Authority
KYC	Know Your Customer - refers to the regulatory and operational process by which a regulated entity verifies and documents the identity of its customers and assesses their risk profile.
LTA	Lead Transactions Advisor, Faida Investment Bank
Listing	Admission of shares to the Official list of the Nairobi Securities Exchange
LNG	Liquified Natural Gas
Local investor	In relation to an individual, means a natural person who is a citizen of an East African Partner State; and in relation to a body corporate, means a company incorporated under the Companies Act of Kenya or such similar statute of an East African Partner State in which citizens of an East African Partner State or the Government of an East African Partner State have beneficial interest in one hundred per centum of its ordinary shares for the time being or any other body corporate established or incorporated in an East African Partner State under the provisions of any written law. For purposes of this issue East African investors, excluding Kenya, have been allocated a separate pool.
LPG	Liquified Petroleum Gas
MIMS	Main Investment Market Segment
MIOG	Monderat Institute of Oil & Gas
NEMA	National Environment Management Authority
NEP	National Energy Policy
NOCK	National Oil Corporation of Kenya
Offer	The offer to sell the offer shares to the public
Offer Shares	Means 11,812,644,350 ordinary shares in the issued and paid up share capital of KPCcapital of KPC
OMC	Oil Marketing Company
OPEC	Organization of Petroleum Exporting Countries
PA	Privatization Authority
PFMA	Public Finance Management Act
PE	Price to Earnings ratio
PISEP	Pipeline Infrastructure Sustainability Enhancement Plan
POLD Regulations	The Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, which govern public offers of securities, listings on a securities exchange and the ongoing disclosure obligations of issuers.
PwC	PricewaterhouseCoopers LLP
QIIs	Qualified Institutional Investors
Qualified Institutional investor	means a body corporate including a financial institution, collective investment scheme, fund manager, dealer or other body corporate whose ordinary Business includes the management or investment of funds whether as principal or on behalf of clients
RSP	Refocused Strategic Plan
RTGS	Real Time Gross Settlement
SAP	System Application and Products
SCAC	State Corporations Advisory committee

SCADA	Supervisory Control and Data Acquisition
Stock exchange or NSE	Nairobi Securities Exchange
The Group	This includes Kenya Pipeline Company & Kenya Petroleum Refineries Limited
The Vendor	GoK - Government of Kenya
TPDC	Tanzania Petroleum Development Corporation
UNOC	Uganda National Oil Corporation
ZAR	South African Rand

# 7. Features of the Offer

This section, which contains certain important information relating to the Offer, is divided into three parts:

- i. Part I - contains information relating to the Offer in general and is applicable to all potential investors;
- ii. Part II - contains information relating to the Investor Pools and the description of eligibility criteria; and
- iii. In order to determine what Investor Pool of this section applies to you, please see "—Part I-General—Background and Purpose of the Offer" and the relevant parts of Part II of this section should be read in their entirety for a full appreciation of the subject matter contained therein. If you are in any doubt as to the meaning of the contents of this Information Memorandum or as to what action to take, please consult your investment bank, financial advisor, stockbroker, or other professional advisor authorised to provide investment advice by the CMA, immediately.

## PART I – GENERAL

### Background to and Purpose of the Offer

In accordance with the GoK's policy of divesting its ownership in public enterprises, the GoK through the Treasury is making available 11,812,644,350 ordinary shares, par value Kes 0.02 each, of Kenya Pipeline Company (i.e. 65% of the total issued ordinary share capital of Kenya Pipeline from the GoK's shareholding in the Company) to the individuals, corporations, institutions, and eligible international investors described below under "Eligibility". The sale of these shares by the Government of Kenya is informed by its ongoing divestiture policy, which aims to:

- i. Support its broader fiscal strategy
- ii. Advance capital-markets development objectives
- iii. Align with the national reform agenda for State-Owned Enterprises

### Offer Statistics

Offer Price per Offer Share	KShs. 9.00
Par value of each Offer Share	KShs. 0.02
Authorised share capital of the Company	KShs. 387,391,600
Total number of issued ordinary shares of the Company	18,173,299,000
Total number of Offer Shares	11,812,644,350
Dividend per share ("DPS") for the twelve (12) month period ended 30 June 2025	KShs. 324.7 (Post share split DPS is KShs 0.347)
Earnings per share ("EPS") for the twelve (12) month period ended 30 June 2025	KShs. 412.2 (Post share split EPS is KShs 0.4122)
Reported EBITDA for the period ended 30 June 2025	KShs. 18,593,941,000
Implied EV/EBITDA multiple	8.1 X

### Basis for Setting Offer Price

The offer price for the Kenya Pipeline Company (KPC) IPO is anchored on an earnings-based valuation approach, primarily using earnings multiples specifically the EV/EBITDA multiple. The earnings profile reflects the company's capacity to generate distributable returns to shareholders. Accordingly, this approach aligns the valuation with the investment proposition being assessed by investors. Furthermore, the use of earnings multiples:

- i. reflects KPC's capacity to generate sustainable earnings and dividends;
- ii. aligns with investor decision-making on the Nairobi-Securities Exchange (NSE), which is strongly driven by earnings and dividend considerations; and
- iii. ensures transparency and comparability with regional and global infrastructure peers.

In the context of an IPO, where investors typically assess pricing relative to forward profitability, the earnings-based approach provides a pragmatic, market-aligned basis for valuation, supported by asset-and income-based cross-checks for reasonableness.

## PART II – INVESTOR POOLS

### Eligibility

As outlined above, the Offer comprises a Domestic Pool; consisting of retail, qualified institutional investor, and employee sub-pools. It also consists of pools for East African Community investors, Oil Marketing Companies, and international investors. Each applicant may apply for KPC Offer shares in only one category. Set out below is a description of the eligibility criteria for participation in each pool.

#### a) Domestic Pool

##### Kenyan Individuals

A natural person who is a citizen or resident of Kenya.

##### KPC Employees

Any individual employed by, or seconded to, Kenya Pipeline Company (KPC) and Kenya Pipeline Refineries Limited (KPRL) as of the date of this Information Memorandum.

##### Kenyan Institutions

Body corporate including Qualified Institutional Investors consisting of: Collective investment schemes licensed by the CMA under the Capital Markets Act, Investment Banks licensed by the CMA under the Capital Markets Act, schemes licensed by the Retirement Benefits Authority under the Retirement Benefits Act (Cap 197) and Life insurance companies licensed by the Insurance under the Insurance Act (Cap 487) of the Laws of Kenya.

#### b) Investors from the East African Community

A natural person who is a citizen or resident of any other East African Community Partner State (the Democratic Republic of Congo, Burundi, South Sudan, Somalia, Rwanda, Uganda, and Tanzania) or any company or other body corporate incorporated or established under the laws of any other East African Community Partner State, for purpose of this issue East African Community excludes Kenya.

#### c) Oil Market Companies

Authorised Oil Marketing Companies in Kenya.

#### d) International Pool

Individuals and institutional investors outside the East Africa Community Partner States, if it is permissible under the laws of their residency or location for them to receive the Information Memorandum and participate in the Offer and the offer to such entity complies with the selling restrictions set out below under "Selling Restrictions."

### Offer Shares and Allocation between the Investor Pools

- a) The GoK is offering 11,812,644,350 shares in Kenya Pipeline Company, which constitute 65% of the existing issued ordinary share capital of the Company. The Offer is being made to the individuals and entities described

under "Eligibility" above. It is currently expected that 45% of the Offer Shares will be included in the Domestic Pool, 20% to investors from the EAC, 15% to Oil Marketing Companies, 20% in the International Pool. In cases of undersubscription, valid applications in the affected category be allocated in full, with remaining shares reallocated in the following priority order: Local Retail --> Local Institutional --> East Africa --> International Investors -->OMCs

b) In cases of oversubscription, Kenyan investors will be given priority.

#### Minimum Aggregate Applications

The Vendor shall not proceed with the Offer unless valid applications for the Offer Shares are received from not less than 250 Applicants representing 50% of the Offer Shares.

#### Lock-in Undertaking by the National Treasury

Subject to the requirements of the Capital Markets Authority under the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, and the policy position set out in Sessional Paper No. 2 of 2025 (as approved by the National Assembly), the National Treasury, being the existing controlling shareholder and a party with influence over the management of the Company, has undertaken not to sell, transfer, assign or otherwise dispose of part or the whole of its shareholding in the Company for a period of twenty-four (24) months (the Lock-in Period) from the date of listing of the Offer Shares.

Following the Offer, the National Treasury will retain a 35% shareholding in the Company. This shareholding shall be subject to the lock-in restriction approved by the National Assembly in Sessional Paper No.2 of 2025. and shall not be diluted during the Lock-in Period.

#### Proceeds of the Offer

For information relating to the proceeds of the Offer, see the section of this Information Memorandum entitled "Use of Proceeds".

#### Approval for the Offer

The Cabinet of the GoK has approved the Offer and no objection has been raised by the Board of Directors of Kenya Pipeline to the Offer.

#### Nairobi Securities Exchange Listing

Approval of the Offer and the listing has been obtained from the CMA, and approval for the admission to listing of 11,812,644,350 shares on the Main Investment Market Segment of the NSE has been granted by the NSE, subject to the Company achieving a minimum of 250 shareholders collectively holding at least 50% of the Offer Shares. Trading in the Shares is expected to commence on or about 9th March 2026. The Shares will be issued in immobilized form and held in each investor's CDS account.

#### Status of Applicant

Every Applicant is required to complete the declaration contained in the Application Form declaring, as applicable, the Applicant's status as a foreign investor, foreign institutional investor, local investor, or local institutional investor, and to provide supporting documentation evidencing such status. The Capital Markets (Foreign Investors) Regulations, 2002 as amended ("the Foreign Investors Regulations") defines the following:

"Local investor" in relation to an individual, means a natural person who is a citizen of an East African Partner State; and in relation to a body corporate, means a company incorporated under the Companies Act of Kenya or such similar statute of an East African Partner State in which citizens of an East African Partner State or the Government of an East African Partner State have beneficial interest in one hundred per centum of its ordinary shares for the time being or any other body corporate established or incorporated in an East African Partner State under the provisions of any written law. For purposes of this issue East African investors, excluding Kenya, have been allocated a separate pool.

"Foreign investor" means any person who is not a local investor.

"Institutional investor" means a body corporate including a financial institution, collective investment scheme, fund manager, dealer or other body corporate whose ordinary business includes the management or investment of funds whether as principal or on behalf of clients.

The East African Community Partner States include such states as may be deemed to be the members from time to time of the East African Community, currently the Democratic Republic of Congo, Kenya, Burundi, South Sudan, Somalia, Rwanda, Uganda, and Tanzania. Citizens of those States and corporate persons incorporated or registered in those States, in which citizens of those States hold one hundred per centum of the beneficial interest should therefore declare their status as local investors and provide supporting evidence.

Whereas the Regulations as stated above include citizens of East African Community States as local investors, this Information Memorandum may not be used for, or in connection with, any offer, or solicitation by, anyone in the East African Community Partner States where such offer or solicitation is not authorised or is otherwise unlawful in the said jurisdictions.

Foreign investors may apply for shares in Kenya Pipeline Company, subject to certain restrictions set out below. The offer of shares of Kenya Pipeline Company to foreign investors may be affected by laws and regulatory requirements of the relevant jurisdictions. Any foreign investors wishing to apply for the Offer Shares must satisfy themselves as to the full observance of the laws of the relevant territory and governmental and other consents to ensure that all requisite formalities are adhered to and pay any issue, transfer or other taxes due in such territory. Foreign investors are advised to consult their own professional Advisers as to whether they require any governmental or other consents or need to observe any applicable legal or regulatory requirements to enable them to apply for and purchase the Offer Shares.

Regulation 4(1) of the Foreign Investors Regulations, imposes a duty on a listed company to always maintain a register of shareholders with an indication of whether they are foreign investors, individual local investors or institutional local investors.

Any foreign investor who wishes to apply for shares should obtain guidance from an Authorised Selling Agent before completing and lodging an Application Form.

In light of the above, the GoK reserves the right to treat as invalid any application or purported application to purchase the Offer Shares which appears to the GoK or its agents to have been executed, effected, or dispatched in a manner which may involve a breach of any applicable legal or regulatory requirement of any jurisdiction outside Kenya.

#### Transfer of Shares

All shares offered and transferred in terms of this Information Memorandum will be transferred to successful Applicants at the expense of the Vendor. So long as the Offer Shares are listed on the NSE, no stamp, registration or similar duties or taxes are payable in Kenya in connection with the transfer of the Offer Shares under current legislation. Other costs of subsequent transactions will be borne by the relevant shareholders.

All shares transferred in terms of this Information Memorandum will be allocated and transferred subject to the provisions of the Memorandum and Articles of Association of KPC and will rank pari passu in all respects.

#### Consents and Approvals

This Information Memorandum contains information that is provided in compliance with the requirements of the Companies Act and the rules and regulations made thereunder. The CMA has approved the Information Memorandum for purposes of the Offer and Listing in the Republic of Kenya.

No approval for distribution of this Information Memorandum in any other jurisdiction where such approval may be required has been obtained. This Information Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

## Governing Law

This Information Memorandum and any contract resulting from the acceptance of an application to purchase Offer Shares of Kenya Pipeline Company shall be governed by and construed in accordance with the Laws of Kenya and it shall be a term of each such contract that the parties thereto and all other interested parties submit to the exclusive jurisdiction of the Courts of Kenya.

## Selling Restrictions

Shareholders should not assume that the information in this Information Memorandum is accurate as at any date other than its date of publication. No person is or has been authorised to give any information or make any representation in connection with the Offer, other than as contained in this Information Memorandum. Delivery of this Information Memorandum at any time after the date hereof will not under any circumstances, create any implication that there has been no change or that the information set out in this Information Memorandum is correct at any time since its date. This Information Memorandum does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any shares to any person in any jurisdiction where it would be unlawful to make such offer or solicitation in such jurisdiction.

No shares have been marketed to, nor are they available for purchase in whole or in part by, the public in any jurisdiction other than Kenya in conjunction with the Offer. In particular, shares do not qualify for distribution under any of the relevant laws of Canada, Australia or Japan, nor has any Information Memorandum in relation to the shares been lodged with or registered by the Canadian Securities Administrators, Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or within Canada, Australia or Japan.

The Offer consists of an offering outside the United States of America, its territories and possessions, any state of the United States, and the District of Columbia (the "United States") of Shares pursuant to Regulation S ("Regulation S") under the US Securities Act 1933, as amended (the "Securities Act"). The shares have not been and will not be registered under the Securities Act or under the securities laws of any state of the United States. Accordingly, subject to certain exceptions, the shares may not be, directly or indirectly, offered, sold, pledged, taken up, delivered or otherwise transferred in or into or within the United States absent registration or an exemption from registration under the Securities Act.

This Information Memorandum must not be acted on or relied on (i) in the United Kingdom, by persons who are not qualified investors ("Qualified Investors") within the meaning of Article 2(e) of Regulation (EU) No. 2017/1129 on the Information Memorandum to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/ EC (the "Information Memorandum Regulation") and (ii) in any member state of the European Economic Area ("EEA") other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this Information Memorandum relates is available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom and will be engaged in only with such persons.

This Offer does not constitute a public offer or the solicitation of a public offer in the United Kingdom to subscribe for or purchase any shares nor a marketing in the United Kingdom or the EU under the Alternative Investment Fund Managers (the "AIFM Directive") or under the applicable implementing legislation (if any) of the United Kingdom or any EEA member state. To the extent that any shares are made available for purchase to persons in the United Kingdom, they shall only be made available to Qualified Investors: (i) who are persons who have professional experience in matters relating to investments falling within the definition of "investment professionals" in article 19(5) of the Financial Services and Markets Act 2000 Financial Promotion Order 2005 (as amended) (the "FPO"); (ii) who are high net worth bodies corporate, unincorporated associations and partnerships or the trustees of high value trusts falling within article 49(2)(a) to (d) of the FPO, or (iii) who are other persons to whom it may otherwise lawfully be communicated.

The Offer does not constitute an "offer to the public" (as such expression is defined in the South African Companies Act and this Information Memorandum does not, nor is it intended to, constitute a "registered Information Memorandum" (as that term is defined in the South African Companies Act) prepared and registered under the

South African Companies Act. Accordingly, to the extent that the shares are offered for subscription or sale in South Africa, such Offer is made: (i) only to selected persons falling within one of the specified categories listed in Section 96(1)(a) of the South African Companies Act; and/or (ii) selected persons, acting as principal, acquiring Offer Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in terms of Section 96(1) (b) of the South African Companies Act, and to whom the Offer will specifically be addressed, and only by whom the Offer will be capable of acceptance ("Appropriate Persons")

## Authorised Selling Agents

The Vendor has appointed Authorised Selling Agents to this Offer and these Authorised Selling Agents have signed Agency Agreements with the Privatization Authority. These Agreements set out various terms and conditions that each Authorised Selling Agent is required to comply with. The Authorised Selling Agents are members of the NSE and are licensed by the CMA. The list of the members of the NSE who have been appointed as Authorised Selling Agents is in Appendix I of this Information Memorandum.

## Receiving Bank & Registrar

The Vendor has appointed Co-operative Bank of Kenya, Kenya Commercial Bank and Stanbic Bank Kenya, to act as the Receiving Banks to the Offer.

The Share Registrar and Data Processing Agent is Image Registrars.

## Allocation Policy

The allocation policy has been developed in line with the requirements of the Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations, 2023. These Regulations require an issuer to establish and disclose in the Information Memorandum a fair and equitable allocation policy for the distribution of securities in a public offer. Accordingly, the Company's allocation policy is designed to ensure transparency, fairness, and compliance with the prescribed share ownership and allocation standards.

The Vendor wishes to achieve a balanced distribution of the Offer Shares between institutions, companies and individual members of the public in addition to ensuring that employees of Kenya Pipeline Company participate in the Offer. In this regard, the Vendor has determined that the Offer Shares shall be allocated in accordance with the following allocation policy:

	Number of Offer Shares	% of total Offer Shares
Kenyan Investors Pool - Retail	2,362,528,870	20%
Kenyan Investors Pool - Institutional	2,362,528,870	20%
KPC Employees	590,632,217	5%
Investors from the EAC	2,362,528,870	20%
OMCs	1,771,896,653	15%
Foreign investors	2,362,528,870	20%
Total	11,812,644,350	100%

In the event that the total number of Offer Shares applied for by Applicants in any of the categories equates to the respective total number of Offer Shares reserved for that category, all valid applications will be allocated in full as per the number of Offer Shares applied for by such applicants.

In the event the total number of Offer Shares applied for by applicants in a particular category is below the total number of Offer Shares reserved for that category, the following will apply:

- All valid applications received from applicants will be allocated in full as per the number of Offer Shares applied for taking into account the minimum number of shares that may be applied for by any applicant in that category.

- ii. The balance of Offer Shares will be available for allocation in the other categories which are oversubscribed. Applicants in any over-subscribed category may receive fewer Offer Shares than the number applied for. The Retail Pool will have a minimum guaranteed allocation of up to Kes 10,000 and the remainder being allocated on pro-rata basis.
- In the event that the results of the subscription make the above policy impractical then an amendment to the allocation policy shall be made with the approval of the CMA and such amendment will be announced within twenty-four hours of the grant of such approval.
- In the event of any doubt whatsoever as to the eligibility of an applicant in a particular category, the decision of the vendor will be final.
- The Vendor will announce the manner in which the Offer shares have been allocated among the above five categories ("the Allocation Results") on the date of announcement of Allocation Results.
- Application Procedure**
- Investors will be able to apply for the offer shares through two avenues:
1. USSD
  2. Online application
- Note: The minimum number of Offer shares to be applied for is 100**
- 1. USSD code \*483\*816#**
- (Note: This option is only available to individual investors with an active registered Kenyan mobile number and a Valid CDS Account.)
- To participate in the offer:
- i. Applicants should ensure that they have a Valid CDS Account and sufficient balance on their Mobile Money wallet to facilitate payment.
  - ii. An applicant will dial the USSD code and choose to Read Terms and Conditions of the Offer, which should be read and understood before the next step.
  - iii. Agree to terms then choose the "New Application" option and thereafter follow the prompts to complete the process. An applicant who is an employee of KPC will be required to disclose the same via a prompt.
  - iv. The applicant will receive a prompt to pay and later an email and/or SMS confirming the status of the application.
  - v. In case an applicant is unable to pay immediately, they will receive an email and/or SMS providing them with instructions on how to pay for the offer shares that have been applied for.
  - vi. During the Offer Period, an applicant will be able to increase the number of shares they have already applied for, by dialling the code and choosing the Add Shares Option. The applicant will then be prompted to make payment for the additional shares.
  - vii. Applicants will be allowed to make partial payments for applied shares until the payable amount is fully paid up, provided that full payment is completed on or before the offer close. Once the applicant dials the code, they will select the "Add Payment" option and proceed to follow the prompts.
- 2. Online Application Process**
- To accept the offer on the application portal <https://kpcipo.e-offer.app>, the following steps will be followed:
- i. The applicant will read and accept the Terms of the Offer before proceeding with the application.
- ii. Applicants MUST have a Valid CDS Account to proceed with the application process. Applicants without CDS accounts should consult their stockbroker or investment bank to open a CDS account.
- iii. Once an Applicant has a CDS account, they should click on New Application and provide their details as prompted, which will be verified against their information in their CDS account.
- iv. Applicants will then fill out the electronic application form, providing the mandatory information before proceeding through the various steps. Applicants will choose their appropriate applicant type on the dropdown menu, that is, Institutional; Selling Agent (on behalf of institution); Individual; Selling Agent (on behalf of Individual); KPC Employee; or Oil Marketing Company.
- v. Once you have duly completed and submitted the Application Form, you will be required to make payment and upload proof of payment documents (EFT or Bank Transfers). This will be verified by the Data Processing Agent. Please look out for updates on the status of your application, which will be sent to your registered email address or through text message to the mobile number you indicated in the electronic application. For applicants wishing to pay via Mobile Money, you may also choose to be prompted to pay, by providing your M-Pesa registered mobile number.
- Rejection Policy**
- This Rejection Policy forms an integral part of the Issuer's IPO governance framework and should be read in conjunction with the Information Memorandum, the allocation policy, and refund policy. Decisions to reject IPO applications shall be based strictly on applicable laws, regulations, CMA directives, and the express terms of the offer.
- An IPO application may be rejected for the following reasons:
- i. Incomplete application.
  - ii. Missing financing bank details in case of financed applications
  - iii. Missing or illegible name of primary applicant/ joint applicant/corporate applicant in any physical application.
  - iv. Missing or illegible copy of identification document, or for institutions, missing or illegible company registration number, and certificate.
  - v. Missing account number or name for nominee applications.
  - vi. Insufficient documentation.
  - vii. Missing or illegible postal address and postal code.
  - viii. Missing bank details and verification documents where mode of refund is indicated as electronic fund transfer.
  - ix. Missing or inappropriately signed physical Application Form (institutional investors only), i.e.:
    - o Primary signature missing from signature box.
    - o Joint signature missing from signature box.
    - o One or more required signatories has/have not signed in the case of a corporate application.
    - o Application bears company stamps from two different Agents.
  - x. Applications submitted on the Application Portal will be rejected if they are:
    - o Missing identification information.
    - o Missing proof of payment.

xi. Issues relating to Payment:

- o The payment made is less than the value of the shares applied for; and
- o Cheques are used to make payment.
- o Payment received outside the prescribed offer period.
- o Failure to satisfy KYC requirements.

xii. Each rejection shall be documented with:

- o The specific reason(s) for rejection;
- o Reference to the applicable regulatory or offer provision; and
- o Supporting evidence and approval records.

xiii. All rejected applications shall be refunded strictly in accordance with the approved Refund Policy and the Information Memorandum.

xiv. Complaints arising from rejected applications shall be handled through the dispute resolution mechanisms disclosed in the Information Memorandum and in compliance with regulatory requirements.

xv. This Policy is owned by the Issuer and implemented by appointed intermediaries.

**Acceptable Payment Methods / Instructions**

- i. All payments shall be made in Kenya Shillings ("KShs").
- ii. Any fees payable in securing any of the payments shall be borne by the potential investors, but not KPC or its Advisors/Authorised Selling Agents.
- iii. All payments must be made to the Receiving Banks (or via the Authorised Selling Agents) and shall upon receipt of the relevant amount in cleared funds, constitute shares purchased on the terms set out in the IM and on the Form.
- iv. No interest shall be payable by KPC, its Advisors nor the Authorised Selling Agents on any Application Money received for the IPO
- v. If a Financier is involved where the Shares are to be used as security, payment can be made by the Financier as shown in f) below.
  - o Eligible investors may approach a financier for loan facilities to facilitate its participation and payment of the full amount due in respect of the Shares.
  - o The extension of loan facilities by any financier is a decision to be made by such financier, at its sole and absolute discretion and risk.
  - o The loan applicant and Financing Bank must complete a CDS Securities Pledge form (CDS 5 Form) and record the pledge details on the online Application form.
  - o The online Application Form shall be submitted with the Bank letter and the CDS Securities Pledge Form (CDS 5 Form) uploaded as supporting documentation.
  - o Neither KPC nor the Advisors offer any advice, recommendation or guarantee in respect of an Eligible Investor seeking to approach or secure such financing.
- vi. Payment of potentials' Application Money for the Shares shall be made in Kenya Shillings ("KES") by:

Payment Mode	Description	Proof of Payment
Mobile Money Transfer (M-Pesa)	Payment to be made through the STK push or sent to the Paybill Number which will be provided by the Authorised Selling Agent with the account number being the unique Application serial no that will appear on the Application Portal or the physical form for amounts up to KES 150,000 in one go, multiple payments can be made to reach the total amount due if above KES 150,000. Paybill Numbers for the 3 Banks provided below	Input the MPESA Payment Reference Code on the Application Portal or on the physical form
Funds Transfer	Payment via EFT or RTGS to any of the Receiving Bank accounts (Sample Bank Details of the 3 Receiving Banks provided below) or to the Authorised Selling Agent's account for onward transmission	Upload of payment remittance receipt to the Application Portal  Attachment of payment remittance receipt to the physical form
IBG	IBGs shall be used in the format provided in Appendix III and should be authenticated by the guaranteeing bank via a Swift message forwarded to the Receiving Bank on or before 5.00pm on the Closing Date  The IBG shall be drawn down at the sole discretion of the Company	The original IBG should be attached to the physical Application Form  If applying through the Application Portal, please upload a scanned copy and send the original to the Authorised Selling Agent

vii. Authorised Selling Agents may also make payment on behalf of investors through the Global Payment System (GPS).

viii. Payments made in accordance with item f) under Acceptable Payment Methods / Instructions, constitute a confirmation of application for the offer shares upon the terms and conditions set out in the IM and in the Application Form; and

ix. Eligible Investors with CDS Accounts are required to pay the Application Money commensurate to the number of shares applied for.

**Bank Details**

Note: The account number to be used for payment can be obtained from the payment section on the online application form. The account number is unique to each application and must not be shared.

(a) Electronic Funds Transfers (Real Time Gross Settlement, Electronic Funds Transfer and Telegraphic Transfer) or cash deposit to the bank details below (actual bank account details for each application shall be provided upon application):

**Account Name:** Privatization Authority – KPC IPO

**Account Number:** 59867XXXXXX (XXXXXX - being the 7-digit number on the Application Form)

Bank Name: Cooperative Bank of Kenya Limited

Branch: Co-op House

Branch Code: 11002

SWIFT Code: KCOOKENA

Narration: Application Form serial number (7-digit number)

**Account Name:** **Privatization Authority – KPC IPO**  
**Account Number:** **40384XXXXXX (XXXXXXX - being the 7-digit number on the Application Form)**  
**Bank Name:** Kenya Commercial Bank Limited  
**Branch:** Moi Avenue  
**Branch Code:** 01100  
**SWIFT Code:** KCBLKENX  
**Narration:** Application Form serial number (7-digit number)

**Account Name:** **Privatization Authority – KPC IPO**  
**Account Number:** **11140XXXXXX (XXXXXXX - being the 7-digit number on the Application Form)**  
**Bank Name:** Stanbic Bank Kenya Limited  
**Branch:** Kenyatta Avenue  
**Branch Code:** 31000  
**SWIFT Code:** SBICKENX  
**Narration:** Application Form serial number (7-digit number)

(b) Mobile Money (M-Pesa) payment via:

**Cooperative Bank of Kenya Limited**  
**Pay Bill Number:** **4999915**  
**Account Number:** **59867XXXXXX (XXXXXXX - being the 7-digit number on the Application Form)**

**Kenya Commercial Bank Limited**  
**Pay Bill Number:** **522533**  
**Account Number:** **40384XXXXXX (XXXXXXX - being the 7-digit number on the Application Form)**

**Stanbic Bank Kenya Limited**  
**Pay Bill Number:** **8250250**  
**Account Number:** **11140XXXXXX (XXXXXXX - being the 7-digit number on the Application Form)**

#### Bank Financing

Applicants may approach a financier for loan facilities to facilitate its participation and payment of the full amount due in respect of the Offer.

The extension of loan facilities by any financier is a decision to be made by such financier, at its sole and absolute discretion and risk.

Neither the Company nor the Board offers any advice, recommendation or guarantee in respect of an Investor seeking to approach or secure such financing.

#### Irrevocable Bank Guarantee

Qualified Institutional Investors (QIIs) may obtain an Irrevocable Bank Guarantee (IBG) from a Commercial Bank licensed by the Central Bank of Kenya, in respect of their applications. The IBG will be in the format specified in this Information Memorandum under Appendix III.

#### Refund Policy

i. Refunds may arise in the following circumstances:

- o Applications rejected in accordance with the IPO Application Rejection Policy.
- o Invalid or defective applications incapable of rectification.

- o Refunds of excess monies where applications are scaled down due to over-subscription.
- o Withdrawal of the IPO by the Issuer with regulatory approval.
- o Cancellation or suspension of the offer by the CMA or pursuant to law.
- o Duplicate payments made by an Applicant.
- o Payments credited in error or without a valid application.

- ii. All refunds shall be subject to verification of application status and payment records.
- iii. Reconciliation shall be conducted between receiving banks, selling agents, registrars, and the Issuer.
- iv. No interest shall be paid on any Application money to any Applicant or other person participating in the IPO. Any interest earned, if any, on any Application Money is payable to the CMA Investor Compensation Fund on the basis of the prevailing Central Bank Rate for the period between the Closing Date and the date of crediting of accounts or issuing refund payments.
- v. Refunds in respect of applications where the allotted value is less than that applied for shall be in the form of MPESA or by way of Electronic Funds Transfer (EFT) by the Receiving Bank (where an Applicant has valid EFT details in the application form or has provided accurate EFT details to the Authorised Selling Agents) or to the applicant's designated Stockbroker or Agent (applicable only for payments received through GPS).
- vi. Refunds will be paid out as per the set timelines indicated in the Information Memorandum.
- vii. Applicants are required to choose their preferred option of refund:
  - (a) by RTGS/EFT, to the bank account provided in the application,
  - (b) MPESA against registered mobile number in the name of the Applicant against proof of identity or,
  - (c) Through their designated Stockbroker or Agent (applicable only for payments received through GPS)

The recommended option is direct credit to a bank account via Electronic Funds Transfer (EFT). Applicants should indicate their preferred refund method by selecting the appropriate option on the Application form. Please note that EFTs can only be processed to accounts held with commercial banks. Applicants who opt to receive their refund directly into their bank account must provide accurate and complete bank account details to enable processing of refunds via EFT. Failure to provide such information will result in the application being rejected.

- viii. Where a financier has advanced money to an Applicant to participate in the IPO, refunds will be made to or for the account of such financier; and
- ix. Neither the Data Processing Agent, the Receiving Banks nor any Authorized Selling Agent will be responsible for any refund not received using the chosen method and account details provided by the Applicant.
- x. All personal and financial data processed in connection with refunds shall be handled in compliance with the Data Protection Act, 2019. Access to refund information shall be restricted to authorised personnel only.
- xi. Refund records shall be retained in accordance with legal and regulatory requirements.
- xii. Summary refund reports shall be made available to the Issuer and the CMA upon request.
- xiii. Investors may lodge complaints relating to refunds to the data processing agent and registrar. All complaints shall be addressed in accordance with applicable CMA dispute resolution mechanisms and regulatory requirements.

## Applicable Law and Dispute Resolution

Any dispute arising between the Company and an Investor in connection with the Offer, the Shares, the Application process or this Information Memorandum shall be governed and construed in accordance with the laws of the Republic of Kenya. Such dispute shall be subject to the exclusive jurisdiction of the courts of Kenya.

# 8. Additional Corporate Information

## Legal Status

KPC was incorporated in 1973 under the Companies Act, Cap 486 of the Laws of Kenya, and commenced commercial operations in February 1978.

Kenya Pipeline Company Limited (KPC) is a State Corporation wholly owned by the Government of Kenya (GoK), within the meaning of the State Corporation Act (Chapter 446) Laws of Kenya, which defines a state corporation to include a company incorporated under the Companies Act which is owned or controlled by the Government of Kenya, with 100% shareholding owned by The National Treasury.

Upon the offer and sale to the public of 65% of the issued shares in KPC held by the Government of Kenya pursuant to this Initial Public Offer, and assuming full subscription, the Government of Kenya shall cease to have a controlling interest in KPC for purposes of the State Corporations Act. Accordingly, KPC shall cease to be a state corporation, and the provisions of the State Corporations Act shall no longer apply to the Company.

## Principal Objectives

The main objective of the Company is to provide efficient, reliable, safe and cost-effective means of transporting petroleum products from Mombasa to the hinterland. In pursuit of this objective, the Company has constructed a pipeline network, storage and loading facilities for transportation, storage, and distribution of petroleum products. The current installed system consists of 1,342 kilometers of pipeline and current total storage capacity of 1,138,324 m<sup>3</sup>.

## Shares and Shareholders – Before Share Split

Item	Share Capital	Shareholder	Number of Shares	Percentage
	Authorised Shares	-	19,369,580 Ordinary Shares of Kshs. 20 each	100%
	Issue and Fully Paid	The National Treasury	18,173,299	100%

## 9. Use of Proceeds

The proceeds of the Offer will accrue to the Government of Kenya ("GoK"), as the principal selling shareholder, through the National Treasury in coordination with the Ministry of Energy and Petroleum. Gross proceeds of approximately KSHS 106,313,799,150 (assuming full subscription) will form part of the Government's approved financing plan for the 2025/26 financial year and will be applied in accordance with the national budget framework and the fiscal policy direction. The resources shall be allocated to critical commercially viable infrastructure investment priorities, specifically Energy, Roads, Water and Irrigation, Airports

## 10. Dividend Policy

KPC pays dividends to shareholders from surplus funds from its distributable profits and general reserves.

The dividends declared by Kenya Pipeline Company for the past five fiscal years are presented below:

Year ended 30 June	2025 Kes	2024 Kes	2023 Kes	2022 Kes	2021 Kes
Total Dividends Paid	5,900,000,000	7,000,000,000	0.00	8,000,000,000	2,700,000,000
Dividend Per Share (DPS)	324.7	385.2	-	440.21	148.57
Dividend Coverage Ratio	0.65	0.56	-	0.53	(0.64)

Source: KPC Audited Financials

In determining whether to declare a dividend and the appropriate payout level, the Board of Directors considered:

- i. The recognition of profit and availability of cash for distribution
- ii. Debt covenants and funding requirements by which the Company is bound from time to time
- iii. The operating and investment need for the Company
- iv. The anticipated future growth and earning of the Company
- v. Provisions of the Company's Articles of Association
- vi. Any Government Circulars and legislations issued from time to time
- vii. The fact that dividend payments cannot exceed retained earnings as reported in the statement of financial positions

Once listed on the Nairobi Securities Exchange, the Company will be expected to align with prevailing market expectations. Retail investors in the Kenyan equities market are predominantly income-driven and place significant emphasis on companies with a demonstrated ability to deliver sustainable and growing dividend payouts. Historically, a consistent dividend payout profile has also served as an important support for share price stability in the secondary market.

Accordingly, a clear, robust and transparent dividend policy is a key management tool in sustaining investor confidence and preserving the viability of equity markets as a long-term source of capital for optimal capital budgeting. The Company intends to adopt a sustainable and progressive dividend policy.

Dividends will be declared and paid subject to the availability of distributable reserves and adequate liquidity, and in compliance with applicable funding covenants, statutory requirements and regulatory approvals. Subject to these considerations, the Company commits to distributing fifty per cent (50%) of its net earnings as dividends.

# 11. Macroeconomic Overview

## 11.1 COUNTRY OVERVIEW

### Introduction

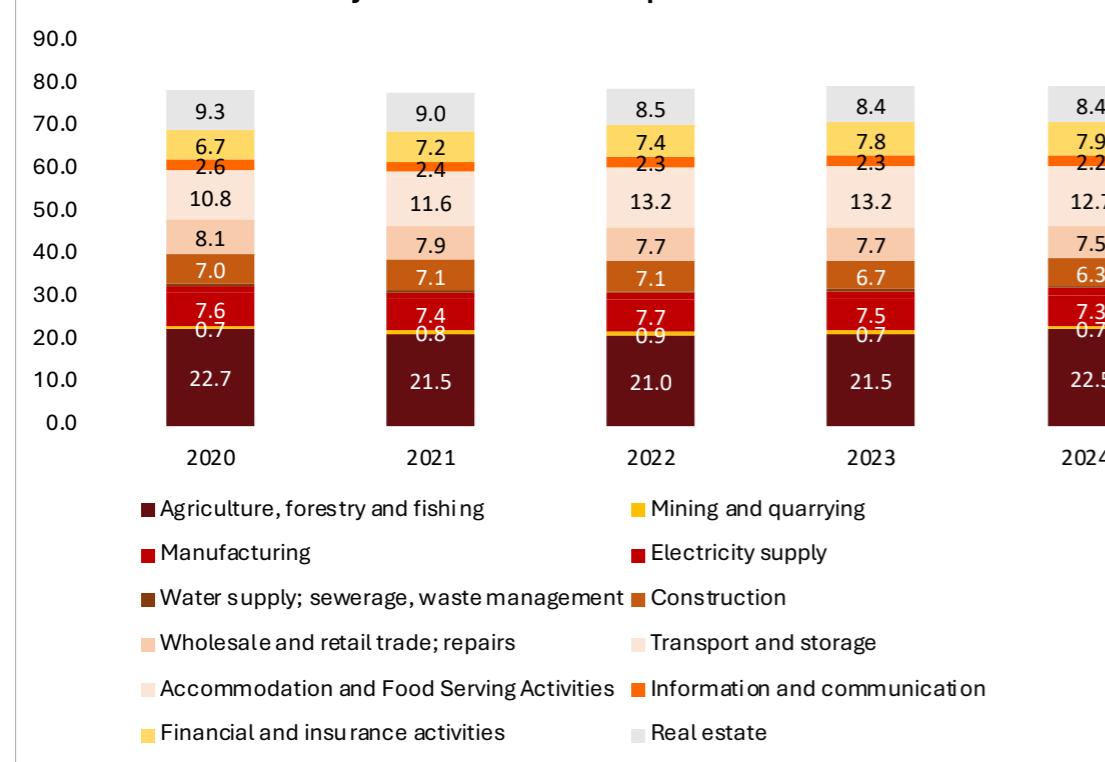
Kenya has an estimated population of 52.4 million. The youth (aged 15–24) make up 20.3% of the population, while approximately 36.8% are children aged 0–14 years.<sup>1,2</sup> The economy is anchored in agriculture, which remains the largest employer and contributor to GDP, and is supported by a growing services sector encompassing finance, ICT, professional services, and transport and logistics. Manufacturing is steadily expanding, tourism continues to generate foreign exchange, and the technology sector is emerging as a regional hub, further strengthening Kenya's position as a key centre for trade and investment in East Africa.

### Economic Growth

Kenya's growth outlook improved in 2025, with real GDP estimated to have grown by 5.3% for the full year, reflecting a broad-based recovery across key sectors.<sup>3</sup> Activity strengthened through the year, with growth of 4.9% in the first nine months, up from 4.2% in the comparable period of 2024, supported by improved agricultural performance, a turnaround in construction, a rebound in mining, and continued resilience in services.<sup>4</sup>

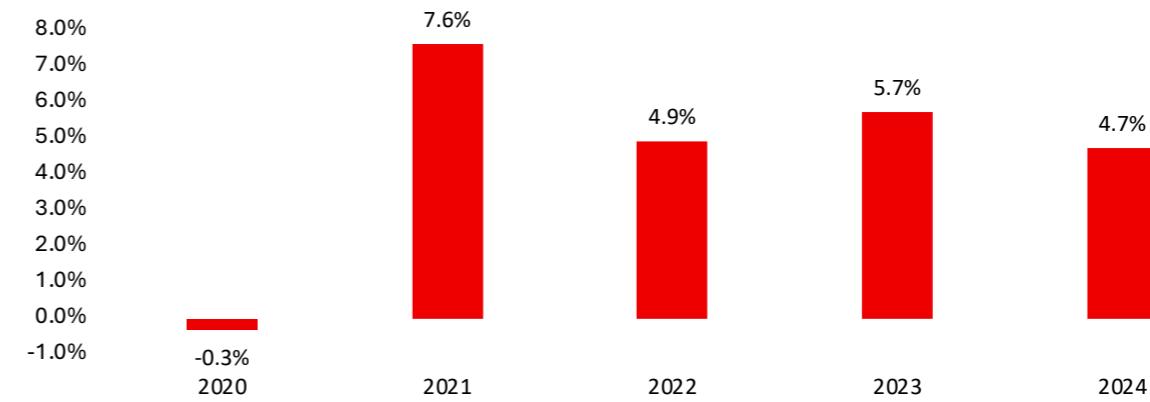
This followed a moderation in growth to 4.7% in 2024, driven by weather-related disruptions, tight financial conditions, weaker sentiment following mid-year protests, and constrained public investment under fiscal consolidation. Despite these headwinds, growth remained broadly aligned with Kenya's estimated potential. Earlier, the economy rebounded strongly from the 2020 contraction, before normalizing through 2022–2023 as post-pandemic effects faded, and policy conditions tightened.

**Kenya's GDP contribution per sector: 2020-2025 .**



Source: KNBS 2025 Facts and Figures

**Kenya's Annual Economic Growth Rate : 2020-2024**



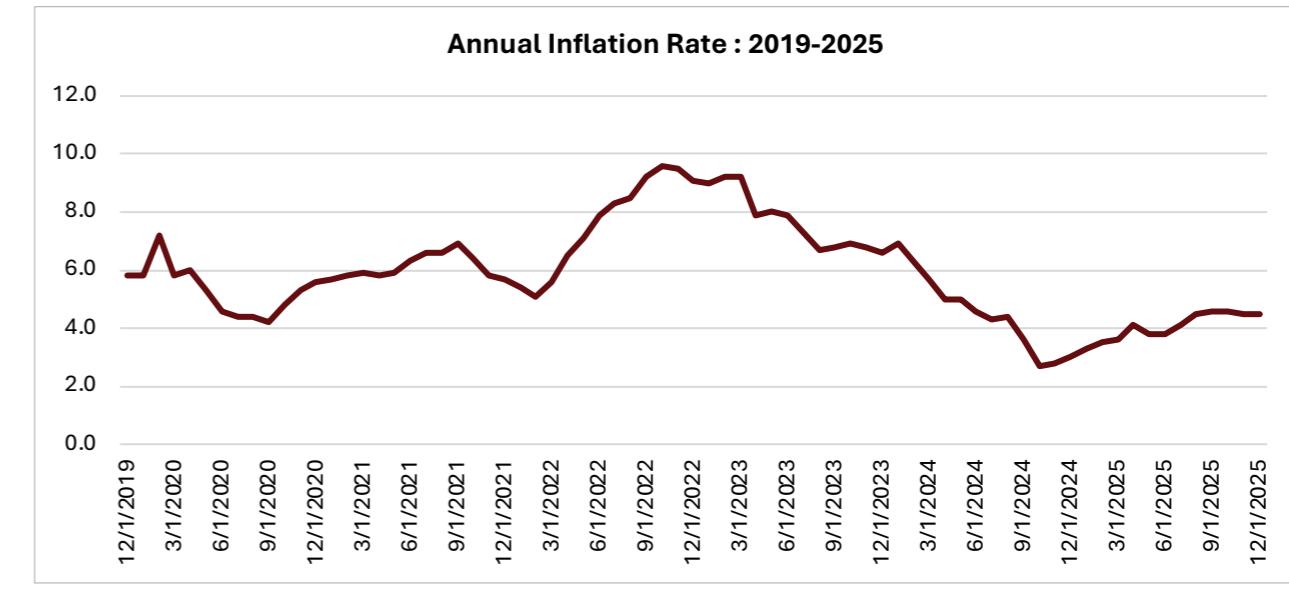
Source: KNBS 2025 Facts and Figures

### Inflation and Monetary Policy

Inflationary conditions remained benign in late 2025, with headline inflation stable at 4.5% in December, supported by adequate food supply following favorable weather, subdued fuel inflation amid exchange rate stability and lower global oil prices, and easing non-core inflation reflecting the lagged impact of earlier monetary tightening.<sup>5</sup> Inflation is expected to remain within the CBK's target range over the medium term, creating scope for further monetary policy easing and a more supportive environment for private-sector credit growth.

This stability follows a clear policy pivot by the Central Bank of Kenya, which began easing after inflation retreated and macro stability improved, lowering the policy rate from its 13.0% peak in February 2024 to 9.0%.<sup>6</sup> The easing cycle came after an extended tightening phase initiated in 2022, when inflation peaked at 9.6% in October, prompting cumulative rate hikes that lifted the benchmark rate from 7.0% to 13.0% as the CBK sought to anchor expectations, stabilize the exchange rate and contain demand pressures.<sup>7</sup>

**Annual Inflation Rate : 2019-2025**



Source: KNBS

<sup>1</sup> <https://www.businessdailyafrica.com/bd/economy/kenya-youth-percentage-among-the-highest-globally-2166496?utm>

<sup>2</sup> <https://fred.stlouisfed.org/data/SPOP0014TOZSKEN?utm>

<sup>3</sup> <https://www.treasury.go.ke/wp-content/uploads/2025/12/Draft-2026-Budget-Policy-Statement.pdf>

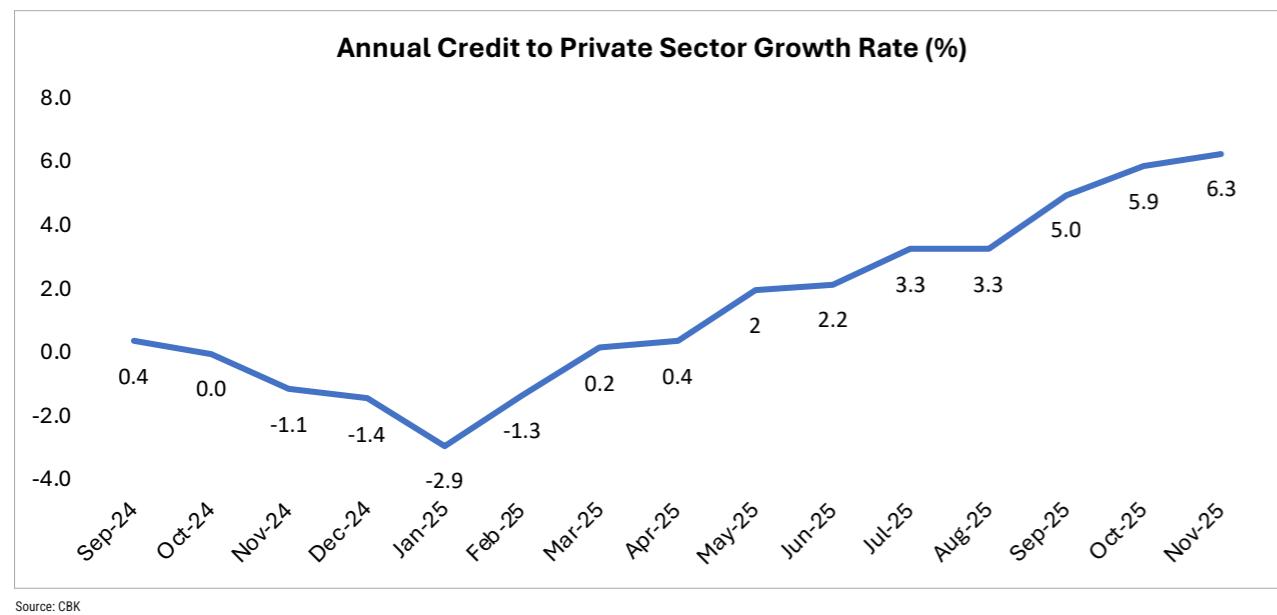
<sup>4</sup> <https://www.knbs.or.ke/reports/quarterly-gross-domestic-product-third-quarter-2025/>

<sup>5</sup> <https://www.knbs.or.ke/reports/consumer-price-indices-and-inflation-rates-december-2025/>

<sup>6</sup> [https://www.centralbank.go.ke/uploads/mpc\\_press\\_release/1156181278\\_MPC%20Press%20Release%20-%20Meeting%20of%20December%202025.pdf](https://www.centralbank.go.ke/uploads/mpc_press_release/1156181278_MPC%20Press%20Release%20-%20Meeting%20of%20December%202025.pdf)

## Private Sector Credit

Private sector credit continued to expand, supported by the ongoing easing of lending rates. Credit growth reached 6.3 percent in November 2025, up from 5.9 percent in October, reversing the 2.9 percent contraction recorded in January 2025. Lending to key sectors including manufacturing, construction, trade, and consumer durables remained robust, reflecting improving credit conditions and a gradual restoration of market confidence.<sup>8</sup> The improved access to credit in these sectors has supported economic activity and investment.



## Fiscal Performance and Outlook

Fiscal pressures persisted into FY 2025/26, with budget execution broadly on track but constrained by revenue underperformance and rising recurrent expenditure. As at end-October 2025, total revenue including A-I-A fell KSh 107.5 billion below target, reflecting weaker ordinary revenue across all major tax heads, partially offset by stronger-than-expected A-I-A. Expenditure marginally exceeded programme, driven by higher domestic interest costs and development spending, partly cushioned by delayed county transfers. Consequently, the fiscal deficit widened to KSh 328.7 billion (1.7% of GDP) over July–October 2025, with financing skewed toward domestic borrowing.

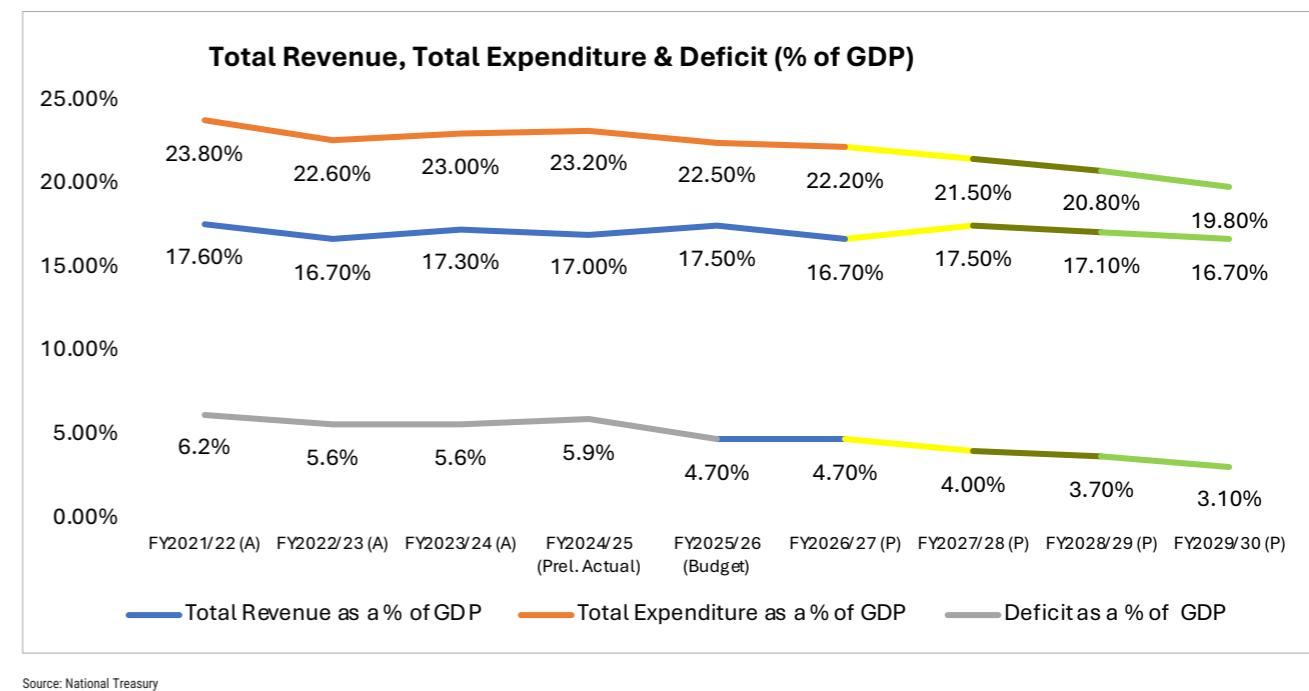
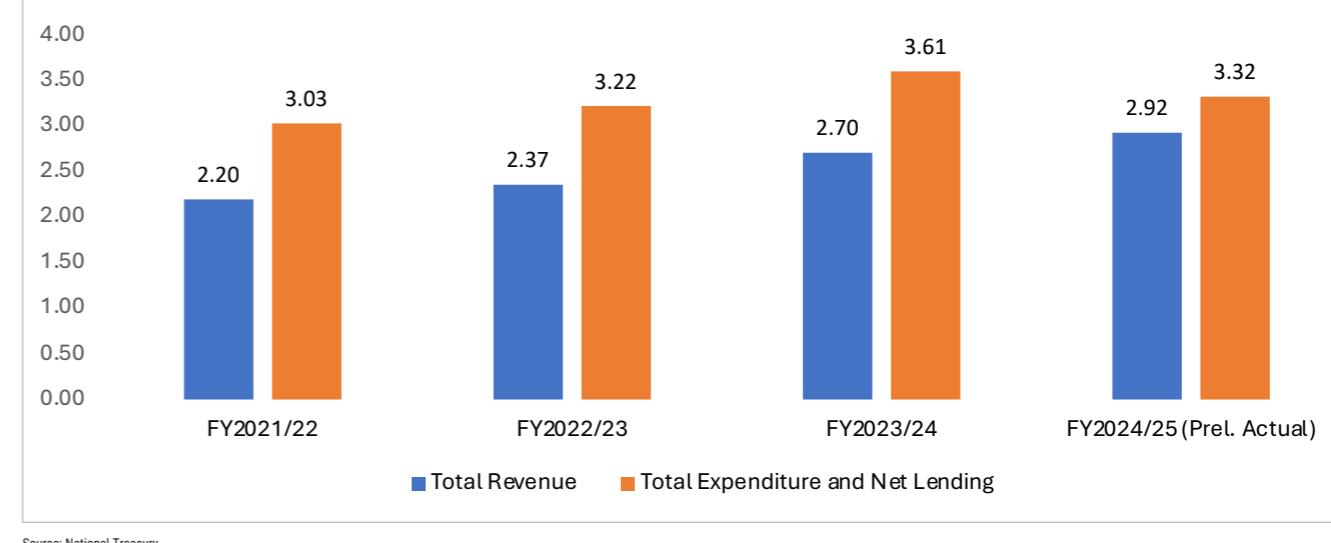
Implementation of the FY 2025/26 budget remains aligned with the fiscal consolidation path, though execution risks persist, including delayed e-procurement rollout, revenue slippage and elevated spending pressures. To preserve budget credibility, the National Treasury plans to rationalize spending through Supplementary Estimates I, incorporating emerging revenue gaps and expenditure needs. This follows a challenging FY 2024/25, during which revenue collections were adversely affected by the withdrawal of the Finance Bill 2024 and protest-related disruptions to economic activity. In response, the government enacted targeted tax and business law amendments to support revenue mobilization and improve tax administration, while containing non-essential spending and safeguarding priority obligations, including debt service and statutory transfers to counties.

Over the medium term, the fiscal stance remains consolidation oriented. Under the FY 2026/27–FY 2028/29 framework, total revenue is projected to stabilize at ~17–18% of GDP, while expenditure declines from 21.5% to 20.8% of GDP, driven by lower recurrent spending and a gradual shift toward development outlays. The overall fiscal deficit is projected to narrow from 3.8% of GDP to 3.4%, supporting debt sustainability.<sup>9</sup>

<sup>8</sup> [https://www.centralbank.go.ke/uploads/mpc\\_press\\_release/1156181278\\_MPC%20Press%20Release%20-%20Meeting%20of%20December%20%202025.pdf](https://www.centralbank.go.ke/uploads/mpc_press_release/1156181278_MPC%20Press%20Release%20-%20Meeting%20of%20December%20%202025.pdf)

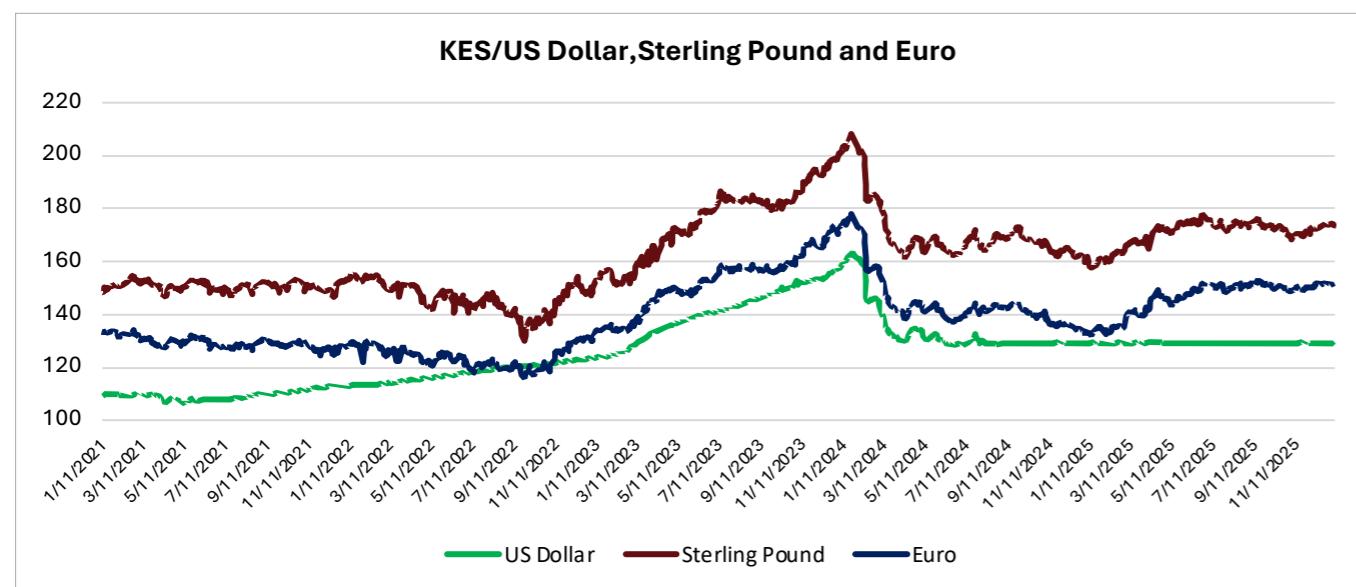
<sup>9</sup> <https://www.treasury.go.ke/wp-content/uploads/2025/12/Draft-2026-Budget-Policy-Statement.pdf>

## Kenya Fiscal Performance: Revenue, Expenditure and Net Lending (KES trillions)



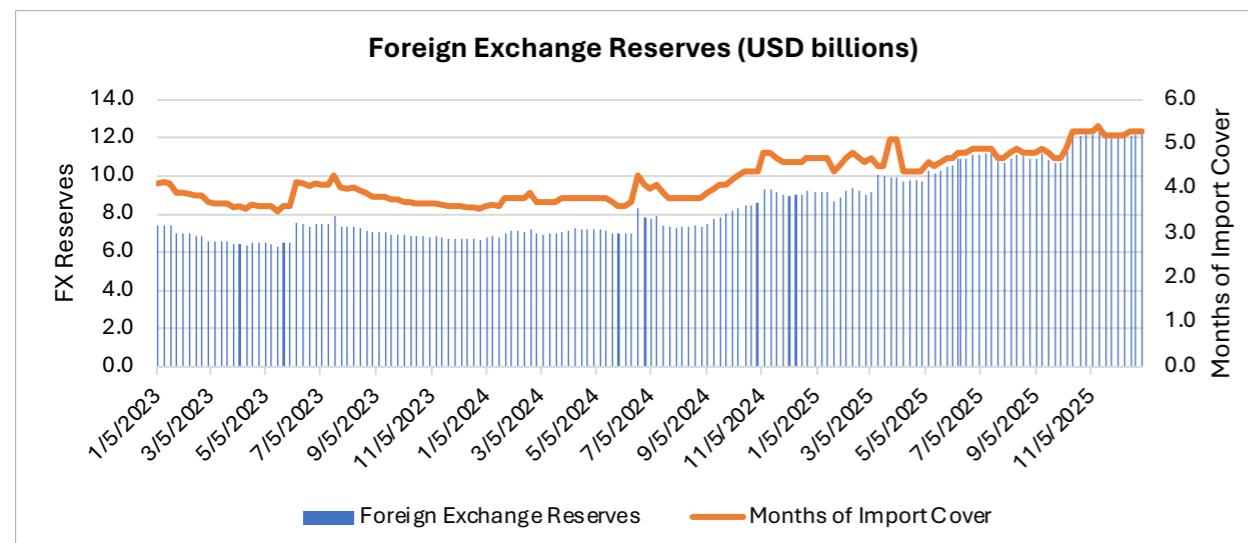
## Foreign Exchange and Foreign Exchange Reserves

In 2025, the Kenya Shilling recorded a marginal 0.2 percent appreciation against the U.S. dollar, while depreciating by 7.1 percent against the Sterling Pound and 12.5 percent against the Euro, reflecting divergent currency performance over the period and closed the year at KES 128.99 to the U.S. Dollar, KES 173.49 to the Sterling Pound and KES 151.35 to the Euro.



Source: CBK

Kenya's foreign exchange reserves remain at healthy levels, totaling USD 12.4 billion, equivalent to 5.3 months of import cover as of January 8, 2026. This comfortably exceeds the Central Bank's minimum target of 4 months and the East African Community's convergence floor of 4.5 months. This buffer signals strong external liquidity and supports confidence in the country's ability to meet short-term external obligations while managing currency fluctuations.<sup>10</sup>

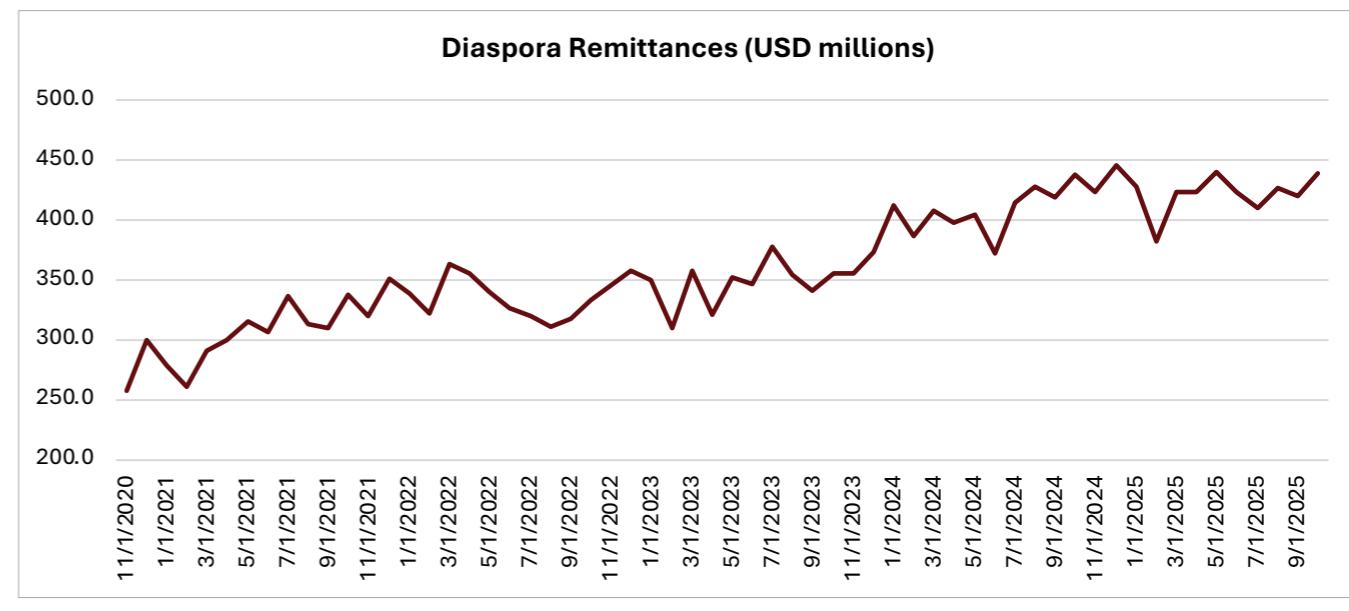


Source: CBK

<sup>10</sup> [https://www.centralbank.go.ke/uploads/weekly\\_bulletin/11441758\\_Weekly%20CBK%20Bulletin%20January%209%202026.pdf](https://www.centralbank.go.ke/uploads/weekly_bulletin/11441758_Weekly%20CBK%20Bulletin%20January%209%202026.pdf)

<sup>11</sup> <https://www.centralbank.go.ke/diaspora-remittances/>

The robust reserve position reflects steady inflows from diaspora remittances and strong export earnings from tea, horticulture, and manufactured goods to both regional and European markets. Remittance inflows reached USD 388.3 million in November, down 11.5% in October 2024 and 8.3% lower year-on-year, bringing total remittances for the first eleven months of 2025 to USD 4.6 billion (KES 592.6 Bn). These inflows have been crucial in sustaining foreign exchange earnings and supporting the balance of payments.<sup>11</sup>



Source: CBK

According to the KNBS Q3 2025 Balance of Payments Statistical Release, Kenya's current account deficit widened significantly, rising from KSh 43.5 billion in Q3 2024 to KSh 135.3 billion in the same quarter of 2025. The deterioration was driven by a wider merchandise trade deficit and a reduced services account surplus. The merchandise trade deficit expanded from KSh 321.1 billion to KSh 355.8 billion, as import growth outpaced export earnings. Imports rose by KSh 82.7 billion compared to a KSh 48.0 billion increase in exports, largely reflecting higher imports of industrial machinery, iron and steel, and road motor vehicles.

## Debt Position

Kenya's public debt has risen sharply over the past decade, from 42.2% of GDP in 2013 to 72.0% in 2023, before easing to 65.7% in 2024, largely reflecting the strengthening of the Kenya Shilling.<sup>12</sup> Against this backdrop, the government has continued to tap both domestic and international markets to manage its debt profile. In February 2024, Kenya issued a US\$1.5 billion Eurobond to refinance maturing external obligations and mitigate near-term refinancing risks. This strategy was extended in early 2025 with another US\$1.5 billion Eurobond, which attracted strong global investor demand and facilitated the partial buyback of the US\$900 million Eurobond due in 2027.<sup>13</sup>

In October 2025, Kenya undertook two significant liability management operations. First, it converted the US\$3.4 billion outstanding Standard Gauge Railway loan from China Exim Bank from U.S. dollars to Chinese yuan, reducing interest payments by around US\$215 million. Second, the government issued a dual-tranche US\$1.5 billion Eurobond—US\$750 million for seven years at 7.875% and US\$750 million for twelve years at 8.8%—and used part of the proceeds to buy back a portion of the US\$1 billion Eurobond maturing in 2028, with US\$628 million of valid tenders accepted.<sup>14</sup>

As at November 2025, total public debt stood at KES 12.3 trillion, equivalent to 67.3 percent of GDP or USD 93.27 billion. Domestic debt amounted to KES 6.8 trillion, while public and publicly guaranteed external debt stood at USD 42.1 billion, equivalent to approximately KES 5.5 trillion.<sup>15</sup>

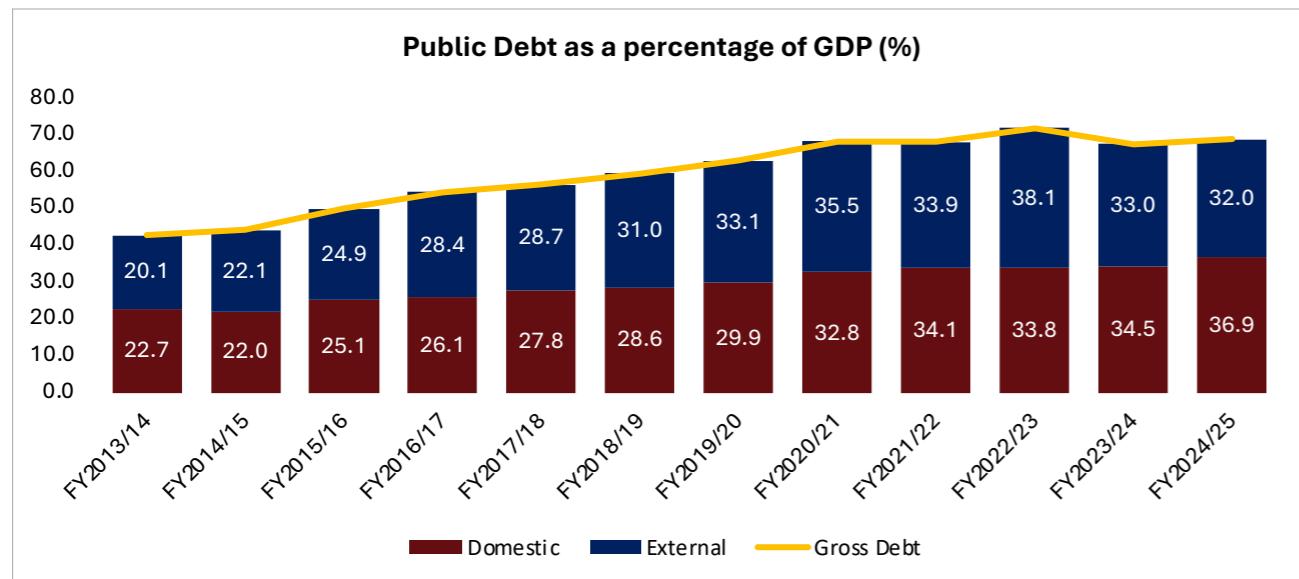
<sup>12</sup> <https://www.afdb.org/en/documents/unpacking-drivers-public-debt-dynamics-kenya-volume-16-issue-2>

<sup>13</sup> <https://documents1.worldbank.org/curated/en/09912125062524216/pdf/P507067-4f692fc7-8081-4630-9dd2-d3768ce9defc.pdf>

<sup>14</sup> <https://www.treasury.go.ke/wp-content/uploads/2025/10/Press-Release-Kenya-raises-1.5B-at-low-cost-scaled.jpg>

<sup>15</sup> [https://www.centralbank.go.ke/uploads/weekly\\_bulletin/1837360143\\_Weekly%20CBK%20Bulletin%20Jan%202026.pdf](https://www.centralbank.go.ke/uploads/weekly_bulletin/1837360143_Weekly%20CBK%20Bulletin%20Jan%202026.pdf)

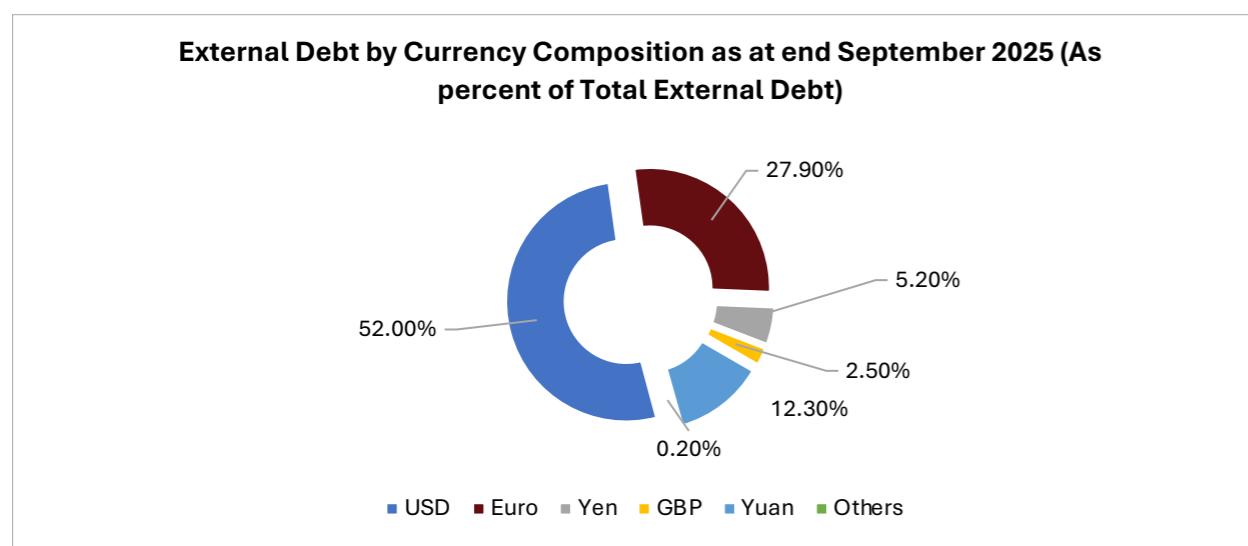
## 12. Equities Market Overview



Source: World Bank (2025), "Kenya Economic Update: Edition No.32"

According to September filings by National Treasury, Kenya's external debt structure remains predominantly multilateral, which accounted for 56.7% of the outstanding external portfolio. Eurobonds represented 19.0%, while bilateral creditors held 18.5%. Exposure to commercial banks stood at 4.1%, with guaranteed facilities at 1.4%, and supplier credit at 0.3%, collectively signalling a funding mix still anchored in concessional sources, but with a notable Eurobond component that shapes refinancing and FX-linked risk.

Currency composition further illustrates Kenya's vulnerability to major reserve currencies. USD-denominated obligations formed 52.0% of external debt, followed by the Euro at 27.9%, Chinese Yuan at 12.3%, Japanese Yen at 5.2%, and Sterling Pound at 2.5%. The remaining 0.2% was spread across other currencies, including the Danish Kroner, Kuwait Dinar, Korean Won, Indian Rupee, Canadian Dollar, Saudi Riyal, Swedish Kroner and Emirati Dirham. While small in proportion, the diverse tail underscores a broader creditor universe, though the concentration in USD and Euro remains the dominant driver of currency-translation effects on the debt stock.<sup>16</sup>

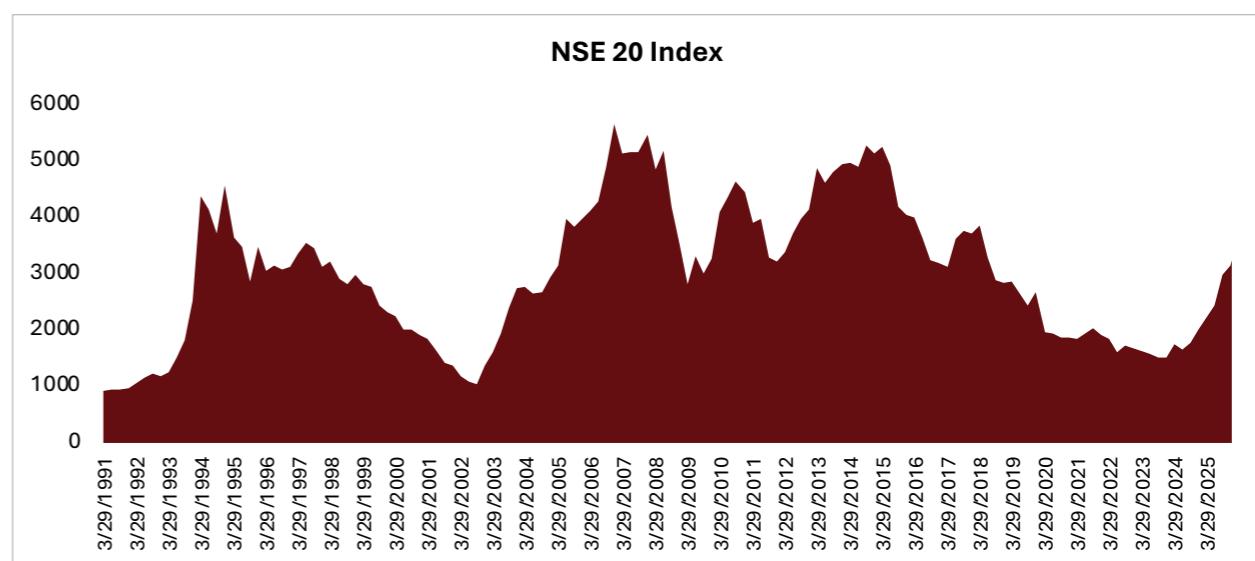


Source: National Treasury

The present value of total public debt-to-GDP remains elevated at 63.8 per cent in September 2025. According to the National Treasury, this ratio is projected to ease to 60.6 percent by 2030.

<sup>16</sup> <https://www.treasury.go.ke/wp-content/uploads/2025/12/September-2025-Monthly-Bulletin-1.pdf>

The Nairobi Securities Exchange (NSE) closed out 2025 on a strong bullish note, largely sustaining the rally seen in the prior year as investor confidence remained high. By 31 December 2025, the NSE All Share Index (NASI) had surged 51.1% to finish at 186.58 points, while the benchmark NSE 20 Index climbed 56.1% to 3,139.19 points, underpinned by broad-based gains across major counters and heightened trading activity. Market capitalisation expanded significantly, rising to KES 2.95 trillion from KES 1.94 trillion a year earlier – a year-on-year increase of 52.1% that reflects deepening equity market participation and strong price appreciation among listed stocks. This robust performance was supported by an improved macroeconomic backdrop, easing interest rates, stronger liquidity conditions and resilient corporate earnings, which together sustained bullish momentum throughout the year.

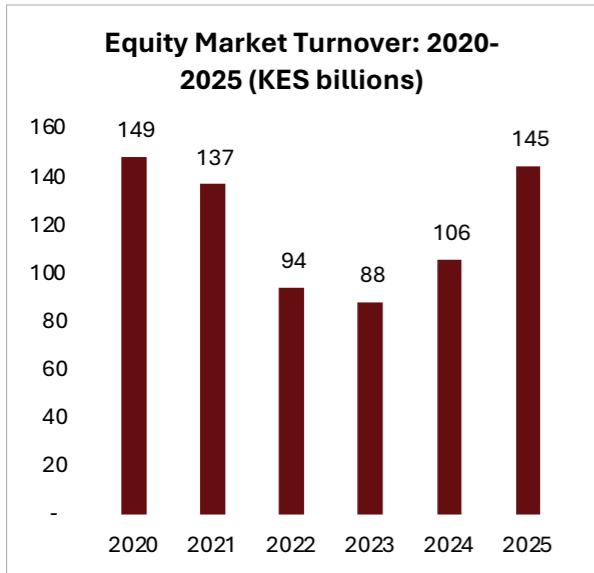


Source: NSE

Market reforms during the review period further boosted activity. The NSE introduced single-share trading, eliminating the minimum board lot requirement of 100 shares, which enhanced market liquidity and increased retail investor participation. In addition, the exchange welcomed two new listings: Shri Krishna Overseas Limited, a packaging manufacturer, and the Satrix MSCI World Feeder ETF, the second ETF listed on the bourse after the Absa New Gold ETF, broadening the range of investment products available to market participants. Strong earnings across the banking sector were a key driver of the market's upward trajectory, supported by resilient balance sheets, improved asset quality, and sustained credit growth. The positive performance in banking stocks provided significant support to overall market indices. The broader index performance mirrored these gains. The NSE-25 rose 49.8% to 5,096.68 points, while the NSE-10 gained 50.9% to 1,965.20 points. The newly launched Banking Sector Index ended the year at 203.65 points. Of the 60 counters active in 2025, 54 recorded gains, reflecting broad-based strength across the market. Sectoral performance was strongest in insurance, which gained 86.6%, while manufacturing posted the smallest increase at 38.2%. <sup>18</sup>Equity market turnover increased markedly in 2025, rising by 37.28% year-on-year to KES 145 billion from KES 105 billion in 2024, reflecting heightened trading activity and increased participation by both local and foreign investors. The fixed income segment delivered a historic performance, with bond market turnover reaching an all-time high of KES 2.7 trillion, representing a 75.5% increase from KES 1.5 trillion recorded the previous year. This growth is attributable to stronger investor participation, yield compression, and robust secondary market demand.

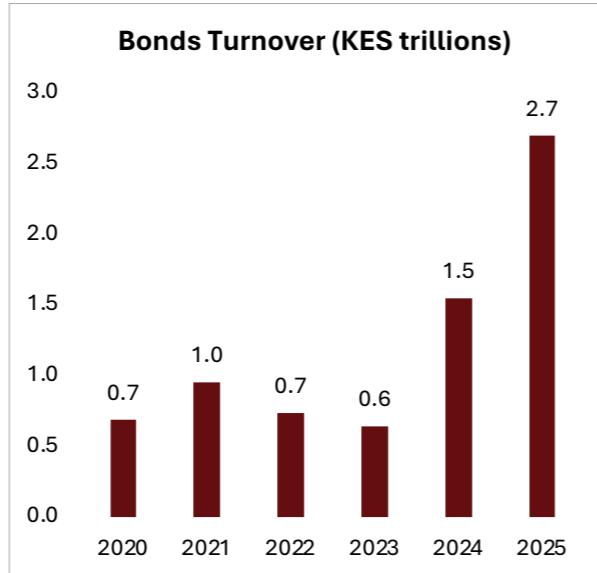
<sup>18</sup> <https://tradingroom.co.ke/nse-ends-2025-on-a-high-note/>

## 13. Industry Overview



Source: NSE

The equities market continues to gain from the prevailing dovish monetary stance, as declining fixed-income yields have reduced the relative attractiveness of government securities and other low-risk instruments. This environment is prompting investors to reallocate capital toward equities, which now offer more compelling risk-adjusted returns through both potential price appreciation and dividend income. Supporting this shift is a stable Kenya Shilling, which has anchored investor confidence by mitigating currency risk and fostering a more predictable macro backdrop. Collectively, these factors are creating a favourable entry point for investors, reinforcing market liquidity and sustaining bullish momentum across key sectors.



The oil and gas industry encompasses the exploration, development, transportation, processing and distribution of crude oil, natural gas and refined petroleum products. The sector plays a critical role in powering economic activity, enabling mobility and supporting industrial production. In emerging and frontier markets, petroleum products remain the primary energy source, underpinning economic output, trade and fiscal stability.

Globally, the industry is structured along three main segments of the value chain: Upstream, Midstream, and Downstream, each with distinct risk profiles, capital requirements and regulatory considerations.

### Upstream

Upstream activities involve the exploration for, and extraction of, crude oil and natural gas. These activities are capital intensive, technologically complex and highly sensitive to global commodity prices and regulatory frameworks. In Kenya, upstream activity has historically been exploratory in nature. To date, approximately 94 exploration wells have been drilled across four sedimentary basins covering an estimated 485,000 km<sup>2</sup>. Commercially viable oil discoveries have been confirmed only in the South Lokichar Basin, with estimated recoverable resources of up to 4 billion barrels. Development of the resource has faced delays related to regulatory approvals, infrastructure requirements and market conditions. In 2024/25, Tullow Oil exited the project, transferring its participating interest to Gulf Energy, which is expected to continue exploration and development efforts.

### Midstream

The midstream segment comprises the transportation, storage, and handling of crude oil, refined petroleum products and natural gas, providing the critical link between upstream production and downstream consumption. Midstream assets are typically characterized by long economic lives, stable demand profiles and regulated or contracted revenue structures.

In Kenya, the midstream sector is dominated by Kenya Pipeline Company (KPC), which operates a national pipeline network spanning approximately 1,342 kilometers and has a total storage capacity of about 1.14 million cubic meters. KPC manages key coastal and inland storage facilities and supplies petroleum products to domestic markets as well as neighbouring countries. As such, it serves as the backbone of Kenya's petroleum logistics system and a critical enabler of regional fuel security and trade within East Africa.

Pipeline Segments	Date Completed	Distance (KM)	Diameter (Inches)	Installed Flow Rate (m <sup>3</sup> /hr)	Achievable throughput per annum (m <sup>3</sup> )
Mombasa-Nairobi (Line 5)	2018	450	20	1,000	10,818,600
Nairobi-Eldoret (Line 2)	1994	325	8 & 6	220	1,830,840
Sinendet-Kisumu (Line 3)	1994	121	6	110	915,420
Nairobi-Eldoret (Line 4)	2011	325	14	510	4,493,880
Sinendet-Kisumu (Line 6)	2016	121	10	290	2,413,380
Total		1,342			

Source: Kenya Pipeline Company Ltd

## Downstream

The downstream segment encompasses the refining of crude oil into finished petroleum products such as petrol, diesel, jet fuel, LPG, and lubricants, as well as the marketing, distribution and retail sale of these products to commercial customers and end consumers. This segment is typically characterized by higher competition, regulated pricing environments and relatively lower capital intensity compared to upstream and midstream operations.

In Kenya, the downstream petroleum market comprises 146 registered Oil Marketing Companies (OMCs). Despite the large number of participants, the market activity is relatively concentrated, with the top ten OMCs accounting for over 72% of total market share. Vivo Energy, Rubis, and TotalEnergies Marketing Kenya collectively account for more than half of total sales.

As at June 2025, the downstream market recorded a Herfindahl-Hirschman Index of 0.0981, indicating a moderately concentrated market structure. While competitive pressures remain significant, scale, supply chain efficiency and access to reliable logistics infrastructure continue to be key differentiators among market participants.

OMC	Local Sales Volume for imported products (m <sup>3</sup> )	% Share
Vivo Energy Kenya Limited	922,534.95	20.43%
Total Energies Marketing Kenya Plc.	665,685.57	14.74%
Rubis Energy Kenya Plc.	661,639.33	14.65%
Ola Energy Kenya Limited	178,493.00	3.95%
Be Energy Limited	146,791.86	3.25%
Galana Energies Limited	144,861.25	3.21%
Hass Petroleum Limited	142,299.94	3.15%
Stabex International Limited	126,222.82	2.80%
Vitalac International Limited	89,018.61	1.97%
Zacosia Trading Limited	88,888.44	1.97%
Lake Oil Limited	84,917.80	1.88%
Petro Oil Kenya Limited	81,567.00	1.81%
Aftah Petroleum(K)Ltd	80,066.40	1.77%
Dalbit Petroleum Limited	79,059.00	1.75%
Towba Petroleum Company Limited	71,334.05	1.58%
Astrol Petroleum Company Limited	70,248.43	1.56%
Tosha Petroleum (Kenya) Limited	68,493.20	1.52%
Gapco Kenya Limited	51,507.00	1.14%
E3 Energy Kenya Limited	49,870.47	1.10%
Leadway Petroleum Limited	46,735.20	1.03%
Others	665,562.51	14.74%
<b>Total</b>	<b>4,515,796.82</b>	<b>100%</b>

Source: EPRA Energy & Petroleum Statistics Report, for Financial Year ended June 2025

From a refining perspective,<sup>19</sup> Kenya Petroleum Refineries Limited (KPRL) historically served as the country's sole refinery operator. Established in 1960 to supply petroleum products across East Africa, KPRL operated as a 25,000 barrels-per-day refinery for five decades before being decommissioned in 2013 due to aging infrastructure. The site was subsequently converted into a storage terminal. Under full KPC ownership since 2023, it now provides 484 million litres of storage across 45 tanks, including 1,200 MT of LPG to KPC's coastal capacity.

<sup>19</sup> <https://www.kprl.co.ke/about-us/>

## Market Growth and Penetration Trends

Total petroleum imports remain the primary driver of activity across Kenya's midstream and downstream petroleum sectors, supporting both domestic consumption and regional transit markets. Import volumes have expanded in line with post-COVID economic recovery, changes in global crude oil prices and rising energy demand, reinforcing Kenya's position as a regional petroleum logistics and energy hub.

Midstream throughput has exhibited sustained growth over the past decade, increasing from 5.59 million cubic meters (m<sup>3</sup>) in FY 2014 to 9.11 million m<sup>3</sup> in FY 2024. This represents a compounded annual growth rate (CAGR) of approximately 4.54%, based on KPC's financial statements. This growth trajectory broadly aligns with Kenya's macroeconomic performance, underpinned by Kenya's average annual GDP expansion of 4.66% over the same period, highlighting the close relationship between economic expansion and petroleum demand.

Regional transit and export volumes have been a particularly strong contributor to overall throughput growth. In FY 2024, export volumes accounted for approximately 51.10% of total throughput, underscoring Kenya's strategic role in supplying petroleum products to neighbouring markets within East and Central Africa. This reflects continued regional reliance on Kenya's pipeline for storage infrastructure as the most efficient and secure route for petroleum product movement.

<sup>20</sup> Although still in its early stages of growth, the East Africa midstream industry shows a moderate degree of concentration. Major state-owned players such as KPC, Tanzania Petroleum Development Corporation (TPDC), and Uganda National Oil Company (UNOC) control transportation and storage, effectively forming national or corridor-based monopolies and duopolies. Innovation within the sector is primarily focused on infrastructure expansion, system integrity and cost-efficient transport solutions rather than disruptive technological change.

Regulatory frameworks play a central role in shaping the sector, particularly with respect to licensing, tariff setting, and environmental oversight, ensuring both domestic benefit and attraction of international investment. Limited alternatives such as cross-border road and rail transport further reinforce the dependence of national oil companies and downstream distributors on midstream infrastructure for reliable product delivery. These dynamics support stable demand for midstream services and underpin the long-term strategic importance of pipeline and storage assets in the region.

### Market Drivers and Constraints

#### Key Market Drivers

##### 1. Rising Global & Regional Energy Demand

Global energy consumption has grown steadily, driven by industrialization, population growth, and rising incomes. Global oil demand increased from 83.65 million barrels per day in 2005 to an estimated 105.5 million barrels per day in 2025, representing a growth of about 26.1%. Most of this growth has originated from emerging and frontier economies, where expanding consumer bases and accelerating industrial activity continue to sustain demand for petroleum products.

These global trends are reflected at the regional level. In Kenya, petroleum import volumes increased by approximately 7.7% year-on-year to 9.76 million m<sup>3</sup> in FY2024/25, supporting a 14.6% revenue growth for KPC. Continued growth in regional fuel demand, together with rising air travel and aviation activity, is expected to drive higher throughput volumes, particularly for jet fuel, thereby strengthening KPC's operational utilisation and revenue prospects. Despite increasing investment in alternative energy sources,<sup>21</sup> oil and natural gas remain the dominant energy sources globally, sustaining strong demand for efficient midstream transportation and storage infrastructure.

##### 2. Technological Advancements in Logistics and Supply Chain Management

The oil and gas logistics industry is increasingly adopting SCADA and Pipeline Intrusion System to enhance efficiency, safety and cost management. These include advanced pipeline monitoring systems, automated inventory management, predictive maintenance, GPS enabled tracking, and data-driven optimization of logistics flows.

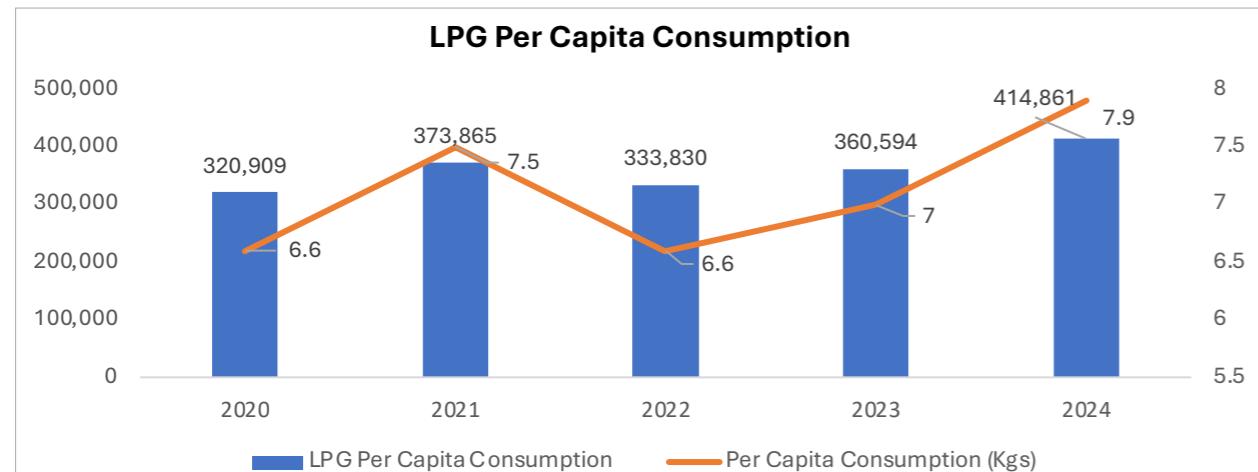
<sup>20</sup> <https://www.archivemarketresearch.com/reports/east-africa-midstream-industry-862295#>

<sup>21</sup> <https://www.cognitivemarketresearch.com/oil-and-gas-logistics-market-report>

KPC has invested in modernization, including leak detection, fire suppression, and digital monitoring systems. In addition, workforce capability development through institutions such as KPC's Morendat Institute of Oil and Gas supports the effective adoption of these technologies. While such investments may increase capital and operating costs in the short term, they reduce operational risk and enhance long-term reliability and profitability.

### 3. Development of LNG/LPG Infrastructure

Global demand for cleaner energy (including LNG) is rising, with Shell forecasting a 60% increase in LNG consumption by 2040. Although KPC currently has limited LNG exposure, domestic LPG demand has expanded from 321,000 tonnes in 2020 to 415,000 tonnes in 2024, supported by policy measures such as VAT removal and the government's universal clean cooking initiative. This creates a compelling growth opportunity for KPC, especially with its LPG segment already recording 22.5% year-on-year revenue growth in FY 2024, underscoring strong medium-term expansion prospects and emerging regional market opportunities.



### Key Sector Constraints

#### 1. Volatility in Oil Prices

Oil price volatility remains a major risk for the midstream sector. Price spikes typically suppress consumer demand, while sharp declines often cause producers to reduce output—both of which lower transport and storage volumes. In FY2023/24, KPC's petroleum import volumes fell 1.99% year-on-year as global price surges pushed super petrol to a record KSHS 217.36 per litre, resulting in a 2.1% decline in national fuel consumption. Although demand recovered in FY2024/25 due to easing prices and increased OPEC+ supply, long-term volatility remains a structural challenge.

#### 2. Geopolitical Instability and Supply Chain Disruptions

Global oil and gas supply chains are highly vulnerable to geopolitical tensions, as key production and shipping routes pass through unstable regions. Conflicts, sanctions, and maritime security threats can alter shipping routes, delay deliveries, and increase freight and insurance costs.

KPC experienced these effects during the 2024 Red Sea disruptions, which forced vessels to reroute, lengthened delivery timelines, and contributed to higher fuel prices and lower import volumes.

The Russia-Ukraine conflict has similarly triggered price shocks and supply imbalances since 2022. While recent ceasefires in parts of the Middle East have eased some pressures, persistent and emerging geopolitical risks continue to pose long-term systemic challenges for the sector.

#### 3. High Operating Costs and Infrastructure Dependency

The oil logistics sector requires continuous investment in pipelines, pumps, and storage infrastructure, resulting in high CapEx and OpEx. In FY2024, KPC's cost-to-income ratio stood at 50.86%, driven mainly by administrative and personnel expenses, with rising living costs placing further pressure on wages. Expansion is also constrained by

high land acquisition costs, which make new pipeline projects expensive and may limit KPC's capacity growth in the medium term.

### 4. Environmental Risks

The transportation, storage, and handling of crude oil is inherently associated with significant environmental hazards. The risk may arise from pipeline integrity issues, which may be as a result of corrosion, equipment malfunction, third-party interference, natural disasters or ageing infrastructure. Such vulnerabilities can lead to environmental incidents, including spills and pipeline leaks, which in turn expose operators within the sector to substantial financial liabilities, legal consequences and reputational damage.

#### Regional Competitive Landscape

KPC holds a dominant position in the regional midstream logistics sector, largely due to its extensive pipeline network and its ability to serve not only Kenya but also Uganda, Rwanda, South Sudan and parts of the DRC.

#### Regulatory Framework and Tariffs

Kenya's petroleum sector operates under the Energy Act 2019, with EPRA responsible for licensing, safety oversight, environmental compliance, and regulating midstream tariffs. EPRA reviews KPC's pipeline tariffs every three years using a cost-of-service approach that balances operational requirements with consumer impact. The National Environment Management Authority (NEMA) also plays a key role by enforcing environmental protection and sustainability standards, ensuring KPC meets national environmental regulations and conducts necessary impact assessments.

#### Oil Marketing Companies (OMCs) and Their Relationship with KPC

Kenya's Oil Marketing Companies (OMCs) sector comprises a mix of major international players and strong local firms competing to supply petroleum products, including petrol, diesel, and LPG, to the domestic market and landlocked East African economies. According to the Energy and Petroleum Regulatory Authority (EPRA), market shares remain fluid, although the sector is typically dominated by a small group of leading companies.

OMCs function primarily as customers of Kenya Pipeline Company (KPC), with OMCs being responsible for the importation, distribution, and retailing of petroleum products, whilst KPC provides the critical midstream infrastructure, offering regulated pipeline transportation and storage services across the country. Petroleum products were jointly sourced by OMCs under the Open Tender System, which has since transitioned to a government-to-government procurement framework. Upon importation, products are injected into the KPC network, with OMCs paying regulated tariffs for storage and transportation to inland depots. OMCs then uplift products for last-mile distribution to retail outlets and industrial customers. At no point does KPC own or trade petroleum products; ownership remains with the OMCs throughout the value chain.

The sector is regulated by the Ministry of Energy and EPRA. OMCs' relationship with KPC is governed by Transportation Service Agreements, under which KPC serves as the backbone of domestic and regional fuel logistics, supporting both local distribution and exports to neighboring landlocked countries.

# 14. Business Overview

## 14.1 GENERAL

Kenya Pipeline Company Limited is a State Corporation wholly owned by the Government of Kenya. The National Treasury holds 100% of the issued share capital.

KPC's mandate is to develop, operate and maintain an efficient, safe, reliable and cost-effective system for the transportation, storage and distribution of refined petroleum products from the port of Mombasa to various inland depots. Since its inception, the Company has expanded its operations through the construction of pipeline infrastructure, storage tanks and loading facilities that support the national and regional petroleum supply chain. The Company currently operates a network comprising approximately 1,342 kilometres of pipeline, which operates a national pipeline network of 1,342 km and current total storage capacity of 1,138,324 m<sup>3</sup>.

## 14.2 HISTORY

The Company was incorporated in 1973 under the Companies Act (Cap 486, Laws of Kenya) and commenced commercial operations in February 1978. Its establishment formed part of a national strategy to reduce reliance on road and rail transport for petroleum distribution, lower fuel transportation costs, enhance Kenya's energy security and strengthen regional petroleum trade. To advance these objectives, KPC developed an integrated pipeline and depot network designed to ensure a reliable domestic fuel supply while enabling the transit of petroleum products to neighbouring markets. This infrastructure has played a central role in positioning Kenya as a critical logistics hub within the East and Central African energy corridor.

On 24 June 2016, the Government of Kenya entered into an agreement with Essar Energy Overseas Limited, Essar Energy Holdings Limited and Kenya Petroleum Refineries Limited (KPRL) for the transfer of all shares held by Essar in KPRL to the Government. This transaction resulted in KPRL becoming a wholly owned State Corporation. Following this acquisition, the Cabinet issued a directive on 11 August 2016 requiring that KPRL be placed under the management of KPC.

In October 2023, the acquisition was completed after the Government of Kenya, through the National Treasury, transferred 100% of its shareholding in KPRL to KPC, resulting in KPC assuming full ownership, control, and operational responsibility for all KPRL assets. These assets include key storage facilities, pipeline infrastructure, and the strategic Changamwe facility, effectively consolidating Kenya's petroleum logistics network under a single state-owned entity. In addition, KPRL holds significant undeveloped land that presents opportunities for expanding existing infrastructure and developing new commercial initiatives.

## 14.3 COMPETITIVE STRENGTHS

KPC enjoys certain structural and operational strengths that place it in a very strong position to withstand competitive forces. The strengths outlined below will enable it to sustain and strengthen its position as the region's premier distributor and provider of petroleum storage infrastructure:

### 1. Strategic Control of National Petroleum Infrastructure

KPC owns and operates Kenya's primary petroleum transportation and storage network, including all major pipelines, terminals, and key strategic facilities. This extensive footprint positions the Company as the backbone of the national and regional fuel supply chain.

### 2. Strong Market Position and Natural Monopoly

As the sole operator of Kenya's pipeline network, KPC enjoys a dominant market position with minimal competitive pressure, ensuring stable throughput volumes and predictable revenue streams regulated under a cost-recovery tariff model.

### 3. Regional Supply Hub for East and Central Africa

KPC's infrastructure supports regional exports to Uganda, Rwanda, Burundi, Eastern DRC, and South Sudan. Facilities such as the Kisumu jetty and Eldoret rail/road hubs reinforce Kenya's role as the region's distribution gateway, expanding KPC's addressable market.

### 4. Enhanced Capacity Through Recent Infrastructure Investments

Significant capital projects, such as Line 5, KOT 2, and the expansion of loading and storage facilities, have increased system capacity, improved operational reliability, and strengthened KPC's competitive edge over alternative regional routes.

### 5. Integrated and Modern Operational Technology

Advanced systems, including Supervisory Control and Data Acquisition (SCADA), System Application and Products (SAP) Enterprise Resource Planning (ERP), leak detection, mass metering, tank gauging, and automated loading infrastructure, enable efficient operations, real-time monitoring, and high safety standards, reducing operational risk and downtime.

### 6. Synergies from Full Ownership of KPRL

The acquisition of KPRL has consolidated key infrastructure under one entity, increasing storage capacity, enhancing operational flexibility, and unlocking significant land for future expansion and diversification opportunities.

### 7. Strong Regulatory Framework

KPC operates within a clear regulatory framework that supports long-term stability, facilitates major project approvals, and reinforces investor confidence.

### 8. Robust Safety, Security, and Environmental Standards

KPC has invested heavily in security intelligence systems, monitoring technology, and internationally benchmarked safety protocols, reducing exposure to operational, environmental, and reputational risks.

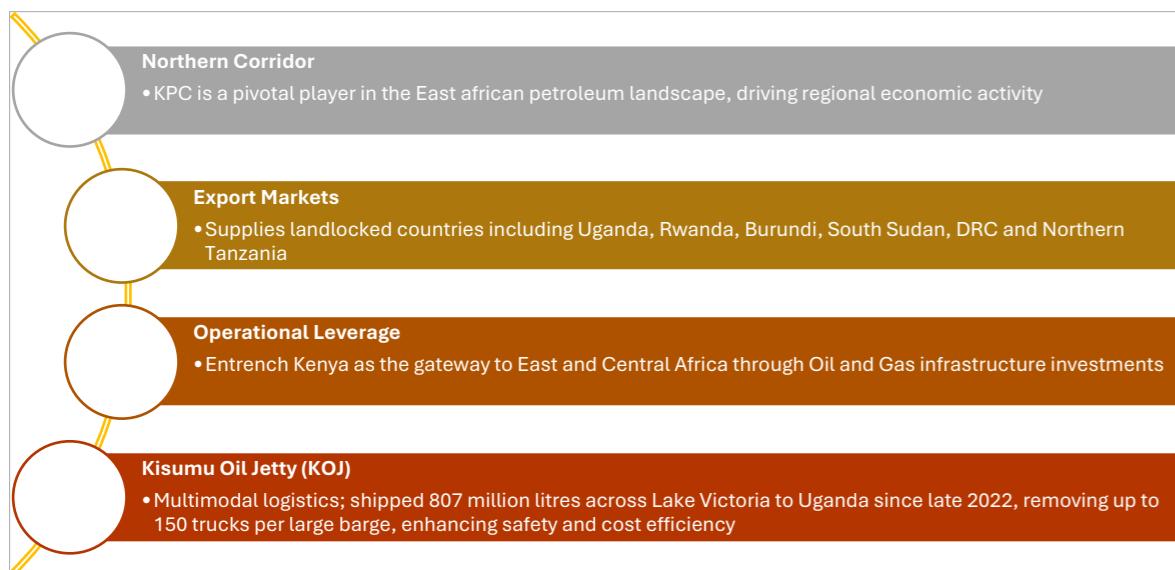
### 9. High Barriers to Entry

Pipeline infrastructure requires substantial capital investment, complex regulatory approvals, and specialised expertise—barriers that protect KPC's market position and sustain long-term competitiveness.

### 10. Steady and Predictable Revenue Model

Tariff-based income, regulated by EPRA, ensures predictable cash flows independent of global oil price volatility, making KPC a stable and attractive asset for investors.

## 14.4 REGIONAL STRATEGIC IMPORTANCE



## 14.5 KEY HIGHLIGHTS FROM KPC'S VISION 2025 STRATEGY

KPC's Vision 2025 was structured around five strategic pillars designed to strengthen the Company's market position and institutional capabilities.

1. The Business Leadership pillar focused on consolidating KPC's dominance in the Kenyan petroleum logistics market through superior service delivery and operational reliability.
2. The Geographic Expansion pillar sought to extend this leadership into the broader Eastern Africa region by developing integrated midstream infrastructure and new market linkages.
3. The People pillar aimed to build a high-performance workforce capable of executing an ambitious regional and diversification agenda.
4. The Systems and Processes pillar prioritised world-class technology, automation and robust operational systems to support efficiency, safety and scalability.
5. Finally, the Image and Reputation pillar sought to deepen stakeholder confidence and strengthen KPC's standing as a trusted national strategic asset.

To support sustainable system performance, the strategy prioritised investment in the integrity and capacity of the existing pipeline network. This led to the development and rollout of the Pipeline Infrastructure Sustainability Enhancement Plan (PISEP), which is aimed at ensuring that the network can reliably meet projected demand. Vision 2025 generated critical strategic insights that have informed KPC's new 2025/26–2029/30 Strategic Plan

## 14.6 BUSINESS STRATEGY: KPC STRATEGIC PLAN: 2025/26 – 2029/30

The 2025/26–2029/30 Strategic Plan builds on the lessons from Vision 2025. The plan ensures that KPC's growth ambitions are matched with operational capacity, financial strength and market realities.

Under this new Plan, KPC is positioned to consolidate its role as the backbone of regional petroleum logistics while selectively expanding into commercially viable adjacent areas, including LPG, digital infrastructure and broader midstream services. It provides for targeted capital investments of approximately Kshs. 94.0 billion aimed at strengthening pipeline integrity, increasing storage capacity, modernising operational technologies and enhancing service reliability. Supported by growing regional fuel demand and stronger internal execution frameworks, the Plan projects turnover growth from Kshs. 38.0 billion to Kshs. 62.0 billion by FY 2029/30.

The strategy is aligned with national development priorities under Vision 2030, the Fourth Medium Term Plan (MTP IV), the Ministry of Energy and Petroleum Strategy and the Bottom-Up Economic Transformation Agenda (BETA). It reinforces KPC's contribution to national digital infrastructure, environmental sustainability and socioeconomic development.

Building on the lessons of Vision 2025, the current Strategic Plan is anchored on four core pillars:

### 1. Diversification and Growth

The new strategy replaces the broad, regionally oriented expansion focus of Vision 2025 with a more commercially grounded diversification framework. It prioritises strengthening of core petroleum logistics operations, through expanded storage, enhanced system redundancy and targeted pipeline upgrades, while developing adjacent revenue streams such as LPG handling, fibre-optic commercialisation and marine logistics. Collectively, these initiatives reduce revenue concentration risk, enhance business resilience, and position KPC for a lower-carbon, digitally enabled future.

### 2. Operational Excellence

Operational excellence remains fundamental to KPC's mandate of delivering safe, reliable and cost-efficient services. Under this pillar, the Company is enhancing efficiency through digitisation, automation, strengthened asset integrity programmes, and optimised maintenance regimes. Energy efficiency initiatives are expected to deliver cost savings while supporting the national decarbonisation agenda. Investments in secure, flexible, and integrated ICT platforms, including upgraded SCADA systems and modernised enterprise systems, will enhance real-time operational visibility, strengthen cybersecurity, and enable data-driven decision-making. These initiatives reduce operational risk, improve service reliability, and reinforce KPC's reputation as a dependable midstream operator.

### 3. Environmental, Social and Governance (ESG)

While the Revised Strategic Plan (RSP) introduced ESG integration, the current Plan embeds ESG considerations across investment decisions, operational practices and risk management frameworks. Environmental priorities focus on emissions reduction, spill prevention and improved waste and water management. Social initiatives emphasise community engagement and alignment with national development priorities, while governance reforms aim to strengthen internal controls, transparency and institutional accountability. Together, these measures support sustainable operations and long-term stakeholder value.

### 4. People

The current Strategic Plan directly addresses organisational challenges identified under Vision 2025, including an ageing workforce, succession risks and inconsistent leadership continuity. It prioritises proactive workforce planning, skills and capability development, leadership strengthening, cultural transformation and enhanced safety and performance standards. Human capital is positioned as a critical enabler of operational stability, effective execution and strategic diversification.

## Priority Strategic Objectives and Actions

In support of the Strategic Pillars outlined above, the KPC Strategic Plan 2025/26-2029/30 identifies a set of priority strategic objectives and corresponding actions that are intended to drive sustainable business growth, strengthen infrastructure resilience and enhance market competitiveness over the five-year period. These actions form the basis for capital investment planning and operational execution. They are summarised on the table below:

Strategic Objective	Strategic Actions
Enhance Infrastructure Capacity to Support Business Growth	Enhance pipeline system capacity Eastern pipeline capacity enhancements Western Kenya pipeline capacity enhancements Enhance of the KOT2 – KPRL Changamwe pipeline Upgrade of the KPRL Changamwe tank farm Eldoret – Malaba/Kampala/Kigali pipeline
	Enhance depots capacity and stock days Implement the western Kenya depot capacity upgrade project Construct additional tanks in JKIA Conversion of top loading to bottom loading: enhance truck loading efficiency by 65%
Business Diversification	Upscale the uptake of Fibre Optic Cable to increase revenue Expand the LPG business: storage and bottling facilities Optimize utilization of KPRL assets Diversify into handling new fuels and energies
Enhancing Market Position	Leverage established business model and infrastructure footprint to grow market share Optimize existing capacity in Mombasa to expand reach to emerging regional markets

## 14.7 PRODUCTS AND SERVICES

### 14.7.1 Pipeline Network

The company maintains an extensive pipeline network spanning 1,342 kilometres across Kenya. This network is outlined below:

#### i. Mombasa – Nairobi Pipelines

- Line 1: The original 14-inch Mombasa–Nairobi pipeline, commissioned in 1978, was retired in 2020 after exceeding its 30-year design life. Its decommissioning was also prompted by safety considerations, environmental risks and rising operational costs associated with legacy infrastructure. While the pipeline has been taken out of service, the mainline pumps and associated auxiliary systems remain in place and may be repurposed for future operational needs.
- Line 5: Is a 20-inch, 450-kilometre pipeline running from Mombasa to Nairobi, completed in 2018. It is supported by four pumping stations and has an installed flow rate capacity of 1,000m<sup>3</sup> per hour. The design also includes provisions for four additional future stations, which would increase the pipeline's flow rate to approximately 1,750m<sup>3</sup> per hour.

#### ii. Western Kenya Pipelines

- Lines 2: This line consists of a 325-kilometre pipeline between Nairobi and Eldoret, built using a combination of 8-inch diameter covering 281 kms and 6-inch diameters covering 44 kms completed in 1994. The installed flow rate on this line is 220 m<sup>3</sup> per hour.
- Line 3: This line consists of a 121-kilometre 6-inch diameter pipeline from Sinendet to Kisumu, completed in 1994. The installed flow rate on this line is 110m<sup>3</sup> per hour.
- Line 4: The second Nairobi–Eldoret pipeline, a 325-kilometre line with a 14-inch diameter commissioned in 2011, currently operates with an installed flow rate of 510m<sup>3</sup> per hour. The system has been engineered to accommodate future enhancements, and with the installation of additional pumps, its throughput potential can exceed 700m<sup>3</sup> per hour.
- Line 6: The Sinendet to Kisumu 121-kilometre 10-inch diameter pipeline has a flow rate of 290m<sup>3</sup> per hour.

iii. Shimanzi Pipeline: This is a 4 kilometre, 10-inch diameter spur pipeline from Kipevu Oil Storage Facility (KOSF) to the Shimanzi Oil Marketing Company's (OMC) depots. It has a flow rate of 500m<sup>3</sup> per hour.



#### 14.7.2 Storage Facilities

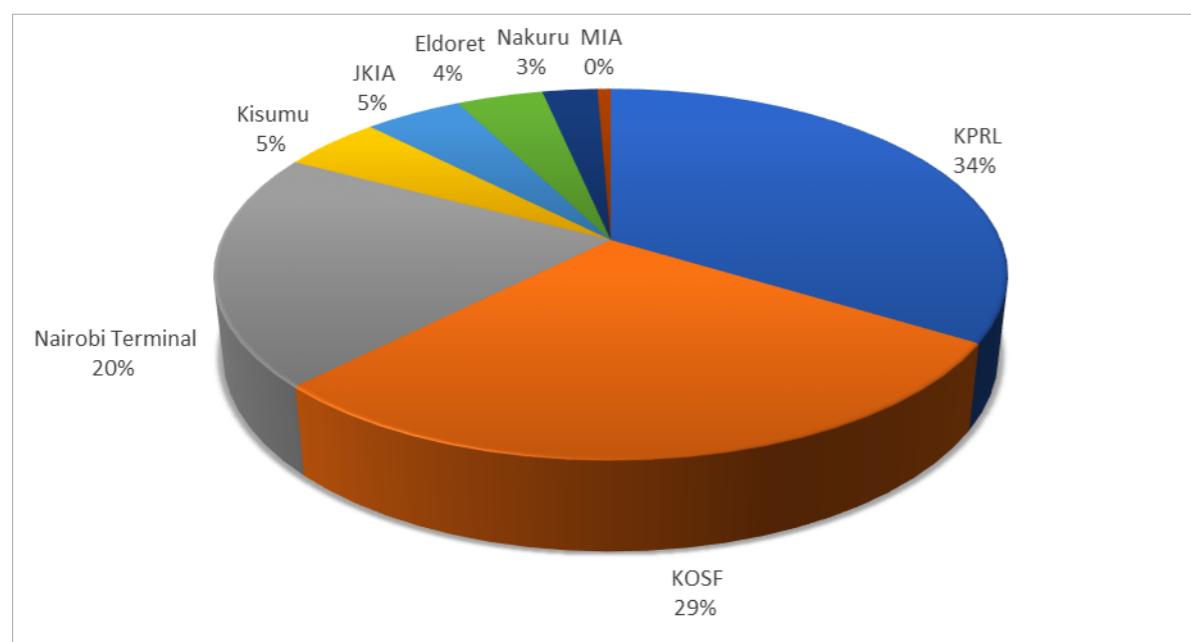
The company has storage facilities in Mombasa and the hinterlands with a total storage capacity of 1,138,324 m<sup>3</sup>. This is divided as follows:

Storage capacity by depot and product

Depot	MSP	AGO	DPK	Jet A-1	Total
Moi Airport - PS 12	-	-	-	7,349	7,349
JKIA – PS 9	-	-	-	54,141	54,141
Nairobi – PS 10	71,726	66,551	57,187	37,116	232,580
Nakuru – PS 25	12,163	15,702	2,668	-	30,533
Kisumu – PS 28	14,371	29,388	5,013	6,516	55,288
Eldoret – PS 27	15,471	21,922	4,413	6,283	48,089
Sub-total	113,731	123,563	69,281	111,405	427,980
KOSF – PS 14	108,577	92,683	124,973	-	326,233
KPRL – PS 15	105,989	127,820	30,629	-	384,111
Grand Total	328,297	344,066	224,883	111,405	1,138,324

\*MSP-Motor Spirit Premium (Super), AGO-Automotive Gas Oil (Diesel), DPK- Dual Purpose Kerosene, Jet A-1- Aviation Fuel

#### Visual representation of storage capacity



Source: Kenya Pipeline Company

#### 14.7.3 Loading Facilities

KPC operates road tank loading facilities at its storage depots in Mombasa, Nairobi, Nakuru, Kisumu, and Eldoret, ensuring efficient distribution of petroleum products across the country. The Kisumu and Eldoret depots are additionally equipped with rail siding facilities to support multi-modal evacuation. The new truck loading facility at KPC's Nairobi Terminal is near completion and it will further enhance loading capacity and turnaround efficiency.

#### 14.7.4 Oil Jetties

The Company operates a state-of-the-art marine loading facility in Kisumu that enables bulk fuel transfer via barges across Lake Victoria. Commissioned in December 2022, the facility is enabling fuel exports to Uganda and the wider region via the lake. KPC also operates the Kenya Ports Authority's ultra-modern offshore jetty, Kipevu Oil Terminal 2 (KOT 2), which has dedicated marine loading arms and pipelines for multiple product grades. In operation since August 2022, KOT 2 features four berths—three currently operational and one reserved for future development—with discharge rates ranging between 4.0 and 4.5 million litres per hour.

#### 14.7.5 Fibre Optic Cable (FOC)

KPC operates an extensive Fibre Optic Cable (FOC) network that supports pipeline operations. In 2018, KPC was awarded a Tier 2 Network Infrastructure License by the Communications Authority of Kenya (CAK), which allows the company to lease out the additional capacity to major telecommunications firms as dark fibre. The FOC network is as follows:

- Mombasa – Nairobi: 96 cores, 485 kilometres, commissioned in 2018
- Nairobi – Sinendet: 192 cores, 233 kilometres, commissioned in 2019
- Sinendet – Eldoret: 96 cores, 108 kilometres, commissioned in 2019
- Sinendet – Kisumu: 96 cores, 123 kilometres, commissioned in 2014

KPCs Dark fibre lease service has been a success and currently serves all major Telcos with Data and Internet backbone connectivity.

To further grow the services, KPC has embarked on lighting the infrastructure in order to offer LIT fibre products in addition to the dark fiber leases.

The LIT fibre service will serve data carriers and internet service providers (ISPs) and thus growing the client base and revenues from the nascent business.

The ongoing projects to avail the LIT fibre services is projected to be commissioned in early 2026

\*Cores refer to the number of optical fibre strands in a single fibre-optic cable. More cores=More leasable capacity

#### 14.7.6 Technology

To enhance operational efficiency, safety and reliability across its network, KPC has invested in a comprehensive suite of Operational Technology (OT) and Information Technology (IT) systems that support real-time monitoring, automation and enterprise-wide integration.

Key systems include a Supervisory Control and Data Acquisition (SCADA) platform that enables continuous pipeline monitoring and remote operational control; an enterprise-wide SAP ERP system, that integrates core business processes; advanced leak detection technologies; mass flow metering and automated tank gauging systems; and truck loading automation solutions that improve loading accuracy, throughput and safety. These systems are

complemented by integrated physical and cyber security solutions designed to safeguard critical infrastructure. KPC has also deployed Variable Frequency Drives (VFDs) across pumping stations to improve energy efficiency, reduce operating costs and support national decarbonization objectives. In addition, several business processes are digitally integrated with customer platforms and Kenya Revenue Authority (KRA) systems to enable seamless product movement approvals and enhanced operational transparency and improved regulatory compliance.

#### Morendat Institute of Oil & Gas National Polytechnic

The Morendat Institute of Oil & Gas (MOIG) is KPC's technical training and capacity building arm, established to address critical skills gaps within the oil, gas and broader energy sector in Kenya and the region. The institute was developed in response to limited local technical capacity and the need to support workforce requirements arising from national and regional infrastructure initiatives, including the Northern Corridor Integration Projects (NCIP).

Recognised as a national Centre of Excellence and recently elevated to a National Polytechnic, MIOG delivers competency-based education and industry-aligned training programs across key disciplines such as pipeline operations, welding and fabrication, instrumentation and control, analytical chemistry, safety management, and petroleum operations. Training curricula are designed to meet international standards and respond directly to industry needs.

The Institute is equipped with modern facilities, including welding workshops, analytical laboratories, pipeline simulation rigs, and a dedicated Fire & Safety Training Centre. These facilities enable practical, hands-on instruction and support the development of highly skilled technical personnel.

Beyond training, MIOG provides research, consultancy and advisory services, including technical assessments, safety audits, quality testing and operational support to both KPC and external clients. By strengthening sector-wide technical capacity and offering specialised advisory services, MIOG supports KPC's operational excellence objectives while contributing to broader regional skills development and industry professionalism.

MIOG's client base includes public and private sector institutions such as: KPC, Kenya Electricity Generating Company (KenGen), Kenya Airports Authority (KAA), the State Departments of Energy and Petroleum, County Governments, Eldoret Polytechnic, Nairobi Water, Energy Regulators of East Africa, and private individuals.

Further, MIOG entered into a partnership with BOMA International Hospitality College with effect from December 2025. This partnership is expected to boost the institutions student numbers and effectively generate income and enhance its visibility.

### 14.8 KPC GEOGRAPHICAL NETWORK

KPC operates an extensive and strategically located petroleum logistics network that spans the breadth of Kenya and connects the country to regional markets in Eastern and Central Africa. The Company's infrastructure provides the backbone for the transportation, storage, and distribution of refined petroleum products to both domestic and transit markets, positioning Kenya as the primary supply hub for the region.

KPC's pipeline system originates at the coast in Mombasa, Kenya's main petroleum import gateway, and runs through key economic and population centres, including Nairobi, Nakuru, Eldoret, and Kisumu. The network comprises multiple parallel pipelines and associated pumping stations that ensure efficient inland movement of petroleum products. Complementing the network is an integrated chain of storage depots located in Mombasa, Nairobi, Nakuru, Eldoret, and Kisumu, which serve as the principal delivery points for Oil Marketing Companies (OMCs).

In Western Kenya, KPC's infrastructure supports multi-modal evacuation through road, rail, and lake transport. The Kisumu depot hosts a state-of-the-art marine loading facility that enables bulk fuel exports via barge to Uganda and the broader Lake Victoria basin. In addition, the Eldoret and Kisumu depots are additionally equipped with rail sidings, facilitating efficient product movement to neighbouring markets.

At the coast, KPC operates the Kipevu Oil Terminal 2 (KOT 2) through a partnership with the Kenya Ports Authority,

providing ultra-modern offshore reception facilities with high-volume discharge capabilities. The recent acquisition of KPRL further expands KPC's footprint in Mombasa, adding strategic storage capacity and land for future development.

Through this geographically diverse and interconnected network, KPC provides a reliable, cost-efficient, and high-capacity transportation corridor that supports national energy security while enabling seamless regional fuel flows to Uganda, Rwanda, Burundi, Eastern DRC, and South Sudan. The Company's infrastructure remains central to Kenya's positioning as the regional petroleum logistics hub.

#### Map of the Pipeline Network



## 14.9 REVENUE DRIVERS

The following are the major revenue drivers for the core business of KPC and the forecast for the strategy period 2025 – 2030.

### a. Demand for Petroleum Products

In FY2024/25, the regional markets total demand was estimated at 13 million m<sup>3</sup> comprising of 5.8 million m<sup>3</sup> domestic market and 7.5 million m<sup>3</sup> for transit markets. All domestic products and 65% of KPC's current transit markets (Uganda, South Sudan, Rwanda, Eastern DRC and Burundi) imports were received through the Port of Mombasa. Uganda is the major transit market on the Northern Corridor accounting for 65% of the transit markets demand as at FY2023/24, followed by Eastern DRC at 19%, South Sudan at 15% and Rwanda at 1%. The East African economies are projected to continue on a growth curve which will result in increased demand for petroleum products and create an opportunity for KPC to grow throughput. Domestic demand is expected to grow from 5.8 million m<sup>3</sup> in FY2024/25 to 6.8 million m<sup>3</sup> by FY2029/30, while transit imports through the Port of Mombasa are expected to increase from 4.1 million m<sup>3</sup> to 5.0 million m<sup>3</sup>.

### b. Business Diversification

The company has set revenue diversification targets to reduce reliance on petroleum business from 95% to 81% by 2030. Progress towards diversification began with the establishment of Fibre Optic Cable and LPG business. Projects outlined in the Refocused Strategic Plan that are yet to be implemented include:

- i. LPG Bulk Import Handling and Storage in Mombasa: Project implementation framework has been revised to a private sector-led investment.
- ii. Business Assessment for Transportation of LNG: Bilateral discussions between Kenya and Tanzania are ongoing.
- iii. Upscale the uptake of FOC to increase revenue through connectivity to sub marine cables & satellite and bulk transport of data and content.
- iv. Optimizing utilization of KPRL assets

### c. Market Share Growth

The main competition for KPC is tracking of petroleum products via road and rail. KPC's market share currently stands at 91%, and the company targets to increase this by enhanced marketing engagements with the OMCs and transit markets, and operational efficiency at the loading depots, timely resolution of customer issues, improvement in service delivery.

Going forward, the company plans to leverage capacity at the Mombasa facilities to better service new emerging markets in Somalia, Zanzibar, Comoros and Central African Republic. In addition, explore the feasibility for storage facilities at the borders for the regional markets, and as launch pads into new markets i.e. South Ethiopia, Mozambique, Madagascar and Seychelles.

### d. Pipeline Capacity Enhancements

In response to growing customer demand, the Company has undertaken significant investments to expand its product handling capacity through strategic pipeline extensions and flow rate enhancements. Between 2015 and 2025, KPC commissioned two major pipeline projects: the Sindendet-Kisumu Pipeline (line 6) and the Mombasa-Nairobi Pipeline (Line 5). In addition, the throughput capacity of the Nairobi-Eldoret Pipeline (Line 4) was enhanced from 350m<sup>3</sup> per hour to 510m<sup>3</sup> per hour in July 2024.

## 14.10 COST STRUCTURE

The company cost structure is made of two major categories of costs: direct costs and administrative and other operative expenses.

The key direct costs comprise of pipeline maintenance staff costs, which account for 39.3% on average, followed by pipeline maintenance costs accounting for 29.2%, electricity and fuel costs representing 28.3% and insurance expenses coming in at 3.3%.

The key administration and other operating expenses for the financial year 2025 included administrative staff costs accounting 47.7%, other office and general expenses taking up 12.9%, court awards representing 6.9%, penalties and interests at 6.4%, security costs being 4.9%, licenses and other fees at 4.4%, provision for bad & doubtful debts took up 3.0%, and consultancy fees consumed 2.6%.

## 14.11 PEOPLE

As at December 2025, KPC and KPRL had a total workforce of approximately 1,549 employees. Permanent staff (including management and unionisable employees) numbered 1,351, representing 87.21% of the workforce, while 30 employees were engaged on contract terms. The staff composition reflects a gender balance of 65% male and 35% female. The bulk of the employees are in mid-level grades, representing a combined total of 999 employees (70% of the workforce). Notably, senior grades and specialized positions such as technical support are fewer in number, reflecting typical hierarchical structure.

KPC has made significant progress in achieving key human resources strategic objectives which focused on, aligning the organisation structure to support strategy execution, enhancing performance through effective talent management, fostering a culture of change and high employee engagement and strengthening leadership quality and promoting integrity.

## 14.12 SYSTEMS

KPC has invested in automation to improve business operations that impact operational efficiency through communication, integration of systems, deployment of appropriate technology and enhanced business risk and continuity management.

KPC runs an integrated SAP ERP platform that supports finance, plant maintenance and materials management and acts as the main corporate system of record. Operational and commercial processes are further supported by the FuelFACS fuel accounting system and a range of specialised applications for scheduling, stock management and customer interaction. Planned initiatives include deeper integration between SAP and FuelFACS and implementation of a secure integration platform to connect core systems with operational technology and external partners.

The company has invested cashflow in efficiency enhancing system additions modules on the core ERP platform, to further automate processes as follows:

- i. Pipeline Leak Detection system (LDS) was installed and deployed and is capable of handling KPC's current and future requirements of pipeline leak detection.
- ii. A data centre to support system availability and allow for server virtualization thereby reducing computing costs.
- iii. A customer portal to manage efficiency in loading which collapsed from 14 No. stages to 4 No. stages. The portal further increased transparency, improved tax compliance and customer satisfaction.
- iv. Implementation of Supply Relationship Management (SRM) System that enabled Suppliers Self Service, Strategic purchasing, Contract Life Cycle Management and Self-Service Procurement for internal users.
- v. Integration for business processes efficiency was achieved in the following areas: FuelFACS where orders seamlessly flow from the SAP ERP to the FuelFACS system.
- vi. Interfacing with OMCs and Banks. Further integration will be undertaken once the new Supervisory Control and Data Acquisition (SCADA) system is installed.
- vii. Synergy with the Kenya Revenue Authority (KRA)

The company has invested in solutions and technologies to mitigate the risk of business distractions. These include

modern systems and hardware allowing full cycle management of data, firewalls and security solutions to secure the operating and a disaster recovery centre located outside KPC premises.

Strategic planning outlines a broader digital transformation agenda, including deploying an Electronic Document Management System (EDMS), an innovative gate system, and increased use of analytics, IoT, and robotics to enhance asset management and operational efficiency. The timing and scope of these initiatives are expected to be phased through annual programmes and resourcing decisions.

## 15. KPRL Strategic Value and KPC Leverage Potential

### 15.1 ACQUISITION OF KPRL

Following the Government of Kenya's transfer of shares in October 2023, KPC acquired 100% ownership of Kenya Petroleum Refineries Limited (KPRL), making it a wholly owned subsidiary. This acquisition brought under KPC's control a range of strategic infrastructure, including pipeline assets, storage facilities, and truck loading operations, strengthening the Company's capacity and enhancing overall business performance. KPRL also holds significant undeveloped land, which provides critical opportunities for expanding existing infrastructure and developing new business initiatives aligned with KPC's long-term growth strategy.

### 15.2 KPRL BUSINESS STRATEGY

The current KPRL master plan ensures that the future developments and investments at KPRL are aligned to both KPC's and Government's development agenda of ensuring reliability and security of supply of petroleum products and offering high quality of life to all citizens in a secure environment.

KPRL has eighteen (18) parcels of land situated in Mombasa County and in Kilifi County with a total of 377 acres (Changamwe and Port Reitz 363 acres, Nyali 11 acres and Vipingo 3 acres).

The proposed land use is aligned to KPCs core business in oil and gas and the strategic location of the parcels of land, at the main Mombasa port, well integrated infrastructure and a tourist destination. Out of the total available land space of about 252.97 acres (includes vacant land located in Changamwe and Port Reitz areas, land occupied by the idle Refinery plant, Nyali, and Kuruitu plots), 70.44% (178.197 acres) has been reserved for oil and gas related business initiatives. The current market size for Kenya and neighbouring served by KPC is about 9.8million m<sup>3</sup> while the untapped reexport business to the Indian ocean is estimated at 45million m<sup>3</sup>.

The business initiatives include establishment of an oil and gas trading hub, creation of Petroleum Strategic Reserves, construction of LPG and natural gas facilities, installation of a Bio refinery, electricity generation, and construction of an International Conference Centre.

KPC intends to ensure that the assets of KPRL are optimally utilized to support its operations and strengthen the Company's regional presence. The successful implementation of the programmes and projects envisaged under the master plan will require the support of the Government and other key stakeholders in mobilizing the necessary resources. This will require support from the Government and each stakeholder to raise the resources required to implement the programmes and projects envisaged in the master plan.

### 15.3 KPRL MASTERPLAN HIGHLIGHTS AND VALUE

The KPRL has large parcels of land that are well connected to road, rail, and pipeline networks that make it a natural focal point for the East African Oil and Gas supply chain. Preliminary market assessment points to the key business opportunities summarized in the table below.

Business Initiative	Goal
Creation of a Trading Hub	Utilization of existing storage capacity for trading activities in petroleum, such as transhipment, bulk breaking, bunkering and re-export. Construction of new tanks to enhance flexibility and reliability in supply of products to the existing market and support the trading hub business.
Creation of Strategic Petroleum Reserves (SPR)	To provide security of supply of products in case of severe supply disruptions. This initiative is supported by Legal notice No.44 of 2008 on Minimum Operational Stock and Legal notice No.43 of 2008 on Petroleum Strategic Stock.

LPG Bulk handling and Storage facilities	Enhance availability and accessibility of LPG at cost effective and competitive prices and promote use of LPG as a household clean fuel among the urban and the rural population. This will entail construction of LPG facilities in Mombasa, Nairobi, Eldoret, Kisumu, Nakuru, among other towns.
Bio-Fuel Refinery	Promote use of clean energies through blending of petroleum products with biofuel, to alleviate effects of climate change in the country.
Natural Gas Project	Enable delivery of Natural Gas (NG) to the potential markets in Kenya for industrial applications as energy and/or raw material, power generation, institutional and household applications as well as fuel for transportation. This will entail construction of bulk NG import handling facilities in Mombasa.
Electricity generation	Commercialization of the Power Plant will bring a stream of revenue to KPRL. Augment power production in the region and provide power stability. The Power Plant has a quick black start capability, meaning, in the event of a regional black out, the plant will be the preferred option to restart the grid.  Solar farming to generate electricity for the national grid to augment the power plant.

**Natural Gas** - The government has plans to introduce use of Natural Gas and Liquified Natural Gas in the country. Tanzania has natural gas reserves amounting to 57.54 trillion standard cubic feet which Kenya seeks to import for use. A Memorandum of Understanding between Tanzania and Kenya relating to the co-operation on the development of a Natural Gas Export Project from Tanzania to Kenya was signed on 4th May 2021. The Project will enable delivery of natural gas to the potential markets in both Tanzania and Kenya for industrial applications as energy and/or raw material, power generation, institutional and household applications as well as fuel for transportation.

**Biofuels** - The Ministry of Energy and Petroleum and Ente Nazionale Idrocarburi (ENI) signed a Memorandum of Understanding through which the old refinery site complexes 1 and 2, are being considered for conversion to a biofuel refinery. Subject to the Front-End Engineering Design study and viability of the venture, vegetable oils and used cooking oils will be used as feedstock to produce HVO – a high-quality Gasoil/Diesel blending component and SAF (Sustainable Aviation Fuel). The required land on Complex 1 and 2 could be rented long-term to the Bio-refinery investors.

Detailed project scoping and appraisal has so far been carried out for the proposed Trading Hub and the LPG Bulk Import Handling and Storage Facility, and financial assessment indicate that the projects are viable. KPC has over the years invested in KPRL facilities to enhance operational efficiency for handling of petroleum imports. The ongoing and future projects will be integrated to support the proposed business initiatives especially creation of trading oil and gas hub and Petroleum Strategic Reserves.

KPRL's strategic value to KPC lies in its role as a scalable energy and logistics platform that strengthens KPC's long-term growth, resilience and regional influence. Through full ownership, KPC secured prime, well-connected land and infrastructure at the coast of Kenya, enabling diversification beyond pipeline operations into storage, re-export, LPG, natural gas, biofuels, power generation and support of third-party petroleum market trading operations. These assets enhance national energy security, support growing regional demand, and create potential additional future revenue streams.

## 16. Risk Factors and Mitigation Measures

### RISK FACTORS RELATED TO THE COUNTRY AND INDUSTRY

#### 1. Foreign Exchange Risk

Kenya Pipeline Company (KPC), like other entities engaged in foreign-denominated transactions, is exposed to both currency and financial market fluctuations. The company's operations, particularly oil imports, involve payments in US Dollars, while expenses are recorded in Kenyan Shillings at the prevailing exchange rates on transaction dates. This creates the potential for foreign exchange gains or losses.

*For domestic petroleum movements, tariffs and charges are denominated in Kenyan Shillings and incorporate pricing structures intended to absorb exchange rate variability arising from USD-linked cost components. In respect of regional and transit business, the Company invoices customers in United States Dollars, which provides a natural hedge against foreign currency exposure. In addition, the Company may realise foreign exchange gains where regional currencies depreciate against the US Dollar.*

#### 2. Inflation Risk

Prolonged high inflation in Kenya would materially increase KPC's operating and financing costs, making it more difficult to sustain profit margins. Inflation also reduces household purchasing power, which can dampen consumption and, in turn, lower pipeline output and revenue.

Elevated inflation erodes real returns and may weaken overall demand for the Company's services while simultaneously increasing input costs, thereby compressing margins. Inflationary pressures could escalate due to supply-chain disruptions, exchange-rate volatility, tax adjustments, or rising global commodity prices, any of which could adversely affect KPC's cost structure and the demand for petroleum products.

*Although very high inflation can directly affect the volume of product the oil marketing companies move through KPC's pipelines, oil products are generally inflation-proof being a primary input in virtually every sector of the economy. In fact, oil consumption numbers have continued to buck the trend of inflation other than in exceptional periods as the Covid-19 period or where new taxes have been introduced into the pump price.*

#### 3. Competition Risk

KPC faces competitive risks in fuel distribution within Kenya and the broader East African region. Road tanker fleets, rail links, and pipeline infrastructure, are alternative methods which compete for fuel transport. Regional developments, particularly in neighbouring countries, could divert imports from Kenyan facilities.

Should customers, including fuel importers and oil companies, opt to bypass Kenya's pipeline network whether through overland trucking or alternative regional pipelines, KPC's output volumes could decline. A sustained loss of market share in regional fuel trade may materially reduce the Company's revenue.

*The main leverage for KPC is that its pipelines are a much more secure, cheaper and efficient alternative to tracking fuel by road or rail. The company has put in place market share growth initiatives including enhanced marketing engagements with the OMCs and transit markets, and operational efficiency at the loading depots, timely resolution of customer issues, improvement in service delivery.*

#### 4. Regulatory Risk

KPC's revenue is significantly influenced by the tariffs set and periodically reviewed by the Energy and Petroleum Regulatory Authority (EPRA), typically on a three-year cycle. In September 2022, EPRA approved the current tariff of KSHS 5.44 per cubic meter per kilometre. EPRA has since confirmed that it has received a new application from KPC requesting a 2.4% tariff increase for the upcoming three-year period from July 2025 to June 2028.

Delays or restrictions in securing tariff adjustments, whether due to public opposition or political pressure, could

limit KPC's ability to recover rising costs or fund infrastructure investments. Additionally, changes in energy sector policies, including modifications to pipeline-access rules or adjustments in fuel tax and subsidy regimes, may affect the company's cost structure and market position. Historical resistance from stakeholders such as oil marketing companies and consumer groups to significant tariff increases underscores the risk that tariffs may not fully reflect inflationary pressures or currency depreciation, potentially compressing margins and reducing earnings.

*The company has historically managed this risk exposure by dynamically modeling the tariff regime and engaging with the regulator way in advance to ensure smooth transitioning from tariff to tariff. This way KPC has stayed ahead of tariff pressure and managed to defend its operating margins.*

#### 5. Volatility in prices

Global oil price fluctuations have a direct impact on fuel demand. In the first half of 2025, fuel consumption in Kenya reached 1.93 million tonnes, marking a 9.4 percent increase from 1.76 million tonnes in the same period of 2024, which had been the lowest level in five years. Lower fuel prices were a key driver of this increased consumption.

KPC's profitability relies heavily on the continuous movement of large fuel volumes. Any decline in consumer demand, which would constrain purchases by fuel retailers, could directly affect KPC's output and revenue. Consequently, shifts in market demand or pricing conditions have the potential to materially impact the company's financial performance.

*The company effected a strategy to diversify sources of revenues from dependence on oil into other products and services. Progress towards diversification began with the establishment of Fibre Optic Cable and LPG business. With the acquisition of KPRL, KPC has set out a wider suite of new services in the market including Liquified Natural Gas (LNG), bio-fuels refinery, power generation and infrastructure platform for a regional trading hub.*

#### 6. Macroeconomic and Fiscal Volatility

Kenya's macroeconomic environment can materially affect KPC's performance. Slower economic growth or austerity policies could reduce domestic fuel demand and private-sector activity, negatively impacting pipeline output.

High inflation, may erode consumer purchasing power and increase operating costs. In such conditions, KPC could experience weaker demand for its services and face tighter credit availability. Overall, adverse macroeconomic developments could constrain revenue growth and increase the cost of scarcity of financing.

*The main mitigation for this risk is the nature of oil as a base input for economic activity. As such it has a very low price elasticity of demand which renders it inflation-proof. In fact, oil demand has been recorded to grow in inflationary periods other than during high inflationary spikes.*

#### 7. Political Risk

KPC remains sensitive to shifts in the legal and policy environment. Any change in domestic or cross-border regulations can influence operating conditions, compliance obligations, and overall cost structures. Adjustments in tax policy whether through revised rates, new levies, or the removal of existing incentives may affect pricing decisions, profit margins, and both operating and capital spending. Such developments can also shape KPC's investment priorities and the pace at which planned projects are rolled out.

*KPC is the sole pipeline business in the region and has wide cost advantage over all other alternatives. This insulates it from domestic and regional policy or political instability. It enjoys near monopoly status which makes it the oil logistics solution of choice in all circumstances. This has mostly allowed the company to inbuild such implied risks into its tariff models negotiated with EPRA.*

### RISK FACTORS RELATED TO THE COMPANY

#### 1. Operational Hazards

KPC's core operations; storage, transportation, and distribution of petroleum products expose the Company to

significant environmental risks. The national pipeline network spans long distances, and any operational failure such as leaks, spills, or ruptures can result in extensive environmental damage and substantial cleanup and liability costs.

Any adverse incident could lead to costly remediation exercises, environmental fines, regulatory sanctions or temporary suspension of operations. Such outcomes could materially affect the Company's financial position and reputation.

*KPC has initiated plans to construct oil-spill containment dams at four pump stations as part of its mitigation framework. In addition, the company has set in place plans to deploy IoT (Internet of Things) by installing sensors in its pipeline network for early detection of pipeline leakages and wear and tear and fix them, to avert accidents before they happen.*

#### 2. Availability of Finance for Expansion

The company needs significant additional capital to finance its business plan and in particular the capacity expansion projects. The ability to finance the capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond the control of the company including tariff regulations interest rates, insurance and other costs and the ability to obtain financing on acceptable terms.

*Listing at the Nairobi Securities Exchange open up the company to the public capital markets as a source of new growth capital in future. Doubly too, the listing will increase the profile of the company to be able to deploy its share price as currency for new financing options including acquiring other companies or financing new projects by way of shares exchange.*

#### 3. Security

KPC infrastructure traverses across the country and some of the locations are remote areas hugely exposing it to theft and vandalism. Such incidents not only result in substantial financial liability but also bring up costly remedial work and decreases public trust. In addition, fuel leakage can halt operations and trigger regulatory action. KPC must maintain rigorous safety and maintenance protocols; any lapse could cause environmental damage or shutdowns, adversely affecting output and reputation.

*KPC will continue to deploy IoT technologies both for the surveillance of its network and to detect leaks and fix them before they cause accidents and damages. There is also the option of using balloons or drones fitted with cameras and communication electronics as a security measure against vandalism and theft of product in the pipeline within remote, inaccessible areas.*

#### 4. Growth Risks

For the company to expand its network and grow its revenues, it has to rely on multiple agreements and arrangements with a diverse list of counterparties i.e. government agencies, regulators, regional partners, off-takers, contractors, financiers etc. A single delay, holdback or withdrawal could substantially disrupt company expansion and growth plans.

Further, the expansions plans are subject to a number of contingencies, including laws and regulations, governmental action, delays in obtaining permits or approvals, global prices of crude oil and other fuels accidents, natural calamities and other factors beyond the company's control. The extension projects are implemented in various stages lasting several years. Contracts for construction and other activities relating to the projects are awarded at different times during the course of the projects.

*The company (uses)/will use legal devices to bind counterparties to project obligations as a means of reducing or managing the risks of long-term project delivery. These devices range from walk-away penalties to interest charges on unscheduled delays, to forfeitures of payments for work already done.*

#### 5. Tariff Policy

KPC revenues rely solely on tariffs that are administratively set, through policy decisions which place a significant focus on social pricing. This denies the company the flexibility to respond to market forces and the leverage to

defend its operating margins on time. It can result in the company's inability to maximize its earnings and to optimize its net income.

*The Company will proactively continue to engage EPRA on tariff reviews. The company will manage tariff risk by dynamically modelling the tariff regime and collecting a premium on pricing in the front end of a tariff period which when smoothed out will provide buffers and compensating adjustments for inflationary erosions and unfriendly market forces.*

## 6. Operational Efficiency

The company operates more efficiently when it can achieve nearly the full throughput potential of its pipelines. This is not always the case, there are constraints the company has to grapple with. Mostly, these have to do with the need for additional pumping stations within certain sections of the pipelines, but also often the requirement to modernize or upgrade some old pumping stations which are no longer producing the necessary power and range.

*KPC mitigates this risk by modelling long-term capacity demand and ensuring that the necessary pipeline investments to meet that demand are planned for ahead of time. The main Nairobi – Mombasa line has sufficient installed capacity to respond to sudden short-term increases in demand. The two Nairobi-Eldoret lines and Sinendet-Kisumu lines have inbuilt redundancies that assure the company sufficient reserve capacity to respond to demand spikes in the Western Kenya and transit markets.*

## 7. Oil discoveries in the Regional Markets

There have been a few major oil discoveries in the region in the recent past. South Sudan is said to be sitting on 18 billion barrels of oil reserves, and Uganda on 6 billion. Uganda is still keen on refining its own oil to satisfy its domestic market. The East Africa Crude Oil Pipeline ("EACOP") project running from Kabaale, Hoima District in Uganda to the Port of Tanga in Tanzania is at advance stage on schedule for completion in 2026. A refinery is expected to be completed in 2029/30. If this materializes, it will pose a significant risk to KPC in terms of its regional expansion strategy.

*KPC is a refined oil transport pipeline. Landed refined oil products shall remain imported products in the region into the foreseeable future. Even when refining capacity becomes a reality, world oil markets are fully integrated, meaning there is no regional markets for oil, all oil competes in the world oil markets on the basis of its production and scale economics. It will take a long time for the Eastern African regional market consumption levels to justify crude refining scale and margins at the best world oil markets level. Landed refined oil will remain more competitive into the long term.*

## 8. Paradigm Shifts

The whole KPC business model is based on the decades-long concept that transportation, industry and home heating shall continue to be powered by hydrocarbon fuel. Technological advancements and revolutions in the alternative energy or green energy space have now arrived at a point of full commercialization and democratization globally. The ones that could potentially impact KPCs business model directly is Electric Vehicle (EVs) and solar power. Electric vehicles are set to challenge and take out world's transportation dependence on petroleum products. At the same time Solar Microgrids have attained industrial-grade power output to rival industrial dependence on grid power and industrial oils.

*KPCs strategy of diversifying its revenue sources from dependence on oil products will mitigate this risk. Further investment in its fibre optic network and forward linkages into retail internet data services will be fundamental. Growth of its LPG and LNG lines of business by leveraging the KPRL assets presents tremendous upside potential. Plans to activate the electricity generation plant in KPRL and expand its generating capacity is another avenue for new revenue generation. Lastly, proposals to make inroads into alternative energies i.e. biofuels and solar farms will further consolidate the company's diversification strategy.*

## RISK FACTORS RELATED TO THE OFFER AND POST-OFFER

### 1. Litigation Risk

Due to the nature and scope of its operations, KPC is subject to litigation arising in the ordinary course of business.

In addition, KPC has been named as a party to certain proceedings arising in connection with the IPO process. A schedule of the material litigation affecting the Company is set out in Section 23 of this Information Memorandum and includes litigation arising in the ordinary course of business as well as litigation relating to the IPO.

As at the date of this Information Memorandum, there are no adverse court orders in force that restrain, prohibit, or otherwise affect the implementation of the IPO. However, legal challenges may arise at any stage of the IPO process, which could result in delays, additional costs, or uncertainty as to timing or completion. Investors should therefore be aware that any existing or future litigation may disrupt, postpone, or legally challenge KPC's listing following the completion of the Offer.

*KPC has retained professional legal advisers to advise on threatened and ongoing legal proceedings. Such advisers liaise with KPC's legal department, which in turn reports to and advises the Board on litigation risks, developments, and mitigation measures.*

### 2. Market and Pricing Risk

As a new listing, KPC's shares will have no trading history, and the success of the offer will depend entirely on market conditions at the time of offering. The performance of the offer is inherently uncertain, and demand may vary widely.

If the offer is oversubscribed, investor allocations may be scaled back on a pro rata basis, resulting in applicants receiving fewer shares than requested. If the offer is undersubscribed, investors are likely to receive the full number of shares they applied for, but the Offer may raise less capital than anticipated. The Issuer may consider proceeding with reduced proceeds.

*The issuer and its appointed advisor have undertaken a rigorous and comprehensive process of valuing the company on the basis of market-sensitive approaches. The PA is confident that the issue price is market derived and it will be able to gain traction and a forward trajectory post-listing.*

### 3. Regulatory Compliance Risk

Once listed, KPC must comply with all listing and disclosure requirements set by the Capital Markets Authority (CMA) and the Nairobi Securities Exchange (NSE). Full regulatory compliance including accurate financial reporting, adequate internal controls, and robust governance systems is necessary for the Company to continue to comply with the ongoing listing obligations.

The company will have to undergo considerable internal reorganization to fully align itself to the structure and identity of a publicly listed company. Regulatory oversight is a new phenomenon that the board and management will have to familiarise with and compliance risk and possible remedial actions shall be an ongoing and dynamic balancing act.

*The Board and Management have undertaken to undergo appropriate training and to expeditiously familiarize themselves with the enhanced obligations and responsibilities associated with operating as a listed entity. This process is expected to be completed within six months post listing. The Board and Management have affirmed their readiness and commitment to implement, adhere to and fully comply with the corporate governance frameworks, policies, and practices applicable to a public company upon listing.*

## 17. Selected Financial Data

The following financial information has been extracted, without material adjustment, from the Company's consolidated, audited and restated financial statements for the five financial years ended 30 June 2021, 2022, 2023, 2024 and 2025. This summary financial data should be read together with the sections titled 'Operating, Technical and Financial Review' and the 'Reporting Accountants' Report' contained in this Information Memorandum.

### Consolidated statement of profit or loss

Years Ended 30<sup>th</sup> June

	2025*	2024*	2023**	2022**	2021**
	KShs '000				
Revenue	38,593,631	35,369,330	30,857,218	26,213,394	27,987,267
Cost of services	(14,731,708)	(14,517,860)	(13,217,831)	(13,545,219)	(13,562,976)
Gross profit	23,861,923	20,851,470	17,639,387	12,668,175	14,424,291
Administrative Expenses	(14,097,885)	(8,489,738)	(9,879,942)	(5,962,030)	(10,139,509)
Impairment losses on financial assets	(212,086)	(756,591)	(713,742)	(1,067,139)	(588,730)
Impairment losses on non-financial assets	-	(75,705)	(3,618,375)	-	-
Fair Value losses on unquoted investments	(326)	(467)	(2,107)	(2,313)	(28,625)
Other Income	2,471,806	832,124	977,870	635,348	470,668
Other Gains/(Losses) - Net	(92,406)	(2,231,387)	1,111,420	372,927	(653,927)
Operating Profit	11,931,026	10,129,706	5,514,511	6,644,968	3,484,168
Finance Income	478,284	888,457	883,056	823,216	349,127
Finance Costs	(390,938)	(479,197)	(970,109)	(836,786)	(1,233,865)
Finance Income/(Costs) - Net	87,346	409,260	(87,053)	(13,570)	(844,738)
Profit Before Tax	12,018,372	10,538,966	5,427,458	6,631,398	2,599,430
Income Tax Expense	(4,527,164)	(3,133,271)	(2,130,257)	(2,394,220)	(4,337,483)
Profit/(loss) for the year	7,491,208	7,405,695	3,297,201	4,237,178	(1,738,053)
Basic and Diluted Earnings per share (Kshs.)	412	408	181	233	(96)

Source: Reporting Accountant's Report

\*These years represent the Consolidated financial performance of the group following acquisition of KPRL in October 2023 (FY 2024)

\*\*These years represent the Company's financial performance

Over the five-year period to 30 June 2025, the Group delivered a progressively strengthening financial performance characterised by growing revenues and improving operating profits, and a substantial uplift in total comprehensive income following the acquisition of Kenya Petroleum Refineries Limited (KPRL). The period reflects both the structural stability of KPC's regulated pipeline business and the enhanced operational breadth brought into the Group through KPRL's storage, handling, and marine import infrastructure.

Revenues expanded from KShs 28.0 billion in FY2021 to KShs 38.6 billion in FY2025, driven by rising petroleum throughput, improved regional demand, and increased utilisation of midstream infrastructure. This growth trajectory accelerated post-2023 as fuel consumption normalised following earlier market disruptions and as KPRL

assets contributed incremental handling, storage, and rental income. The Group's revenue mix has progressively shifted from purely pipeline transportation fees to a broader suite of midstream services, enhancing resilience and diversifying income streams.

Gross profit grew consistently across the five-year period, increasing from KShs 14.4 billion in FY2021 to KShs 23.9 billion in FY2025. This reflects the combined effect of throughput growth, cost containment in core operations, and improvements in system reliability. The acquisition of KPRL not only added scale to the asset base but also introduced additional operating costs, particularly in the early stages. This is reflected in the sharp increase in administrative expenses in 2025, driven by staffing harmonisation costs, expansion of operational activities, among other expenses.

Despite these transitional cost pressures, operating profit has shown a steady upward trend. Operating profit rose from KShs 3.5 billion in FY2021 to KShs 11.9 billion in FY2025, supported by higher gross margins and improved utilisation of key midstream assets, including the Changamwe tank farm, jetties, and pipeline-linked facilities now under consolidated control.

Profits before tax rose from KShs 2.6 billion in FY2021 to KShs 12 billion in FY2025, reflecting not only stronger operational results but also the absence of the large impairment charges that affected earlier years, particularly FY2023.

### Consolidated statement of financial position

As at 30<sup>th</sup> June

	2025*	2024*	2023**	2022**	2021**
	KShs '000				
Shareholder's Funds	98,394,772	91,988,433	80,975,729	79,983,976	87,786,121
Total Assets	139,007,776	133,059,633	119,006,239	118,046,364	129,769,172
Total Liabilities	40,613,004	41,071,200	38,030,510	38,062,388	41,983,051
Net Assets	98,394,772	91,988,433	80,975,729	79,983,976	87,786,121

Source: Reporting Accountant's Report

\*These years represent the Consolidated financial position of the group following acquisition of KPRL in October 2023 (FY 2024)

\*\*These years represent the Company's financial position

Over the five-year period to FY2025, KPC maintained a strong and expanding asset base underpinned by its capital-intensive midstream operations and, more recently, the acquisition of KPRL. Total assets increased to KShs 139.0 billion in FY2025 from KShs 133.0 billion in FY2024, reflecting the integration of KPRL's storage and land assets and continued investment in pipeline and terminal infrastructure. Property, plant, and equipment remained the dominant asset class, rising from KShs 89.7 billion in FY 2024 to KShs 91.3 billion in FY 2025, while leasehold land increased significantly as the Group incorporated KPRL's extensive Mombasa-based landholding into its balance sheet.

Current assets also strengthened in FY2025, driven by a material increase in cash and bank balances including the cash held by KPRL that related to yield shift payment of Kes 3.5 billion. Other factors included improved operating profits and enhanced working capital discipline, while the reduction in trade receivables over the five-year period highlights improved collections from Oil Marketing Companies.

Total liabilities remained broadly stable, closing at KShs 40.6 billion in FY2025. Deferred tax liabilities continued to form the bulk of non-current obligations, reflecting the Group's enlarged revalued asset base. Current liabilities remained manageable despite the recognition of new provisions in FY2025 linked to decommissioning plans related to Line 1 and other environmental and social impact costs. Borrowings continued to decline, consistent with the deleveraging observed over the five-year period.

The Group's equity position increased to KShs 98.4 billion in FY2025 from KShs 92.0 billion in FY2024, driven by growth in retained earnings and a substantial uplift in the revaluation reserve. The stability of share capital and share premium reflects an unchanged capital structure.

#### Consolidated statements of cash flows

As at 30<sup>th</sup> June

	2025*	2024*	2023**	2022**	2021**
	KShs '000				
Shareholder's Funds	98,394,772	91,988,433	80,975,729	79,983,976	87,786,121
Total Assets	139,007,776	133,059,633	119,006,239	118,046,364	129,769,172
Total Liabilities	40,613,004	41,071,200	38,030,510	38,062,388	41,983,051
Net Assets	98,394,772	91,988,433	80,975,729	79,983,976	87,786,121

Source: Reporting Accountant's Report

\*These years represent the Consolidated cashflow position of the group following acquisition of KPRL in October 2023 (FY 2024)

\*\*These years represent the Company's cashflow position

The group's cash flow performance for the year ended 30 June 2025 reflects a strengthened operating cashflow generation profile following the integration of KPRL into the Kenya Pipeline Company Group. Net cash generated from operating activities increased to KShs 14.3 billion in FY2025, up from KShs 11.3 billion in FY2024, driven by higher cash inflows from core pipeline and terminal operations. This strong operating performance also reflects enhanced utilisation of KPRL's storage and marine handling assets, stabilised throughput volumes, and continued efficiency gains across the Group. Interest paid increased in line with inherited KPRL obligations, but remained manageable within overall cash flows.

The moderate levels of capital expenditure in recent years reflect the completion of major pipeline and storage infrastructure projects prior to the review period. In FY2025, consolidated investing activities benefitted from proceeds of financial investments, partly offsetting the Group's capex requirements and resulting in a relatively modest net outflow. The acquisition and operational integration of KPRL also influenced the investment profile, adding long-term infrastructure assets while limiting immediate incremental capex needs.

Financing activities over the five-year period highlight KPC's deliberate de-risking of its capital structure. The Group continued to make substantial repayments on borrowings, supporting a multi-year deleveraging trajectory that has materially reduced finance costs. Dividend payments also remained substantial over the period, reflecting sustained profitability and strong cash-generation capacity. The Group continues to rely on its operating cash flow to finance its business.

Overall, the Group delivered a strong liquidity outcome, with cash and cash equivalents rising to KShs 11.8 billion at year-end from KShs 6.6 billion in FY2024. This improvement highlights the financial benefits of consolidating KPRL operations with KPC's stable cash-generating pipeline business, resulting in a more resilient and flexible cash flow profile capable of supporting future investment, system reliability, and national fuel security objectives.

## 18. Operating, Technical and Financial Review

The Operating and Financial Review below is to be read together with this Information Memorandum as a whole, including, in particular, the risk factors discussed in "Risk Factors", the information contained in "Selected Financial Data", the audited financial statements of KPC for the fiscal years ending 30 June 2021 – 2025 and the first quarter management accounts ended 30 September 2025.

### 18.1 OPERATIONAL AND HUMAN RESOURCES REVIEW

Operationally, the corporation has aligned its operating model and strategic initiatives with corporate objectives, supported by clear governance structures, functional KPIs, and effective risk management frameworks. Pipeline operations and control systems are well supported by SCADA, structured SOPs, incident management processes, and real-time monitoring capabilities. Maintenance management is anchored on preventive, corrective, and condition-based methodologies, supported by Computerized Maintenance Management System (CMMS - SAP) and technical audits that reinforce operational integrity.

Human capital systems demonstrate strong alignment with corporate objectives, leveraged by a highly experienced workforce, formal organizational structures, and competency development mechanisms. The HR framework overall supports continuity, capability development, and performance accountability.

Asset performance and lifecycle management practices are well-documented and strategic, demonstrating sound stewardship of critical infrastructure, strong throughput performance, and integrated oversight across engineering, operations, and maintenance teams.

Security operations, business continuity and disaster recovery structures are comprehensive, incorporating Business Continuity Plans (BCPs), Disaster Recovery Plans (DRPs), redundancy mechanisms, regular testing, and enterprise-wide risk alignment. Regulatory compliance is strong, with adherence to EPRA, NEMA, Department of Occupational Safety Hazards (DOSH), and ISO standards, supported by audit trails, rectification processes, and documented governance mechanisms.

### 18.2 TECHNICAL OPERATIONAL REVIEW

A technical due diligence carried out examined the ability of KPC infrastructure and systems to sustain the current business as well as expanding the business to meet future demand, found that KPC has a reliable system with product total throughput that has grown from approximately 5.7 million m<sup>3</sup> in FY2014/15 to roughly 9.9 million m<sup>3</sup> in FY2024/25. Based on the history of maintenance of the plant, machinery and equipment, there is sufficient capacity to reliably meet projected growth.

The Technical and Operational Due Diligence indicates that KPC is a fundamentally sound infrastructure platform that performs a critical national logistics function, with no evidence of systemic integrity failures or concealed technical liabilities that would undermine operational continuity. The asset base reflects a typical mature infrastructure profile, comprising both legacy and modernised elements supported by established operating practices, active monitoring, and ongoing renewal programmes. The platform exhibits the characteristics expected of a long-term, essential-services asset: operational resilience, transparent risks, and manageable reinvestment requirements.

KPRL, a subsidiary of KPC, is an integral component of the combined platform, having already delivered a significant expansion in coastal storage and handling capacity and materially strengthened the overall logistics system. Taken together, the KPC-KPRL platform provides a substantially stronger oil storage and logistics system.

### 18.3 BUSINESS PERFORMANCE AND OPERATING OUTLOOK

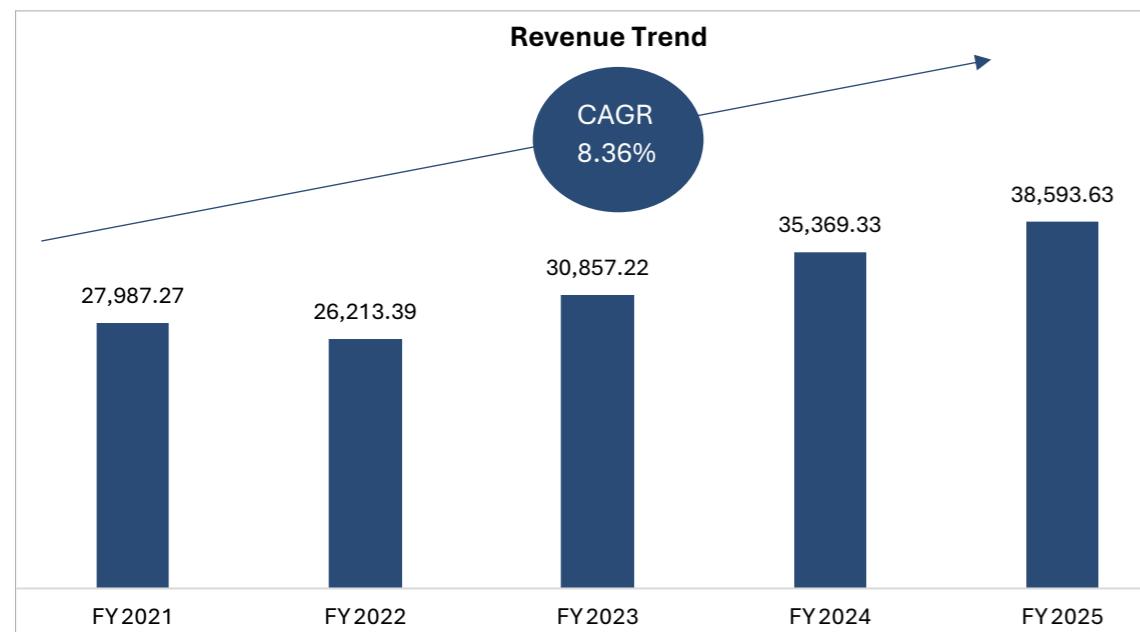
Overall, KPC remains a strategic national infrastructure asset with a dominant position in the petroleum transportation and storage market in Kenya and the wider region. The Company benefits from an extensive pipeline network, significant storage capacity, and a largely monopoly-like position in pipeline transportation. Historical financial

performance demonstrates steady long-term revenue growth, supported by increasing throughput volumes and growing contribution from regional export markets. Profitability metrics, including EBITDA and operating margins, remain relatively strong and reflect the capital-intensive but stable nature of the business.

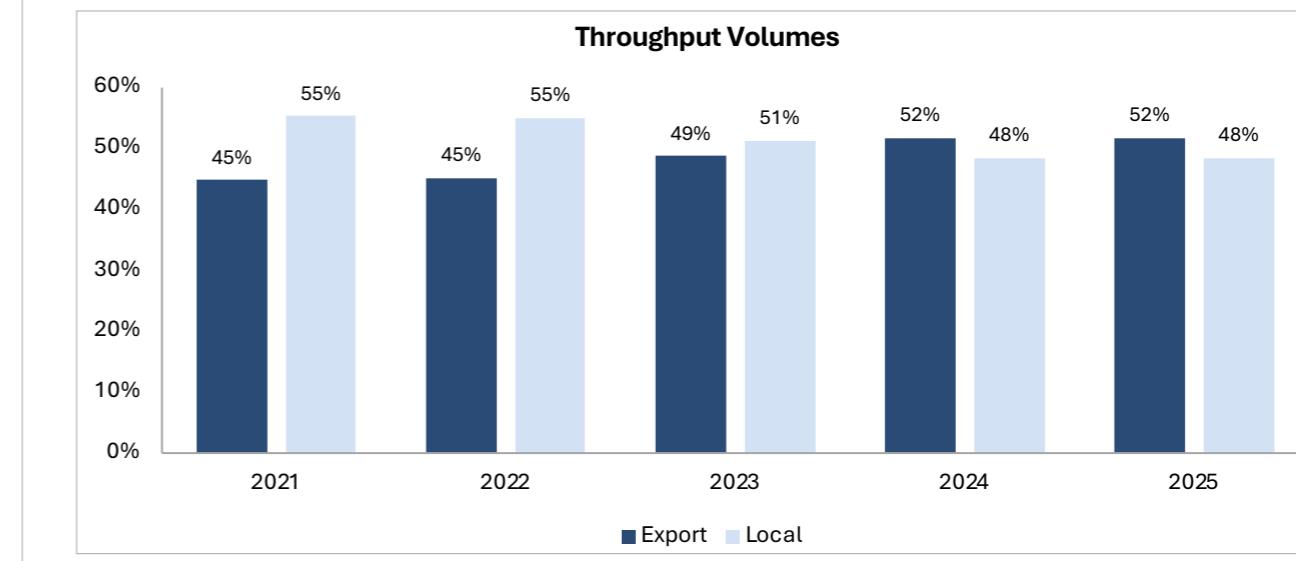
#### 18.3.1 Financial Review

Kenya Pipeline Company has continued to witness strong revenue performance, supported by improving throughput growth. In the period under review, throughput grew by 8.45% year-on-year, driven by strong export demand from regional countries signaling KPC push to diversify revenue from the local economy. Revenues increased by CAGR of 8.36% from Kshs.27.99 billion in 2020/21 to Kshs.38.59 billion in 2024/25.

Currently, the Group's key revenue stream is transport and storage which contributes to about 95% of the total revenue with other revenue streams being Fiber Optic (FOC), Liquefied Petroleum Gas (LPG), Morendat Conference Center (MTCC), Morendat Institute of Gas (MIOG) and office rentals contributing the remaining 5%.

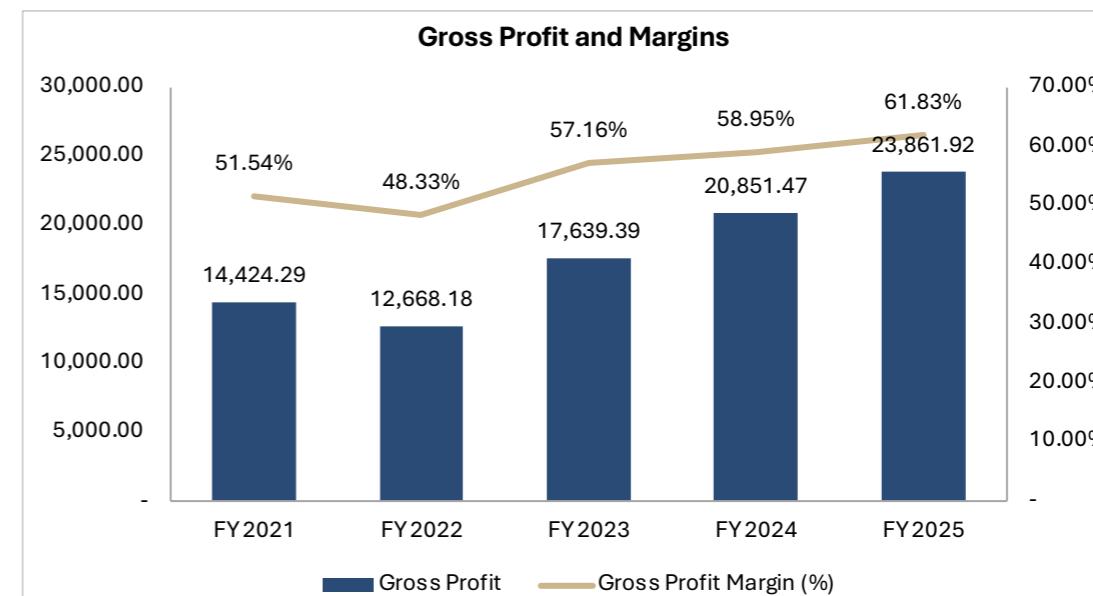


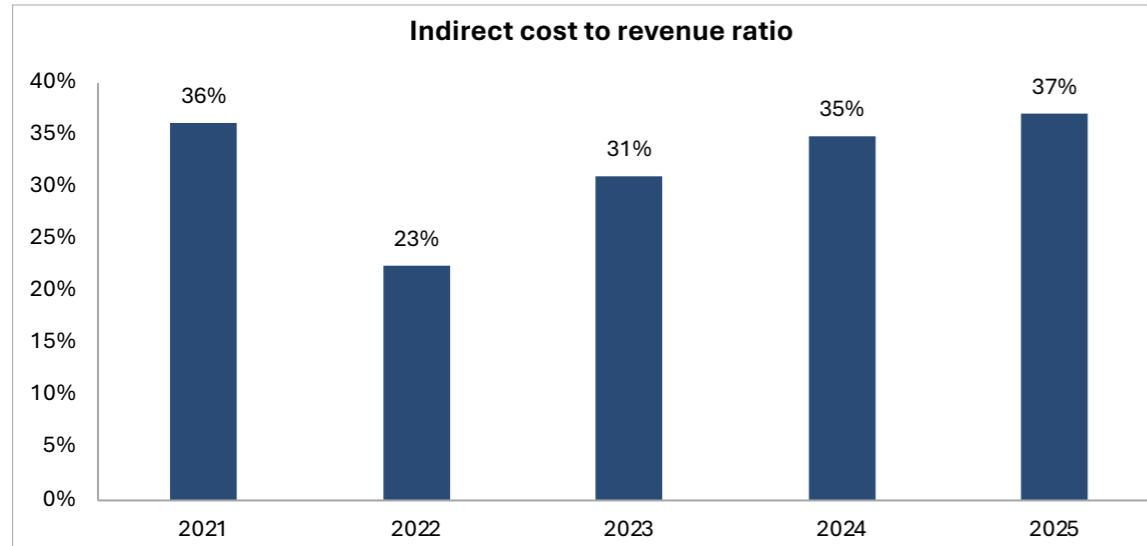
During the past five years, the Company's throughput grew by a Compound Average Growth Rate (CAGR) of 5.07%, from 8.11 million M3 in 2020/21 to 9.88 million M3 in 2024/25, despite the disruptions caused by COVID-19 in 2019, and the emergence of alternative transport routes from Tanzania. This improvement was attributed to system capacity enhancement and operational efficiency that enabled the Company to meet the rising demand for petroleum products. Export throughput account for 52% of total throughput, with Uganda accounting for 66% of the transit market.



The Group's total cost of providing services in comparison to total revenue have declined from 48% in 2021 to 38% in 2025. This has been driven by a decline in key cost items such as pipeline maintenance costs, staff costs and electricity, accounting for 54.24% of total direct costs.

The group has also managed to maintain its operating efficiency, with its total administrative costs to revenue averaging 32% over the past five years. The ratio deteriorated in 2025 to 37% as a result of provision for court awards related to disputed line 5 project costs and provisions.

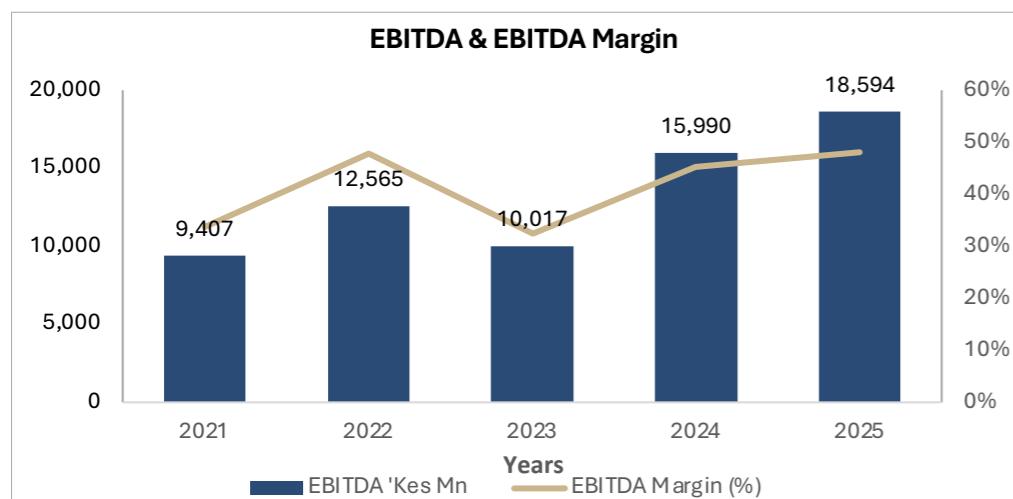




Source: Faida Investment Bank Analysis

The Group's gross profit margin has increased from 51.54% in 2021 to 61.83% in 2025, driven by a strong growth in revenues, and improved operational efficiency. This continues to highlight the company low-cost structure and high asset utilization rate to derive revenue from a fixed asset base.

This performance was also reflected in its EBITDA margins, growing at a CAGR of 18.57% over the past five years, from Ksh.9.40 Bn in 2021 to Ksh.18.59 Bn in 2025. EBITDA margins also increased from 34% to 48% under the period under review.



Source: Faida Investment Bank Analysis

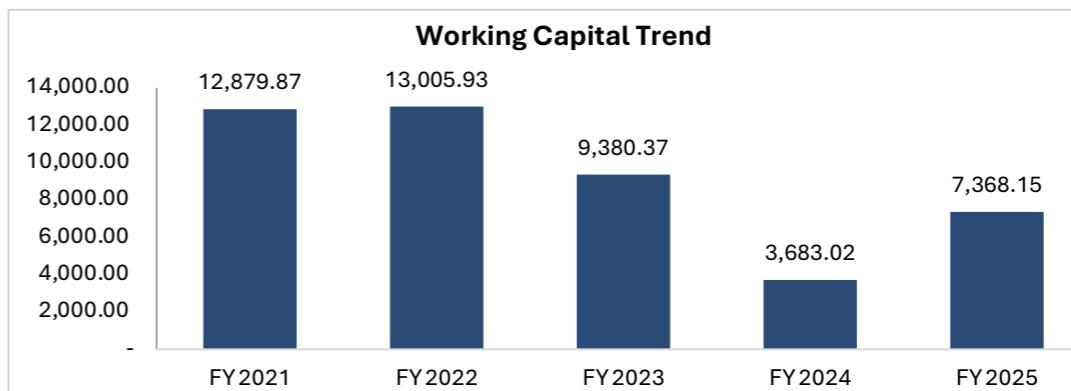
### 18.3.2 Balance Sheet Analysis

The Group's assets as at close of FY 2025 stood at Kshs.139B, representing a 7% growth from 2021 as a result of the acquisition of KPRL in 2023. KPRL is considered a key strategic asset to drive the expansion and growth opportunities of Kenya Pipeline Company. The Group's non-current assets accounted for 83% of total assets, with property, plant and equipment accounting for 79% of total non-current assets.

As of close of FY 2025, the total liabilities, which is made up of both current and non-current, have been on a decline level, driven by the repayment of the syndicated loan. The Company had a 10-year loan obligation of USD 350 Million secured for the construction of line 5 in 2015, which has since been fully paid as of June 2025. The Company has established a debt policy geared towards minimizing credit risk.

The Group's ability to meet its short-term obligations has also improved during the past five years. However, the

ratio declined in 2024 as a result of the consolidation of KPRL's assets, with its debt being classified as a current liability, lowering the group's working capital position.

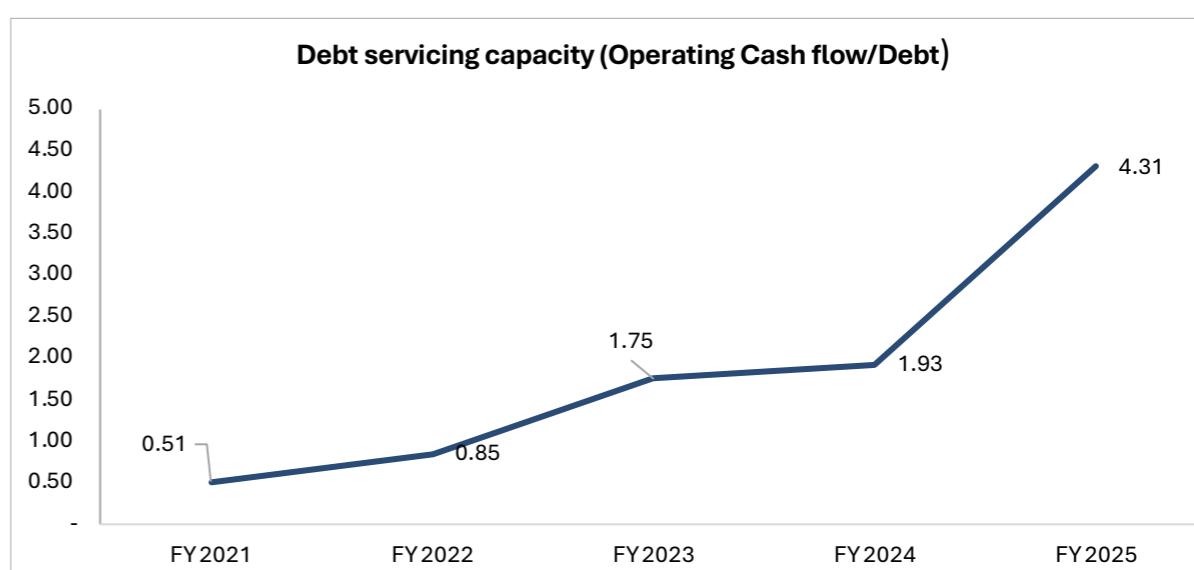


Source: Faida Investment Bank Analysis

### 18.3.3 Cash Flow Statement Analysis.

The group continues to generate stable operating cash flows supported by predictable throughput volumes, regulated tariff structures, and the dominant position of the company in the region's petroleum supply chain. The company's cash flows profile reflects a balance between dependable core operations and the capital-intensive realities of maintaining a pipeline infrastructure.

The company's ability to service debt from internally generated funds has also managed to improve over the review period. Operating cash flow to debt has increased from 0.51x in 2021 to 4.31x in 2025 as the company continued to pay down its debts. This debt optimization is supported by stable policy frameworks, and will strengthen credit quality and support long-term borrowing capacity.

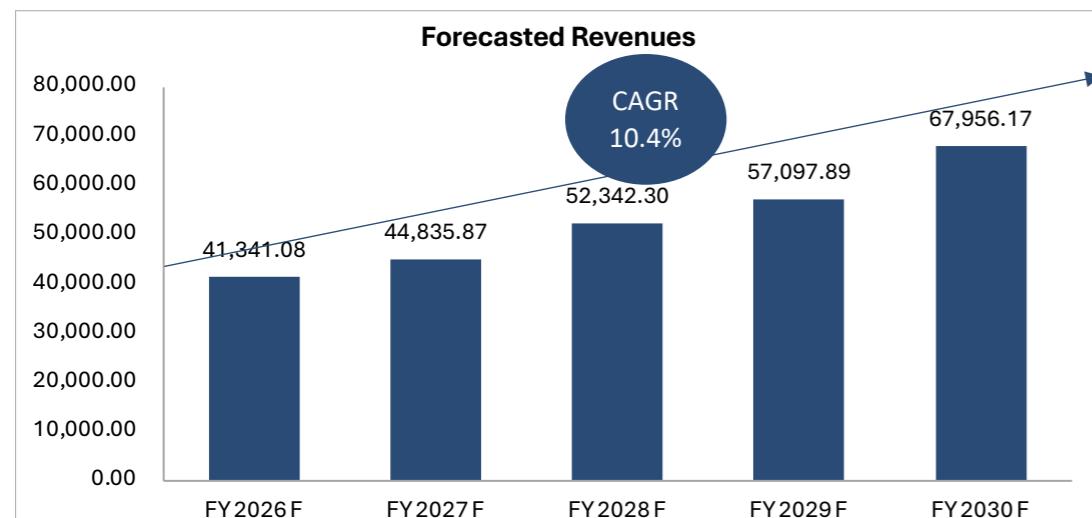


Source: Faida Investment Bank Analysis

The Group's operating cash flows continue to cover more than 100% of its annual capital expenditure - as measured by Operating Cash Flow/Capital expenditure - suggesting ongoing reliance on internal financing for infrastructure expansion, without constraining dividend flexibility, demonstrating a solid cash generating base, marking a full transition to self-sustained reinvestment.

#### 18.3.4 Prospective Financial Commentary

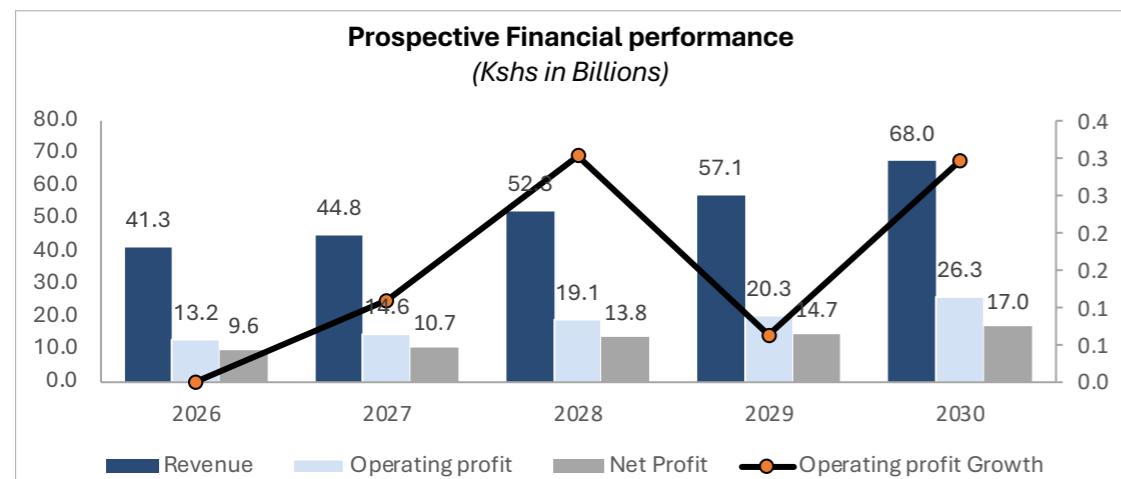
The Group's 5-year forecast is aligned to the 2030 strategic plan. During the period, the revenue is forecasted to grow at a CAGR of 10.4%, from Kshs 41.3 billion to Kshs 68.0 billion in 2030, compared to the historical CAGR of 8.36%, primarily driven by increased volumes, improved utilization and targeted diversification. Tariff assumptions for the core business are based on the three-year pricing cycle as per Energy Petroleum Regulatory



Source: Prospective Financial Information

The key focus in the prospective period to 2030 will be on efficiency of product delivery in the country, expected growth in the regional markets, the group's planned business diversifications driven by the continued petroleum demand and pipeline capacity expansion and modernization.

Cost of service delivery will remain broadly aligned with revenue growth and operational efficiencies contributing to stable gross profit margin. The gross profit margin is estimated to remain at an average of 61% over the period compared to 57% over the past five years. Operating expenses are projected to increase in line with business growth with cost control measures expected to support improved operating margins over the forecast period with summary as shown in the graph below.



Source: Prospective Financial Information

The forecast capital expenditure of Kshs 110 billion over the period relates to capacity expansion initiatives aimed at supporting future growth some of which include, new eastern pipeline from Mombasa to Nairobi, Eldoret Malaba Kampala pipeline, Nairobi LPG storage facility, crude oil storage in Mombasa, replacement of near obsolete ERP system and commercialization of lite Fibre optic cable. The investments are expected to be funded through a combination of internally generated cash flows and innovative financing structures including access to debt capital markets, SPV project financing, joint ventures and partnerships among others.

#### 18.3.5 Q1 Interim Unaudited Financial Results

The Group delivered a solid performance during the first quarter (Q1) of FY 2025/2026, ended 30th September 2025, reflecting continued operational stability and positive outlook. Revenue in the first quarter of the year amounted to Kshs 10.4 billion compared to Q1 of FY 2024/2025, which was Kshs 9.5 billion representing 9.6% growth, largely driven by growth in fuel throughput volumes. The operating profit was reported at Kshs 5.3 billion with margins of 50.96% in line with management expectations. The costs containment initiatives and reduction in depreciation expenses resulted in a reduction of 5.6% in administrative expenses, declining from Kshs 1.7 billion in 2024 to Kshs 1.6 billion in 2025.

The Group's financial position remains sound with total assets closing at Kshs 139.7 billion in the first quarter. Management continues to focus on maintaining a strong balance sheet to support the business. Liquidity levels were adequately supported by positive a positive cash position of Kshs 16.3 billion. Prudent management working capital management remains a priority for the business.

The outlook for the Group in the year is positive given the Q1 performance and it is expected that the growth trajectory will be maintained.

# 19. Regulatory Environment

The Government of Kenya continues to implement wide-ranging reforms in the energy and petroleum sector aimed at improving efficiency, enhancing system reliability, strengthening governance, and mobilizing private capital for infrastructure development.

These reforms are anchored in national policy instruments that define the strategic operating environment for Kenya Pipeline Company Limited and shape its long-term role within the national energy value chain.

## Policy Overview:

### National Energy Policy (NEP) 2025–2034

The NEP 2025–2034 replaces the National Energy Policy 2018. This new policy establishes the legal, regulatory and institutional framework governing Kenya's energy sector and sets the strategic direction for sector development.

While broader in scope, it defines key policy priorities that directly influence KPC's mandate, including:

- Energy Security: Ensuring a reliable, adequate and cost-effective supply of petroleum products nationwide in support of the Bottom-Up Economic Transformation Agenda (BETA).
- Infrastructure Modernization: Expansion and modernization of critical energy infrastructure, including pipelines, storage facilities and logistics systems to enhance efficiency and reduce losses.
- Devolution and Regional Balance: Strengthening coordination between national and county governments to close regional infrastructure gaps and improve equitable access to energy services.
- Regional Integration: Supporting cross-border energy trade and regional interconnection to enhance national and regional resilience.

## Legislative Framework:

The primary statutes include:

### Petroleum Act, No. 2 of 2019

This Act repealed the Energy Act (No. 12 of 2006) and consolidated petroleum regulation in line with the Constitution of Kenya, 2010.

The Petroleum Act provides the framework for regulating midstream and downstream petroleum activities and constitutes the primary legal basis for oversight of petroleum infrastructure.

The Act governs:

- Development, construction and operation of pipelines and storage facilities;
- Licensing and approval of petroleum infrastructure;
- Health, safety and environmental obligations;
- Reporting, inspection and data submission requirements.

### Energy Act, No. 1 of 2019

The Energy Act, 2019 establishes the Energy and Petroleum Regulatory Authority (EPRA) and the Energy and Petroleum Tribunal.

The Energy Act forms the institutional backbone for tariff regulation and operational oversight, directly influencing KPC's revenue.

### Energy (Integrated National Energy Plan) Regulations, 2025

Mandates long-term national energy planning and reporting obligations for designated national energy service providers, including KPC.

KPC is designated a national energy service provider and is required to:

- Prepare and submit a comprehensive energy plan to the Cabinet Secretary every three years;
- Submit an annual implementation report within one month of the close of each financial year;
- Engage in structured consultations with the Cabinet Secretary, Council of Governors and other stakeholders;
- Publish energy plans to promote transparency and public accountability.

Failure to comply constitutes an offence under Section 223 of the Energy Act.

### Privatization Act 2025

Governs the restructuring and transition of KPC through the proposed Initial Public Offer (IPO), providing the legal basis for divestment of Government shareholding.

### Capital Markets Act (Cap 485A)

Regulates the issuance of securities and post-listing obligations, including governance, disclosure and investor protection requirements.

### Establishment and Role of Energy and Petroleum Regulatory Authority (EPRA)

EPRA is the principal regulator of KPC's operations with powers to license, supervise and regulate petroleum transportation and storage activities.

Its core functions include:

- Issuance, renewal and enforcement of operating licenses;
- Approval and periodic review of transportation and storage tariffs;
- Oversight of technical, safety and operational compliance;
- Conduct of inspections, audits and enforcement actions;
- Approval of capital investment plans affecting tariff determination.

KPC operates within a regulated tariff regime, whereby revenues from pipeline and storage services are largely determined by EPRA-approved tariffs.

These tariffs are based on a cost-reflective model incorporating the regulated asset base, operating costs, depreciation, projected throughput and an approved rate of return.

Post-privatization, EPRA continues to oversee fair competition, and consumer protection.

### Subsidiary Regulations

Government of Kenya aims to strengthen, standardize, and enhance oversight of the midstream petroleum sector (specifically pipelines and storage) under the Petroleum Act, 2019.

These draft regulations are designed to operationalize the broad provisions of the main Act, mitigate operational and financial risks, and increase transparency in a sector vital to national energy security.

### Draft Midstream Pipeline and Storage Operations Regulations, 2025

Ensure the structural integrity and operational safety of all midstream petroleum infrastructure.

Key features include:

- Enhanced licensing and operational authorization standards;
- Mandatory asset integrity management systems and scheduled inspections;
- Standardized maintenance and safety protocols;
- Expanded reporting and incident notification obligations.

Draft Environment, Health and Safety Regulations, 2025

Protect personnel and the environment by minimizing operational risks and ensuring emergency preparedness.

These propose:

- Mandatory occupational health and safety management systems;
- Spill prevention and emergency response mechanisms;
- Enhanced training and certification requirements;
- Periodic safety audits and reporting to EPRA.

Petroleum (Information and Statistics) Regulations, 2025

Guarantee data transparency and enable effective regulatory oversight and national energy planning.

Mandates reporting on:

- Pipeline throughput and storage volumes;
- Inventory levels and capacity utilization;
- Import and transit petroleum data;
- Operational performance metrics.

**Licensing, Operations and Tariff Regulation**

KPC is required to hold valid EPRA licenses for all pipeline and storage operations.

The Company operates as a Common Carrier, obligated to provide non-discriminatory access to all licensed OMCs on commercially reasonable terms, ensuring a level playing field in the downstream market.

Tariffs for transportation and storage services are regulated by EPRA and determined through cost-of-service studies to ensure affordability while retaining financial sustainability.

KPC is prohibited from unilaterally adjusting tariffs without approval through a formal public consultation process.

**Dispute Resolution**

a) Energy and Petroleum Tribunal:

Handles disputes relating to licensing, tariffs and regulatory enforcement within the petroleum sector.

b) Capital Markets Tribunal:

Adjudicates disputes arising from securities issuance, listing obligations and shareholder matters post-IPO.

**Enforcement and Market Oversight:**

**Promotion and Enforcement of Fair Competition**

It is the statutory obligation of EPRA and the Competition Authority of Kenya (CAK) to ensure fair competition. Given KPC's status as a monopoly in pipeline transportation, the regulator monitors operations to ensure:

- No undue preference is given to specific Oil Marketing Companies regarding product scheduling (ullage allocation).
- Prevention of abuse of market power that could stifle competition in the downstream sector.

**Safety and Environmental Enforcement**

KPC is required to conform to Kenya Bureau of Standards (KEBS) specifications and NEMA environmental regulations. This includes:

- Regular Audits: EPRA conducts technical audits of KPC facilities (depots and pipelines) to ensure safety and operational efficiency.
- Environmental Compliance: Adherence to the Environmental Management and Co-ordination Act (EMCA) for all infrastructure projects, including Environmental Impact Assessments (EIA) for new lines.
- Ensuring the integrity of pipeline systems to prevent spills and environmental degradation;

Persistent non-compliance may result in penalties, license suspension or statutory management.

**Privatisation and Capital Markets Oversight**

The Initial Public Offer (IPO) introduces a significantly expanded regulatory regime over the Company, extending beyond sector regulation into capital markets, corporate governance and shareholder protection frameworks.

These additional layers are intended to ensure transparency, accountability and investor confidence in line with international best practice for publicly listed infrastructure entities.

**Oversight by the Privatization Authority and National Treasury**

The privatisation process is guided by the Privatization Act 2025 and the National Privatisation Programme, under which KPC's transition from State ownership to partial private ownership is overseen by the Privatization Authority in consultation with the National Treasury.

This oversight includes:

- Approval of the privatisation methodology, transaction structure and sequencing;
- Determination of the proportion of Government shareholding to be divested;
- Appointment and supervision of transaction advisers;
- Vetting of valuation methodologies and pricing frameworks;
- Oversight of compliance with public interest considerations, including strategic asset protection.

The National Treasury retains a central role in safeguarding fiscal and strategic interests, ensuring that the privatisation process aligns with national development, fiscal sustainability and infrastructure policy objectives.

**Compliance with CMA Regulations and NSE Listing Rules**

KPC will be subject to the regulatory jurisdiction of the Capital Markets Authority (CMA) and must comply with the Capital Markets Act and associated regulations, as well as the Nairobi Securities Exchange (NSE) Listing

Rules.

These requirements include:

- Continuous disclosure obligations on material information, financial performance and corporate actions;
- Prompt announcement of price-sensitive information;
- Compliance with periodic reporting requirements including audited annual financial statements and interim results;
- Adherence to prescribed free float and shareholder spread thresholds;
- Compliance with insider trading and market abuse regulations;
- Approval of major corporate actions, including acquisitions, disposals and capital restructuring.

These measures are designed to promote market transparency, protect investors and ensure fair and orderly trading of KPC shares.

#### **Application of the CMA Code of Corporate Governance**

As a listed entity, KPC will be required to fully comply with the CMA Code of Corporate Governance for Issuers of Securities to the Public, which establishes minimum governance standards for public companies.

Key requirements include:

- A balanced and independently constituted Board with a clear separation between the roles of Chairperson and Chief Executive Officer;
- Establishment of Board Committees including Audit, Risk, Governance and Remuneration Committees chaired by independent directors;
- Robust internal controls and risk management frameworks;
- Adoption of transparent remuneration policies linked to performance;
- Formal evaluation of Board and senior management performance;
- Clear policies on conflict of interest, ethics and integrity.

#### **Disclosure, Reporting and Minority Shareholder Protection**

KPC will be obligated to maintain high standards of transparency and investor communication. This includes:

- Timely publication of audited financial statements prepared in accordance with International Financial Reporting Standards (IFRS);
- Disclosure of related party transactions and material risks;
- Fair treatment and protection of minority shareholders through equitable voting rights and access to information;
- Adherence to shareholder meeting protocols, including notice periods, proxy voting and disclosure of voting outcomes;
- Mechanisms for shareholder engagement and grievance redress.

These requirements are designed to uphold market integrity and reinforce investor confidence in governance practices.

#### **Parliamentary Oversight and Policy Limitations**

Given KPC's strategic role in national infrastructure, Parliament retains an oversight function over the privatisation process and the scope of permitted post-IPO activities.

Current policy direction suggests:

- KPC's operational focus will remain limited to transportation and storage of petroleum products;
- Expansion into fuel trading, importation or retail distribution will require express legislative approval;
- Periodic parliamentary review of compliance with privatisation objectives and public interest safeguards.

This ensures that while capital is mobilized through the market, the strategic integrity of national petroleum infrastructure remains protected.

## 20. Board of Directors, Senior Management & Corporate Governance



## **20.1 BOARD OF DIRECTORS**

The Board of Directors of Kenya Pipeline Company (KPC) is responsible for providing strategic leadership, exercising oversight, protecting shareholder value, ensuring financial integrity and fostering long-term sustainability.

## **20.2 COMPOSITION OF THE BOARD KPC**

### **Mrs. Faith Bett-Boinett – Board Chairman, Age 46 years**

Faith is a lawyer by profession with expertise in Legal Risk & Compliance, Governance, Public Financial Management, Human Resources and Public Sector Strategic Partnership & Alliances. She is also an Educator.

She has over 20 years working experience in both public and private sectors. She is the Managing Partner at Boinett & Bett Co. Advocates. She also served as Chairperson of the Board Finance and General Purposes Committee of Nyayo Tea Zone Development Corporation as well as the Privatization Authority. She currently sits on the Board of Management at Moi Girls High School, Eldoret.

In her 20 years of experience, she has had direct involvement in the management of several Semi-Autonomous Government Agencies (SAGAs) and Higher Education institutions as Director on the Boards of Management for state corporations. In these roles, she has given guidance on strategy formulation and implementation, and provided oversight on statutory obligations, policies, practices and processes that direct and control Public and private sector organizations.

Faith is an Advocate of the High Court of Kenya, a member of FIDA and a champion of women's rights and those who are disadvantaged. Her firm, Boinett & Bett Co. Advocates was ranked among the best-performing law firms in fighting for children's and women's rights.

### **Mr. Joe K. Sang, EBS – Managing Director and CEO, Age 51 years**

Joe Sang is a seasoned corporate leader with over 25 years of hands-on experience across senior roles in both private and public sector organizations. Previously, he has held prominent positions including General Manager – Finance & Strategy at KPC, Group Head of Business Performance & Planning at East African Breweries Limited, and Finance Director at East African Maltings Limited. His career also spans roles at Unga Group and the National Oil Corporation of Kenya (NOCK), reflecting a steady progression through highly accountable, complex, and regulated environments.

Joe holds a Bachelor of Arts in Economics and an MBA in Strategy from the University of Nairobi, and is a Certified Public Accountant of Kenya (CPA-K) and member of ICPAK. This strong academic foundation, combined with deep practical experience, underpins his proven ability to translate strategy into execution, drive organizational performance, and lead large, diverse teams through change.

As Managing Director of KPC, Joe provides executive leadership to one of Kenya's most critical infrastructure institutions. Under his stewardship, KPC achieved the highest profitability in its 52-year history and won the coveted Company of the Year Award in 2025. His leadership has delivered significant transformation in operational efficiency, capacity development, infrastructure modernization, and overall organizational performance, while reinforcing KPC's role in national energy security and economic development.

Beyond the Boardroom, Joe is a man on a mission to give back to the community. Through his personal initiative, the Joe Sang Foundation, he is empowering the next generation by helping underprivileged and extremely needy children to access education and mentorship opportunities.

### **Hon. FCPA John Mbadi, EGH – Cabinet Secretary, National Treasury and Economic Planning, Age 53 years**

Hon. John Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with over

twenty-eight years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi, a CPA(K), holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi, and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK).

His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills.

### **Mohamed Liban, CBS – Principal Secretary, State Department for Petroleum, Age 64 years**

Mr. Mohamed Liban is the Principal Secretary for the State Department for Petroleum in the Ministry of Energy and Petroleum, having been appointed to the position in December 2022. Prior to the appointment, he was the Chairman of the Ewaso Ng'iro North Development Authority, a position he held from 2019.

Mr. Liban has a wealth of leadership experience and capabilities, having served as a Regional Elections Coordinator under the Independent Electoral and Boundaries Commission from 2009 - 2017. Other positions held include Regional Health Manager with the Kenya Red Cross Society and Deputy Chief Clinical Officer at the Ministry of Health.

Mr. Liban holds a Master of Public Health and Epidemiology degree from Kenyatta University, a Higher National Diploma in Cataract Surgery from the Kenya Medical Training College (KMTC), an International Diploma in Community Eye Health from London University and a Higher National Diploma in Ophthalmology from KMTC. He has also attended several Human Resource Management courses.

The PS is a life member of the Kenya Society for the Blind and Kenya Red Cross Society.

### **Hon. Dorcas Oduor, OGW, EBS, SC – The Attorney General of the Republic of Kenya, Age 59 years**

Dorcas, is a seasoned legal expert and passionate environmental advocate. With over 32 years of experience, she currently serves as the Attorney General of the Republic of Kenya. Her career reflects a commitment to justice, community welfare, and environmental conservation.

Dorcas is a highly accomplished professional with a strong academic background and over three decades of experience in law. Her educational journey has been instrumental in shaping her career. She holds a Master of Arts degree in International Conflict Management as well as an LLB (Hons) degree from the University of Nairobi. She is an Advocate of the High Court of Kenya with a Post Graduate Diploma in Law from the Kenya School of Law.

Her illustrious career is complemented by numerous accolades that reflect her contributions to Kenya's legal landscape.

### **Hon. Christopher Odhiambo Karani - Independent Non-Executive Director, Age 51 years**

Hon. Christopher Odhiambo Karani is an accomplished business leader and former Member of Parliament with over two decades of experience spanning corporate leadership, public service, and logistics management. Currently serving as the Managing Director of MNET Stars Limited, he leads strategic planning, policy implementation, and operational oversight to drive profitability and sustainable growth within the organization.

Previously, Hon. Karani represented Ugenya Constituency in the National Assembly (2017–2019), where he was instrumental in legislative processes, oversight of government functions, and championing the interests of his constituents. His contributions were marked by a strong commitment to transparency, public accountability, and community development.

He also held the position of Managing Director at Awanad Container Freight Station, where he directed port logistics operations, financial planning, and stakeholder engagement with agencies such as the Kenya Ports Authority and the Kenya Revenue Authority.

Hon. Karani holds a Bachelor of Business Management (Human Resource Option) from Mount Kenya University, along with diplomas in Shipping Management & Logistics and Clearing & Forwarding.

#### **Mutungwa Wambua - Independent Non-Executive Director, Age 43 years**

Mr. Mutungwa has over 14 years' experience gained in a variety of senior positions in private and public sector organizations. He is a devoted Human Resource professional and businessman. He is currently pursuing a master's degree in strategic management. He holds a Bachelor of Business Management degree from Mt. Kenya University, a diploma in Information Technology and a Diploma in Human Resource Management. Mr. Mutungwa has strong technical skills acquired from many years of experience working in the IT field and has a comprehensive knowledge on the latest IT software and systems, having worked at Capital Software Company as HR assistant and ultimately as Branch Manager in charge of HR and technical Support.

Mr. Mutungwa is a Director of Techno Sphere Solutions where he is in charge of administration, marketing and Management. He is also a Director and CEO of Wavenet Systems Ltd, a startup company.

#### **Martha Miano – Independent Non-Executive Director, Age 35 years**

Martha Miano is an accomplished Public Communications Specialist with over 15 years of progressive experience in media relations, strategic communication, digital advocacy, and stakeholder engagement across government, private, and civil society sectors. She most recently served as Deputy Director of Public Communications in the Office of the President, where she led digital media strategy, campaign development, social media analytics, and influencer engagement, particularly advancing the Deputy President's communication agenda.

Martha holds a Bachelor of Arts Degree in Mass Media and Communication from Mt. Kenya University. She is currently pursuing an M.A degree in Development Communication at Daystar University. Her professional journey reflects a dynamic blend of grassroots engagement, media outreach, and strategic communication roles beginning as a volunteer trainer with Village Care International.

She previously served as Executive Communications Officer at the Nyeri Town CDF Office and as Media Liaison/ Communications Officer at Mathira CDF, where she played a key role in implementing communication strategies, organizing media events, managing crisis communications, and creating content for public dissemination.

In the private sector, Martha worked with Madison Insurance as a Unit Manager, where she successfully led high-performing sales teams and managed performance targets. Her background also includes hospitality and administrative experience at Leadway Hotel and Destiny Park Hostels, providing her with a solid foundation in operations management and customer service.

A respected youth mobilizer and civic advocate, Martha has held several leadership positions.

#### **Hon. Joyce Emanikor - Independent Non-Executive Director, Age 65 years**

Mrs. Hon. Joyce Emanikor is a development specialist with a bias in governance, public policy, Education and Environment. She is the holder of an MA degree in Development Studies, a BA degree in Community Development & Peace studies and is currently undertaking a PhD in Environmental Governance and Management at the University of Nairobi.

She has been a legislator in the Kenya National Assembly for two consecutive terms, 2013-2022, where she played a role in oversight, legislation, representation, budgeting, and Parliament Leadership. She sponsored a bill and several legislative amendments in Parliament as well as participated in various Parliamentary Committees. Hon. Joyce previously chaired the Board of Kerio Valley Development Authority (KVDA), worked in the fields of Education as an Emergency Education Consultant for UNICEF, Kenya Country Office, Emergency Response Programmes and development for the UN, the Government of Kenya, International NGOs, Faith-based organizations, and community-based organizations.

She is a recipient of the Head of State commendation (HSC) in December 2010 for her outstanding contributions to development in Turkana.

#### **Irene Wachira – Independent Non-Executive Director, Age 49**

Irene Wachira is a distinguished finance and investment professional with over 20 years of experience across both

global and local markets in corporate finance, strategic leadership, and business development. She brings a strong track record in financial analysis and management, corporate strategy, and stakeholder engagement, having held senior leadership roles including Chief Executive Officer of The Croft Limited, as well as senior positions at BP North America and Citi Group in New York. In the investment sector, Irene serves as a Non-Executive Director at Grid Capital, where she provides strategic oversight and financial leadership to advance sustainable investments across the technology, energy, and agriculture sectors.

Her expertise spans board governance, budgeting, project and risk management, regulatory compliance, and financial oversight. She is recognized for her ability to drive organizational change, build high-performing teams, and maintain strong stakeholder relationships. A seasoned financial strategist, Irene excels in driving profitability, optimizing capital structures, and implementing robust financial policies that support long-term business sustainability. During her tenure at Kenya Pipeline Company, she served as Chairperson of the Board Finance Committee and serves as the Chairperson of the Board Audit Committee, and also served as a Trustee on the Board of Trustees of the KPC Foundation.

Irene holds a Bachelor of Arts (B.A.) degree in Psychology with a Minor in Economics and is currently pursuing a Master of Science (MSc) in Operations and Technology Management at the University of Nairobi. She is a certified Project Management Professional (PMP) and an Anti-Money Laundering (AML) Compliance Specialist.

#### **Sharon Irungu-Asiyo, HSC –Alternate Director to The Attorney General, Age 44 years**

Ms. Sharon Irungu-Asiyo, HSC is an Advocate of the High Court of Kenya and is currently a Deputy Chief State Counsel at the Office of the Attorney General. She has over seventeen years post-admission experience to the roll of advocates in both private and public sector, majoring in commercial and corporate law, international business and international financial transactions.

As a public sector legal practitioner, Ms. Irungu-Asiyo is currently based at the Government Transactions Division at the Office of the Attorney General where her primary duties entail drafting, vetting and reviewing Government Contracts, negotiating commercial and financial agreements on behalf of the Government and issuing advisory opinions on emerging issues and areas of law that have an impact on Government Contracts. As an alternate member representing the Hon. Attorney General in the Board of Kenya Pipeline Corporation, Ms. Irungu-Asiyo provides strategic leadership on emerging issues of law affecting the management and operational aspects of KPC.

#### **Mohamed Birik Mohamed, OGW, EBS – Alternate Director to the PS, State Department for Petroleum, Ministry of Energy and Petroleum, Age 58 years**

Mr. Mohamed Birik is a Public Officer and an accomplished National Government administrator with experience of over 30 years. A career administrator, Mr. Birik joined the Civil Service in 1994. Since then, he has risen through the ranks and served in various parts of the country as a District Officer, District Commissioner, County Commissioner and Regional Commissioner. Currently he serves in the position of Secretary Administration, in the State Department for Petroleum, a position he has held since 2021. Prior to this deployment, he was the Regional Commissioner, North-Eastern, where he served from 2018 to 2020. He represents the PS as an Alternate Director on the Board of KPC.

Mohammed has excelled in the management of security, dispute resolution and mitigation of conflicts while in charge of security under the various fields in which he worked. He was very instrumental in the restoration of peace in Mount Elgon, Western Province following breakdown of law and order, for which he was awarded Order of the Golden Warrior (OGW) in 2008. In the Ministry, he has excelled in development of policies, strategies, promoting the values and tenets of government, and effective performance management. He possesses knowledge of the organisation of governments and understands its goals, policies, and development objectives.

Mr. Birik holds Bachelor of Arts in Education degree from the University of Nairobi and is currently pursuing a Masters in Peace and Conflict Resolution at Kenyatta University. He has attended various courses at Kenya Institute of Administration (KIA) including Advanced Public Administration, Strategic Leadership Development Program (SLDP), and Senior Management Course (SMC). He is a member of the Kenya Association of Public Administration and Management.

#### **Abraham Koech – Alternate Director to the CS National Treasury & Economic Planning, Age 56 years**

Abraham Kipkorir Koech is an experienced professional specializing in strategic management, financial analysis, corporate governance, and project management. He has over 29 years' experience in the Public Sector and currently serves as the Deputy Director of Investments at Kenya's National Treasury, where he advises on government investment policies and oversees financial oversight and reforms for state corporations. He also represents the National Treasury as an Alternate Director on the boards of several state corporations, contributing to governance and strategic decision-making.

Mr Koech holds an MBA in Strategic Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Arts (Hons) degree in Economics from the University of Nairobi. He has also completed extensive training in leadership, corporate governance, and quality management systems.

Previously, he held key roles at the Kenya Post Office Savings Bank (KPOSB), rising to the position of Deputy Head of Strategy and Change. In this capacity, he played a critical role in policy formulation, strategic planning, and organizational transformation.

#### **Flora Okoth – General Manager (Company Secretary & Legal Services), Age 59 years**

Mrs. Flora Fiona Okoth is a competent and highly qualified lawyer with over twenty-eight years' legal, business management and administrative experience gained in Public and private sectors. She has worked in Insurance sector and practiced law in partnership and as a sole practitioner at various stages of her career. She has acquired extensive board experience having served two large organizations as Company Secretary. Flora has also chaired the board of a community development NGO, the Community Aid International for five years from 2012 – 2017.

Flora holds a Master of Laws (LLM) in International Economic Law, from University of Warwick in the United Kingdom, an Executive MBA degree from the United States International University (USIU)– Kenya, a Bachelor of Laws degree (LLB) from University of Nairobi and a Diploma in Law from the Kenya School of law. Flora, a Certified Public Secretary (CPS) since 2005, is also a member of the Law Society of Kenya (LSK) as well as the Institute of Certified Secretaries, Kenya.

### **20.3 COMPOSITION OF SUBSIDIARY'S BOARD: KPRL**

#### **Hon. FCPA John Mbadi, EGH – Cabinet Secretary, National Treasury and Economic Planning, Age 53 years**

Hon. John Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with over twenty-eight years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi, a CPA(K), holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi, and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK).

His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills.

#### **Mohamed Liban, CBS – Principal Secretary, State Department for Petroleum, Age 64 years**

Mr. Mohamed Liban is the Principal Secretary for the State Department for Petroleum having been appointed to the position in December 2022. Prior to the appointment, he was the Chairman of the Ewaso Ng'iro North Development Authority, a position he held from 2019.

Mr. Liban has a wealth of leadership capabilities having served as Regional Elections Coordinator under the Independent Electoral and Boundaries Commission from 2009 - 2017. Other positions held include Regional Health

#### **Manager with the Kenya Red Cross Society and Deputy Chief Clinical Officer at the Ministry of Health.**

Among other qualifications, Mr. Liban holds a Master of Public Health and Epidemiology from Kenyatta University, Higher National Diploma in Cataract Surgery from the Kenya Medical Training College (KRTC), International Diploma in Community Eye Health from London University and, Higher National Diploma in Ophthalmology from KRTC. He has also attended several Human Resource Management courses.

The PS is a Life Member of the Kenya Society for the Blind and Kenya Red Cross Society.

#### **Hon. Dorcas Oduor, OGW, EBS, SC – The Attorney General of the Republic of Kenya, Age 59 years**

Dorcas, is a seasoned legal expert and passionate environmental advocate. With over 32 years of experience, she currently serves as the Attorney General of the Republic of Kenya. Her career reflects a commitment to justice, community welfare, and environmental conservation.

Dorcas is a highly accomplished professional with a strong academic background and over three decades of experience in law. Her educational journey has been instrumental in shaping her career. She holds a Master of Arts degree in International Conflict Management as well as an LLB (Hons) degree from the University of Nairobi. She is an Advocate of the High Court of Kenya with a Post Graduate Diploma in Law from the Kenya School of Law

Her illustrious career is complemented by numerous accolades that reflect her contributions to Kenya's legal landscape.

#### **Mr. Eliud S. Mwaruah – Alternate to the PS State Dept of Petroleum, Age 60 years**

Mr Mwaruah is the Alternate to the PS State Dept of Petroleum. He is currently serving as the Director, Human Resource Management &Development (DHRM&D) in the State department of Petroleum.

He holds a Bachelor of Arts (BA) degree from the UoN and a post graduate Diploma in Human Resource Management and Development. He has vast leadership and governance skills and is also a Member of the Institute of Human Resource Management (IHRM), Institute of Directors Kenya (IoD K) and Kenya Association for Public Administration and Management (KAPAM).

#### **Mr. Joseph Zachary Ngugi - Alternate Director to the CS The National Treasury, Age 60 years**

Mr Ngugi is the Alternate Director to the CS The National Treasury.

He is Director of Planning, Macro and Fiscal Affairs Department of The National Treasury. He has over 20 years experience in Tax matters and heads the Tax Policy Division in the Macro and Fiscal Affairs Dept. He holds a Masters in Economics (UoN) and Bachelor of Arts (BA) Economics and Sociology from Egerton University. As the Head of Tax Policy Division, he participates in the enactment of Tax policy legislations and formulation of tax policy documents. He is currently an alternate Director at Kenya Vehicle Manufacturers & past alternate Director at Kenya Trade Network, Retirement Benefits Authority & Coffee Development Fund. (now Commodity Fund).

#### **Peter Okombe Ongori - Alternate to The Attorney General, Age 55 years**

Mr. Ongori is an alternate to the Attorney General of the Republic of Kenya. He is an Advocate of the High Court of Kenya and has over seventeen years of post-admission experience in commercial law practice with strengths in the Extractive Industry (Oil and Gas Law). He holds a Master of Laws (LL.M) in International Oil and Gas Law and Policy from the University of Dundee, Scotland, UK, a Bachelor of Laws and Bachelor of Arts (B.A.) Economics from MDS University, India. Throughout the years, he has acquired the competence to review and negotiate complex international and local contracts on behalf of the Government of Kenya. He is currently a Deputy Chief State Counsel, in the Office of the Attorney General, Government Transactions Division.

#### **Henry G. Karinga – Age, 62 years**

Mr. Karinga holds a Bachelor of Science from the University of Nairobi and Global Executive MBA from USIU-Africa. He is currently managing director of H.K. Builders & General Contractors, a civil works construction services company. He is also a director at Basel Tours and Travel Ltd.

He has previously worked as Assistant Manager, Central Bank of Kenya, heading the Nairobi clearing house.

#### Lilian B. Mahiri-Zaja - Age, 62 years

Lilian is an advocate of the High Court of Kenya and holds a Master of Law Degree from the University of Reading, United Kingdom; a post- graduate Diploma in Legal Education from the Kenya School of Law; and an LL.B from the University of Nairobi. She was previously the Vice Chairperson at the IEBC and has held various positions in the Department of Justice including Deputy Chief Legal Officer from 2004-2011. She also served as a Commissioner with the Energy and Petroleum Regulatory Authority (EPRA).

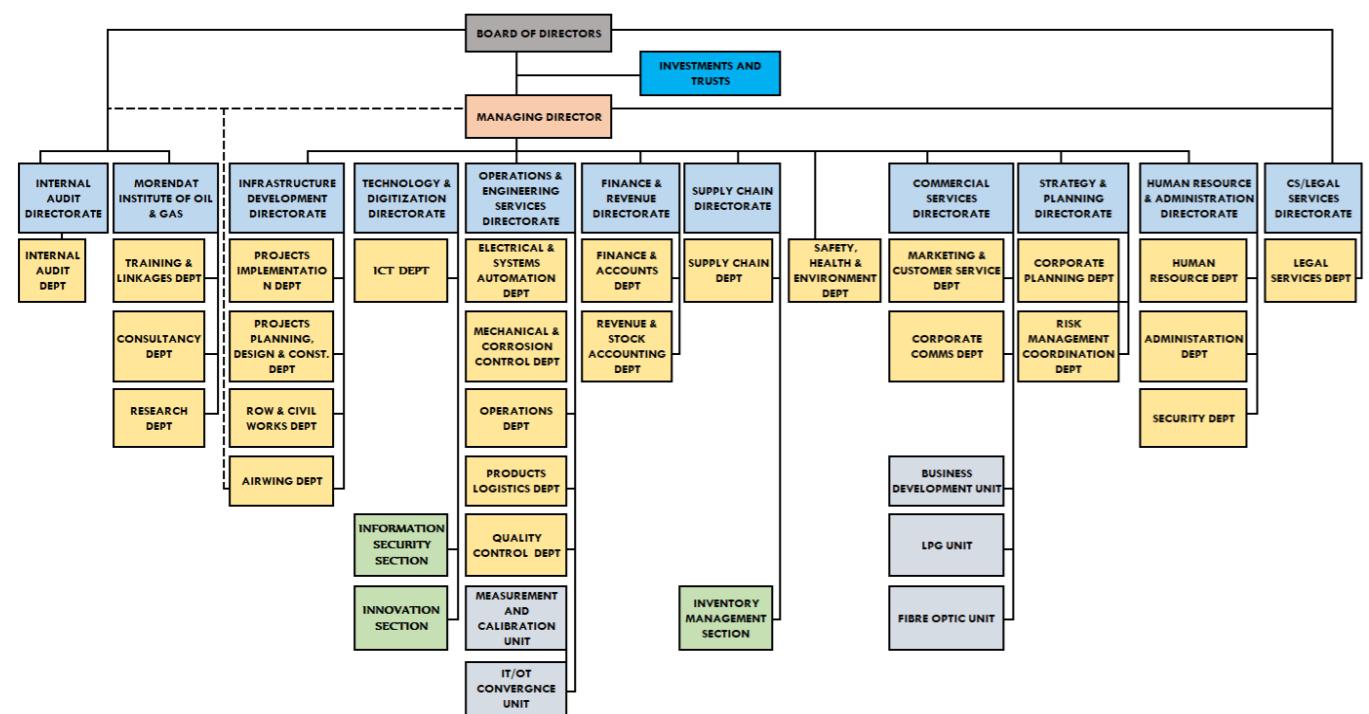
#### CPA. Joseph Ndoti – Age, 54 years

CPA Ndoti Joseph Bale is currently the Acting Chief Executive Officer for Kenya Petroleum Refineries Ltd since October 2019 and also serves as the Chief Finance Officer since August, 2016. He has a wealth of knowledge and experience spanning over 25 years in Financial Management and Business Administration particularly in Oil and Gas industry. He is a holder of B.Com Accounting Option (UoN), MBA in Strategic Management (UoN) and CPA(K). He Joined KPRL in July,2000 as Financial and Management Accountant and has scaled through the career ladder to his current role. He has witnessed and contributed immensely to the transformation and transition of KPRL from a Toll Refinery to Merchant Refinery and eventually to the current status whereby KPRL is a Storage and Handling Facility for imported finished products. Prior to Joining KPRL, Mr. Ndoti worked for Cargill Kenya Ltd and P & O Nedlloyd East Africa Ltd as Nedlloyd East Accountant and Chief Accountant respectively.

### 20.4 ORGANISATIONAL STRUCTURE

To support the effective execution of its mandate, KPC operates under a structured organisational framework comprising eleven directorates, twenty-six departments, and various sections and operational units. The Managing Director provides overall leadership and strategic oversight across the organisation.

Below is the Organisational Chart for Kenya Pipeline Company.



### Subsidiaries

KPRL is a wholly owned subsidiary of KPC, it is incorporated in the Republic of Kenya. It operates legacy oil storage and loading facilities.

### 20.5 SENIOR MANAGEMENT TEAM

The senior management of the Kenya Pipeline Company comprise of the following;

#### Mr. Joe K. Sang, EBS – Managing Director and CEO

Joe Sang is a seasoned corporate leader with over 25 years of hands-on experience across senior roles in both private and public sector organizations. Previously, he has held prominent positions including General Manager – Finance & Strategy at KPC, Group Head of Business Performance & Planning at East African Breweries Limited, and Finance Director at East African Maltings Limited. His career also spans roles at Unga Group and the National Oil Corporation of Kenya (NOCK), reflecting a steady progression through highly accountable, complex, and regulated environments.

Joe holds a Bachelor of Arts in Economics and an MBA in Strategy from the University of Nairobi, and is a Certified Public Accountant of Kenya (CPA-K) and member of ICPAK. This strong academic foundation, combined with deep practical experience, underpins his proven ability to translate strategy into execution, drive organizational performance, and lead large, diverse teams through change.

As Managing Director of KPC, Joe provides executive leadership to one of Kenya's most critical infrastructure institutions. Under his stewardship, KPC achieved the highest profitability in its 52-year history and won the coveted Company of the Year Award in 2025. His leadership has delivered significant transformation in operational efficiency, capacity development, infrastructure modernization, and overall organizational performance, while reinforcing KPC's role in national energy security and economic development.

Beyond the Boardroom, Joe is a man on a mission to give back to the community. Through his personal initiative, the Joe Sang Foundation, he is empowering the next generation by helping underprivileged and extremely needy children to access education and mentorship opportunities.

#### Pius Mwendwa – General Manager (Finance)

Mr. Mwendwa joined KPC in August 2010 as a Chief Accountant and has previously served the Company in the position of Corporate Finance Manager. He is the General Manager (Finance) in charge of Finance & Accounts, Revenue & Commercial Services & Information, Communications and Technology (ICT) departments. Before joining KPC, Pius worked at Nation media Group (NMG) in different capacities for over ten (10) years where he rose through the ranks to the position of Group Management Accountant.

Pius holds a Master of Commerce and Bachelor of Commerce – Finance. He is a Certified Public Accountant of Kenya (CPA – K) and a member of the Institute of Certified Public Accountants (K).

#### Zilper Michelle Abong'o – General Manager (Strategy)

Ms Zilper Michelle Abong'o joined KPC on 1st February 2017. She has over 15 years of consolidated middle and downstream Oil & Gas experience in high-level policy formulation, strategy creation and execution, oil & gas trading, supply logistics and distribution across the Great Lakes Region and East-Central Africa. Prior to joining KPC, Zilper had been an oil and gas expert at various private sector companies: Kenya Shell Ltd. (now Vivo Energy), Bakri International Kenya Ltd. (now BE Energy), Addax & Oryx Group (now Oryx Energies), Hashi Energy; as well as in project consulting on strategy & market penetration.

Zilper is highly passionate about building sustainable and resilient communities and is a pioneering member of the KPC Foundation's Board of Trustees; and serves as a volunteer at, and sponsor of, the Washindi Victory Centre for youth and women empowerment.

She holds a Master of Science postgraduate degree in Economics & Policy of Energy and the Environment from

University College London's Bartlett School of Environment, Energy and Resources (BSEER), Bachelor of Arts undergraduate degree in Public Policy Analysis & Communications from the University of Nairobi, and a Diploma in Petroleum Management from the Petroleum Institute of East Africa's School of Petroleum Studies. She has also attended executive management and professional development courses at Stanford University's Graduate School of Business, with the World Bank Group, Cranfield University & Defence Academy of the UK, the Sustainable Development Solutions Network (SDSN), and CITAC Africa LTD, among others.

Zilper is a full member of the UK's Energy Institute; a thought leader in the sector, globally; and was awarded the UK Government-funded Commonwealth Scholarship in 2014 and is a member of its alumni association.

#### **Dinah J. Kirwa – General Manager (Human Resource and Administration)**

Mrs. Dinah J. Kirwa joined KPC on 18th September 2023. She has 30 years work experience in Human Resources, 20 years of which in Senior Management in different organizations namely: National Health Insurance Fund - Director, Corporate Services, National Construction Authority – General Manager HR & Administration, Kenyatta National Hospital - Senior Assistant Director HR & Administration, Daystar University - Manager HR, Moi Teaching & Referral Hospital - Manager HR.

Dinah holds a master's degree in human resource development, a bachelor's degree in social science, a higher diploma in Human Resource Development, Certified Human Resource Professional, Strategic Leadership Development Programme among other capacity building training. She is currently pursuing a PHD in Leadership and Governance.

#### **Eng. Moses Tawuo, CE – Ag. General Manager (Pipeline Operations & Engineering Services)**

Eng. Moses Tawuo joined KPC in 2002 as Projects Engineer, in Projects Department and thereafter moved to Maintenance Department, where he has been in charge of Maintenance of Engineering Systems. He is a registered Consulting Engineer with experience spanning over 28 years in both the public and private sectors. He

Prior to his joining KPC, Engineer Moses worked at Grabowsky and Poort B.V and Gibbs Consulting Engineers. He has handled Engineering assignments in the energy sector (oil & gas), road and water sectors in East Africa as well as the Horn of Africa regions.

He is a holder of Master of Project Planning and Management and Bachelor of Science in Civil & Structural Engineering both from the University of Nairobi. Registered Consulting Engineer with Engineers Board of Kenya and a Corporate Member of Institution of Engineers of Kenya.

#### **Maureen Mwenje – General Manager (Supply Chain)**

Ms Maureen Mwenje joined KPC in 2005 as a Management Trainee. She is a seasoned procurement professional with a distinguished career spanning 19 years. Maureen has risen the corporate ladder to assume the role of General Manager Supply Chain. She holds a Bachelor of Laws (LL.B) and Master of Laws (LL.M) in Law in Development from the University of Warwick-United Kingdom, Graduate Diploma in Purchasing and Supply from the Chartered Institute of Purchasing and Supply (CIPS-UK) and a Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public, Member Purchasing and Supply from the Chartered Institute of Purchasing and Supply (MCIPS), member of the Kenya Institute of Supplies Management (KISM) and a member of the Law Society of Kenya (LSK).

#### **Caxton Gambo Njuga – Ag. General Manager (Audit)**

Caxton joined KPC in December 2010 in the position of Chief Internal Auditor. He is a seasoned professional with experience spanning over 18 years in both the public and private sectors. Prior to his joining KPC, Caxton worked at Agricultural Finance Corporation where he headed the Internal Audit Department. He had previously served in compliance and audit related roles at the Capital Markets Authority (CMA) and Industrial Promotion Services Kenya Ltd (IPS Kenya).

Caxton is a holder of Master of Business Administration (MBA- Finance) and Bachelor of Commerce (BCom-

Finance) both from the University of Nairobi, Certified Public Accountant Kenya- CPA (K), Certified Public Secretary (CPS Finalist), and is a Certified Information System Auditor (CISA). He is a registered member with ICPAK and ISACA.

#### **Dr. Nancy Kosgei – Director (Morendat Institute of Oil & Gas)**

Dr Nancy Kosgei joined KPC on 3rd April 2024. She has over 20 years working experience in the NGO, private and public sectors. Dr. Kosgei is an educationist with vast experience in university teaching, research and consultancy. She holds a Doctor of Philosophy (PhD) in Development Studies from Jomo Kenyatta University of Agriculture and Technology, a Master of Arts in Project Planning and Management from the University of Nairobi and a Bachelor of Arts degree in Community Development from Daystar University. She is also a member of the Project Management Institute.

#### **Eng. David Muriuki – General Manager (Infrastructure)**

Eng. David Muriuki joined KPC on 1st April 2004. He serves as the General Manager - Infrastructure Development at the Kenya Pipeline Company (KPC). As a distinguished Consulting Engineer specializing in Mechanical Engineering for the Oil and Gas sector, he brings a wealth of expertise and leadership to his role with over two decades of extensive experience in engineering, operations, supply logistics, and project management. He holds a BSc in Mechanical Engineering and an MBA in Strategic Management. Throughout his career at KPC, he has been instrumental in the construction of critical infrastructure, including pipelines, tanks, LPG systems, and oil jetties.

#### **Flora Okoth – General Manager (Company Secretary & Legal Services)**

Mrs. Flora Fiona Okoth is a competent and highly qualified lawyer with over twenty-eight years' legal, business management and administrative experience gained in Public and private sectors. She has worked in Insurance sector and practiced law in partnership and as a sole practitioner at various stages of her career. She has acquired extensive board experience having served two large organizations as Company Secretary. Flora has also chaired the board of a community development NGO, the Community Aid International for five years from 2012 – 2017.

Flora holds a Master of Laws (LLM) in International Economic Law, from University of Warwick in the United Kingdom, an Executive MBA degree from the United States International University (USIU)- Kenya), a Bachelor of Laws degree (LLB) from University of Nairobi and a Diploma in Law from the Kenya School of law. Flora, a Certified Public Secretary (CPS) since 2005, is also a member of the Law Society of Kenya (LSK) as well as the Institute of Certified Secretaries, Kenya.

#### **Tom Mailu – Ag. General Manager (KPRL)**

Mr. Tom Mailu joined KPC in September 2004 as a statistician. He has 30 years of experience in business strategy and planning. He has been instrumental in crafting various business and bankable proposal for infrastructural development, setting of tariffs, risk management, and data management at KPC. He rose through the ranks at KPC to the position of Corporate Planning Manager before deployment to Kenya Petroleum Refineries Ltd. (KPRL) in July 2017 as Acting General Manager to manage and optimize the operations of its assets as well as coordinate the acquisition process of KPRL which culminated in KPRL being 100% subsidiary of KPC in October 2023.

Tom has a Masters Degree in Economics from the University of Nairobi and a Bachelor of Arts in Economic and Geography from Egerton university. He is a member of the Economist Society of Kenya

## **20.6 CORPORATE GOVERNANCE**

Corporate Governance helps to enhance corporate performance through systems, processes and operations to safeguard the interests of all stakeholders. This ensures Board and Management accountability and helps build public trust in the Company.

The Board of Kenya Pipeline Company Limited is responsible for the governance of KPC and is accountable to all its stakeholders by overseeing the effective management and control of the Company. Transparency, accountability, and disclosure are the key focus areas of KPC's Board oversight. This is well demonstrated in KPC's audited

Financial Statements over the years. Management has also implemented an enterprise risk assessment framework under which risks are identified, monitored, and controlled.

In implementing the Corporate Governance tenets, the Board seeks to add value through constructive dialogue and engagement with stakeholders as well as Management, with a strong focus on the Company's strategic agenda.

The Board embraces and recognizes the benefits of diversity in skills and experience in its composition and this engenders the effective discharge of the Boards strategic oversight function.

#### 20.6.1 Board Composition

KPC's Board of Directors constitutes of (10) Members comprising of a non-executive Chairman, the Cabinet Secretary, The National Treasury & Economic Planning, the Principal Secretary, State Department of Petroleum, Ministry of Energy and Petroleum, the Attorney General, the Managing Director and five (5) independent non-executive directors with a mix of skills and competencies. The non-executive directors are independent of Management.

The Board is compliant with the prevailing requirements of membership. One (1) member has a Finance and Accounting background and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). The Board composition also complies with the Constitutional requirement of gender balance. Currently, the gender balance comprises of five (5) members of either gender (50:50).

#### 20.6.2 Board Committees

The Board has four (4) standing Committees with specific terms of reference to exercise the Board's delegated responsibilities. The Committees are the Audit, Human Resources, Technical, and Finance Committees.

The membership as at 30th June 2025 is summarized as follows:

##### i. Board Audit Committee (BAC)

Members

1. Irene Wachira - Chairperson
2. Sharon Irungu-Asiyo, HSC
3. Abraham Koech
4. Martha Wanjiru Miano

Terms of Reference

- To provide structured company systems, processes, and procedures together with effective internal controls.
- Overseeing the Company's audit function in a process that is independent of management
- Assists the board and management by providing assurance
- Provide advice, guidance, and potential improvements on the adequacy and effectiveness of KPC's initiatives for:
  - o Values and ethics.
  - o Governance structure.
  - o Risk management.
  - o Internal control framework.

- o Oversight of the internal audit function,

- o Liaising with the external auditors by reviewing their reports and letters, and other providers of assurance (e.g. Public Investments Committee, Public Accounts Committee).

- o Review Financial statements for compliance with reporting standards and public accountability reporting.

##### ii. Board Finance Committee (BFC)

Members

1. Hon. Joyce Emanikor, HSC - Chairperson
2. Abraham Koech
3. Mutungwa Wambua
4. Joe Sang, EBS

Terms of Reference

- Oversight Enterprise Risk Management
- Monitoring and oversight of the Company's financial resources
- Advice on financial strategies e.g. capital management, borrowing and asset/liability management
- Oversight of the organization's budget planning and implementation process
- Review of financial performance and analysis
- Analysis of debt service
- Analysis of cashflow management

##### iii. Board Human Resources Committee (BHRC)

Members

1. Mutungwa Wambua - Chairperson
2. Mohamed Birik Mohamed, OGW, EBS
3. Martha Wanjiru Miano
4. Joe Sang, EBS

Terms of Reference

- Oversight of the management of Human Resources
- Reviews and provides recommendations to the Board on the organization structure, the staff establishment, procedures on staff recruitment and selection, performance and reward system
- Reviews and advises management on terms and conditions of service in line with the company's human resources management strategies, initiatives and policies

##### iv. Board Technical Committee (BTC)

Members

1. Hon. Christopher Odhiambo Karani – Chairperson
2. Mohamed Birik Mohamed, OGW, EBS
3. Sharon Irungu-Asiyo, HSC
4. Joe Sang, EBS

#### Terms of Reference

- Assist the Board in fulfilling its oversight responsibilities on specific technical matters
- Oversees and advises the Board about the development and advancement of the Company's petroleum transportation and storage capacity, the Company's expansion opportunities, project development, project economic analysis, appraisal of technical risk factors

#### 20.6.3 Conflicts of Interest

The Board has ensured that there is a policy on the Management of Conflict of Interest in place. KPC also maintains a conflict-of-interest register which is present at every Board meeting to ensure that any Member in attendance with a conflict of interest declares so and records it in the register before the meeting. Such Member is forbidden from taking part in any discussions and decision-making processes regarding any subject where the conflict of interest arises.

#### 20.6.4 Expected Senior Management Changes

There are no planned nor anticipated senior management changes in the Company for the next 24 months period.

#### 20.6.5 Board Remuneration

The Directors' annual fees are paid upon approval by the shareholders at the Annual General Meeting and after approval by the Cabinet Secretary of the National Treasury.

There are no arrangements under which any director of the issuer has waived or agreed to waive future emoluments, and no such waivers occurred during the past financial year or are in force as at the date of this Information Memorandum.

	<b>Year end 30 June, 2023</b>	<b>Year end 30 June, 2024</b>	<b>Year end 30 June, 2025</b>	<b>Six Months ended 31 December 2025</b>
(Kshs '000)				
Honoraria	960	960	960	480
Directors' fees	5,400	7,680	10,620	5,400
Sitting & Duty allowance	7,336	11,740	7,587	2,727
Fees for service as a director	13,696	20,380	19,167	8,607
(Sub-Total)				
Daily Subsistence Allowance	3,502	9,065	8,727	2,221
Other emoluments to Non-Executive Directors (Sub-Total)	3,502	9,065	8,727	2,221
<b>Grand Total</b>	<b>17,198</b>	<b>29,445</b>	<b>27,894</b>	<b>10,828</b>

#### 20.7 CORPORATE GOVERNANCE CHANGES POST-IPO

The company will transition from being a State Corporation to a Public Liability Company (PLC). This will necessitate several changes in its corporate governance practices and procedures.

1. Appointment of directors and chairman of the board – directors will no longer be appointed by the Cabinet Secretary for Energy and the Chairman of the board by the President, they will instead be nominated by the shareholders of the company and voted in at the Annual General Meeting. Once a board of directors has been constituted, the directors will elect one from themselves as the Chairman of the board.
2. Minority interest representation – after the IPO has closed and a new members register updated, independent directors to represent the interests of the investors who come in through the IPO will be nominated to the board and voted in at the next AGM.
3. Disclosures – the company will be expected to make public all material disclosures that will have a bearing on the share price immediately or before the disclosure event has taken place. This is a mechanism to avoid incidences of insider trading or speculation on the share price.
4. Board committees – board committees will be expanded and reconstituted to reflect and implement the full internal structure of a Public Liability Company. To be incorporated are aspects of investor relations, capital markets regulations compliance, communications and relations with NSE and CDS.
5. In accordance with the POLD Regulations the Directors of KPC are subject to restrictions in relation to dealing in KPC's securities. The directors, or any persons acting on their behalf or connected with them, are prohibited from dealing in the securities of KPC during any Closed Period, or at any time when the Director is in possession of unpublished price-sensitive information relating to KPC or its securities.

A Closed Period means the period commencing immediately after the end of a financial period and ending upon the public release of the KPC's financial results, and also includes any other period designated as a Closed Period by the Board in accordance with applicable laws and regulations. Any dealings by directors in the KPC's securities will be conducted strictly in accordance with the Capital Markets Act, the POLD Regulations and all applicable internal policies of KPC.

# 21. Employee Share Option Plan

The Employee Share Ownership Plan (ESOP) allows all KPC employees to participate in KPC's equity after listing through an ESOP Trust and to benefit from the Company's long-term value.

The ESOP uses a hybrid structure:

- a portion of ESOP units is granted to employees at no cost, and
- a portion is acquired by employees at nominal value.

This structure balances broad-based inclusion, fair reward for service, and long-term retention.

## 21.1 ESOP STRUCTURAL FRAMEWORK

The ESOP shall be established as an unincorporated trust, constituted by a Trust Deed and ESOP Rules, with a professional trustee holding legal title to shares for the benefit of eligible employees.

Eligible employees shall hold units in the ESOP trust, representing beneficial interests in the underlying KPC shares held by the trustee, rather than direct legal ownership of shares.

Up to 1.5% of KPC's authorized share capital shall be reserved for the ESOP and sourced from KPC's unissued share capital.

The Articles of Association have been amended to:

- i. expressly provide for the ESOP share pool;
- ii. authorise the Board to allot and issue shares to the ESOP trustee post-IPO; and
- iii. incorporate binding anti-dilution protections in favour of the Government of Kenya.

## 21.2 POST-IPO ESOP IMPLEMENTATION MECHANICS

- i. Following listing, the Board shall allot shares representing 1.5% of the issued share capital to the ESOP trustee from unissued share capital at nominal value, pursuant to authority contained in the amended Articles.
- ii. The subscription amount shall be the nominal value of the shares.
- iii. Eligible employees may acquire ESOP units at nominal value post-listing, subject to:
- iv. a minimum lock-in period of not less than two (2) years (or other appropriate and suitable period or method to be determined); and
- v. vesting, forfeiture, exit, and leaver provisions set out in the ESOP Rules.

## 21.3 DISPOSAL AND VALUE REALISATION

ESOP units confer economic exposure to KPC shares but do not provide immediate liquidity. Upon exit, redemption, or vesting maturity:

- i. the ESOP trustee shall sell the corresponding shares on the Nairobi Securities Exchange at prevailing market prices; and
- ii. employees shall receive cash proceeds net of costs and taxes.

The Company shall not fund or guarantee any redemption, settlement, or cash-out payments.

## 21.4 DILUTION AND GOVERNMENT SHAREHOLDING PROTECTION

The issuance of ESOP shares will result in dilution of all shareholders other than the Government of Kenya, including public shareholders following the IPO.

To ensure that Government ownership is not diluted below the minimum threshold of thirty-five percent (35%) approved by Parliament, the Articles of Association have incorporated binding anti-dilution protections, including:

- i. a constitutional ownership floor requiring Government shareholding to be maintained at or above 35%;
- ii. exclusion of Government shareholding from dilution calculations arising from ESOP issuances; and
- iii. automatic adjustment mechanisms which may include the issuance of additional ordinary shares to the Government, where necessary, at nominal value, to preserve the Government's minimum shareholding threshold.

The Articles provide for a range of anti-dilution mechanisms to preserve the Government's minimum shareholding threshold, including adjustment formulas, issuance limitations, or compensatory allotments.

Where anti-dilution is achieved through the issuance of additional ordinary shares to the Government, such issuance would be effected at nominal value and would accordingly require the Government to pay the applicable nominal consideration in compliance with the Companies Act.

## 21.5 REGULATORY AND DISCLOSURE CONSIDERATIONS

Implementation of the ESOP shall be subject to:

- i. Capital Markets Authority approval;
- ii. Nairobi Securities Exchange admission of ESOP shares; and
- iii. compliance with applicable accounting and disclosure standards.

## 22. Taxation on Income of Shares

Disclaimer: Neither Kenya Pipeline Company nor any of its Directors, officers or Advisers accepts any liability for any tax implications of Shareholders in connection with the Offer.

This section provides a general overview of the tax considerations relevant to the Offer Shares, based on Kenyan tax law and practice in effect as at the date of this Information Memorandum. They apply only to persons who are the absolute beneficial owners of the Offer Shares and do not constitute a comprehensive analysis of all potential tax implications. Shareholders and prospective investors should therefore treat this section as guidance only and are strongly advised to consult their own professional tax Advisers regarding the possible tax consequences of acquiring, holding or disposing of the Offer Shares, as well as receiving dividends or other distributions, under the laws of their respective countries of residence, citizenship, or domicile.

### Dividend Payments

Dividend payments to Kenyan resident shareholders and citizens of East African Community Partner States are subject to withholding tax at a rate of 5%. Non-resident shareholders are subject to withholding tax at a rate of 10% (or such other rate as may apply under prevailing legislation). Non-residents may be entitled to a tax credit in their home jurisdiction under domestic tax laws or applicable double taxation treaties. Shareholders who are tax-exempt must provide a certified copy of a valid Tax Exemption Certificate.

### Stamp Duty

As long as the Offer Shares remain listed on the Nairobi Securities Exchange, no stamp duty, registration fees, or similar taxes are payable in Kenya on the transfer of such Shares, in accordance with current legislation.

### Double Taxation Treaties

Kenya has concluded double taxation treaties with Canada, Denmark, France, Germany, India, Iran, Norway, Republic of Korea (South Korea), Qatar, Seychelles, South Africa, Sweden, United Arab Emirates, the United Kingdom and Zambia.

## 23. Statutory and General Information

### Authorization

In connection with its status as a state corporation and a limited liability company incorporated under the Companies Act, KPC has obtained all necessary approvals and authorisations in connection with the Offer including but not limited to:

1. Approval of the Cabinet Secretary, National Treasury and Economic Planning in relation to the privatization of KPC through an initial public offer;
2. Approval of the National Assembly of Sessional Paper No. 2 of 2025 on the privatization of KPC
3. Approval of the Board of Directors in relation to: (a) the Information Memorandum so far as it relates to the information of KPC as at the date thereof; and (b) approving the listing of the KPC's shares on the Nairobi Securities Exchange (NSE);
4. Approval of the sole member of KPC in relation to (a) The subdivision of each ordinary share with a current nominal value of KES 20.00 into 1000 ordinary shares of KES 0.02 each, without any alteration to the total issued share capital of KPC; (b) the conversion of KPC from a private limited company to a public limited company; (c) the change of KPC's name to Kenya Pipeline PLC; (d) the adoption of new articles of association; and (e) the establishment of an Employee Share Ownership Plan (ESOP) and the allotment of up to 1.5% of KPC's shares under the ESOP.

### Incorporation

KPC was incorporated in Kenya under the Companies Act on 15 September 1973 as a private company, under registration number PLC-VY7TPQMRK. KPC retains its status as a private company, as at the date of this Information Memorandum. In compliance with the provisions of the Companies Act, KPC has pursuant to the approval of its directors issued an undertaking pursuant to Section 511 of the Companies Act to convert the company to a public limited company within six (6) months of the date of opening of the Offer.

Its registered office address is Kenpipe Plaza, Nanyuki Road, P.O. Box 73442–00200, Nairobi, Kenya.

### Principal Objects

The principal object of KPC, as set out in its Memorandum of Association, is to transport, store, handle, process and treat petroleum products and such other products as may be incidental or ancillary thereto, and to design, construct, own, operate, maintain and manage pipelines, storage facilities and other related infrastructure, as well as to provide logistical, transport and related services in connection therewith.

### Share Capital

At incorporation, the issued share capital of KPC was KES 1,000,000, divided into 50,000 ordinary shares of KES 20 each, all of which were issued and fully paid up.

Pursuant to a member resolution dated 8th January 2026 KPC undertook a subdivision of its ordinary shares, resulting in the of KES 387,391,600.00 being divided into 19,369,580,000 ordinary shares of KES 0.02 each. As at the date of this Information Memorandum, 18,173,299,000 are issued and fully paid up translating into an issued share capital of KES 363,465,980.00

KPC therefore meets the regulatory requirement that an issuer shall have a minimum issued and fully paid-up ordinary share capital of Kenya Shillings Fifty Million (KES 50,000,000).

### Total Assets

As at the latest reporting date, the total assets of KPC exceed KES 1,000,000,000 thereby surpassing the prescribed eligibility threshold.

#### **Company Secretary**

The Company Secretary for KPC is Flora Fiona Okoth of ICS Membership No. 1777.

#### **Classification as a State Corporation**

As at the date of this Information Memorandum, KPC is classified as a state corporation pursuant to the State Corporation Act, Cap 446 of the Laws of Kenya. Upon the successful completion of the IPO, KPC shall automatically cease being classified as a state corporation.

KPC is also designated as a National Government Entity for the purposes of the Public Finance Management Act, Cap 412A (the PFMA) to of the Laws of Kenya pursuant to the Declaration of National Government Entities (State Organs) (Legal Notice 33 of 2015). KPC is therefore subject to the provisions of the PFMA as at the date of this Information Memorandum. It is anticipated that, following the successful close of the IPO, as part of the annual publication of the gazette declaring national government entities for the purposes of The PFMA, the Cabinet Secretary, with the approval of parliament and the Cabinet, will declare the cessation of KPC as a National Government Entity.

#### **Licensing**

KPC holds licences issued by the Energy and Petroleum Regulatory Authority pursuant to the Energy Act, 2019 in respect of its petroleum operations. KPC is also a licensee of the Communications Authority of Kenya under the Kenya Information and Communications Act, 1998, in connection with the installation, ownership and operation of fibre-optic and related communications infrastructure.

#### **Subsidiaries**

KPC's principal subsidiary is Kenya Petroleum Refineries Limited (KPRL) registered under the Companies Act under Company No. C.4676, through which KPC also indirectly holds 100% of the issued share capital of Kenya Petroleum Refineries Pension Trust Limited (KPRL Pension Trust Limited) registered under Company No. C.151206

The table below summarises KPC's direct and indirect subsidiaries, the nature of shareholding, ownership interest, and principal activities:

Name of Entity	Nature of Shareholding	Country of Incorporation	Share Capital	Ownership Interest Held by the Group	Principal Activities
Kenya Petroleum Refineries Limited (KPRL)	Direct	Kenya	736,000,000 (Divided into 36, 800,000 Ordinary Shares of KES 20.00 each )	100%	KPRL provides storage services for imported petroleum products and leases its storage tanks and pipelines to KPC.
KPRL Pension Trust Limited	Indirect through KPRL  (KPRL holds 100% of the issued ordinary share capital of KPRL Pension Trust Limited (10,000 ordinary shares of KES 1,000 each))	Kenya	10,000,000.00 (Divided into 10000 Ordinary shares of KES 1000 each)	100%	The trust functions solely in a trustee capacity and, as such, does not generate profits.

#### **KPRL**

KPRL was incorporated in March 13, 1960 as East Africa Oil Refineries Limited.

It changed its name to Kenya Petroleum Refineries Limited by special resolution and approved by the Registrar of Companies on September 13, 1983.

KPC acquired its entire shareholding in Kenya Petroleum Refineries Limited (KPRL) from the National Treasury pursuant to a share transfer agreement dated 27 October 2023.

KPRL is currently listed as a Government-Owned Enterprise under the Government-Owned Enterprises Act ("GoE Act"). The GoE Act establishes governance, reporting and accountability requirements for state-owned enterprises in which the Government of Kenya has ownership and provides for the restructuring of identified GoEs to enhance operational efficiency, transparency, and proper management of public assets.

The classification of KPRL as a GoE does not affect KPC's privatisation, given KPC is the legal and beneficial owner of 1005 of the issued shares of KPRL, but may present challenges to the operational synergies of the two companies as members of the same group. Relevant approvals are expected to be obtained in accordance with applicable law. KPRL is undergoing a dissolution process that is expected to complete alongside its de-gazettement as a GoE.

## Extracts from Articles of Association

Article	Extract
Article 6 Directors to take decision collectively	<p>A decision of the directors can be taken only—</p> <p>at a directors' meeting; or</p> <p>in the form of a directors' written resolution.</p> <p>So long as the CST holds any shares in the company, the following matters shall require the prior approval of not less than two (2) CST Directors, in addition to any other approvals required by law:</p> <ul style="list-style-type: none"> <li>the appointment or removal of the Managing Director;</li> <li>any change of the name or brand of the Company;</li> <li>the issue of new shares (other than shares issued pursuant to an approved Employee Share Ownership Plan (ESOP)) – for the purposes of this article, the CST Directors shall consider whether the CST, on behalf of the Government of Kenya, will participate in the proposed issue for the purposes of retaining its thirty-five per cent (35%) shareholding, and non-participation by the CST shall be sufficient reason to withhold approval;</li> <li>any material change to the business plan of the Company, including any material deviation from the post-IPO strategy disclosed in the Information Memorandum; and</li> <li>any employee restructuring, retrenchment or redundancy programme implemented within three (3) years following the IPO.</li> </ul>
Article 7 Convening directors' meetings	<p>Any director may convene a directors' meeting.</p> <p>The company secretary shall convene a directors' meeting if a director requests it.</p> <p>A directors' meeting is convened by giving notice of the meeting to the directors.</p> <p>A notice of a directors' meeting is not effective unless it indicates—</p> <ul style="list-style-type: none"> <li>its proposed date and time; and</li> <li>where it is to take place.</li> </ul> <p>The company shall give notice of a directors' meeting to each director, but the notice need not be in writing.</p> <p>If a notice of a directors' meeting has not been given to a director (the failure) but the director waives his or her entitlement to the notice by giving notice to that effect to the company not more than 7 days after the meeting, the failure does not affect the validity of the meeting, or of any business conducted at it.</p> <p>A failure to give notice of a Directors' meeting does not invalidate the meeting or any business conducted at it if the Director entitled to notice waives that entitlement within seven (7) days after the meeting.</p>
Article 8 Participation in directors' meetings	<p>Subject to these articles, directors participate in a directors' meeting, or part of a directors' meeting, when—</p> <p>the meeting has been convened and takes place in accordance with these articles; and</p> <p>they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.</p> <p>In determining whether directors are participating in a directors' meeting, it is irrelevant where a director is and how they communicate with each other.</p> <p>If all the directors participating in a directors' meeting are not in the same place, they may regard the meeting as taking place wherever any one of them is.</p>
Article 9 Quorum for directors' meetings	<p>At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to convene another meeting.</p> <p>The quorum for directors' meetings shall be a majority of the Directors for the time being, provided that such quorum includes at least one (1) Independent Non-Executive Director and a CST Director.</p>

Article 10 Meeting if total number of directors is less than quorum	<p>This article applies if the total number of directors for the time being is less than the quorum required for directors' meetings.</p> <p>If there is only one director, that director shall convene a general meeting to do so and issue a formal request to the CST to appoint the relevant CST directors.</p> <p>If there is more than one director including a CST Director—a directors' meeting may take place, if it is convened in accordance with these articles and at least 2 directors, including a CST director, participate in it, with a view to appointing sufficient directors to make up a quorum or convening a general meeting to do so.</p>
Article 12 Voting at director's meetings: general rules	<p>Subject to these articles, a decision is taken at a directors' meeting by a majority of the votes of the participating directors.</p> <p>Subject to these articles, each director participating in a directors' meeting has one vote.</p>
Article 13 Casting vote of person presiding at directors' meeting	No director shall hold a casting vote.
Article 21 Reserved Matters	<p>So long as the CST holds any shares in the Company, the following matters shall require the approval of not less than two (2) CST Directors:</p> <ul style="list-style-type: none"> <li>the appointment or removal of the Managing Director; and</li> <li>the issuance of new share capital.</li> </ul> <p>The following matters shall require the approval of not less than seventy-five per cent (75%) of all the Directors for the time being in office and shall not require CST-specific approval:</p> <ul style="list-style-type: none"> <li>any change of name or brand of the Company;</li> <li>any material change to the business plan of the Company; and</li> <li>any employee restructuring or redundancy programme implemented within three (3) years following the Initial Public Offering.</li> </ul>

Article 24 Appointment and retirement of directors	<p>Directors shall be appointed by the Company by ordinary resolution of the Members in accordance with the Companies Act, 2015 and these Articles, save where appointment rights are expressly reserved to a member under these Articles.</p> <p>A director appointed under sub-article (1)(a) is subject to article 24.</p> <p>An appointment under sub-article (1)(b) may only be made to—</p> <ul style="list-style-type: none"> <li>fill a casual vacancy; or</li> <li>appoint a director as an addition to the existing directors if the total number of directors does not exceed the number fixed in accordance with these articles.</li> </ul> <p>A director appointed under sub-article (1)(b) is required to retire from office at the next annual general meeting following the appointment.</p> <p>So long as the CST holds not less than ten per cent (10%) of the issued share capital of the Company, the CST shall be entitled to appoint not less than one-third (1/3) of the Directors (rounded down to the nearest whole number).</p> <p>So long as the Oil Marketing Companies ("OMCs"), acting through the Institute, collectively hold such shareholding or meet such criteria as may be prescribed under these Articles or applicable law, the Institute shall be entitled to nominate and appoint one (1) Director to the Board (the Institute Director).</p> <p>So long as the Institutional Investor shareholding threshold prescribed under these Articles continues to be met, the Financial Markets Authority ("FMA") shall be entitled to nominate and appoint one (1) Director to the Board (the FMA Director).</p> <p>The FMA Director shall hold office subject to the Act and these Articles and shall not be subject to appointment through the Nomination Committee.</p> <p>The Institute Director shall hold office subject to the provisions of the Act, these Articles, and shall not be subject to appointment through the Nomination Committee.</p> <p>Subject to Articles reserving appointment rights to the CST, directors shall be appointed by the members in a general meeting upon recommendation of the Nomination Committee.</p> <p>In making recommendations, the Nomination Committee shall have regard to—</p> <ul style="list-style-type: none"> <li>the balance of skills, experience, independence and diversity required for the effective governance of a listed public company;</li> <li>the Act, the Capital Markets Act and the CMA Code of Corporate Governance; and</li> <li>the composition requirements set out in these Articles.</li> </ul> <p>No person shall be proposed for appointment as a Director unless first recommended by the Nomination Committee, except where appointment is made pursuant to an express member appointment right, including and subject to the appointment rights of the CST pursuant to these Articles.</p> <p>Each Director shall satisfy the fit and proper requirements prescribed under the Companies Act and the Capital Markets Act.</p>
Article 25 Retirement of Directors by Rotation	<p>All directors shall retire, by rotation, at the first annual general meeting following the IPO, except the Managing Director and the CST Directors designated as such in the Information Memorandum or their successors.</p> <p>At every subsequent annual general meeting, one-third of the directors for the time being are required to retire from office by rotation.</p> <p>Sub-articles (1) and (2) are subject to article 33(2).</p> <p>For the purposes of sub-article (2), if the number of directors is not 3 or a multiple of 3, then the number nearest one-third are required to retire from office.</p> <p>The directors to retire in every year are to be those who have been longest in office since their last appointment or reappointment.</p> <p>For persons who became directors on the same day, those who are to retire are to be determined by lot, unless they otherwise agree among themselves.</p> <p>At the annual general meeting at which a director retires and does not offer themselves for re-election, are not eligible for re-appointment or are not re-elected, the company may appoint a person to fill the vacated office.</p> <p>A person is not eligible for appointment to the office of director at any general meeting unless—</p> <ul style="list-style-type: none"> <li>the person is a director retiring at the meeting;</li> <li>the person is recommended by the director, acting through the Nomination Committee, for appointment to the office; or</li> </ul> <p>Director nominations shall be made only through the Nomination Committee which shall be chaired by an Independent Non-Executive Director, save for CST nomination rights expressly provided for under these Articles.</p>
Article 26 Retiring Director Eligible for Re- Appointment	<p>A retiring Director shall be eligible for re-appointment only if the Director continues to satisfy the requirements of the Companies Act, the Capital Markets Act and, where applicable, the independence criteria for Independent Non-Executive Directors, except where otherwise prescribed by the Board.</p> <p>Notwithstanding the foregoing, where the retiring Director is an FMA Director, such Director shall be eligible for re-appointment only with the prior concurrence of the FMA and provided that the Institutional Investor shareholding threshold continues to be met at the time of such re-appointment.</p>
Article 29 Directors' remuneration	<p>Directors' remuneration shall be determined in accordance with a Directors' Remuneration Policy approved by the Company at its first annual general meeting following the IPO, and as amended from time to time by the Members.</p> <p>A director's remuneration may—</p> <ul style="list-style-type: none"> <li>take any form; and</li> <li>include any arrangements in connection with the payment of a retirement benefit to or in respect of that director.</li> </ul>
Article 39 General meetings	<p>Subject to Division 5 of Part XII of the Act, the company shall, in respect of each financial year of the company, hold a general meeting as its annual general meeting in accordance with section 310 of the Act (Public companies: annual general meeting).</p>
	<p>The directors may, if they consider appropriate, convene a general meeting.</p> <p>If the directors are required to convene a general meeting under section 277 of the Act (Right of members to require directors to convene general meeting), they shall convene it in accordance with section 278 of the Act (Directors duty to convene general meetings required by members).</p> <p>If the directors do not convene a general meeting in accordance with section 278 of the Act, the members who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting in accordance with section 279 of the Act (Power of members to convene general meeting at the expense of the company).</p>

Article 40 Notice of general meetings	<p>The directors may convene an annual general meeting only by giving members at least 21 days' notice of the meeting.</p> <p>The directors may convene a general meeting other than an annual general meeting only by giving members at least 21 days' notice of the meeting.</p> <p>The notice is to be exclusive of—</p> <ul style="list-style-type: none"> <li>the day on for holding the meeting given; and</li> <li>the day for holding the meeting given.</li> </ul> <p>The directors shall ensure that the notice—</p> <ul style="list-style-type: none"> <li>specifies the date and time of the meeting;</li> <li>specifies the place of the meeting (and if the meeting is to be held in 2 or more places, the principal place of the meeting and the other place or places of the meeting);</li> <li>states the general nature of the business to be dealt with at the meeting;</li> <li>for a notice convening an annual general meeting, states that the meeting is an annual general meeting;</li> <li>if a resolution (whether or not a special resolution) is intended to be moved at the meeting—</li> <ul style="list-style-type: none"> <li>include notice of the resolution; and</li> <li>include or be accompanied by a statement containing any information or explanation that is reasonably necessary to indicate the purpose of the resolution;</li> <li>if a special resolution is intended to be moved at the meeting, specifies the intention and include the text of the special resolution; and</li> <li>contains a statement specifying a member's right to appoint a proxy under section 298 of the Act (Right to appoint proxy).</li> </ul> <p>Sub-article (4)(e) does not apply in relation to a resolution of which—</p> <ul style="list-style-type: none"> <li>notice has been included in the notice of the meeting under section 278(2) or section 279(2) of the Act; or</li> <li>notice has been given under section 289 of the Act (Members' power to request circulation of resolution for annual general meeting).</li> </ul> <p>Despite the fact that a general meeting is convened by shorter notice than that specified in this article, it is regarded as having been duly convened if it is so agreed—</p> <ul style="list-style-type: none"> <li>for an annual general meeting, by all the members entitled to attend and vote at the meeting; and</li> <li>in any other case, by a majority in number of the members entitled to attend and vote at the meeting, being a majority together representing at least 95 per cent of the total voting rights at the meeting of all the members.</li> </ul> </ul>	Article 43 Attendance and speaking at general meetings	<p>A person is able to exercise the right to speak at a general meeting when the person is in a position, during the meeting, to communicate to all those attending the meeting any information or opinions that the person has on the business of the meeting.</p> <p>A person is able to exercise the right to vote at a general meeting when—</p> <ul style="list-style-type: none"> <li>the person is, during the meeting, able to vote on resolutions put to the vote at the meeting; and</li> <li>the person's vote can be taken into account in determining whether or not those resolutions are passed at the same time as the votes of all the other persons attending the meeting.</li> </ul> <p>The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.</p> <p>In determining attendance at a general meeting, it is immaterial whether any 2 or more members attending it are in the same place as each other.</p> <p>Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have rights to speak and vote at the meeting, they are able to exercise them.</p>
Article 41 Persons entitled to receive notice of general meetings	<p>Each member and each director are entitled to be given notice of a general meeting.</p> <p>In sub-article (1), the reference to a member includes a transmittee, if the company has been notified of the transmittee's entitlement to a share.</p> <p>If notice of a general meeting or any other document relating to the meeting is required to be given to a member, the company shall give a copy of it to its auditor (if more than one auditor, to each of them) at the same time as the notice or the other document is given to the member.</p>	Article 44 Quorum for general meetings	<p>A members' resolution shall not be valid unless shareholders representing at least forty per cent (40%) of the issued share capital are present and voting (in person or by proxy).</p> <p>Business other than the appointment of the person presiding at the meeting may not be transacted at a general meeting if the persons attending it do not constitute a quorum.</p>
		Article 45 Who is to preside at General Meetings	<p>If the chairperson (if any) of the board of directors is present at a general meeting and is willing to preside at the meeting, the chairperson is required to preside over the meeting.</p> <p>The directors present at a general meeting shall elect one of themselves to preside at the meeting if—</p> <ul style="list-style-type: none"> <li>there is no chairperson of the board of directors;</li> <li>the chairperson is not present within 15 minutes after the time fixed for holding the meeting;</li> <li>the chairperson is unwilling to act; or</li> <li>the chairperson has given notice to the company of the intention not to attend the meeting.</li> </ul> <p>The members present at a general meeting shall elect one of themselves to preside at the meeting if—</p> <ul style="list-style-type: none"> <li>no director is willing to preside at the meeting; or</li> <li>no director is present within 15 minutes after the time fixed for holding the meeting.</li> </ul> <p>A proxy may be elected to preside at a general meeting by a resolution of the company passed at the meeting</p>
		Article 48 General rules on voting	<p>A resolution put to the vote of a general meeting is to be decided on a show of hands unless a poll is duly demanded in accordance with these articles.</p> <p>If there is an equality of votes (whether on a show of hands or on a poll), the person presiding at the meeting at which the show of hands takes place or at which the poll is demanded, is entitled to a second or casting vote.</p> <p>On a vote on a resolution on a show of hands at a general meeting, a declaration by the person presiding that the resolution—</p> <ul style="list-style-type: none"> <li>has or has not been passed; or</li> <li>has passed by a particular majority, is conclusive evidence of that fact without proof of the number or proportion of the votes</li> </ul> <p>recorded in favour of or against the resolution.</p> <p>An entry in respect of the declaration in the minutes of the meeting is also conclusive evidence of that fact without the proof.</p>

Article 59 Amendments to Proposed Resolutions	<p>An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if— notice of the proposed amendment is given to the company secretary in writing; and the proposed amendment does not, in the reasonable opinion of the person presiding at the meeting, materially alter the scope of the resolution.</p> <p>The notice is required to be given by a person entitled to vote at the general meeting at which it is to be proposed at least 48 hours before the meeting is to take place (or a later time the person presiding at the meeting determines).</p> <p>A special resolution to be proposed at a general meeting may be amended by ordinary resolution if— the person presiding at the meeting proposes the amendment at the meeting at which the special resolution is to be proposed; and the amendment merely corrects a grammatical or other non-substantive error in the special resolution.</p> <p>If the person presiding at the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the vote on that resolution remains valid unless the Court orders otherwise.</p>	Article 85 Power of Directors to Refuse Transfer of Shares	<p>The directors may refuse to register the transfer of a share if— the share is not fully paid; the document of transfer is not lodged at the company's registered office or another place that the directors have appointed; the document of transfer is not accompanied by the certificate for the share to which it relates, or other evidence the directors reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf; or the transfer is in respect of more than one class of shares.</p> <p>If the directors refuse to register the transfer of a share— the transferor or transferee may request a statement of the reasons for the refusal; and the document of transfer is required to be returned to the transferor or transferee who lodged it unless the directors suspect that the proposed transfer may be fraudulent.</p> <p>The document of transfer is required to be returned in accordance with sub-article (2) (b) together with a notice of refusal within 2 months after the date on which the document of transfer was lodged with the company.</p> <p>If a request is made under sub-article (2)(a), the directors shall, within 28 days after receiving the request— send the transferor or transferee who made the request a statement of the reasons for the refusal; or register the transfer.</p>
Article 62 Powers to issue different classes of shares	<p>Without affecting any special rights previously conferred on the holders of any existing shares or class of shares, the company may issue shares that have— preferred, deferred or other special rights; or any restrictions, whether in regard to dividend, voting, return of capital or otherwise, that the company may from time to time by ordinary resolution determine.</p> <p>Subject to Part XX of the Act, the company may issue shares on the terms that they are to be redeemed, or liable to be redeemed, at the option of the company or the holders of the shares.</p> <p>The directors may determine the terms, conditions and manner of redemption of the shares.</p>		
Article 63 Employee Share Ownership Plan	<p>The Company shall establish and maintain an employee share ownership plan (ESOP). The directors are authorised to allot and issue shares to an ESOP trustee to be held for the benefit of eligible employees, subject to the limits as may be prescribed by the members from time to time.</p>	Article 86 Transmission of Shares	<p>If a member dies, the company may only recognise the following person or persons as having any title to a share of the deceased member— if the deceased member was a joint holder of the share, the surviving holder or holders of the share; and if the deceased member was a sole holder of the share, the legal personal representative of the deceased member.</p> <p>Nothing in these articles releases the estate of a deceased member from any liability in respect of a share that had been jointly held by the deceased member with other persons.</p>
Article 82 Transfer of Shares	<p>Subject to the Companies Act, 2015, the Capital Markets Authority (Public Offers, Listings and Disclosures) Regulations, 2025 (the "POLD Regulations"), the rules of any Securities Exchange on which the shares of the Company are listed or proposed to be listed, and any other applicable written law, all shares of the Company intended for public offer or listing shall be freely transferable.</p> <p>For the avoidance of doubt, and without limiting the generality of the foregoing, no share of the Company shall be subject to any restriction on transfer or marketability, including any right of pre-emption, right of first refusal, consent requirement, lock-in, transfer pricing mechanism, or any other contractual, constitutional, or administrative arrangement, except to the extent that such restriction is expressly permitted or mandatorily required by applicable law or the POLD Regulations.</p> <p>Shares may be transferred by means of a document of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of both the transferor and the transferee.</p> <p>A fee may not be charged by the company for registering any document of transfer or other document relating to or affecting the title to any share.</p> <p>The company may retain any document of transfer that is registered.</p> <p>The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.</p>	Article 90 Alteration of Share Capital Article 91 Reduction of share capital	<p>The company may by ordinary resolution alter its share capital in any one or more of the ways set out in Division 1 of Part XV of the Act (Alteration and consolidation of share capital).</p> <p>The company may by special resolution reduce its share capital in accordance with Division 2 of Part XV of the Act (Reduction of share capital).</p>
Article 83 Power to Issue Shares (ESOP Dilution)	<p>The directors shall have the power to issue shares, including bonus shares, exclusively to the CST only for the purposes of enabling the CST retain its percentage shareholding as at the date of listing the Company. The power to issue these shares, including bonus shares, shall only be exercisable by the directors to avoid a dilution arising from the issuance of shares to the ESOP.</p>	Article 93 Allotment of Shares	<p>The directors may not exercise any power conferred on them to allot shares in the company without the prior authorisation of the company by resolution if the authorisation is required by section 329 of the Act (Power of directors to allot shares: authorisation by company) and the approval of the CST.</p>

Article 94 Procedure for Declaring Dividends	<p>The directors may from time to time pay the members interim dividends that appear to the directors to be justified by the profits of the company.</p> <p>A dividend may be paid only out of the profits in accordance with Part XVII of the Act (How company's assets are to be distributed).</p> <p>Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it is payable by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.</p> <p>Before recommending any dividend, the directors may set aside out of the profits of the company any sums they consider appropriate as reserves.</p> <p>The directors may—</p> <ul style="list-style-type: none"> <li>apply the reserves for any purpose to which the profits of the company may be properly applied; and</li> <li>pending such an application, employ the reserves in the business of the company or invest them in any investments (other than shares of the company) that they consider appropriate.</li> </ul> <p>The directors may also without placing the sums to reserve carry forward any profits that they think prudent not to divide.</p>
Article 95 Calculation of Dividends	<p>Dividends are valid only if they are—</p> <p>declared and paid according to the amounts paid on the shares in respect of which the dividend is paid; and apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.</p> <p>Sub-article (1) is subject to any rights of persons who are entitled to shares with special rights regarding dividend.</p> <p>If a share is issued on terms providing that it ranks for dividend as from a particular date, the share ranks for dividend accordingly.</p> <p>For the purposes of this article, an amount paid on a share in advance of calls is not to be treated as paid on the share.</p>
Article 96 Payment of dividends and other distributions	<p>If a dividend or other sum that is a distribution is payable in respect of a share, it is payable only by one or more of the following means:</p> <p>a transfer to a bank account specified by the distribution recipient either in writing or as the directors decide;</p> <p>sending a cheque made payable to the distribution recipient by post—</p> <p>if the distribution recipient is a holder of the relevant share—to the distribution recipient at that recipient's registered address; or</p> <p>in any other case – to an address specified by the distribution recipient either in writing or as the directors decide;</p> <p>sending a cheque made payable to the specified person by post to the specified person at the address the distribution recipient has specified either in writing or as the directors decide;</p> <p>any other means of payment as the directors agree with the distribution recipient either in writing or as the directors decide.</p> <p>In this article—specified person means a person specified by the distribution recipient either in writing or as the directors decide.</p>
Article 102 Capitalisation of Profits	<p>The company may by ordinary resolution on the recommendation of the recommendation of the directors capitalise profits.</p> <p>If the capitalisation is to be accompanied by the issue of shares or debentures, the directors may apply the sum capitalised in the proportions in which the members would be entitled if the sum was distributed by way of dividend, except in circumstances where article 83 (ESOP Anti-dilution) applies.</p> <p>To the extent necessary to adjust the rights of the members among themselves if shares or debentures become issuable in fractions, the directors may make any arrangements they consider appropriate, including the issuing of fractional certificates or the making of cash payments or adopting a rounding policy</p>

## Employee Share Ownership Plan (ESOP)

The sole member of KPC has approved the establishment of an ESOP for the benefit of the Company's employees. The ESOP is intended to serve as a mechanism for employee attraction, motivation and long-term retention and will comprise up to 1.5% of the issued share capital of the Company.

No further shareholder approval will be sought in respect of the ESOP following the listing of the Offer Shares, except that the ESOP will be subject to approval by the Capital Markets Authority. KPC will bear all costs associated with the establishment and administration of the ESOP.

The implementation and operation of the ESOP is subject to the anti-dilution mechanisms set out in KPC's amended and restated articles of association, which preserve the Vendor's minimum shareholding notwithstanding any issuance of shares under the ESOP.

Reporting in respect of the ESOP will be undertaken in accordance with the Public Offers and Listings Regulations and the applicable disclosure requirements, and details of the ESOP will be disclosed in KPC's Annual Report.

## Approvals

- (a) Capital Markets Authority: A copy of this Information Memorandum has been delivered to the CMA, and approval has been granted in relation to the Offer;
- (b) Listing of the Notes of the Nairobi Securities Exchange: KPC has obtained authorisation of the NSE for all or a portion of the Offer Shares to be admitted on the official list of the Nairobi Securities Exchange;
- (c) Dematerialized Security: An application has been made for the Offer Shares to be prescribed as a dematerialized security by the CDSC under section 24 of the Central Depositories Act (CAP. 485C), therefore share certificates will not be issued and shares held will be deposited in each investor's CDSC account; and
- (d) No Objections: the letters of no objection from the Energy and Petroleum Regulatory Authority (EPRA), the Communications Authority of Kenya (CA), the Competition Authority of Kenya (CAK) and the National Land Commission (NLC) have been issued in connection with the Offer.

## Material Litigation

From time to time, KPC and its subsidiaries are parties to various claims, suits, regulatory inquiries, and other legal proceedings that arise in the ordinary course of business. These matters may involve commercial, contractual, environmental, tax, employment, regulatory and other claims and disputes that are typical for an enterprise of the Group's size and scope.

The following is a summary of the main material claims against KPC:

No.	Case	Remarks	Current Status	Constitutional Petitions Challenging the Privatization Act HCCHPET/E714/2025 – Abdulhakim Dahir Sheikh & Another vs National Assembly HCCHRPET/E747/2025 – TI Kenya & Others vs AG & Other	While KPC is not a respondent in these constitutional petitions challenging the validity and application of the Privatization Act, 2025, the petitions raise questions regarding the current legislative framework underpinning the proposed privatization of the KPC	The matters are currently pending before the High Court (Constitutional & Human Rights Division), and no final determination has been made. Highlighting of submissions in both cases is Scheduled for January 28, 2025.
	Kimeu & 3,074 Others vs KPC & Another	<p>KPC was the respondent in a constitutional and environmental petition relating to allegations on environmental contamination affecting land, water resources, livelihoods and associated constitutional rights of affected communities along the Thange River area.</p> <p>The High Court issued declaratory and remedial orders, including orders relating to environmental restoration and compensatory relief. The aggregate financial exposure arising from the decision to KPC is approximately KES 2,595,065,340.00.</p> <p>KPC has appealed the decision to the Court of Appeal. The matter is currently pending determination, and an interim stay of execution has been granted, suspending enforcement of the impugned orders pending the hearing and determination of the appeal.</p> <p>KPC is actively pursuing the appeal.</p>	The Court of Appeal shall deliver a substantive Ruling on the application for stay of execution pending appeal on 15 <sup>th</sup> May, 2026	<p>Constitutional Petition Challenging Both Privatisation Act and the Privatisation of KPC HCCHRPET/E001/2026 – Okiya Omtatah Okoiti &amp; 2 Others v The National Executive &amp; Others</p>	<p>The petition is brought against the National Executive, Attorney-General, Privatisation Commission/Authority, the KPC Board, the National Assembly, IMF, and individual commissioners, with Katiba Institute and the Law Society of Kenya as interested parties.</p> <p>The petition raises issues relating to the statutory framework governing privatization, the composition and authority of the Privatisation Commission/Authority, and the process adopted for KPC's proposed divestiture.</p>	The matter is currently pending before the High Court, and no final determination has been made.
	Constitutional Matters Challenging the Privatization Process  HCCHPET/E517/2025 – COFEK vs National Treasury & Others  HCCHPET/E546/2025 – KPOWU vs National Treasury & Others  HCCHRPET/E661/2025 – TI Kenya & Others vs AG & Others	<p>Kenya Pipeline Company is a respondent in constitutional petitions challenging aspects of the privatisation.</p> <p>The petitions have been brought by, among others, the Kenya Petroleum &amp; Oil Workers Union and the Consumers Federation of Kenya, with a related petition filed by Transparency International, and raise issues relating to public and stakeholder participation, labour and employee considerations, national security concerns, and alleged compliance with the applicable privatisation framework.</p> <p>The High Court has directed that the petitions be consolidated, with all interlocutory applications subsumed into the main proceedings.</p> <p>No injunctive relief is currently in force, and the privatisation process is not presently restrained. The proceedings remain pending final determination. While the outcome is uncertain, any relief granted by the Court is expected to be declaratory or procedural in nature.</p> <p>The substantive issues arising from these proceedings are addressed in the relevant sections of this report, and KPC will continue to monitor and respond to developments as appropriate.</p>	Highlighting of submissions in relation to the petitions is scheduled for 5 February 2026.		<p>KPC has retained qualified external legal counsel to assist with the defence and management of litigation and other legal matters, which legal counsel work under the direction of KPC's in-house legal function. Management and the Board of Directors receive regular updates on the status of significant legal matters, including projected exposures and developments.</p> <p>In the opinion of the Directors, after consultation with legal advisors and based on information available as at the date of this Information Memorandum, save as otherwise disclosed in this Information Memorandum, the ultimate resolution of current proceedings, individually or in the aggregate, is not expected to have a material adverse effect on KPC's business, financial condition, results of operations, prospects or ability to fulfil its obligations in connection with the Offer. Accordingly, no liabilities are expected to arise other than those reflected in or provided for in the audited financial statements or included elsewhere in this Information Memorandum.</p> <p>As at the date of this Information Memorandum, KPC has made provisions in its financial statements for certain material litigation matters where such provisions are considered appropriate and required under applicable accounting standards, reflecting management's current best estimate of the expected obligations.</p>	

## Material Contracts

The following contracts are material to the business of KPC. These contracts have been entered into in the ordinary course of business and are legally binding. The list is not exhaustive and does not include contracts entered into in the ordinary course that are not material.

### TRANSPORTATION AND STORAGE AGREEMENTS WITH OIL MARKETING COMPANIES (OMCs)

Subject matter	Transportation and Storage Agreements
Parties	Individual contracts between KPC and each of the Oil Marketing Companies listed in the Annex below.
	Each contract bears the same terms under the principle of Equal Treatment: "KPC shall not extend or permit to be extended to any other party using the same System, Transportation Storage and Delivery terms and conditions substantially or materially different from those provided in this agreement."
Contract sum	No specific contract sum  For each standard cubic metre of Product delivered at a Point of Delivery, the OMC pays a tariff exclusive of all statutory charges and taxes. The applicable tariff is as agreed in the contract or as may be reviewed by KPC from time to time and approved by EPRA.
Term & Termination Provisions	Varied terms (periods) of contract.  Either party may terminate the contract: a) if the other party does not remedy a breach of their respective obligations under the contract within 30 days of the notice of breach; b) commits a material breach of a directive given by any Governmental Authority or withdrawal of licenses; c) either party becomes insolvent or bankrupt; or the OMC colludes with KPC employees and agents to steal and or divert product from KPC's system.
Start Date	Varied.
Liability	No specific clause on limitation of liability. Liability is therefore uncapped, subject only to each party's obligations, statutory limits, remoteness, causation, and any implied exclusions recognised by law.
Governing Law & Dispute Resolution	Kenyan Law  Disputes are to be resolved amicably by direct informal negotiation and if parties are unable to resolve the dispute 30 days from the commencement of such informal negotiations, either party may require that the dispute be referred for resolution to the formal mechanisms provided under the Laws of Kenya.

### Annex of TSA Material Oil Marketing Companies Contracts as Disclosed by KPC

OMC Name	Service charge fees in FY 2024/2025 (in Kshs.)
Vivo Energy Kenya Ltd	4,948,043,500
Total Energies Marketing K	4,207,507,341
Rubis Energy Kenya Plc	3,127,982,107
Gulf Energy Limited	2,629,673,598
Lake Oil Limited	1,457,739,653
Uganda National Oil Company	1,280,065,429
Galana Energies Limited	981,932,868
Stabex International Limi	952,979,633

Hass Petroleum Limited	948,189,462
Be Energy Limited	912,839,467
Oilcom Kenya Limited	773,422,743
Ola Energy Kenya Limited	754,388,109
Oryx Energy Kenya Limited	625,419,211
Dalbit Petroleum Limited	618,845,481
Hero Petroleum Limited	570,625,266
Costalina Energy Limited	535,871,113

### TRANSPORTATION AND STORAGE AGREEMENT WITH UGANDA NATIONAL OIL COMPANY LIMITED (UNOC)

Subject matter	Transportation and Storage Agreement
Parties	KPC & UNOC
	Each contract bears the same terms under the principle of Equal Treatment: "KPC shall not extend or permit to be extended to any other party using the same System, Transportation Storage and Delivery terms and conditions substantially or materially different from those provided in this agreement."
Contract sum	No specific contract sum  For each standard cubic metre of Product delivered at a Point of Delivery, an Oil Marketing Company (OMC) pays a tariff exclusive of all statutory charges and taxes. The applicable tariff is as agreed in the contract or as may be reviewed by KPC from time to time and approved by EPRA.
Term & Termination Provisions	Either party may terminate the contract: a) if the other party does not remedy a breach of their respective obligations under the contract within 30 days of the notice of breach; b) commits a material breach of a directive given by any Governmental Authority or withdrawal of licenses; c) either party becomes insolvent or bankrupt; or the OMC colludes with KPC employees and agents to steal and or divert product from KPC's system.
Start Date	13th May 2024
Liability	No specific clause on limitation of liability. Liability is therefore uncapped, subject only to each party's obligations, statutory limits, remoteness, causation, and any implied exclusions recognized by law.
Governing Law & Dispute Resolution	Kenyan Law  Disputes are to be resolved amicably by direct informal negotiation and if parties are unable to resolve the dispute 30 days from the commencement of such informal negotiations, either party may require that the dispute be referred for resolution to the formal mechanisms provided under the Laws of Kenya.

## MAINTENANCE AND ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC) CONTRACTS

Subject matter	Contract for Engineering, Procurement and Construction (EPC) of Tanks and Inter-tanks Flow Rate Enhancement for Western Kenya Depots – P27 Lot 2
Parties	KPC & Warren Enterprises Limited
Contract sum	USD 15,258,022.65
Term & Termination Provisions	<p>KPC has the right to terminate: for breach of contract by the contractor; if the contractor sub-contracts the major part or whole of the works or assigns the contract without the agreement of KPC; if the contractor becomes bankrupt or otherwise insolvent; if the contractor gives or offers to give (directly or indirectly) to any person any bribe, gift, gratuity, commission or other thing of value, as an inducement or reward for doing any action in relation to the contract (save in relation to the contractor's personnel).</p> <p>Contractor has a right to terminate if; KPC fails to comply with its payment obligations within certain periods; KPC fails to perform its obligations under the contract in such a manner as to materially and adversely affect the economic balance of the contract and/or the ability of the contractor to perform their obligations; if there is a prolonged suspension of works; if KPC becomes bankrupt or insolvent etc.</p>
Start Date	30th May 2025
Liability	Neither party shall be liable to the other party, whether in contract, tort, or otherwise, for any indirect consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, which may be suffered by the other party in connection with the contract except as specifically provided as any obligation of the party in the contract.
Governing Law & Dispute Resolution	<p>The total liability of the contractor to KPC under the contract shall not exceed the sum resulting from the application of the multiplier (less or greater than one) specified in the particular conditions of the contract, to the contract price or, if a multiplier is not so specified, the total <u>contract price</u>.</p> <p>Kenyan Law</p> <p>Disputes are to be resolved amicably by direct informal negotiation after serving the other party with a Notice of Dissatisfaction. If after 56 days from the date of the Notice of Dissatisfaction, parties have been unable to resolve the dispute, either party may move to commence arbitration. The award by the arbitrator shall be final and binding.</p>
	<p>There are no agreements, arrangements or contracts entered into outside the ordinary course of business of KPC, that could reasonably be expected to have a material adverse effect on the KPC's operations, financial condition, or prospects.</p> <p>There are no contracts whose validity, enforceability, or continued existence would be adversely affected by the IPO or the Offer.</p>

## 23.1 LAND AND LEASEHOLD INTERESTS

KPC owns and occupies a substantial portfolio of land and property assets across Kenya, which are utilised in the operation of its pipeline, storage, pumping, administrative, residential and other support infrastructure.

KPC holds interests in certain parcels of land in respect of which the full purchase consideration has been paid and vacant possession has been obtained, and on which KPC has undertaken substantial developments and improvements in furtherance of its operations. However, in some instances, formal registration of title or leasehold interests in the name of KPC remains in progress.

Pending completion of registration, certain land and leasehold interests have not been assigned a value for valuation purposes. The aggregate value of land currently excluded from the valuation on this basis is approximately KES 1.1 billion. A summary of outstanding registrations is set out below. Notwithstanding the foregoing, the value of improvements on the relevant parcels was taken into account for the purposes of the final valuation.

KPC has not experienced any interruption to its operations as a result of the pending registration or regularisation of any land or leasehold interests and continues to engage with the relevant authorities and counterparties to complete the necessary legal and administrative processes.

Save as disclosed elsewhere in this Information Memorandum, KPC is not aware of any material title defects, encumbrances or disputes affecting its material land and leasehold assets that would have a material adverse effect on its business or the Offer.

### Leases - Asharami Synergies Limited

KPRL has leased approximately 23.19 acres of land to Asharami Synergies Limited under commercial arrangements for the establishment and operation of a liquefied petroleum gas (LPG) facility for a term of thirty-one (31) years, commencing on the date specified in the lease agreement. Pursuant to the lease, Asharami Synergies Limited has possession and operational control of the land and facility for the lease term, subject to the terms and conditions of the lease. Upon expiry of the lease, the land will revert to KPC.

Accordingly, for valuation purposes, the asset is not recognised by KPC or KPRL during the subsistence of the lease and has therefore been excluded in the Fixed Asset Valuation Report, that has been provided to investors as a document available for inspection. Income accruing under the terms of the lease is recognized in KPRL's Profit and Loss Statements.

### 23.1.1 Key Land and Leasehold Assets Pending Registration

No.	Property Description	Title No. or Description	Value in Kshs.
1	12 Plots Ngong Forest Row PS 22 Staff Housing	Longonot Kijabe Block 6/978 (Kiambu Nyakinyua)	291,673,100.00
2	PS 22 Pump Station	Longonot Kijabe Block 6/7481 (Kiambu Nyakinyua)	112,900,000.00
3	PS 23 and KPC Training and Conference Centre	N/A	385,300,000.00
4	PS 26A Olare Scheme	Burnt Forest Plot No. 47	4,300,000.00
5	PS 5 Mtito Andei Mangelete Scheme	Title No. 2464 (Part)	332,300,000.00
6	Konza PS 8	Konza South Block 4 (Aimi Ma Kilingu)/1524	77,300,000.00
7	PS 3 Maungu	Title No. 24360 (Part)	123,512,000.00

## 23.2 Principal Establishments

Set out below is a summary of selected properties that comprise the KPC's principal operational and support assets and which have been developed with permanent improvements as indicated.

S/No	County	Location / Title Reference	Improvements
1	Nairobi County	L.R. No. 209/16876 (Nairobi Block 58/595)	A modern corporate office complex with extensive industrial, administrative and support infrastructure
		L.R. No. 9042/225	Enclosed tank farm supported by an administrative block, a workshop, a garage and a gate house
2	Kajiado County	Title No. Kajiado/Kaputiei-South/1085 & 1255	Fully operational pump station with several supporting buildings and infrastructure
		Longonot/Kijabe Block 6/7481 (Kiambu Nyakinyua)	Pump station supported by facilities accommodating operational, control, fire safety, security and staff functions
3	Nakuru County	L.R. No. 11367/5	Pump Station 23, operational area and adjoining training and conference centre
		L.R. No. 11964/23	Pump station, control room building and gatehouse
4	Uasin Gishu County	Pump Station No. 26A, Olare Scheme, Burnt Forest Plot No. 47	Partially developed to support operational and residential functions
		Eldoret Municipality/Block 11/190	Pump Station No. 27 supporting administrative and operational functions
		Eldoret Municipality/Block 11/792	Pump Station No. 27 supporting administrative and operational functions
6	Mombasa County	L.R. No. MN/VI/3430	Regional headquarters for KPC Mombasa region and Pump Station 1
		Aviation Depot, Moi International Airport (PS 12)	Airport depot and Pump Station 12
		Mainland North/Section VI/1223	Refinery, tank farms, industrial and administrative buildings and staff housing
		Mainland North/Section VI/2574	Tank farms, control building, substation, guard buildings and gatehouses
7	Kwale County	L.R. No. Samburu/Kwale South/61	Pump Station 2
8	Taita Taveta County	Maungu Pump Station No. 3 (PS 3)	Pump station with permanent buildings and engineered installations
		Manyani Pump Station No. 4 (PS 4)	Pump station with administration building, generator, mechanical block and staff housing
9	Makueni County	Mang'elete Settlement Scheme 2464 (PS 5)	Administration and control building, generator, mechanical block, security houses and residential estate
		L.R. No. Makueni/Kiboko 'A'/897 (PS 6)	Pump station with administration building, generator and staff housing
		Konza South/Konza South Block 4 (Aimi Ma Kilingu) /1526 & 1524	Pump station with purpose built buildings including firefighting shed, pump shed and ablution block

## 23.3 INTERCOMPANY FINANCE

Prior to the acquisition of KPRL by KPC, the National Treasury, in its capacity as member of KPRL, had advanced various short-term funding facilities to KPC in an aggregate amount of KES 1,634,945,444. These amounts were assigned to KPC as part of the restructuring process pursuant to which KPC acquired KPRL.

As at the date of this Information Memorandum the entire outstanding loans amount of KES 1,634,945,444 was with the approval of the National Treasury, converted to equity.

## 23.4 BORROWINGS

As at the date of this Information Memorandum, KPC has no outstanding borrowings, loan facilities, overdrafts, debentures, or other interest-bearing indebtedness, save for borrowings at the subsidiary level by Kenya Petroleum Refineries Limited (KPRL). This being (i) a dollar denominated facility and overdrafts in the aggregate amount of KES 2,000,753,873, and (ii) short term loans from the Government of Kenya in the amount of KES 1,634,945,444.

As noted above, the short-term loans from the Government of Kenya have since been converted from debt to equity. KPRL continues to service and offset its obligations and as at the date of this Information Memorandum is not in breach of any borrowing arrangements.

KPC has not granted any material guarantees or provided any security in respect of the indebtedness of any third party.

Save as disclosed elsewhere in this Information Memorandum, there are no arrangements pursuant to which KPC is required, or has undertaken, to incur borrowings, and there are no material contingent liabilities relating to indebtedness.

## 23.5 LEGAL OPINION

TripleOKLaw Advocates LLP and G&A Advocates LLP have given a legal opinion dealing with the matters referred to in Section 19 of the Capital Markets (Public Offers, Listing and Disclosure) Regulations, 2023. A copy of the opinion is set out in Appendix IV of this Information Memorandum and is available for inspection as noted in the Documents Available for Inspection. See Section 23.9 below.

## 23.6 CONSENTS

PricewaterhouseCoopers LLP, Certified Public Accountant Firm, acting as Reporting Accountant in respect of the Offer, has given and has not withdrawn its consent to the issue of this Information Memorandum with the inclusion in it of its reports in the form and context in which they are included.

The firms of TripleOKLaw Advocates LLP and G&A Advocates LLP, as transaction Legal Counsel in respect of the Offer, have given and have not withdrawn their written consent to the issue of this Information Memorandum with the inclusion in it of their legal opinion in the form and context in which it is included.

## 23.7 CONFLICT OF INTEREST

As at the date of this Information Memorandum, the Directors, members of the administrative, management, or supervisory bodies of KPC, and the experts referred to herein, have no known conflicts between their duties to KPC and their private interests or other obligations that could materially affect the Offer Shares.

None of the experts or advisers named in this Information Memorandum holds an interest in KPC or its subsidiaries that is material to such person. However, it cannot be ruled out that such persons may hold interests at the time of the offer of the Offer Shares. The existence and materiality of any such interests will depend on the facts and circumstances prevailing at the time of the Offer.

## 23.8 GENERAL INFORMATION

- Save as disclosed in this Information Memorandum, there have been no interruptions in the business of KPC which may have or have had during the past nine months a material adverse effect on the financial position of KPC.

2. There are no arrangements under which future dividends are waived or agreed to be waived, save as may be disclosed in this Information Memorandum or as may arise under applicable law.
3. KPC has not made any loans to third parties
4. The Directors of KPC are not aware of any shareholder, director or member of the KPC's management, supervisory or administrative bodies who intends, directly or indirectly, to hold more than 5% of the Offer Shares upon completion of the Offer, other than the Government of Kenya as disclosed in this Information Memorandum.
5. KPC's major shareholder, the National Treasury, will not have different voting rights; all shares carry equal voting rights.
6. All shareholders have statutory pre-emptive rights on the issuance of new shares under the Companies Act, 2015, except in circumstances where such rights are excluded or disapplied in accordance with the Act.
7. Save as disclosed in this Information Memorandum, KPC does not have any shares that do not represent share capital, nor does it have any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants.
8. KPC has not made any material investments in other undertakings during the last five financial years or during the current financial year.
9. Neither the Government of Kenya nor any of its ministries, departments, or agencies will participate as an applicant in the Offer, except as permitted by law and save to the extent disclosed in relation to the Government's retained shareholding following completion of the Offer.
10. KPC has sufficient working capital for its present requirements and that its operating cash flows are adequate to meet its foreseeable obligations.
11. The Company maintains a Research and Innovation Policy that guides its approach to developing and implementing new ideas, technologies and processes.
12. The financial statements included in this Information Memorandum have been prepared in Kenya Shillings.

### **23.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents, will, when published, be available for inspection at (i) the offices of KPC: Kenpipe Plaza, Sekondi Road Off Nanyuki Road, Industrial Area - Nairobi (ii) Electronic channels officially designated in relation to the Offer, with the main IPO offer website being [www.kenyapipelineipo.co.ke](http://www.kenyapipelineipo.co.ke)

Any information contained on this website does not form part of, and should not be relied upon as part of, this Information Memorandum unless such information is expressly incorporated by reference into this Prospectus.

1. Amended and Restated Articles of Association of KPC
2. The audited consolidated financial statement of KPC Group for the financial year ended 30 June 2025;
3. The resolution of the Board approving the Offer
4. The resolution of the Vendor approving the Offer
5. The Reporting Accountant's Report and [Statement of Adjustments] as reproduced in this Information Memorandum;
6. Management accounts for the three months period July – September 2025
7. Fixed Asset Valuation Report

8. Business Valuation Report
9. A certified copy of the legal opinion of the Legal Advisers
10. Certified copies of the transaction agreements each made by and between the Privatization Authority (as implementing agent of the Vendor) and each advisor.
11. A certified copy of this Information Memorandum
12. A certified copy of the approval of CMA in respect of the Offer
13. A certified copy of the authorisation of the NSE in respect of admitting the Offer Shares for listing
14. A certified copy of the no objection letter by EPRA.
15. A certified copy of the no objection letter by CA.
16. A certified copy of the no objection letter by CAK.
17. Written consents from the experts referred herein for the issue of the Information Memorandum
18. Certified copies of the directors' service agreements

## 23.10 ESTIMATED EXPENSES OF THE OFFER

	NAME	ROLE	FEES AMOUNT (KES)
1	Faida Investment Bank	Lead Transaction Advisor	Advisory fees: Ksh.98,600,000.00  Success fees: 1.00% plus 16% VAT on gross proceeds of fund raised
2	TripleOKLaw LLP (Incorporating G&A Advocates LLP	Legal Advisor	Ksh.31,900,000.00
3	PriceWaterhouseCoopers LLP	Reporting Accountant	Ksh.13,449,803.00
4	Dyer and Blair Investment Bank & Francis Drummond as Co-Sponsoring Broker	Lead Sponsoring and Co-Sponsoring Broker	Ksh. 2,749,911.00
5	Image Registrars	Registrar and Data Processing Agent	Advisory fees: Ksh.28,298,200.00  Reimbursable – Ksh.42,046,926.00  Total: Ksh. 70,345,126.00
6	Apex Communications Limited	Public Relations Consultancy	Ksh.42,126,000
7	Belva Digital Limited	Advertising Agency	Ksh.12,258,000.00
8	Stanbic Bank Kenya Limited	Receiving Bank	Ksh.2,784,000.00
9	KCB Bank Limited	Receiving Bank	Ksh.3,600,000.00
10	Co-operative Bank of Kenya Limited	Receiving Bank	Ksh.9,962,490.00
11	CMA Approval Fees		Maximum fee – Ksh 30,000,000.00
12	NSE Listing Fees		Maximum fee – Ksh 1,500,000.00
13	Placement fees		1.5% being 1,594,706,987.25
14	Advertising Cost (Third party costs)		40,000,000.00
15	Printing Cost		6,250,000.00
16	Other		12,500,000.00
	TOTAL COST		2,993,823,382.75

## 23.11 ESTIMATED EXPENSE AMOUNT PER SHARE

Total No of Shares	18,173,299,000.00
	65%
Shares on Offer	11,812,644,350.00
Price	9.00
Total to be raised	106,313,799,150.00
Placement Commission	1.50%
Placement Fee	1,594,706,987.25
Fee per share	0.1350

## Appendix I: Authorised Selling Agents

Faida Investment Bank Ltd	Dyer & Blair Investment Bank Ltd	Francis Drummond & Company Ltd
Crawford Business Park, Ground Floor, State House Road.	Goodman Tower, 7th floor,	Hughes Building, 2nd floor,
P. O. Box 45236-00100	P.O. Box 45396 00100	P.O. Box 45465 00100
Tel: +254-20-7606026-35	Tel: 0709930000.	Tel: 318690/318689
Email: customerservice@fib.co.ke	Email: shares@dyerandblair.com	Email: info@drummond.co.ke
Web: www.fib.co.ke	Web: www.dyerandblair.com	Web: www.drummond.co.ke
Suntra Investment Bank Ltd	OMNI MARCHE SECURITE (OMS) AFRICA LTD	SBG Securities Ltd
Nation Centre,7th Floor,	4th Avenue Towers, 13th Floor, 4th Ngong Avenue, Upperhill	CfC Stanbic Centre, 58 Westlands Rd,
P.O. Box 74016-00200	P. O. Box 2151-00202	P. O. Box 47198 – 00100
Tel:	Tel: 0709 004 330 / 0709 004 331 / 0709 004 332	Tel: 3638900
2870000/247530/222330/2211846	0724 226 600 / 0709 004 300	
Email: info@suntra.co.ke	Email: info@omsafrica.co.ke	Email: sbgs@stanbic.com
Web: www.suntra.co.ke	Web: https://www.omsafrica.co.ke/	Web: www.sbgsecurities.co.ke
Kingdom Securities Ltd	ABC Capital Ltd	Sterling Capital Ltd
Co-operative Bank House,5th Floor,	IPS Building, 5th floor,	Delta Corner Annex building - 5th Floor, Ring Road,
P.O Box 48231 00100	P.O. Box 34137-00100	P.O. Box 45080- 00100
Tel: 3276940/3276256/3276154	Tel: 2246036/2245971	Tel: 2213914/244077/ 0723153219/0734219146
Email: info@kingdomsecurities.co.ke	Email: headoffice@abccapital.co.ke	Email: info@sterlingib.com
		Web: www.sterlingib.com
AIB-AXYS Africa	EFG Hermes Kenya Limited	Standard Investment Bank Ltd
The Promenade 5th Floor, General Mathenge Drive, Westlands , P.O. Box 43676- 00100	Orbit Place, 8th Floor, Westlands Road,	ICEA Building, 16th floor,
Tel: +254-020-7602525/020 2226440	P.O Box 349, 00623	P. O. Box 13714- 00800
Email: info@aib-axysafrica.com	Tel: +254 (020) 3743040	Tel: 2228963/2228967/2228969
Web: www.aib-axysafrica.com	Email: kenyaoperations@EFG-HERMES.com	Email: info@sib.co.ke
Kestrel Capital (EA) Limited	Pergamon Investment Bank	Renaissance Capital (Kenya) Ltd
Pramukh Towers, 10 <sup>th</sup> Floor P.O. Box 40005-00100	Delta Chambers 4 <sup>th</sup> Floor, Waiyaki Way P.O Box 25749 – 00603, Nairobi	Pramukh Towers, 4 <sup>th</sup> Floor P.O Box 40560-00100
Tel: 251758/2251893,2251815	Tel: +254 709227100	Tel: 3682000
Email: info@kestrelcapital.com	Email: info@pib.africa	Email: infokenya@renkap.com
Genghis Capital Ltd	NCBA Investment Bank Limited	Equity Investment Bank Limited
1st Floor, Purshottam Place Building, Westlands Road, P.O Box 9959-00100, Nairobi Kenya	3rd Floor, NCBA Annex, Hospital Road, Upper Hill, P.O Box 44599-00100, Nairobi	Equity Centre, Hospital Road, Upper Hill, P.O Box 75104 – 00200
Tel: +254 730145000 / +254 709185000	Tel: +254 20 2884444, +254711056444, +254 732 156444	Tel: +254-20-2262477, +254-732-112477
Email: info@genghis-capital.com	Email: contact@ncbagroup.com	Web: www.equitybankgroup.com
	Web: https://investment-bank.ncbagroup.com	

<b>KCB Investment Bank</b>	<b>Absa Securities Limited</b>	<b>Capital A Investment Bank</b>
Kencom House 2nd Floor, P.O Box 48400 – 00100	Absa Headquarters, Waiyaki Way, PO Box 30120, 00100	Mayfair Suites, 4 <sup>th</sup> Floor P.O Box 19018-00100
Tel: +254 711 012 000 / 734 108 200, +254 20 3270000	Tel: +254(732)130120/ +254(722)130120	Tel: +254-735 571530, +254-714 646406
Email: <a href="mailto:investmentbanking@kcb.co.ke">investmentbanking@kcb.co.ke</a>	Email: <a href="mailto:absa.kenya@absa.africa">absa.kenya@absa.africa</a>	Email: <a href="mailto:info@caib.co.ke">info@caib.co.ke</a>
Web: <a href="http://kcb.co.ke">kcb.co.ke</a>		Web: <a href="http://www.caib.co.ke">www.caib.co.ke</a>
<b>Dry Associates</b>		
Dry Associates Headquarters 188 Loresho Ridge Road, Loresho		
P.O. Box 684-00606		
Tel: +254204450521		
Email: <a href="mailto:invest@dryassociates.com">invest@dryassociates.com</a>		
Web: <a href="http://www.dryassociates.com">www.dryassociates.com</a>		

## Appendix II: Sample Application Form

SERIAL NO

**APPLICATION FORM  
KENYA PIPELINE COMPANY INITIAL PUBLIC OFFER (IPO)**

Unless otherwise defined in this section or required by the context, capitalized terms shall have the meanings ascribed to them in the Information Memorandum.

I/We, the undersigned hereby apply; or as agent on behalf of the applicant (as applicable), I/we confirm that the applicant applies to purchase the offer shares to be issued by Kenya Pipeline Company ("Issuer") upon the terms and conditions set out in this Application Form and the Information Memorandum dated **17 January 2026**.

Date	Authorized Selling Agent Name	Authorized Selling Agent Stamp

Please use CAPITAL LETTERS and return the completed Application Form together with your proof of identity and the relevant supporting documents to your preferred Authorized Selling Agent NO LATER THAN 5.00 P.M. EAST AFRICA TIME (EAT) ON 19 FEBRUARY 2026. The Application Form should not contain any material alterations.

### Application Details

The minimum number of offer shares to be applied for is 100.  
Number of Shares Applied

Amount Paid in Kes

Please Tick if you are a Kenya Pipeline Company Employee

Please Tick if you are an Oil Marketing Company (OMC)

1 Please credit my/our CDSC Account as detailed below to the extent of the Shares allotted:

**CDSC ACCOUNT DETAILS**

Agent Code e.g. (B01) Client ID e.g. (0000000012345)



Investor Type (Please Tick)

Individual/Joint

Institutional

 L I F I E I
 
 L C F C E C
 

Name (as appears in the CDS Account)



Email Address

Mobile/Telephone Number

**Mode of payment for refund (if any)**

Please tick your preferred option for receiving payment.

By providing your preferred payment mode on this form you hereby confirm that these instructions shall be used for all refunds (if any), unless otherwise changed in writing by yourselves.

**Electronic Funds Transfer** (Real Time Gross Settlement, Electronic Funds Transfer and Telegraphic Transfer) to the bank account details below. Note that all amounts exceeding KES 250,000 will be paid by this method and you must indicate your bank account below.

All joint holders, companies, SACCOs or other corporate entities must use this payment method.

BANK NAME	
ACCOUNT NAME	
ACCOUNT NUMBER	
BRANCH NAME	
BANK CODE:	
SWIFT CODE	
IBAN	

2

**Note:** If you wish to receive payments by electronic funds transfer, you will need to attach a certified copy of an ATM card or a redacted bank statement dated within 3 months of the date on which you submit your acceptance showing your name and bank account details as confirmation of account details set out in this section.

**Mobile Money** (M-Pesa) to the Kenyan mobile number below. Only for amounts up to KES 250,000. Note: This payment option is not applicable to joint holders, companies, SACCOs or other corporate entities.

**Kenyan Mobile Number**

+ 254

**DECLARATION**

By applying for the Shares and signing this Application Form, I/We herein state that:

3

- The funds used or to be used in connection with this application are derived from legitimate, lawful sources and are not, directly or indirectly, the proceeds of any criminal, fraudulent, corrupt, or other unlawful activity. The Applicant further acknowledges and accepts that if any statement made by me in this application is found to be false, inaccurate or misleading, this application may be rejected by the Issuer without any liability to the Issuer, or any of its appointed agents.
- The applicant, or as an agent on behalf of the applicant (as applicable), acknowledges that the Issuer and the Selling Agents are entitled, in their absolute discretion, to accept or reject this application, in whole or in part, in accordance with the terms and conditions set out in the Information Memorandum and the rejection policy.
- The applicant, or as an agent on behalf of the applicant (as applicable), confirms that the applicant has read and understood the Information Memorandum dated 17 January 2026 and that this application is made on the terms set in the Information Memorandum and related documents.
- The applicant, or where applicable an agent acting on behalf of the applicant (s), confirms acceptance of the shares allotted to the Applicant under the Initial Public Offer, subject to the terms, conditions and allotment procedures set out in the Information Memorandum.
- The applicant, or where applicable an agent acting on behalf of the applicant (s), authorizes the Company and its appointed agents to enter the Applicant's name in the register of members in respect of any shares allotted and the applicant's address as provided.

**DECLARATION (CONTINUED)**

- The applicant, or where applicable an agent acting on behalf of the applicant (s), hereby irrevocably undertakes and confirms that this application for subscription of shares is in accordance with, and subject to the terms, conditions and procedures set out in the Information Memorandum.
- The applicant, or where applicable an agent acting on behalf of the applicant, hereby undertakes to the extent not already paid, to pay to the Issuer the subscription price for the shares allotted to the applicant in accordance with the terms and conditions set out in the Information Memorandum.
- The applicant acknowledges and confirms that the applicant is eligible to participate in the Initial Public Offer in accordance with the requirements set out in the Information Memorandum and the applicable laws and regulations of Kenya.
- By signing this Application Form, I/ we (the "Signatory") hereby confirm, represent and warrant as follows:
  - that the Signatory has the full power and authority to sign this Application Form and to make the declarations, consents and instructions in it on behalf of the applicant,
  - Where the Signatory is signing as an agent, custodian, bank, nominee or under power of attorney, the Signatory holds a valid authority and mandate to act on behalf of the applicant and will provide certified copies of the relevant authorising or mandate documents on request,
  - Where this is a joint application, each joint applicant has authorised the signatory to sign this Application Form on behalf of all joint applicants,
  - Where the applicant is a company, partnership, limited liability partnership, association or other entity, all required internal approvals and authorisations have been properly obtained, and
  - The signatory authorised to provide the applicant's personal data and other information to the Issuer and its agents for the purposes of processing this application, allotment, registration and the ongoing administration of the shares, and for related communications.
- The applicant (and where applicable, the Signatory) represents and warrant that all information provided in or in connection with this application is, to the best of their knowledge and belief after due enquiry, true, accurate and complete in all material respects and undertakes to promptly notify the issuer of any material change prior to allotment of the shares.
- The applicant consents to receiving marketing communications relating to the Initial Public Offer, the issuer's securities and investor updates by email, short Messages (SMS), Phone or Post in accordance with the applicable data protection laws.

(Note: Your completed and signed Application Form must be accompanied by proof of identity)

**SIGNATURE(S) OF APPLICANT(S)**

**4A: SIGNATURE 1**

**4B: SIGNATURE 2 (CORPORATE/Joint)**

**DATE:**  
Designation (Corporate Only)

**DATE:**  
Designation (Corporate Only)

## DETAILED INSTRUCTIONS AND NOTES ON COMPLETING THE APPLICATION FORM AND APPLYING FOR THE SHARES

### 1. Completing the Application Form

If you are in any doubt as to how to complete this Application Form, please contact your preferred Stock Broker or Investment Bank, any of the Authorised Selling Agents or Image Registrars Limited.

#### **Applications will close at 5.00pm East Africa Time on 19 February 2026.**

- All alterations to this application form must be authenticated by full signature of the applicant or duly authorized Signatory. Applications must be submitted without conditions, and all required declarations must be duly completed.
- Under no circumstances whatsoever may the name of the applicant be changed and if this is done then the Application Form will be invalid.
- Applications are made subject to the provisions of the Information Memorandum and the terms and conditions set out in the Application Form.
- Applications once submitted, are irrevocable and may not be withdrawn or amended without the written consent of the Issuer
- Where the application is submitted by a custodian, stockbroker, bank, fund manager or investment advisor acting on behalf of an investor, by submitting this form you confirm that you have:
  - (i) conducted all applicable **Know Your Customer (KYC)** and **customer due diligence** checks in accordance with Kenyan law and applicable regulatory requirements; and
  - (ii) Confirmed the investor is not a sanctioned person or entity under any applicable sanctions regimes, including but not limited to sanction lists published by United States government (including the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and the U.S. Department of State), the United Kingdom's consolidated list, the European Union's consolidated lists and the United Nation's consolidated list, as each may be amended, supplemented or replaced from time to time.

#### **Submission of Applications**

Completed application forms should be submitted to any of the Authorised Selling Agents.

2. **Payment:** Payment of the purchase price for the shares may be made to any of the Receiving Banks by no later than 19 February 2026 and, in the case of Qualified Institutional Investors (QIIs), no later than the last date of payment as specified in the Information Memorandum, via the following methods:

- (a) Electronic Funds Transfers (Real Time Gross Settlement, Electronic Funds Transfer and Telegraphic Transfer) or cash deposit to the bank details below:

<b>Account Name:</b>	<b>Privatization Authority – KPC IPO</b>
<b>Account Number:</b>	<b>59867XXXXXX (XXXXXX - being the 7-digit number on the Application Form)</b>
Bank Name:	Cooperative Bank of Kenya Limited
Branch:	Co-op House
Branch Code:	11002
SWIFT Code:	KCOOKENA
Narration:	Application Form serial number (7-digit number)

<b>Account Name:</b>	<b>Privatization Authority – KPC IPO</b>
<b>Account Number:</b>	<b>40384XXXXXX (XXXXXX - being the 7-digit number on the Application Form)</b>
Bank Name:	Kenya Commercial Bank Limited
Branch:	Moi Avenue
Branch Code:	01100
SWIFT Code:	KCBLKENX
Narration:	Application Form serial number (7-digit number)

<b>Account Name:</b>	<b>Privatization Authority – KPC IPO</b>
<b>Account Number:</b>	<b>11140XXXXXX (XXXXXX - being the 7-digit number on the Application Form)</b>
Bank Name:	Stanbic Bank Kenya Limited
Branch:	Kenyatta Avenue
Branch Code:	31000
SWIFT Code:	SBICKENX
Narration:	Application Form serial number (7-digit number)

#### **Mobile Money (M-Pesa) payment via:**

Cooperative Bank of Kenya Limited

<b>Pay Bill Number:</b>	<b>4999915</b>
<b>Account Number:</b>	<b>59867XXXXXX (XXXXXX - being the 7-digit number on the Application Form)</b>

Kenya Commercial Bank Limited

<b>Pay Bill Number:</b>	<b>522533</b>
<b>Account Number:</b>	<b>40384XXXXXX (XXXXXX - being the 7-digit number on the Application Form)</b>

Stanbic Bank Kenya Limited

<b>Pay Bill Number:</b>	<b>8250250</b>
<b>Account Number:</b>	<b>11140XXXXXX (XXXXXX - being the 7-digit number on the Application Form)</b>

## DETAILED INSTRUCTIONS AND NOTES ON COMPLETING THE APPLICATION FORM AND APPLYING FOR THE SHARES

### 3. If the Application Form is signed under a power of attorney

The completed Application Form should be returned accompanied by a certified true copy of the power of attorney (or a notarised copy).

### 4. Validity of acceptance of the application

Without prejudice to the provisions of the Information Memorandum, the Issuer reserves the right to treat as valid in whole or in part any Application Form that is not entirely in order or which is not accompanied by the relevant supporting documentation or reject it in its entirety.

### 5. Your personal information

We will only collect the personal information needed to assess and process your application. This may include identification and contact details, tax registration, nationality and residency, signature and specimen signatures, CDSC Account details, mobile money details, and bank account details. If you do not provide required information or if it is inaccurate, we may not be able to process your application or maintain your investment. All personal information that you include in this Application Form is collected, stored, retained and processed in accordance with the Issuer's Privacy Statement available at: Image Registrar Limited's Privacy Notice available at [https://www.image.co.ke/privacy\\_policy](https://www.image.co.ke/privacy_policy). It is important that you read this Privacy Notice which contains more detailed information about data processing. We rely on your consent for limited processing activities. Withdrawal of consent does not affect processing carried out before withdrawal or processing based on other lawful bases. The Issuer's data protection officer (DPO) can be contacted at Image Registrar Limited's DPO can be contacted at: Abdulhaleem Mohamed, dpo@image.co.ke, P.O. Box 9287-00100, Nairobi, 0709 170 000, should you have any queries regarding your personal information, or in case you wish to exercise your data subject access rights.

(b) We collect your personal information directly from you and your advisers. We may also obtain data from third parties for verification and compliance purposes, such as credit reference agencies, screening providers, government databases, tax authorities, regulators, and publicly available sources.

(c) We may use automated tools for identity verification and fraud prevention. These checks may affect our ability to accept your application. You can request human review of any decision that is based solely on automated processing, express your point of view, and contest the decision.

(d) We apply the appropriate technical and organizational measures designed to protect your personal information against loss, misuse, unauthorized access, alteration or disclosure. We require third parties and our service providers to implement appropriate security measures when handling your personal information on our behalf.

(e) We will not send you marketing communications without your prior consent in accordance with this Application Form. You may change your preferences or withdraw consent at any time by contacting the DPO using the details provided above.

(f) In submitting the completed Application Form you agree and understand that your personal information will be shared by Image Registrars Limited with the Issuer, the Privatization Authority, the Lead Transaction Advisor, the Authorised Selling Agents, the Registrar, the Receiving Banks, the Capital Markets Authority and all such parties that require access to your information for the purposes of meeting their obligations under this Application Form, or the Information Memorandum. Such parties will safeguard your personal information and use it only for the permitted purposes.

(g) Where you submit the Application Form on behalf of a third party, you confirm that you have all necessary consents and authorisations from the relevant investor. By signing the Application Form, you confirm that (i) you have read and understood these data protection provisions; (ii) the information you provide is accurate; and (iii) where you provide data about another person (such as an Investor, joint applicant or authorised signatory), you have informed them of these provisions and obtained any and all relevant consent(s) required by law.

(h) All collection and processing of personal information will be carried out in accordance with the Data Protection Act and the regulations issued thereunder. We may update these data protection provisions to reflect changes in law or our practices. We will communicate material changes where required.

### 6. General

The Information Memorandum and any contracts resulting from an acceptance of an application for the Shares shall be governed and construed in accordance with Kenyan law.

## Appendix III: Form of Irrevocable Bank Guarantee (IBG)

Ref:[]

Date: []

The Directors,  
Kenya Pipeline Company  
P.O. Box 73442 – 00200,  
Nairobi  
Kenya

Dear Sirs,

KENYA PIPELINE COMPANY INITIAL PUBLIC OFFER (IPO) 2026 IRREVOCABLE GUARANTEE IN RESPECT OF PAYMENT FOR ALLOCATION OF NEW SHARES {INSERT NAME OF THE INVESTOR} (the "IBG")

WHEREAS [name of Investor] [the "Investor"] has by an Application, Serial Number [Insert Serial number], dated [insert date] applied for [insert the number of shares] New shares in the Kenya Pipeline Company IPO ("KPC IPO") 2026 as set out in the Information Memorandum ("IM") dated January 17, 2026 (capitalised terms used in this IBG shall have the meaning and interpretation given to such terms in the KPC IPO Information Memorandum),

AND WHEREAS it has been stipulated in the KPC IPO IM that the Investor shall furnish you with an irrevocable on demand guarantee for the full value payable for the New shares applied for at the Offer Price.

AND WHEREAS we [Name of Guarantor] have agreed to give this IBG and represent and warrant that we have full power, authority, and legal capacity to enter into and perform this Guarantee, that this Guarantee constitutes its legal, valid, and binding obligations enforceable against it in accordance with its terms, that the execution and performance of this Guarantee do not violate any applicable law or any contractual restriction binding upon it, and that all information provided by the Guarantor in connection with this Guarantee is true, accurate, and complete in all material respects.

NOW, at the request of the Investor and in consideration of your allocation to the Investor the New Shares, or such lesser number as you shall in your absolute discretion determine, we hereby irrevocably and unconditionally undertake, as primary obligor and not merely as surety, to pay you in Kenya Shillings, promptly upon your first written demand through [insert choice of receiving bank] in full without set off or counter claim and free from any deduction or withholding whatsoever, such sum as may be demanded by you up to a maximum sum of Kenya Shillings ([words][ figures]) without your needing to prove or to show grounds or reasons for your demand or the sum specified therein, by way of EFT/RTGS within 24 hours of the said demand on or before 3:00 p.m. on [insert last date of payment for IBG] as set out in the KPC IPO IM.

PROVIDED ALWAYS THAT this Guarantee is strictly limited to the Offer Price for the New Shares and expressly excludes any fees, costs, commissions, levies, expenses, taxes, duties, interest, default interest, penalties, or similar amounts, none of which shall be recoverable from the Guarantor under this undertaking. This Guarantee shall not be discharged, released, or otherwise affected by any amendment, supplement, or waiver of the terms of the IPO or the Information Memorandum, any extension of time, indulgence, or concession granted by the Issuer, the insolvency, restructuring, or dissolution of any other person, or any other act, omission, matter, or circumstance which might otherwise operate to discharge or exonerate a guarantor.

This IBG will remain in force up to and including 3:00 p.m. on [insert last date of payment for IBG] and shall be governed and construed in accordance with the Laws of the Republic of Kenya, and the courts of the Republic of Kenya shall have exclusive jurisdiction to settle any dispute arising out of or in connection with it.

This IBG constitutes the entire agreement between the parties, no amendment to it shall be effective unless made in writing and signed by all parties, Kenya Pipeline Company may assign or transfer its rights under this IBG without the consent of the Guarantor, and this IBG may be executed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF THIS LETTER OF IRREVOCABLE BANK GUARANTEE HAS BEEN EXECUTED BY US ON THIS

[date on or before [Date].

[Signed as per the Guarantor]

# Appendix IV: Legal Opinion

## Legal Opinion

17<sup>th</sup> January 2026

### The Vendor

Cabinet Secretary to the National Treasury

Harambee Avenue

P O Box 30007-00100

**NAIROBI**

### The Directors

Kenya Pipeline Company Limited

Kenpipe Plaza, Sekondi Road

Off Nanyuki Road, Industrial Area

P.O. Box 73442 – 00200

**NAIROBI**

Dear Sirs,

### Legal opinion on the offer of up to sixty-five per cent (65%) of the Issued Share Capital of Kenya Pipeline Company PLC

#### 1. Background

- 1.1 We are the legal advisers in connection with the privatisation of Kenya Pipeline Company PLC (the **Company**) with respect to the offer for sale by the Government of Kenya, acting through the Cabinet Secretary to the National Treasury of Kenya (a corporation sole established under the Cabinet Secretary to the Treasury (Incorporation) Act, Cap. 101), being the successor in title to the Permanent Secretary to the Treasury (Incorporation) (the **Vendor**), of up to sixty-five (65%) per cent of the share capital of the Company to the public (the **Offer**) and the issue of an information memorandum in connection with the Offer (the **Information Memorandum**).
- 1.2 This legal opinion is issued pursuant to Regulation 19(1)(b) of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 (the **Regulations**) in connection with the Offer.
- 1.3 We, the undersigned, have acted as legal advisers in connection with the Offer. The consortium of law firms, TripleOKLaw Advocates LLP and G&A Advocates LLP, is duly qualified to practise in Kenya as Advocates of the High Court of Kenya and are, as such, qualified to advise on the laws of Kenya.
- 1.4 For convenience, unless otherwise defined herein, capitalised terms used in this legal opinion have the meanings ascribed to them in the Information Memorandum.

#### 2. Documents and Records Examined

- 1.1 In issuing this opinion, we have for purposes of the Information Memorandum, examined the following documents:
- 1.1.1 the Capital Markets Act (Cap 485A of the Laws of Kenya);

- 1.1.2 the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023;
- 1.1.3 the Nairobi Securities Exchange Listing Rules;
- 1.1.4 the Privatisation Act (Cap 485B of the Laws of Kenya) (*Now repealed*);
- 1.1.5 the Privatization Act (No. 18 of 2025);
- 1.1.6 the Central Depositories Act (Chapter 485C of the Laws of Kenya) (the **CD Act**);
- 1.1.7 the transaction agreements entered into between the Privatisation Authority (the **Authority**), acting as the Vendor's implementing agent, and the appointed transaction advisers in connection with the Offer, including, without limitation:
- 1.1.7.1 the agreement for provision of lead transaction advisory services entered into between the Authority and Faida Investment Bank Limited as the Lead Transaction Adviser;
- 1.1.7.2 the agreement for provision of lead sponsoring stock broker and co-sponsoring stockbroker transaction advisory services made by and between the Authority and Dyer and Blair Investment Bank Limited (Incorporating Francis Drummond & Co Ltd);
- 1.1.7.3 the agreement for the provision of reporting accountant consultancy services made by and between the Authority and Pricewaterhousecoopers LLP;
- 1.1.7.4 the agreement for provision of registrar services made by and between the Authority and Image Registrars Limited;
- 1.1.7.5 the agreements for provision of receiving bank advisory services each entered into separately by and between the Authority and:
- a) the Cooperative Bank of Kenya Limited;
- b) Stanbic Bank Kenya Limited; and
- c) KCB Bank Kenya Limited;
- 1.1.7.6 the agreement for provision of advertising agent services entered into by and between the Authority and Belva Digital Limited;
- 1.1.7.7 the agreement for provision of consultancy services for public relations transaction advisory services made by and between the Authority and Apex Communications Limited, trading as Apex Porter Novelli (APN);
- 1.1.8 the certificate of incorporation of the Company dated 15<sup>th</sup> September, 1973;
- 1.1.9 the certificate of conversion of the Company from private limited company to public limited company;
- 1.1.10 the certificate of incorporation of the Company's sole operating subsidiary Kenya Petroleum Refineries Limited (KPRL) dated 13<sup>th</sup> March 1960;
- 1.1.11 the certificate of change of name of KPRL dated 13<sup>th</sup> September 1983, pursuant to which its name was changed from East African Oil Refineries Limited to Kenya Petroleum Refineries Limited;
- 1.1.12 the amended and restated articles of association of the Company adopted by special resolution of the Vendor as the sole member of the Company and dated 16<sup>th</sup> January 2026;
- 1.1.13 Gazette Notice No. 8739 dated 14 August 2009 setting out the privatisation program forming the basis of the Company's current privatisation process;
- 1.1.14 Sessional Paper No.2 of 2025 detailing the proposal for the privatisation of the Company to the National Assembly by the Cabinet Secretary, National Treasury dated 31<sup>st</sup> July 2025;
- 1.1.15 the Joint Report of the Departmental Committee on Energy and Select Committee on Public Debt and Privatisation on the consideration of the Sessional Paper No. 2 of 2025 dated 14<sup>th</sup> August 2025;

- 1.1.16 the policy resolutions of the National Assembly relating to Sessional Paper No. 2 of 2025 on privatization of the Company dated 19<sup>th</sup> August 2025 (the **Policy Resolutions of the National Assembly**);
- 1.1.17 approval of the Board of Directors in relation to: (a) the Information Memorandum so far as it relates to the information relating to KPC as at the date thereof; and (b) approving the listing of the KPC's shares on the Nairobi Securities Exchange (NSE);
- 1.1.18 approval of the sole member of KPC in relation to (a) the subdivision of each ordinary share with a current nominal value of KES 20.00 into 1000 ordinary shares of KES 0.02 each, without any alteration to the total issued share capital of KPC; (b) the conversion of KPC from a private limited company to a public limited company; (c) the change of KPC's name to Kenya Pipeline Company PLC; (d) the adoption of new articles of association; and (e) the establishment of an Employee Share Ownership Plan (ESOP) and the allotment of up to 1.5% of KPC's shares under the ESOP.
- 1.1.19 the declarations by the directors and senior management confirming that they are not subject to any bankruptcy or insolvency proceedings, have not been convicted of any criminal offence within the preceding two years, and are not subject to any court order or ruling disqualifying them from acting as employees or professionals;
- 1.1.20 the consents and approvals in connection with the Offer and the listing of the Offer Shares on the Nairobi Securities Exchange, issued by the Capital Markets Authority, and by the Nairobi Securities Exchange;
- 1.1.21 the letters of no objection from the Communications Authority of Kenya, Competition Authority of Kenya and Energy and Petroleum Regulatory Authority;
- 1.1.22 the final form of the Information Memorandum; and
- 1.1.23 all other documents and records that we have considered necessary or appropriate for the purpose of this opinion and we have undertaken such further enquiries that we have considered necessary for purposes of this opinion.

(each an **Opinion Document**, and together, the **Opinion Documents**)

## **2 Assumptions**

- 1.1 In giving this opinion, we have assumed that:
  - 1.1.1 all information, statements, representation and documents provided to us by the Company, its directors, officers, employees and professional advisors for purposes of this opinion are true, accurate and complete and up to date as at the date of the Information Memorandum;
  - 1.1.2 all copies of documents, including the Opinion Documents, submitted to us conform to the originals, and all original documents examined by us are genuine, authentic and complete;
  - 1.1.3 all signatures, initials, seals and stamps appearing on the Documents provided to us for examination are genuine, and where any document has been executed on behalf of a party, such execution has been duly authorized;
  - 1.1.4 the accuracy and completeness of the records maintained at the Kenyan Land Registry may not always be up to date. We have not independently verified the title to, or ownership of, any property beyond reviewing official searches and documentation provided to us. Accordingly, we express no opinion and assume no responsibility with respect to any defects, errors, omissions, or inconsistencies in the Land Registry record
  - 1.1.5 there are no undisclosed agreements, arrangements, understandings or side letters which would materially affect the matters addressed in this opinion; and
  - 1.1.6 all licences, permits, approvals and consents referred to in this opinion were validly issued, remain in full force and effect as at the date of this opinion, and have not been amended, revoked, suspended or terminated.

## **3 Opinion**

- 3.1 Subject to, and based upon, (i) the Opinion Documents, (ii) the assumptions set out herein, (iii) the reservations and limitations set out herein, the matters set out in the Information Memorandum, and any matters

not disclosed to us, we are of the opinion that:

### **Legal Status of the Company**

- 3.2 The Company is duly incorporated and validly existing under the Companies Act (No.17 of 2015) (Chapter 486 of the Laws of Kenya) (the **Companies Act**).
- 3.3 Pursuant to the Vendor's resolutions dated 16<sup>th</sup> January 2026, the Company has been duly converted from a private limited company to a public limited company under company number PLC-VY7TPQMRK.
- 3.4 The Company's sole operating subsidiary, Kenya Petroleum Refineries Limited (hereinafter, **KPRL**), is duly incorporated and validly existing under the Companies Act under Company Registration No. C4676. The Company is the sole legal and beneficial owner of KPRL and holds 100% of its issued share capital.
- 3.5 The Company indirectly owns Kenya Petroleum Pension Trust Limited (KPRL Pension Trust) through KPRL, which holds one hundred percent (100%) of the issued share capital of KPRL Pension Trust. KPRL Pension Trust acts solely in a trustee capacity and does not carry on any trading activities.

### **Business of the Company**

- 3.6 The Company and its sole operating subsidiary, KPRL, have the power, capacity and authority to carry on its business as presently conducted.

### **Legal Status of the Vendor**

- 3.7 The Vendor is a corporate body duly established under the provisions of the Cabinet Secretary to the National Treasury (Incorporation) Act, Chapter 101 of the Laws of Kenya.
- 3.8 The Vendor is the sole shareholder of the issued shares of the Company.
- 3.9 The Vendor is duly authorised to dispose of the Offer Shares pursuant to the provisions of the Privatisation Act (No. 18 of 2025), the Policy Resolutions of the National Assembly, and Gazette Notice No. 8739 dated 14 August 2009.
- 3.10 The Vendor has full power and authority to undertake the Offer and all transactions contemplated under the Information Memorandum.

### **Share Capital of the Issuer**

- 3.11 The existing nominal share capital of the Company is Kenya Shillings three hundred and eighty-seven million, three hundred and ninety-one thousand and six hundred (KES 387,391,600), divided into nineteen billion, three hundred sixty-nine million, five hundred eighty thousand (19,369,580,000) ordinary shares of Kenya Shillings two cents (KES 0.02) each, following the subdivision of each ordinary share with a nominal value of KES 20.00 into one thousand (1,000) ordinary shares of KES 0.02 each.
- 3.12 As at the date of the Information Memorandum, 18,173,299,000 are issued and fully paid up translating into an issued share capital of Kenya Shillings Three Hundred Sixty-Three Million Four Hundred Sixty-Five Thousand Nine Hundred Eighty (KES 363,465,980.00). Accordingly, one billion one hundred ninety -six million two hundred eighty-one thousand (1,196,281,000) ordinary shares remain unissued.
- 3.13 The existing share capital of the Company has been duly authorised, complies with applicable law, and all necessary corporate and regulatory approvals in respect of such share capital have been obtained.

### **Licenses and Consents**

- 3.14 Save as otherwise specifically disclosed in the Information Memorandum, all licences, permits and approvals required to carry on the business of the Company and its operating subsidiary, KPRL, have been duly obtained and remain in full force and effect, and the Company is in the process of renewing or updating any licences, permits or approvals that have expired or are due to expire, or otherwise monitors to ensure their continued validity.

### **Validity of Evidence of Ownership of Land, Plant and Equipment**

- 3.15 Save as otherwise specifically disclosed in the Information Memorandum, the Company and its operating subsidiary, KPRL, have valid title to, or lawful rights over its property, plant and equipment. In respect of long-term leases that are pending registration, the relevant lease instruments are in the process of being duly stamped and registered.
- 3.16 No material encumbrances exist over the Company's assets that, in our opinion, would materially affect the Offer.
- Material Contracts**
- 3.17 All contracts material to the Company's business have been duly authorised, executed and delivered by the parties thereto and, to the best of our knowledge, are valid, binding and enforceable in accordance with their terms.
- 3.18 There are no material contracts entered into outside the ordinary course of business, and there are no material contracts whose validity, enforceability, or continued existence would be adversely affected by the IPO or the Offer.
- Agreements Regarding Offer**
- 3.19 All contracts material to the Offer have been duly authorised, executed and delivered, and their terms do not and will not result in any breach or violation of any law, regulation or contractual obligation applicable to the Company in connection with the Offer.
- Material Litigation**
- 3.20 Save as otherwise specifically disclosed in the Information Memorandum:
- 3.20.1 there are no legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) in the twelve (12) months preceding the date of this opinion that have had a significant adverse effect on the financial position or operations of the Company, or which, if adversely determined, are reasonably likely to have a significant adverse effect on the obligations of the Company in connection with the Offer;
- 3.20.2 there has been no material prosecution or criminal legal action in which the Company or any of its directors has been involved in the twelve (12) months preceding the date of this opinion;
- 3.20.3 there are no regulatory investigations (including any investigations which are pending or threatened of which the Company is aware) in the twelve (12) months preceding the date of this opinion that have had a significant adverse effect on the financial position or operations of the Company, or which, if adversely determined, are reasonably likely to have a significant adverse effect on the obligations of the Company in connection with the Offer; and
- 3.21 As at the date of this opinion, and for a period of at least two (2) years prior thereto, no director of the Company has:
- 3.21.1 had any petition under bankruptcy or insolvency laws in any jurisdiction pending against them;
- 3.21.2 been convicted of any criminal offence in Kenya; or
- 3.21.3 been subject to any ruling or order of a court of competent jurisdiction, any government body in any jurisdiction, or any professional body to which they belong, that disqualifies them from acting as a director or employee.
- Consents and Approvals**
- 3.22 An application has been duly made to, and permission duly granted by, the Capital Markets Authority (CMA) in respect of the Offer pursuant to the Regulations.
- 3.23 An application has been made for the Offer Shares to be prescribed as a dematerialized security by the CDSC under section 24 of the Central Depositories Act (CAP. 485C).
- 3.24 All approvals, authorisations and consents required under the Privatisation Act, No. 18 of 2025 in connection with the Offer have been duly obtained and remain in full force and effect.

- General**
- 3.25 There is no other material matter not mentioned in the Information Memorandum regarding the legal status of the Company or the proposed Offer that, to our knowledge, would render the Offer or listing invalid or unenforceable.
- 3.26 Based on the foregoing, we are of the opinion that the Offer is in conformity with all applicable laws and has received all necessary authorisations.
- 4 Reservations**
- 4.1 This letter and the opinions expressed in it are governed by, and shall be construed in accordance with, the laws of Kenya, and relate solely to Kenyan law as applied by the courts of Kenya as at the date of the Information Memorandum.
- 4.2 We express no opinion on, and accept no responsibility in respect of, the laws of any jurisdiction other than Kenya.
- 4.3 Nothing in this opinion shall be construed as a warranty, guarantee or assurance as to the future performance, profitability or value of the Company or the Offer Shares, or as to the success of the Offer.
- 4.4 This opinion is confined to the matters expressly addressed herein and does not extend to any contingent, unasserted, undisclosed or future claims, disputes, investigations or litigation (whether civil, criminal, administrative or arbitral), other than those expressly disclosed in the Information Memorandum and/or specifically brought to our attention in writing for purposes of this opinion.
- 4.5 This opinion is furnished for the purposes of the Offer and the inclusion of this opinion in the Information Memorandum. Save to the extent that applicable law may confer rights on persons who acquire the Offer Shares, this opinion does not create any rights or remedies in favour of, and may not be relied upon by, any third party.
- 4.6 This opinion is based on such facts, documents, records, searches and information as have been made available to us as at the date of this letter. Except as expressly stated in this opinion, we have not independently verified the accuracy or completeness of any such facts, documents or information, and we have relied upon certificates, confirmations and representations given by the Company and its officers and other relevant persons.
- 4.7 This opinion speaks as at the date hereof only. We assume no obligation to update, supplement or revise this opinion to reflect any change in law, fact or circumstance occurring after the date of this opinion.
- 5 Exclusion of Liability**
- 5.1 Nothing in this opinion, or in any report, statement or communication made in connection with the Offer or the Information Memorandum, shall be construed as creating any personal liability of, or giving rise to any claim against, the consortium of law firms, TripleOKLaw Advocates LLP and G&A Advocates LLP, or any of their respective partners, directors, members, associates, employees, counsel, consultants or agents, in their individual capacities, save to the extent that such liability cannot lawfully be excluded or limited under applicable law.
- 5.2 Without limiting the generality of clause 6.1, and to the fullest extent permitted by law, none of the persons listed in clause 6.1 shall be liable for any loss, damage, cost, claim or expense of whatever nature (whether direct, indirect, special or consequential) arising out of or in connection with:
- 6.2.1 the Offer or the Information Memorandum;
- 6.2.2 any act, omission or advice relating to the preparation, publication or delivery of the Information Memorandum or other disclosure materials;
- 6.2.3 any use of, or reliance on, this opinion other than for the purposes of the Offer and in the form and context in which it appears in the Information Memorandum; or
- 6.2.4 any action or inaction by the Company, the Vendor or any other party in connection with the Offer, provided always that nothing herein shall exclude or limit liability for fraud, willful misconduct, or any liability which cannot be excluded by law.

- 5.3 This exclusion of liability shall apply to the fullest extent permitted by law and shall survive the completion of the Offer, the listing of the Offer Shares on the NSE, and the termination of any engagement or retainer with the Company or the Vendor.

**6 Consent**

We confirm that we have given, and have not prior to the date of the Information Memorandum withdrawn, our written consent to the inclusion of this legal opinion in the Information Memorandum in the form and context in which it appears.

Yours faithfully

TripleOKLaw Advocates LLP



Yours faithfully

G&A Advocates LLP



G&A Advocates LLP

## Appendix V: Reporting Accountant's Report



KENYA PIPELINE COMPANY LIMITED

COMPILED HISTORICAL FINANCIAL INFORMATION  
FOR FINANCIAL YEARS ENDED 30 JUNE 2021, 2022, 2023, 2024 AND 2025

**KENYA PIPELINE COMPANY LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
STATEMENT OF DIRECTORS' RESPONSIBILITIES .....	3
REPORTING ACCOUNTANT'S REPORT .....	4
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	6
COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	8
COMPANY STATEMENT OF FINANCIAL POSITION AS AT .....	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	11
COMPANY STATEMENT OF CHANGES IN EQUITY .....	12
CONSOLIDATED STATEMENT OF CASH FLOWS .....	14
COMPANY STATEMENT OF CASH FLOWS .....	15
NOTES TO THE FINANCIAL STATEMENTS .....	16

2

**KENYA PIPELINE COMPANY LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for ensuring that the Group keeps proper accounting records that are sufficient to show and explain the transactions of the Group; disclose with reasonable accuracy at any time the financial position of the Group; and that enables them to prepare financial statements of the Group that comply with IFRS Accounting Standards. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards. They also accept responsibility for:

- i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii) Selecting suitable accounting policies and then apply them consistently; and
- iii) Making judgements and accounting estimates that are reasonable in the circumstances.

The Directors have assessed the Group's ability to continue as a going concern and have no reason to believe the Group will not be a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent compilation of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 17 January 2026 and signed on its behalf by:

  
Faith Bett Boinett  
Board chairperson

  
Joe Sang  
Managing Director

  
Pius Mwendwa  
General Manager, Finance

3



The Directors  
Kenya Pipeline Company Limited  
Kenpipe Plaza  
Sekondi Road, Off Nanyuki Road  
Nairobi

**Reporting Accountant's report on the compilation of the historical financial information of Kenya Pipeline Company Limited for each of the five financial years ended 30 June 2025**

We have compiled the accompanying historical financial information of Kenya Pipeline Company Limited (the Company) and its subsidiaries (together, the "Group") based on the company's audited financial statements and other information provided to us by the management. The compiled historical financial information is presented in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015. The compiled historical financial information comprises the:

- Consolidated statements of profit or loss and other comprehensive income for the years ended 30 June 2024 and 2025;
- Consolidated statements of financial position as at 30 June 2024 and 2025;
- Company statements of profit or loss and other comprehensive income for the years ended 31 June 2021, 2022, 2023, 2024 and 2025;
- Company statements of financial position as at 30 June 2021, 2022, 2023, 2024, and 2025;
- Consolidated statements of changes in equity for the years ended 30 June 2024 and 2025;
- Company statements of changes in equity for the years ended 30 June 2021, 2022, 2023, 2024 and 2025;
- Consolidated statements of cash flows for the years ended 30 June 2024 and 2025;
- Company statements of cash flows for the years ended 30 June 2021, 2022, 2023, 2024 and 2025; and
- Summary of material accounting policies and other explanatory information, including a reconciliation of the compiled historical financial information to the audited financial statements.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards.

We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

The company's directors are responsible for the audited financial statements, and the accuracy and completeness of the other information provided to us by management for the compilation of the historical financial information.

PricewaterhouseCoopers LLP, PwC Tower, Nairobi Way/Chiromo Road,  
Westlands P O Box 43963 – 00100 Nairobi, Kenya  
T: +254 (20) 285 5000 F: +254 (20) 285 5001

Partners: J Anye, E Kerich, P Kambi, B Kimaci, M Mugasa, F Muria, P Ngahu, R Nderogga, S O'Norbert, S Okundi, K Saiti

[www.pwc.com/ke](http://www.pwc.com/ke)



**Reporting Accountant's report on the compilation of the historical financial information of Kenya Pipeline Company Limited for each of the five financial years ended 30 June 2025**

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us by management for compilation of the historical financial information. Accordingly, we do not express an audit opinion or a review conclusion on the compiled historical financial information.

FCPA Michael Mugasa, Practicing Certificate Number 1478  
Engagement partner responsible for the engagement  
For and on behalf of PricewaterhouseCoopers LLP  
Certified Public Accountants  
Nairobi

17 January 2026

**KENYA PIPELINE COMPANY LIMITED**  
**COMPILED HISTORICAL FINANCIAL INFORMATION**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS  
ENDED 30 JUNE**

	Notes	2025 KShs '000	2024 KShs '000
Revenue from contracts with customers	6	38,593,631	35,369,330
Cost of providing services	7	(14,731,708)	(14,517,860)
<b>Gross profit</b>		<b>23,861,923</b>	<b>20,851,470</b>
Administrative expenses	11	(14,097,885)	(8,489,738)
Impairment losses on financial assets	11	(212,086)	(756,591)
Fair value loss on unquoted investments	11	(326)	(467)
Impairment losses on non-financial assets	11		(75,705)
Other income	8	2,471,806	832,124
Other gains/(losses) – net	10	(92,406)	(2,231,387)
<b>Operating profit</b>		<b>11,931,026</b>	<b>10,129,706</b>
Finance income	9	478,284	888,457
Finance costs	9	(390,938)	(479,197)
<b>Finance income – net</b>		<b>87,346</b>	<b>409,260</b>
<b>Profit before income tax</b>	13	<b>12,018,372</b>	<b>10,538,966</b>
Income tax expense	14	(4,527,164)	(3,133,271)
<b>Profit for the year</b>		<b>7,491,208</b>	<b>7,405,695</b>
<b>Other comprehensive income</b> <i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of employee benefits obligations	23	(528,922)	-
Revaluation of property, plant, and equipment	17	4,336,346	-
Revaluation of leasehold land	18	3,029,775	-
Income tax impact thereon	33	(2,022,068)	-
<b>Other comprehensive income for the year, net of tax</b>		<b>4,815,131</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>12,306,339</b>	<b>7,405,695</b>
Basic and diluted earnings per share (Kshs)	15	412	408

6

**KENYA PIPELINE COMPANY LIMITED**  
**COMPILED HISTORICAL FINANCIAL INFORMATION**

**COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS  
ENDED 30 JUNE**

	Note	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Revenue from contracts with customers	6	38,593,631	35,369,330	30,857,218	26,213,394	27,987,267
Cost of providing services	7	(14,731,708)	(14,517,860)	(13,217,831)	(13,545,219)	(13,562,976)
<b>Gross profit</b>		<b>23,861,923</b>	<b>20,851,470</b>	<b>17,639,387</b>	<b>12,668,175</b>	<b>14,424,291</b>
Administrative expenses	11	(11,692,866)	(8,489,738)	(9,879,942)	(5,962,030)	(10,139,509)
Impairment losses on non-financial assets	11	-	(75,705)	(3,618,375)	-	-
Impairment losses on financial assets	11	(212,086)	(756,591)	(713,742)	(1,067,139)	(588,730)
Fair value losses on unquoted investments	11	(326)	(467)	(2,107)	(2,313)	(28,625)
Other income	8	805,649	832,124	977,870	635,348	470,668
Other gains/(losses) - net	10	(91,061)	(2,231,387)	1,111,420	372,927	(653,927)
<b>Operating profit</b>		<b>12,671,233</b>	<b>10,129,706</b>	<b>5,514,511</b>	<b>6,644,968</b>	<b>3,484,168</b>
Finance income	9	438,678	888,457	883,056	823,216	349,127
Finance costs	9	(159,744)	(479,197)	(970,109)	(836,786)	(1,233,865)
<b>Finance income/(costs)(– net)</b>		<b>278,934</b>	<b>409,260</b>	<b>(87,053)</b>	<b>(13,570)</b>	<b>(884,738)</b>
<b>Profit before income tax</b>	13	<b>12,950,167</b>	<b>10,538,966</b>	<b>5,427,458</b>	<b>6,631,398</b>	<b>2,599,430</b>
Income tax expense	14	(4,471,713)	(3,133,271)	(2,130,257)	(2,394,220)	(4,337,483)
<b>Profit for the year</b>		<b>8,478,454</b>	<b>7,405,695</b>	<b>3,297,201</b>	<b>4,237,178</b>	<b>(1,738,053)</b>
<b>Other comprehensive Income</b> <i>Items that will not be reclassified to profit or loss:</i>						
Remeasurements of post-employee benefits obligations	23	(528,922)	-	1,203,176	-	(1,409,639)
Revaluation of property, plant, and equipment	17	4,336,346	-	-	-	-
Revaluation of leasehold land	18	3,029,775	-	-	-	-
Impairment of property, plant, and equipment	33	-	(3,508,624)	(5,770,462)	-	-
Income tax impact		(2,022,068)	-	1,731,139	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>4,815,131</b>	<b>-</b>	<b>(2,305,448)</b>	<b>(4,039,323)</b>	<b>(1,409,639)</b>
<b>Total comprehensive income for the year</b>		<b>13,293,585</b>	<b>7,405,695</b>	<b>991,753</b>	<b>197,855</b>	<b>(3,147,692)</b>
Basic and diluted earnings per share (Kshs)	15	467	408	181	233	(96)

7

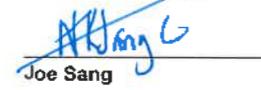
**KENYA PIPELINE COMPANY LIMITED**  
**COMPILED HISTORICAL FINANCIAL INFORMATION**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2025 KShs '000'	2024 KShs '000'
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	91,288,133	89,728,667
Leasehold land	18	21,872,042	19,434,846
Right-of-use assets	20	75,407	67,493
Intangible assets	19	28,476	52,675
Employee benefits obligations	23	997,949	1,327,714
Investments in unquoted equity instruments	21	2,468	2,794
Other receivables	25	1,306,185	1,420,852
Financial investments			932,669
		<b>115,570,660</b>	<b>112,967,710</b>
<b>Current assets</b>			
Inventories	24	2,703,697	2,966,388
Current income tax	27	1,524,847	2,371,599
Trade and other receivables	25	7,421,057	8,183,085
Cash and bank balances	26	11,787,515	6,570,851
		<b>23,437,116</b>	<b>20,091,923</b>
<b>Total assets</b>		<b>139,007,776</b>	<b>133,059,633</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	33	24,511,798	24,621,188
Lease liabilities	35	32,246	31,106
		<b>24,544,042</b>	<b>24,652,284</b>
<b>Current liabilities</b>			
Trade and other payables	34	8,440,840	10,524,607
Provision for liabilities	37	4,268,173	-
Borrowings	36	3,309,520	5,861,593
Current income tax	27	-	-
Lease liabilities	35	50,429	32,706
		<b>16,068,962</b>	<b>16,418,906</b>
<b>Net assets</b>		<b>40,513,004</b>	<b>41,071,200</b>
		<b>98,394,772</b>	<b>91,988,433</b>
<b>EQUITY</b>			
Share capital	28	363,466	363,466
Share premium		512,289	512,289
Retained earnings	29	73,698,511	72,634,225
Revaluation reserve	30	13,215,497	7,871,444
Common control reserve	32	10,607,009	10,607,009
		<b>98,394,772</b>	<b>91,988,433</b>

The financial statements were approved by the board of directors on 17 January 2026 and signed on its behalf by:

  
 Faith Bett Boinett  
 Board chairperson

  
 Joe Sang  
 Managing Director

  
 Pius Mwendwa  
 General Manager, Finance

**KENYA PIPELINE COMPANY LIMITED**  
**COMPILED HISTORICAL FINANCIAL INFORMATION**

COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2025 KShs '000'	2024 KShs '000'	2023 KShs '000'	2022 KShs '000'	2021 KShs '000'
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	17	82,340,855	82,000,394	82,730,496	86,073,639	97,093,897
Leasehold land	18	9,871,366	7,069,846	7,295,593	6,946,976	7,288,715
Right-of-use assets	20	36,342	67,493	98,644	-	-
Intangible assets	19	28,476	52,675	27,652	23,592	30,309
Employee benefits obligations	23	997,949	1,327,714	1,327,714	-	-
Investments in unquoted equity instruments	21	2,468	2,794	3,281	5,368	7,681
Investment in subsidiary	22	4,154,984	2,103,194	3,316,663	-	-
Other receivables	25	1,306,185	1,420,852	3,142,126	3,117,018	-
		<b>98,735,625</b>	<b>94,044,952</b>	<b>94,760,023</b>	<b>96,190,700</b>	<b>107,537,620</b>
<b>Current assets</b>						
Inventories	24	2,282,493	2,646,843	2,440,531	2,343,923	2,608,032
Current income tax	27	543,374	1,461,638	-	827,399	914,929
Trade and other receivables	25	7,504,327	8,090,861	10,073,914	8,283,974	9,160,338
Cash and bank balances	26	7,373,225	6,517,320	11,731,771	10,400,368	9,568,253
		<b>17,683,419</b>	<b>18,716,662</b>	<b>24,246,216</b>	<b>21,855,564</b>	<b>22,231,552</b>
<b>Total assets</b>		<b>116,422,044</b>	<b>112,761,624</b>	<b>119,006,239</b>	<b>118,046,384</b>	<b>129,769,172</b>

**KENYA PIPELINE COMPANY LIMITED**  
**COMPILED HISTORICAL FINANCIAL INFORMATION**

COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE (CONTINUED)

LIABILITIES	2025 KShs '000'	2024 KShs '000'	2023 KShs '000'	2022 KShs '000'	2021 KShs '000'
<b>Non-current liabilities</b>					
Deferred tax liabilities	33 18,964,820	18,796,513	19,721,559	19,113,823	18,766,431
Lease liabilities	35 6,315	31,106	75,660	-	-
Borrowings	36 -	-	3,367,442	10,088,826	13,864,937
<b>Current liabilities</b>					
Trade and other payables	34 4,371,089	10,083,583	10,995,501	3,800,319	4,730,037
Provision for liabilities	37 4,268,173	-	-	-	-
Current income tax	27 -	-	472,693	-	-
Borrowings	36 -	2,456,292	3,367,458	5,049,420	4,621,646
Lease liabilities	36 36,638	32,706	29,196	-	-
<b>Net assets</b>					
8,675,900	12,552,581	14,865,849	8,849,739	9,351,683	
27,647,035	31,380,200	38,030,510	38,062,388	41,983,051	
<b>EQUITY</b>					
Share capital	28 363,466	363,466	363,466	363,466	363,466
Share premium	512,289	512,289	512,289	512,289	512,289
Retained earnings	29 74,683,757	72,634,225	72,228,530	67,728,153	71,480,975
Revaluation reserve	30 13,215,497	7,871,444	7,871,444	11,380,066	15,419,391
	<b>88,775,009</b>	<b>81,381,424</b>	<b>80,975,729</b>	<b>79,983,976</b>	<b>87,786,121</b>

The financial statements were approved by the board of directors on 17 January 2026 and signed on its behalf by:

Faith Bett Bolnett  
Board chairperson

Joe Sang  
Managing Director

Pius Mwendwa  
General Manager, Finance

10

**KENYA PIPELINE COMPANY LIMITED**  
**COMPILED HISTORICAL FINANCIAL INFORMATION**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital KShs '000'	Share premium KShs '000'	Retained earnings KShs '000'	Revaluation reserve KShs '000'	Common control reserve KShs '000'	Total equity KShs '000'
<b>For the year ended 30 June 2024</b>						
At start of year	363,466	512,289	72,228,530	7,871,444	-	80,975,729
Business combination (Note 32)	-	-	-	-	-	10,607,009
Profit for the year	-	-	7,405,695	-	-	7,405,695
Dividends paid	-	-	(7,000,000)	-	-	(7,000,000)
<b>At end of year</b>	<b>363,466</b>	<b>512,289</b>	<b>72,634,225</b>	<b>7,871,444</b>	<b>10,607,009</b>	<b>91,983,433</b>
<b>For the year ended 30 June 2025</b>						
At start of year	363,466	512,289	72,634,225	7,871,444	10,607,009	91,988,433
Profit for the year	-	-	7,491,208	-	-	7,491,208
Dividends paid	-	-	(5,900,000)	-	-	(5,900,000)
Other comprehensive income, net of tax	-	-	(528,922)	5,344,053	-	4,815,131
<b>At end of year</b>	<b>363,466</b>	<b>512,289</b>	<b>73,696,511</b>	<b>13,215,497</b>	<b>10,607,009</b>	<b>98,384,772</b>

**KENYA PIPELINE COMPANY LIMITED**  
**COMPILED HISTORICAL FINANCIAL INFORMATION**

**COMPANY STATEMENTS OF CHANGES IN EQUITY**

	Notes	Share capital KShs '000'	Share premium KShs '000'	Retained earnings KShs '000'	Revaluation reserve KShs '000'	Total equity KShs '000'
<b>For the year ended 30 June 2021</b>						
At start of year		363,466	512,289	77,338,667	15,419,391	93,633,813
Profit for the year		-	-	(1,738,053)	-	(1,738,053)
Other comprehensive income, net of tax		-	-	(1,409,639)	-	(1,409,639)
Dividends paid		-	-	(2,700,000)	-	(2,700,000)
<b>At end of year</b>	<b>16</b>	<b>363,466</b>	<b>512,289</b>	<b>71,490,975</b>	<b>15,419,391</b>	<b>87,786,121</b>
<b>For the year ended 30 June 2022</b>						
At start of year		363,466	512,289	71,490,975	15,419,391	87,786,121
Profit for the year		-	-	4,237,178	-	4,237,178
Other comprehensive income, net of tax		-	-	-	(4,039,323)	(4,039,323)
Dividends paid		-	-	-	-	(8,000,000)
<b>At end of year</b>	<b>16</b>	<b>363,466</b>	<b>512,289</b>	<b>67,728,153</b>	<b>11,380,068</b>	<b>79,983,976</b>
<b>For the year ended 30 June 2023</b>						
At start of year		363,466	512,289	67,728,153	11,380,068	79,983,976
Profit for the year		-	-	3,297,201	-	3,297,201
Other comprehensive income, net of tax		-	-	1,203,176	(3,508,624)	(2,305,448)
<b>At end of year</b>	<b>16</b>	<b>363,466</b>	<b>512,289</b>	<b>72,226,530</b>	<b>7,871,444</b>	<b>80,975,729</b>

12

**KENYA PIPELINE COMPANY LIMITED**  
**COMPILED HISTORICAL FINANCIAL INFORMATION**

**COMPANY STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

		Share capital KShs '000	Share premium KShs '000	Retained earnings KShs '000	Revaluation reserve KShs '000	Total equity KShs '000
<b>At start of year</b>						
At start of year		363,466	512,289	72,228,530	7,871,444	80,975,729
Profit for the year		-	-	7,405,696	-	7,405,696
Other comprehensive income, net of tax		-	-	-	-	-
Dividends paid		-	-	(7,000,000)	-	(7,000,000)
<b>At end of year</b>	<b>16</b>	<b>363,466</b>	<b>512,289</b>	<b>72,634,225</b>	<b>7,871,444</b>	<b>B1,381,424</b>
<b>For the year ended 30 June 2025</b>						
At start of year		363,466	612,289	72,634,225	7,871,444	81,381,424
Profit for the year		-	-	8,478,454	-	8,478,454
Other comprehensive income, net of tax		-	-	(528,922)	5,344,053	4,815,131
Dividends paid		-	-	(5,900,000)	-	(5,900,000)
<b>At end of year</b>	<b>16</b>	<b>363,466</b>	<b>512,289</b>	<b>74,683,757</b>	<b>13,215,497</b>	<b>B8,775,009</b>

**KENYA PIPELINE COMPANY LIMITED  
COMPILED HISTORICAL FINANCIAL INFORMATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE**

	Notes	2025 KShs '000	2024 KShs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	38	19,726,712	16,741,888
Interest received	9	478,284	888,441
Interest paid on borrowings	9	(381,038)	(205,377)
Interest paid lease liabilities	9	(11,848)	(11,847)
Income taxes paid	14	(5,549,850)	(6,112,906)
Net cash flows from operating activities		<u>14,262,260</u>	<u>11,300,199</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, and equipment	17	(1,471,882)	(4,257,566)
Proceeds from disposal of property, plant and equipment		40,515	33,566
Purchase of intangible assets	19	(255)	(96,260)
Proceeds from financial investments		922,669	-
Net cash flows from investing activities		<u>(508,953)</u>	<u>(4,320,260)</u>
<b>Cash flows from financing activities</b>			
Repayment of principal lease liabilities	35	(60,579)	(41,043)
Dividends paid	16	(5,900,000)	(7,000,000)
Net repayment of borrowings	36	(2,575,950)	(5,092,240)
Net cash flows from financing activities		<u>(8,536,529)</u>	<u>(12,133,283)</u>
Cash and cash equivalents at start of year		6,570,851	11,731,771
Effects of exchange rates on cash and cash equivalents		(114)	(7,576)
Net increase/(decrease) in cash and cash equivalents		<u>5,216,778</u>	<u>(5,153,344)</u>
<b>Cash and cash equivalents at end of year</b>	<b>26</b>	<b><u>11,787,515</u></b>	<b><u>6,570,851</u></b>

14

**KENYA PIPELINE COMPANY LIMITED  
COMPILED HISTORICAL FINANCIAL INFORMATION**

**COMPANY STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE**

	Notes	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
<b>Cash flows from operating activities</b>						
Cash generated from operations	38	17,966,845	16,566,620	15,876,356	13,123,548	9,840,942
Interest received	9	438,678	888,457	883,056	823,216	349,127
Interest paid on borrowings	9	(151,407)	(467,350)	(958,755)	(836,786)	(1,233,865)
Interest paid lease liabilities	9	(8,337)	(11,847)	(11,354)	-	-
Income taxes paid	14	(5,407,210)	(5,992,648)	(466,735)	(254,974)	-
Payment for claims				(3,508,624)	-	-
<b>Net cash flows from operating activities</b>		<b>12,837,895</b>	<b>10,983,232</b>	<b>11,813,944</b>	<b>12,855,004</b>	<b>8,956,204</b>
<b>Cash flows from investing activities</b>						
Purchase of property, plant, and equipment	17	(1,461,882)	(4,257,566)	(2,680,689)	(691,299)	(422,141)
Proceeds from disposal of property, plant and equipment		40,515	32,725	-	23,385	-
Purchase of intangible assets	19	(255)	(96,260)	(13,727)	(23,455)	-
Investment in subsidiary		(2,051,790)	-	-	-	-
<b>Net cash flows from investing activities</b>		<b>(3,743,412)</b>	<b>(4,321,101)</b>	<b>(2,694,416)</b>	<b>(691,369)</b>	<b>(422,141)</b>
<b>Cash flows from financing activities</b>						
Repayment of principal lease liabilities	35	(20,858)	(41,043)	(19,747)	-	-
Dividends paid	16	(5,900,000)	(7,000,000)	-	(8,000,000)	(2,700,000)
Net repayment of borrowings	36	(2,587,280)	(4,827,963)	(7,805,893)	(3,381,068)	(4,690,053)
<b>Net cash flows from financing activities</b>		<b>(8,508,138)</b>	<b>(11,869,006)</b>	<b>(7,825,640)</b>	<b>(11,381,068)</b>	<b>(7,390,053)</b>
Net increase in cash and cash equivalents		856,019	(5,206,875)	1,293,888	782,567	1,144,010
Effects of exchange rate differences on cash and cash equivalents		(114)	(7,576)	37,515	69,548	12,800
Cash and cash equivalents at start of year		6,517,320	11,731,771	10,400,368	9,548,253	8,391,443
<b>Cash and cash equivalents at end of year</b>	<b>26</b>	<b>7,373,225</b>	<b>6,517,320</b>	<b>11,731,771</b>	<b>10,400,368</b>	<b>9,548,253</b>

15

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Kenya Pipeline Company (KPC or the Company) together with its subsidiary (together the "group") is established by and derives its authority and accountability from the Companies Act, Cap 486 of the laws of Kenya. The company is wholly owned by the Government of Kenya (GoK) and is domiciled in Kenya. The company's principal activity is to provide efficient, reliable, safe, and cost-effective means of transporting petroleum products from Mombasa to the hinterland.

On 27 October 2023, the GoK transferred its 100% shareholding in Kenya Petroleum Refinery Limited (KPRL) to KPC. Consequently, KPRL became a wholly owned subsidiary of KPC. KPRL's principal business activity is to refine crude oil into various petroleum products for sale to the oil marketing companies in Kenya. However, the company's refining operations stopped on 4 September 2013. The main reason for the shutdown was that the prices of the products produced by the refinery were marginally higher than those of imported products. The company has continued operating by rendering storage of imported petroleum products services and leasing its storage tanks and pipelines.

For Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the re-valuation of property, plant and equipment, leasehold land and fair value measurement of investments in unquoted equities and employee benefit obligation.

The consolidated financial statements of the Kenya Pipeline Company Limited Group (the group) have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards,
- IAS Standards, and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The preparation of financial statements in conformity with IFRS Accounting Standards allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the group, and rounded off to the nearest thousands.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

**a. New and amended standards adopted by the Group**

A number of IFRS Accounting Standards were amended or introduced in the five-year period of presentation as summarised in the table below:

Standard	Affected financial years	Impact on the financial statements
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	2024-2025	The amendments which were effective for annual periods beginning on or after 1 January 2024 clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. These amendments did not have a material impact on the financial statements of the group.
Amendment to IFRS 18 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	2024-2025	The amendment, applicable to annual periods beginning on or after 1 January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.  These amendments did not have a material impact on the financial statements of the group.
Amendment to IAS 7 and IFRS 7 - Supplier finance	2024-2025	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows, and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.  The amendments are effective for annual periods beginning on or after 1 January 2024 and did not have a material impact on the financial statements of the group.
Amendments to IAS 21 - Lack of Exchangeability	2024-2025	The amendments were effective for annual periods beginning on or after 1 January 2025. An entity is impacted by the when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. These amendments did not have a material impact on the financial statements of the group.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a. New and amended standards adopted by the Group (continued)**

Standard	Affected financial years	Impact on the financial statements
Classification of Liabilities as Current or Non - current - Amendments to IAS 1  Effective for annual periods beginning on or after 1 January 2023	2023-2025	<p>The amendments to IAS 1 published in January 2020 affected only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>The amendments were applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.</p>
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2  Effective for annual periods beginning on or after 1 January 2023	2023 - 2025	<p>The amendments changed the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replaced all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.</p> <p>The supporting paragraphs in IAS 1 were also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a. New and amended standards adopted by the Group (continued)**

Standard	Affected financial years	Impact on the financial statements
		<p>The amendments to IAS 1 were effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.</p>
Definition of Accounting Estimates - Amendments to IAS 8  Effective for annual periods beginning on or after 1 January 2023	2023-2025	<p>The amendments replaced the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".</p> <p>The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:</p> <ul style="list-style-type: none"> <li>• A change in accounting estimate that results from new information or new developments is not the correction of an error</li> <li>• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.</li> </ul> <p>The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period.</p>
Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10	2023-2025	<p>The amendments to IFRS 10 and IAS 28 dealt with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023.</p>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. New and amended standards adopted by the Group (continued)

Standard	Affected financial years	Impact on the financial statements
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12  Effective for annual periods beginning on or after 1 January 2023	2023-2025	<p>The amendments introduced a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.</p> <p>Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Group and Company is currently assessing the impact of these amendment.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.</p>
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16  Effective for annual period beginning on or after 1 January 2021	2022 - 2025	<p>The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:</p> <ul style="list-style-type: none"> <li>• A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.</li> <li>• Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.</li> <li>• Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.</li> </ul> <p>The Group and Company had USD denominated facilities priced at Libor. The carrying amount of the borrowing facility is USD 40 million priced at 6-month USD libor. The facility will mature within 12 months from the drawdown date. The amendments above had no significant impact on the annual financial statements of the Group and the Company for the period. There was no amendment to the original contracts terms specified at the initial recognition nor alteration of the method for calculating the interest rate benchmark nor existing fallback clauses in the existing contracts. The Group and Company are currently negotiating alternative benchmark rates with financial institutions and will be transitioning to new benchmark rates by December 2022.</p>

20

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. New and amended standards adopted by the Group (continued)

Standard	Affected financial years	Impact on the financial statements
Covid-19-Related Rent Concessions - Amendments to IFRS 16  Effective for annual period beginning on or after 1 June 2020	2022 - 2025	<p>On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.</p> <p>The amendment applies to all lease payments originally due on or before 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 June 2020.</p>
Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16  Effective for annual period beginning on or after 1 April 2021	2022 - 2025	<p>On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.</p> <p>The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.</p> <p>The Group and Company has not received any Covid-19-related rent concessions.</p>

21

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

a. New and amended standards adopted by the Group (continued)

Standard	Affected financial years	Impact on the financial statements
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)  Effective for annual period beginning on or after 1 January 2022	2022 - 2025	In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)  Effective for annual period beginning on or after 1 January 2022	2022 - 2025	In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

a. New and amended standards adopted by the Group (continued)

Standard	Affected financial years	Impact on the financial statements
IFRS 16: Leases	2022-2025	The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognized in respect of most operating leases where the Company is the lessee.
IFRIC 23: Uncertainty Over income tax treatments	2022-2025	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: <ul style="list-style-type: none"><li>• Whether tax treatments should be considered collectively</li><li>• Assumptions for taxation authorities' examinations</li><li>• The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates</li><li>• The effect of changes in facts and circumstances</li></ul>
IFRIC 23: Uncertainty Over income tax treatments	2022-2025	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: <ul style="list-style-type: none"><li>• Whether tax treatments should be considered collectively</li><li>• Assumptions for taxation authorities' examinations</li><li>• The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates</li><li>• The effect of changes in facts and circumstances</li></ul> Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017) The amendments, applicable to annual periods beginning on or after 1 January 2019, allow entities to measure pre-payable financial assets with negative compensation at amortized cost or fair value through other comprehensive income if a specified condition is met.
Amendments to IAS 28 titled Long-term Interests in Associates and Joint ventures, (issued in October 2017)	2022-2025	The amendments applicable to annual periods beginning on or after 1st January 2019, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a. New and amended standards adopted by the Group (continued)**

Standard	Affected financial years	Impact on the financial statements
Amendments to IFRS 3 - Annual Improvements to IFRSs 2015-2017 Cycle, issued in December 2017	2022-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, provide additional guidance on applying the acquisition method to particular types of business combination.
Amendments to IFRS 11 - Annual Improvements to IFRSs 2015-2017 Cycle, (issued in December 2017)	2022-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests
Amendments to IAS 12 - Annual Improvements to IFRSs 2015-2017 Cycle, (issued in December 2017)	2022-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that all income tax consequences of dividends should be recognized when a liability to pay a dividend is recognized, and that these income tax consequences should be recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions to which they are linked.
Amendments to IAS 23 - Annual Improvements to IFRSs 2015-2017 Cycle, issued in December 2017	2022-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.
Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2018)	2022-2025	The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity re-measures its net defined benefit liability (asset) in the manner specified in the amended standard. The above new and revised International financial reporting standards were effective in the current year and the directors of the company do not anticipate that application of these Amendments/Interpretations will have significant impact on the company financial statements.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a. New and amended standards adopted by the Group (continued)**

Standard	Affected financial years	Impact on the financial statements
Definition of Material (Amendments to IAS 1 and IAS 8)	Effective for annual period beginning on or after 1 January 2020	The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.
Amendments to References to Conceptual Framework in IFRS Standards	Effective for annual period beginning on or after 1 January 2020	The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework.  The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.
COVID-19-Related Rent Concessions (Amendments to IFRS 16)	Effective for annual period beginning on or after 1 June 2020	On May 28 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 1 2020. Earlier application is permitted.

**KENYA PIPELINE COMPANY LIMITED  
HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE  
FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a. New and amended standards adopted by the Group (continued)**

IFRS 16: Leases	2021-2025	The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognize assets and liabilities for all leases with a term of more than representing its right to use the underlying leased asset and a lease liability representing its obligation to make 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset lease payments. Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognized in respect of most operating leases where the Company is the lessee.
IFRIC 23: Uncertainty Over income tax treatments	2021-2025	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: <ul style="list-style-type: none"> <li>• Whether tax treatments should be considered collectively</li> <li>• Assumptions for taxation authorities' examinations</li> <li>• The effect of changes in facts and circumstances</li> </ul>
Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)	2021-2025	The amendments, applicable to annual periods beginning on or after 1 January 2019, allow entities to measure prepayable financial assets with negative compensation at amortized cost or fair value through other comprehensive income if a specified condition is met.
Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)	2021-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.
Amendments to IFRS 3 - Annual Improvements to IFRSs 2015-2017 Cycle, issued in December 2017.	2021-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, provide additional guidance on applying the acquisition method to particular types of business combination.
Amendments to IFRS 11 - Annual Improvements to IFRSs 2015-2017 Cycle, issued in December 2017	2021-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests
Amendments to IAS 12 - Annual Improvements to IFRSs 2015-2017 Cycle, issued in December 2017	2021-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that all income tax consequences of dividends should be recognized when a liability to pay a dividend is recognized, and that these income tax consequences should be recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions to which they are linked.

**KENYA PIPELINE COMPANY LIMITED  
HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE  
FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a. New and amended standards adopted by the Group (continued)**

Amendments to IAS 23 - Annual Improvements to IFRSs 2015-2017 Cycle, issued in December 2017	2021-2025	The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.
Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2018)	2021-2025	The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity re-measures its net defined benefit liability (asset) in the manner specified in the amended standard. The above new and revised International financial reporting standards were effective in the current year and the directors of the company do not anticipate that application of these Amendments/Interpretations will have significant impact on the company financial statements.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) New standards and interpretations not yet adopted**

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the group.

Amendment	Summary	Impact
Amendment to IAS 21 – Lack of exchangeability  Annual periods beginning on or after 1 January 2025	In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not	The group does not expect this amendment to have a material impact on the financial statements.
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7  Annual periods beginning on or after 1 January 2026	On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities.  These amendments: clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cashflows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).	The Group does not expect these amendments to have a material impact on its operations or financial statements.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) New standards and interpretations not yet adopted**

IFRS 19 Subsidiaries without Public Accountability Annual periods beginning on or after 1 January 2027	Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.	The Group does not expect this standard to have an impact on its operations or financial statements.
IFRS 18 Presentation and Disclosure in Financial Statements  Annual periods beginning or after 1 January 2027 with early adoption possible subject to local endorsement where required.	This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:  the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. apply to the primary financial statements and notes in general.	The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for: . management-defined performance measures; . a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and . for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1. From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows. The group will apply the new standard from its mandatory effective date of 1 July 2027. Retrospective application is required, and so the comparative information for the financial year ending 30 June 2027 will be restated in accordance with IFRS 18.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The summary of accounting policies adopted in the preparation of these financial statements are set out below:

c) Basis of consolidation subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date when control ceases. The predecessor method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Accounting for business combinations under common control

KPC, through a share transfer on 27 October 2023, acquired the shares of KPRL from The National Treasury without monetary consideration. KPRL became a fully owned subsidiary of KPC.

Transactions in which combining entities are controlled by the same party or parties before and after the transaction, and that control is not transitory, are referred to as common control transactions.

The group has elected to apply predecessor values with the retrospective method of presentation for common control transactions. Therefore, no purchase price allocation is performed and any difference between the net asset value and the amount paid (i.e. the purchase consideration) is recorded directly in the common control reserve in equity.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Revenue recognition

Revenue is recognized in accordance with IFRS 15, Revenue from contracts with customers. The group derives revenue from transportation and storage of petroleum products. Sales are recognised when control of the goods has been transferred. Control is considered to be transferred when performance obligation has been met. Oil Marketing Companies (OMC's) have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the OMC's acceptance of the products. Delivery has occurred when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the OMCs, and the OMCs have accepted the goods.

Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the entities' activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the entities' activities as described below. The Group enters contracts (known as Transport Service Agreements) with customers for the following services/ performance obligations.

Revenue stream	Description of service	Performance obligation	Point of recognition
Local service fees	Transportation and handling of refined petroleum products to the local market	Delivery and handling of local petroleum products to point-of-sale terminals (KPC depots).	Over time
Export service fees	Transportation and handling of refined petroleum products to the export market in East and Central Africa	Delivery and handling of export petroleum products to point-of-sale terminals (KPC depots).	Over time
Kipevu oil storage facility fees	Primary storage of refined petroleum products within the stipulated time as per the transport and storage agreement.	Allocation of ullage and receipt of petroleum products upon recertification.	Over time
Penalties on overstayed product	Opportunity lost to earn revenue as a result of failure by OMCs to evacuate product within the stipulated time as per the transport and storage agreement.	Delivery of product to point-of-sale terminals (KPC depots).	At a point in time
Penalties from adjustment stock entitlement (ASE)	Processing of adjustment of stock entitlements of less than 70M <sup>3</sup>	Immediately upon receipt of the request.	At a point in time
KPRL lease income	Use of KPRL pipeline to transfer product to Oil Marketing Companies' terminals	Availing of the pipeline after fulfilment of all the requirements.	Over time
Liquefied Petroleum Gas Sales	Storage and handling of Liquefied Petroleum Gas at KPRL	Delivery and handling of LPG at KPRL terminal.	Over time

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**d) Revenue recognition (continued)**

Revenue is measured at the transaction price agreed in the contract in the Transport Service Agreement. The tariffs are stipulated by the Energy and Petroleum Authority (EPRA).

The Company applies the five-step model as per IFRS 15 - Revenue from contracts with customers, to determine when to recognise revenue and at what amount. The following approach is used:

- i. Identify the contract with a customer;
- ii. Identify the performance obligations in the contract;
- iii. Determine the transaction price;
- iv. Allocate the transaction price to the performance obligations in the contract; and
- v. Recognise revenue.

**e) Other incomes**

Other income is recognized as it accrues and comprises of the following:

- i) **Finance income** comprises interest receivable from bank deposits and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- ii) **Dividend income** is recognized in the income statement in the year in which the right to receive payment is established.
- iii) **Rental income** is recognized in the income statement as it accrues using the effective lease agreements.

**f) Property, plant and equipment**

Property, plant and equipment are recognised at fair value based on periodic valuations done by external independent valuers, less subsequent depreciation and impairment. Valuations are done every five years. A revaluation surplus is credited to revaluation reserves in shareholder's equity. Increases in the carrying amounts arising on revaluation of property, plant, and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold or abandoned, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**g) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Freehold land	Nil
Buildings - residential	2% or unexpired lease period
Buildings - industrial	2% or unexpired lease period
Show ground pavilion, wooden and fences	20%
Pipeline and tanks	2.5%
Pumps, transformers and switchgear	5%
Furniture, fittings and equipment	10%
Roads	20%
Helicopters	10%
Motor vehicles	25%
Computers	33%

A prorated depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

The Remaining useful life applied for revalued property, plant and equipment assets values are as below:

Freehold land	No useful life
Buildings - residential	2% or period of lease whichever is less
Buildings - industrial	2% or period of lease whichever is less
Show ground pavilion, wooden and fences	20%
Pipeline and tanks	Remaining useful life as per valuation
Pumps, transformers and switchgear	Remaining useful life as per valuation
Furniture, fittings and equipment	50% of the maximum life as per the policy.
Roads	10%
Helicopters	10%
Motor vehicles	25%
Computers	33%

**h) Intangible assets**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of the software from the date that they are available for use. The estimated useful life is three to five years.

**i) Amortization and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**j) Leases**

*Leases under which the Group is the lessee*

The Group determines lease contracts as prescribed by IFRS 16. On the commencement date of each lease (excluding leases with a term of 12 months or less on commencement and leases for which the underlying asset is of low value), the Group recognizes a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Group at the end of the lease term, the estimated useful life would not exceed the lease term.

**k) Financial instruments**

**(a) Classification**

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

The group reclassifies debt instruments only when its business model for managing those assets changes.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(b) Recognition and measurement**

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** assets that are held for collection of contractual cash flows, where those cashflows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'other gains/(losses)' together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI:** assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in 'other gains/(losses)', and impairment expenses are presented as a separate line item in the statement of profit or loss.
- **FVTPL:** assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within 'other gains/(losses)' in the period in which it arises.

**Equity instruments**

The group subsequently measures all equity investments at fair value. Where management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in 'other gains/(losses)' in the statement of profit or loss as applicable.

The group holds certain unquoted equity investments comprising equity shares held in other Government owned or controlled entities (note 21).

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**k) Financial instruments (continued)**

**(b) Recognition and measurement**

**Impairment**

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

**l) Unquoted investments**

Unquoted investments stated at fair value under non-current assets and comprise equity shares held in other Government owned or controlled entities.

**m) Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges, and is determined on the moving average price method.

**n) Trade and other receivables**

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. The Company has a credit period of 45 days after which they are considered as credit impaired. These are assessed for impairment on a continuing basis. An estimate of expected credit losses on trade and other receivables is made based on a review of all outstanding amounts at the year-end as follows:

- Full provision for specific receivables where all efforts for recovery of the debt have been exhausted
- Full provision for debts that are over and above the line-fill value calculated at landed cost.
- Full provision for specific staff receivables where efforts for recovery have been exhausted.
- For other trade and other receivables not in the above categories, an expected credit loss is calculated based on prior collection pattern and other forward looking information. .

**o) Taxation**

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the group operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**o) Taxation (continued)**

*Deferred Income tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized in other comprehensive income is recognized directly in other comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**p) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imposts and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**q) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable on settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**r) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**s) Retirement benefit obligations**

The company operated a defined benefit contribution pension scheme for eligible employees until 30 June 2006. With effect from 1 July 2006, the scheme was closed to new members and a defined contribution pension scheme was established.

The assets of these schemes are held in separate trustee administered funds. The defined contribution scheme is funded by contributions from both the employees and employer.

For the defined contribution pension scheme, the cost of providing benefits is limited to the company contributions.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and re-measurement.

The company presents the components of defined benefit costs such as service cost, interest on defined benefit obligation and interest on defined benefit asset in profit or loss in the line item of pension cost-defined benefit scheme (included in staff costs). Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The company also makes contributions to National Social Security Fund, a statutory defined contribution pension scheme. The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Kshs. 200 per month per employee.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**t) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue to the employees. A provision is made for the estimated liability for annual leave at the reporting date.

**u) Foreign currency translations**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within 'other gains/(losses)'.

**v) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended to conform to the required changes in presentation.

**w) Expenses**

Expenses are recognised in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and is independent from transactions with equity participants. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment).

When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognised in profit or loss on the basis of systematic and rational allocation procedures. This is often necessary in recognising the expense associated with the using up of assets such as property and equipment. In such cases, the expense is referred to as depreciation or amortisation. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

An expense is recognised immediately in profit or loss when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Costs directly associated with generating revenues are included in cost of sales. The costs include direct material and labour costs but also indirect costs that can be directly attributed to generating revenue, e.g. depreciation of assets used in the production.

**x) Share capital**

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

**y) Segment reporting**

The group's business includes management of petroleum products through its transport system and oil depot network. For segmental reporting, the group is organised into a single operating segment based on geographical segments, whose chief operating decision maker is the Managing Director. In view of this the group does not report on separate business segments. Segment results, assets and liabilities are as presented in the company financial statements.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

**Estimates and assumptions**

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 described below. The group based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the group. Such changes are reflected in the assumptions when they occur.

**Sources of estimation uncertainty**

*Actuarial valuation of defined benefits plan*

The net asset under the defined benefit scheme is determined using actuarial valuation. The actuarial valuation involves making financial assumptions such as discount rates, expected rates of return on assets, future salary increases, and demographic assumptions such as mortality rates, withdrawal rates, retirement rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Refer to note 23.

*Impairment of assets*

At each reporting date, the company reviews the carrying amount of its financial, tangible and intangible assets to determine whether there is any indication that the assets have suffered impairment. If any such indication exists, the assets recoverable amount is estimated, and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount. Refer to notes 17, 18 and 23.

*Useful lives and residual values*

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the group.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the assets.
- Changes in the market in relation to the asset.

*Impairment losses on financial assets*

The company reviews its financial assets at FVOCI and at amortised cost to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The directors makes judgments in determination of probability of default, loss given default and exposure at default. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. See additional disclosures on note 23

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**Provisions**

A provision is recognized if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. The measurement of provisions involves judgement in determination of probable cash outflows.

A provision for restructuring is recognized when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

**Income and other taxes**

Significant judgment is required in determining the group's provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

**Valuation of property, plant and equipment**

The directors use significant unobservable inputs in determining the fair values of these assets. Small variations to these estimates could result in material fluctuations to the reported results. Refer to note 3 on valuation techniques used to determine fair values.

**Environmental liabilities**

The group is exposed to environmental damage risks which can occur in a number of ways, including contamination of land, pollution of rivers and waterways, emission of harmful gases into the atmosphere, and excavating holes and drilling in the ground.

The group's response to environmental issues might create constraints on the way in which it operates. These constraints can arise from legislation, or they might be constructive (for example, where a group makes a statement that it will rectify damage, or it creates an obligation through an established practice of rectifying the damage).

Some constraints can give rise to liabilities where either compliance or non-compliance will result in an outflow of economic resources, such as performance of asset decommissioning in order to comply with legislation or payment of a fine for non-compliance.

The group has assessed and recognized provisions where it believes that cash outflows will be required to either decommission assets or arising from legal suits in relation to environmental claims.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the group's business and operational risks are an inevitable consequence of being in business. The group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The key types of risks include:

- Market risk
- Credit risk
- Liquidity risk
- Capital risk

The group's overall risk management program focuses on the unpredictability of changes in the business environment and seeks to minimize potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The group's treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the group.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The group's treasury function, headed by the chief accountant - finance and reporting to the Finance Manager, develops and monitors risks and policies implemented to mitigate risk exposures.

**a) Market risk**

The activities of the group expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the group's exposure to market risks or the way it manages and measures the risk.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

**(i) Foreign currency risk management**

Exposure to exchange rate fluctuations arising from international trading commitments is minimized by utilizing foreign currency reserves to settle maturing obligations. Revenue is spread on a 50-50 basis in local and foreign currencies (USD). As at end of the quarter, the carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities are as follows:

Group	GBP KShs '000	EUR KShs '000	USD KShs '000	CAD KShs '000	ZAR KShs '000
<b>At 30 June 2025</b>					
<b>Financial assets</b>					
Bank and cash balances	-	-	1,999,222	-	-
Short term deposits	-	-	-	-	-
Trade receivables	-	-	3,719,232	-	-

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**i) Foreign currency risk management (continued)**

	GBP KShs '000	EUR KShs '000	USD KShs '000	ZAR KShs '000
<b>Financial liabilities</b>				
Trade payables	(4,144)	(64,085)	(943,957)	(58)
Borrowings	-	-	(1,230,899)	-
<b>Net exposure</b>	<b>(4,144)</b>	<b>(64,085)</b>	<b>3,543,598</b>	<b>(58)</b>

**At 30 June 2024**

	GBP KShs '000	EUR KShs '000	USD KShs '000	ZAR KShs '000
<b>Financial assets</b>				
Bank and cash balances	-	-	1,389,320	-
Short term deposits	-	-	3,263,774	-
Trade receivables	-	-	3,397,631	-
<b>Financial liabilities</b>				
Trade payables	-	(42,064)	(1,227,088)	(58)
Borrowings	-	-	(3,742,244)	-
<b>Net exposure</b>	<b>-</b>	<b>(42,064)</b>	<b>3,081,393</b>	<b>(58)</b>

**Company**

	GBP KShs '000	EUR KShs '000	USD KShs '000	ZAR KShs '000	
<b>At 30 June 2025</b>					
<b>Financial assets</b>					
Bank and cash balances	-	-	1,995,913	-	
Trade receivables	-	-	3,675,672	-	
<b>Financial liabilities</b>					
Trade payables	(4,144)	(64,085)	(909,633)	(58)	
<b>Net exposure</b>	<b>(4,144)</b>	<b>(64,085)</b>	<b>4,761,952</b>	<b>(58)</b>	

**At 30 June 2024**

	GBP KShs '000	EUR KShs '000	USD KShs '000	ZAR KShs '000
<b>Financial assets</b>				
Bank and cash balances	-	-	7,910,818	-
Trade receivables	-	-	3,347,792	-
<b>Financial liabilities</b>				
Trade payables	(4,335)	(42,064)	(1,265,117)	(58)
Bank borrowing	-	-	(2,456,292)	-
<b>Net exposure</b>	<b>(4,335)</b>	<b>(42,064)</b>	<b>7,537,201</b>	<b>(58)</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

i) Foreign currency risk management (continued)

	At 30 June 2023 Financial assets GBP KShs '000	EUR KShs '000	USD KShs '000	ZAR KShs '000
Bank and cash balances	-	-	2,593,961	-
Trade receivables	-	-	7,546,330	-
<b>Financial liabilities</b>				
Trade payables	(136,485)	-	(933,645)	58
Loan	-	-	(6,734,901)	-
<b>Net Exposure</b>	<b>(136,485)</b>	-	<b>2,471,745</b>	<b>58</b>
	At 30 June 2022 Financial assets GBP KShs '000	EUR KShs '000	USD KShs '000	ZAR KShs '000
Bank and cash balances	-	-	7,489,463	-
Trade receivables	-	-	6,131,898	-
<b>Financial liabilities</b>				
Trade payables	(69,591)	(331,000)	609,178	-
Long term loan	-	-	(10,098,826)	-
<b>Net Exposure</b>	<b>(69,591)</b>	<b>(331,000)</b>	<b>4,131,713</b>	<b>-</b>
	At 30 June 2021 Financial assets Bank and cash balances		5,334,105	-
Trade receivables	-	-	6,852,352	-
<b>Financial liabilities</b>				
Trade payables	(42,053)	(384,679)	(2,289,678)	-
Loan	-	-	(18,488,582)	-
<b>Net exposure</b>	<b>(42,053)</b>	<b>(384,679)</b>	<b>(8,589,803)</b>	<b>-</b>

(i) Foreign currency sensitivity analysis

The main currency exposure that the group is exposed to relates to the fluctuation of the Kenya Shillings exchange rates with the US Dollar and Euro currencies.

The table below details the group's sensitivity to a 10% increase and decrease in the Kenya shilling against the relevant foreign currencies. The sensitivity analysis includes only the outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Kenya shilling strengthens 10% against the relevant currency. For a weakening shilling against the relevant currency, there would be an equal opposite impact on the profit and other equity, and the balances below would be negative.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR THE PRECEDING FIVE**  
**FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

i) Foreign currency risk management (continued)

Group	FY 2025 KShs '000		FY 2024 KShs '000	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
Currency - GB pounds + 10 percentage point movement	(414)	(290)	(460)	(303)
- 10 percentage point movement	414	290	460	303
Currency – Euro + 10 percentage point movement	(6,408)	(4,486)	(4,785)	(2,944)
- 10 percentage point movement	6,408	4,486	4,785	2,944
Currency - US dollars + 10 percentage point movement	353,940	333,337	(700,244)	(299,140)
- 10 percentage point movement	(353,940)	(333,337)	700,244	299,140
Currency – ZAR + 10 percentage point movement	(6)	(4)	(6)	(4)
- 10 percentage point movement	6	4	6	4

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**i) Foreign currency risk management (continued)**

COMPANY	FY 2025		FY 2024		FY 2023		FY 2022		FY 2021	
	KShs '000	Effect on Profit								
<b>Currency – Euro</b>										
+ 10 percentage point movement	(6,408)	(4,486)	(4,206)	(2,944)	(294)	(206)	(331,000)	(231,700)	(38,468)	(26,928)
- 10 percentage point movement	6,408	4,486	4,206	2,944	294	206	331,000	231,700	38,468	26,928
<b>Currency - US dollars</b>										
+ 10 percentage point movement	476,195	333,337	(427,343)	(299,140)	161,461	113,023	413,104	289,173	228,968	160,277
- 10 percentage point movement	(476,195)	(333,337)	427,343	299,140	(161,461)	(113,023)	(413,104)	(289,173)	(228,968)	(160,277)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

46

## KENYA PIPELINE COMPANY LIMITED HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### i) Foreign currency risk management (continued)

The US Dollar impact is mainly attributed to the exposure on outstanding US Dollar receivables at year end while the Euro impact arises from the exposure on outstanding payables at the year end.

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

##### ii) Interest risk management

Interest rate risk is the risk that the group's financial condition may be adversely affected as a result of changes in interest rate levels. The group's interest rate risk arises from bank deposits. This exposes the group to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the group's deposits.

##### Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

##### Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase as shown in the table below. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax as shown in the table below

Impact on statement of comprehensive income	2025 KShs '000'	2024 KShs '000'	2023 KShs '000'	2022 KShs '000'	2021 KShs '000'
<b>Current floating interest rates</b>					
+ 1 percentage point movement	1,514	4,791	9,534	8,368	12,339
- 1 percentage point movement	(1,514)	(4,791)	(9,534)	(8,368)	(12,339)
<b>Impact on profit before tax</b>					
<b>Current floating interest rates</b>	2025 KShs '000'	2024 KShs '000'	2023 KShs '000'	2022 KShs '000'	2021 KShs '000'
+ 5 percentage point movement	7,570	23,957	47,670	41,839	61,693
- 5 percentage point movement	(7,570)	(23,957)	(47,670)	(41,839)	(61,693)

##### iii) Price risk management

The group is exposed to price risk arising from unquoted equity instruments. The carrying value of the investments was immaterial for years 2021 to 2025.

47

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b) Credit risk management (continued)**

Credit risk refers to the risk of financial loss to the group arising from a default by a counterparty on its contractual obligations. The Group's policy requires that it deals only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group also uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by debt control unit.

The Group's credit risk arises from holding the following financial assets:

- Trade receivables from oil marketing companies (OMCs) and government institutions.
- Bank balances and short-term deposits.
- Staff loans and sundry receivables (e.g. fibre optic, rental, laboratory customers debts).

Trade receivables consist of major players in the petroleum oil industry. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate; credit guarantee is requested.

**i) Maximum exposure to credit risk**

GROUP	2025		2024	
	KShs '000	KShs '000	KShs '000	KShs '000
Trade receivables	6,148,319		5,631,534	
Sundry receivables	3,180,587		4,357,322	
Staff loans	1,641,675		1,789,730	
Bank balances	7,117,087		2,227,831	
Short term deposits	4,733,271		4,343,020	
<b>Total</b>	<b>22,800,939</b>		<b>18,349,437</b>	

Company	2025	2024	2023	2022	2021
	KShs '000				
Trade receivables	5,726,924	5,131,572	13,154,750	10,065,175	9,762,372
Sundry receivables	3,575,458	4,614,161	6,357,745	6,127,824	5,989,797
Staff loans	1,640,303	1,787,759	1,917,945	1,770,136	1,737,480
Bank balances	3,690,102	2,174,300	2,392,814	2,614,219	2,462,155
Short term deposits	3,745,966	4,343,020	9,338,957	7,786,149	7,086,098
<b>Total</b>	<b>18,378,754</b>	<b>18,050,812</b>	<b>33,162,211</b>	<b>28,363,503</b>	<b>27,037,902</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b) Credit risk management (continued)**

**ii) Impairment of financial assets**

**Measurement of the expected credit loss allowance (ECL)**

**a) Trade and other receivables**

Trade receivable balances result from transportation and storage services offered to the Oil Marketing Companies (OMC's). The terms of credit for Trade debtors are defined in the Transport and Storage Agreement (TSA). Trade receivables are considered to be in default when payments are more than 180 days past due.

Sundry receivables result from non-core transactions including, but not limited to, rental services, laboratory sample analysis, helicopter services, MTCC and fibre optic services. The terms of credit for Sundry debtors are defined in the individual agreements depending on the type of service rendered. Sundry receivables are considered to be in default when payments are more than 360 days past due.

The group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The historical loss rates are based on days past due for various customer segments with similar loss patterns and are derived from the payment profiles of sales over a period of 60 months before 30 June 2025, and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the foreign currency exchange rates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b) Credit risk management (continued)**

The loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for both trade receivables and sundry receivables:

Group	Notes	Gross carrying amount KShs '000	Loss allowance KShs '000	Net carrying amount KShs '000
30 June 2025				
Trade receivables	25	6,148,319	268,504	5,879,815
Sundry receivables	25	4,802,262	1,954,835	2,847,427
Total		10,950,581	2,223,339	8,727,242
30 June 2024				
Trade receivables		5,631,534	461,336	5,170,198
Sundry receivables		6,147,052	1,713,313	4,433,739
Total		11,778,586	2,174,649	9,603,937
Company				
30 June 2025				
Trade receivables	25	5,726,924	176,939	5,549,985
Sundry receivables	25	5,215,762	1,955,235	3,260,527
Total		10,942,686	2,132,174	8,810,512
30 June 2024				
Trade receivables	25	5,131,572	308,466	4,823,106
Sundry receivables	25	6,401,920	1,713,313	4,688,607
Total		11,533,492	2,021,779	9,511,713
30 June 2023				
Trade receivables	25	13,154,750	6,879,691	6,275,059
Sundry receivables	25	8,275,690	1,160,173	7,115,517
Total		21,430,440	8,039,864	13,390,576
30 June 2022				
Trade receivables	25	10,065,175	5,628,420	4,436,755
Sundry receivables	25	7,897,960	908,615	6,989,345
Total		17,963,135	6,537,035	11,426,100
30 June 2021				
Trade receivables	25	9,762,372	5,035,117	4,727,255
Sundry receivables	25	7,727,277	177,176	7,550,101
Total		17,489,649	5,212,293	12,277,356

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b) Credit risk management (continued)**

**• Loss allowances**

GROUP	2025 Kshs'000	2024 Kshs'000
Less than 30 days	3,686,297	3,191,299
Between 30 and 60 days	274,857	1,487
Between 61 and 90 days	64,332	15,373
Between 91 and 120 days	9,124	40,142
Over 120 days	1,845,205	1,921,897
<b>Trade receivables</b>	<b>5,879,815</b>	<b>5,170,198</b>

Carrying amount before provision for expected credit losses

6,148,319 5,631,534

Provision for expected credit losses

(268,504) (461,336)

Net carrying amount

5,879,815 5,170,198

COMPANY	2025 Kshs'000	2024 Kshs'000	2023 Kshs'000	2022 Kshs'000	2021 Kshs'000
Less than 30 days	3,348,501	2,855,575	3,981,482	2,365,429	3,043,084
Between 30 and 60 days	274,663	1,689	62,860	369,296	21,571
Between 61 and 90 days	64,336	13,115	365,074	119,129	162,195
Between 91 and 120 days	9,100	43,552	15,283	298,743	119,562
Over 120 days	1,853,385	1,909,175	1,850,360	1,284,158	1,380,843
<b>Trade receivables</b>	<b>5,549,985</b>	<b>4,823,106</b>	<b>6,275,059</b>	<b>4,436,755</b>	<b>4,727,255</b>

Carrying amount before provision for expected credit losses

5,726,924 5,131,572

Provision for expected credit losses

(176,939) (308,466)

Net carrying amount

5,549,985 4,823,106

6,275,059 4,436,755

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

4,727,255

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b. Credit risk management (continued)**

**Bank balances and short-term deposits**

IFRS 9 outlines a "three stage" model (general model) for impairment based on changes in credit quality since initial recognition and provides operational simplifications for trade receivables, contract assets and lease receivables. The simplification eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance for trade receivables or contract assets that do not contain a significant financing component is measured at initial recognition and throughout its life at an amount equal to lifetime ECL.

The Group applies the general model in IFRS 9 to estimate the loss allowance on bank balances and short term deposits held with banks by applying the credit rating PDs derived from reputable credit rating agencies, e.g. S&P.

The Group has applied the low credit risk exemption in IFRS 9 to estimate loss allowances on short-term deposits and bank balances. This is because the counterparty banks are assessed to have a strong capacity to meet their contractual cash flow obligations in the near term.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policies.

The Group also estimates loss allowances on staff loans (mortgages and car loans) using the general model. The properties acquired using the loan proceeds are used as collateral for the loans. Staff in service are deemed to be performing hence classified in Stage 1. Staff exits are treated as increase in credit risk hence the loans are moved to Stage 3.

**Assessment of significant increase in credit risk**

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group and Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognized on a collective basis. For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- Type of instrument
- Industry in which the debtor operates
- Nature of collateral

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for financial assets because of financial difficulties.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b. Credit risk management (continued)**

The Group and Company's estimate of loss allowances arising from cash and cash equivalents as at 30 June 2025 is as follows;

Bank balances	2025 Kshs '000	2024 Kshs '000
Carrying amount	7,117,087	2,227,831
Loss allowance	(30,972)	-
<b>Net carrying amount</b>	<b>7,086,115</b>	<b>2,227,831</b>
<b>Short term deposits</b>		
Carrying amount	4,733,271	4,343,020
Loss allowance	(31,871)	-
<b>Net carrying amount</b>	<b>4,701,400</b>	<b>4,343,020</b>

Company	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
<b>Bank balances</b>					
Carrying amount	3,690,102	2,174,300	2,392,814	2,614,219	2,462,155
Loss allowance	(30,972)	-	-	-	-
<b>Net carrying amount</b>	<b>3,659,130</b>	<b>2,174,300</b>	<b>2,392,814</b>	<b>2,614,219</b>	<b>2,462,155</b>
<b>Short term deposits</b>					
Carrying amount	3,745,966	4,343,020	9,338,957	7,786,149	7,086,098
Loss allowance	(31,871)	-	-	-	-
<b>Net carrying amount</b>	<b>3,714,095</b>	<b>4,343,020</b>	<b>9,338,957</b>	<b>7,786,149</b>	<b>7,086,098</b>

**c) Liquidity risk management**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**c) Liquidity risk management (continued)**

GROUP	Within 1 years Kshs '000'	Over 1 year Kshs '000'	Total Kshs '000'
At 30 June 2025:			
Trade and other payables	8,440,840	-	8,440,840
Provision for liabilities	4,268,173	-	4,268,173
Borrowings	3,309,520	-	3,309,520
Lease liabilities	50,429	32,246	82,675
	<b>16,068,962</b>	<b>32,246</b>	<b>16,101,208</b>

At 30 June 2024:			
Trade and other payables	10,514,607	-	10,514,607
Borrowings	5,861,593	-	5,861,593
Lease liabilities	32,706	31,106	63,812
	<b>16,408,906</b>	<b>31,106</b>	<b>16,440,012</b>

COMPANY	Within 1 year Kshs '000'	Over 1 year Kshs '000'	Total Kshs '000'
At 30 June 2025:			
Trade and other payables	4,371,089	-	4,371,089
Provision for liabilities	4,268,173	-	4,268,173
Lease liabilities	36,638	6,315	42,953
	<b>8,675,900</b>	<b>6,315</b>	<b>8,682,215</b>
At 30 June 2024:			
Trade and other payables	10,063,583	-	10,063,583
Borrowings	2,456,292	-	2,456,292
Lease liabilities	32,706	31,106	63,812
	<b>12,552,581</b>	<b>31,106</b>	<b>12,583,687</b>

At 30 June 2023:			
Trade and other payables	10,996,501	-	10,996,501
Borrowings	3,367,459	3,367,442	6,734,901
Lease liabilities	29,196	75,660	104,856
	<b>14,393,156</b>	<b>3,443,102</b>	<b>17,836,258</b>

At 30 June 2022:			
Trade and other payables	3,800,319	-	3,800,319
Borrowings	5,049,420	10,098,826	15,148,246
	<b>8,849,739</b>	<b>10,098,826</b>	<b>18,948,565</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**c) Liquidity risk management (continued)**

At 30 June 2021	Within 1 year Kshs '000'	1-2 years Kshs '000'	Total Kshs '000'
Trade and other payables	4,730,037	-	4,730,037
Borrowings	4,621,646	13,864,937	18,486,583
	<b>9,351,683</b>	<b>13,864,937</b>	<b>23,216,620</b>

**d) Capital risk management**

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Group	2025 Kshs '000'	2024 Kshs '000'
Share capital	363,466	363,466
Share premium	512,289	512,289
Retained earnings	73,696,511	72,634,225
Revaluation reserve	13,215,497	7,871,444
Common control reserve	10,607,009	10,607,009
Total funds	<b>98,394,772</b>	<b>91,988,433</b>
	2025 Kshs '000'	2024 Kshs '000'
Total borrowings	3,309,520	5,861,593
Less: cash and bank balances	(11,787,515)	(6,570,851)
Net debt/ (excess cash and cash equivalents)	(8,477,995)	709,258
Net debt/ debt +equity	0%	1%

Company	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Share capital	363,466	363,466	363,466	363,466	363,466
Share premium	512,289	512,289	512,289	512,289	512,289
Retained earnings	74,683,757	72,634,225	72,228,530	67,728,153	71,490,975
Revaluation reserve	13,215,497	7,871,444	7,871,444	11,380,068	15,419,391
Total funds	<b>88,775,009</b>	<b>81,381,424</b>	<b>80,975,729</b>	<b>79,983,976</b>	<b>87,786,121</b>

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Total borrowings	-	2,456,292	6,734,901	15,148,246	18,486,583
Less: cash and bank balances	(7,373,225)	(6,517,320)	(11,730,771)	(10,400,368)	(9,548,253)
Net debt/ (excess cash and cash equivalents)	(7,373,225)	(4,061,028)	(4,995,870)	4,747,878	8,938,330
Net debt/ debt +equity	0%	0%	0%	5%	8%

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. REVENUE FROM CONTRACTS WITH CUSTOMERS**

IFRS 15 Revenue from contracts with customers requires disclosure to reflect the nature, timing, amount, and uncertainty of its revenue within its disclosure requirements. The Group and Company have determined that the disaggregation using the below categories and the nature of revenues is appropriate for its circumstances.

Group	2025 KShs '000	2024 KShs '000
Local service fees	12,471,488	10,803,951
Export service fees	21,146,407	19,753,040
Kipevu oil storage facility fees	4,376,263	4,338,419
Penalties on overstayed product	573,838	432,661
Others	25,635	41,259
	<b>38,593,631</b>	<b>35,369,330</b>

	2025 KShs '000'	2024 KShs '000'
At a point in time		
Overtime	575,603	434,014
	<b>38,018,028</b>	<b>34,935,316</b>
	<b>38,593,631</b>	<b>35,369,330</b>

Company	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Local service fees	12,471,488	10,803,951	10,716,630	10,321,262	10,499,472
Export service fees	21,146,407	19,753,040	15,124,971	12,452,848	12,546,662
Kipevu oil storage facility fees	4,376,263	4,338,419	3,833,164	3,185,446	4,774,385
Penalties on overstayed product	573,838	432,661	1,083,964	104,416	729
Others	25,635	41,259	98,489	149,422	166,019
	<b>38,593,631</b>	<b>35,369,330</b>	<b>30,857,218</b>	<b>26,213,394</b>	<b>27,987,267</b>

	2025 KShs '000'	2024 KShs '000'	2023 KShs '000'	2022 KShs '000'	2021 KShs '000'
At a point in time					
Overtime	575,603	434,014	1,085,231	105,586	764
	<b>38,018,028</b>	<b>34,935,316</b>	<b>29,771,987</b>	<b>26,107,808</b>	<b>27,986,503</b>
	<b>38,593,631</b>	<b>35,369,330</b>	<b>30,857,218</b>	<b>26,213,394</b>	<b>27,987,267</b>

Other revenue sources include revenue from penalties from Adjustment Stock Entitlement (ASE), KPRL lease income, Liquefied Petroleum gas sales and crude oil revenue. Vivo Energy Kenya and Total Energies contributed 13% and 11% of total revenues respectively in the year ended 30 June 2025.

Analysis of unit sales by market/destination category in cubic meters for group and company is as follows:

Type of customers	2025 M <sup>3</sup>	2024 M <sup>3</sup>	2023 M <sup>3</sup>	2022 M <sup>3</sup>	2021 M <sup>3</sup>
Local sales	5,059,786	4,658,111	4,146,197	4,537,535	4,479,654
Export sales	4,825,164	4,457,019	4,451,254	3,646,460	3,631,885
Total throughput sales in volumes	<b>9,884,950</b>	<b>9,115,130</b>	<b>8,597,451</b>	<b>8,183,995</b>	<b>8,111,539</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. COST OF PROVIDING SERVICES**

**Group**

	2025 KShs '000	2024 KShs '000
Staff costs related to pipeline maintenance (Note 12)	3,872,484	3,674,564
Depreciation	4,728,484	4,492,569
Costs of pipeline maintenance	3,025,666	3,017,069
Electricity and fuel	2,641,536	2,853,542
Insurance costs for pipeline and tanks	397,732	427,397
Other maintenance costs	56,254	49,687
Amortisation expense for software	9,552	3,032
	<b>14,731,708</b>	<b>14,517,860</b>

**Company**

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Staff costs related to pipeline maintenance (Note 12)	3,872,484	3,674,564	3,689,907	3,556,533	2,911,487
Depreciation	4,728,484	4,492,569	4,468,676	5,329,562	5,334,024
Costs of pipeline maintenance	3,025,666	3,017,069	2,353,032	2,530,110	2,535,685
Electricity and fuel	2,641,536	2,853,542	2,280,677	1,822,941	1,728,354
Insurance costs for pipeline and tanks	397,732	427,397	306,105	206,077	205,335
Other maintenance costs	56,254	49,687	115,107	99,091	57,029
Amortisation expense for software	9,552	3,032	4,327	905	791,062
	<b>14,731,708</b>	<b>14,517,860</b>	<b>13,217,831</b>	<b>13,545,219</b>	<b>13,562,976</b>

**8. OTHER INCOME**

**Group**

	2025 KShs '000	2024 KShs '000
Rental income	125,812	110,781
Conference and training fees	135,091	170,222
Miscellaneous income	68,025	43,169
Lease recovery	1,628,566	-
Fiber optic cable income	349,921	352,062
Other	164,391	155,890
	<b>2,471,806</b>	<b>832,124</b>

Investment property relating to the rental income is not recognized since the portion occupied by tenants is considered to be insignificant to the total value of the properties.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER INCOME (CONTINUED)

Company	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Rental income	118,923	110,781	110,984	108,797	86,486
Conference and training fees	135,091	170,222	126,048	148,281	83,159
Miscellaneous income	67,910	43,169	113,062	22,964	13,082
Fibre optic cable Income	349,921	352,062	263,744	161,569	156,585
Others	133,804	155,890	384,032	193,737	131,356
	<b>805,649</b>	<b>832,124</b>	<b>977,870</b>	<b>635,348</b>	<b>470,668</b>

Miscellaneous income relates to laboratory income, income from communication equipment and non-refundable tender deposits income.

9. FINANCE INCOME AND COSTS

Group  
(a) Finance income

	2025 KShs '000	2024 KShs '000
Interest on bank deposits	423,532	840,010
Interest on staff loans	54,752	48,447
	<b>478,284</b>	<b>888,457</b>

(b) Finance costs

	2025 KShs '000	2024 KShs '000
Interest on borrowings	278,716	467,350
Interest on lease liabilities	9,900	11,847
Interest on bank overdraft	102,322	-
	<b>390,938</b>	<b>497,197</b>

Company

a) Finance income

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Interest on bank deposits	383,971	840,010	832,723	775,130	301,796
Interest on staff loans	54,707	48,447	50,333	48,086	47,331
	<b>438,678</b>	<b>888,457</b>	<b>883,056</b>	<b>823,216</b>	<b>349,127</b>

b ) Finance costs

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Interest on borrowings	151,407	467,350	958,755	836,786	1,233,865
Interest on lease liability	8,337	11,847	11,354	-	-
	<b>159,744</b>	<b>479,197</b>	<b>970,109</b>	<b>836,786</b>	<b>1,233,865</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. OTHER GAINS & LOSSES

Group	2025 KShs '000	2024 KShs '000
Net loss on disposal of property, plant and equipment	(14,421)	(72,415)
Net foreign exchange losses	(7,985)	(2,158,972)

Company	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Net (loss)/gain on disposal of property, plant and equipment	(14,422)	(72,415)	(34,340)	12,878	-
Foreign exchange (loss)/gain	(76,639)	(2,158,972)	1,145,760	431,060	(653,927)
Loss on revaluation of PPE	-	-	-	(71,011)	-
	<b>(91,061)</b>	<b>(2,231,387)</b>	<b>1,111,420</b>	<b>372,927</b>	<b>(653,927)</b>

11. a) ADMINISTRATIVE EXPENSES

Group	2025 KShs '000	2024 KShs '000
Administrative staff costs (note 12)	3,778,375	3,694,120
Depreciation and amortization	1,577,450	568,207
Amortization of right-of-use assets	33,755	31,151
Other office and general expenses	5,231,288	973,175
Travelling, mileage and entertainment (note 12)	120,741	122,683
Advertising and printing expenses	98,963	168,312
Corporate social investment	137,644	85,737
Staff training (note 12)	85,453	177,382
Rent and rates	26,257	16,455
Consultancy fees	231,866	138,061
Telephone and postage	54,447	45,199
Legal and professional expenses	126,900	199,838
Court awards	488,864	2,062,575
Motor vehicle expenses	133,210	128,816
Buildings repairs and maintenance	312,724	1,988
Bank charges	12,629	22,738
Penalties & interest	453,457	3,870
Auditors' remuneration	20,628	11,379
Insurance costs	102,570	-
Software licenses	338,457	-
Security costs	391,889	-
Materials costs	37,644	-
Occupational health & safety related expenses	4,776	-
Loss on asset revaluation	242,885	-
<b>Directors expenses:</b>		
Directors' fees and honoraria	11,580	3,496
Board retreats and other board related expenses	2,552	3,721
Sitting /duty allowance	25,415	11,740
Training expenses	931	2,867
Travel expenses	5,808	7,163
Subsistence allowance	8,727	9,065
	<b>14,097,885</b>	<b>8,489,738</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11) ADMINISTRATIVE EXPENSES (CONTINUED)**

	2025 KShs '000		2024 KShs '000	
b) Impairment of non-financial assets				
Impairment loss on work in progress in property, plant and equipment	-	75,705		
	-	75,705		
c) Impairment of financial assets				
Expected credit losses on trade and other receivables	212,086	756,591		
d) Fair value loss on unquoted investments				
Fair value loss on unquoted equities	326	467		
<b>Company</b>	<b>2025 KShs '000</b>	<b>2024 KShs '000</b>	<b>2023 KShs '000</b>	<b>2022 KShs '000</b>
Administrative staff costs (Note 12)	3,374,556	3,694,120	3,705,870	3,322,835
Depreciation and amortisation	538,376	568,207	707,498	902,021
Amortization of right-of-use asset	31,151	31,151	25,959	-
Other office and general expenses	911,289	973,175	797,133	1,021,723
Provision for inventory	-	-	(18,778)	-
Travelling, mileage and entertainment (Note 12)	87,891	122,683	80,885	56,831
Advertising and printing expenses	93,244	168,312	67,858	60,655
Corporate social investment	137,644	85,737	83,286	120,003
Staff training (Note 12)	70,932	177,382	159,063	147,501
Rent and rates	17,650	16,455	12,213	32,826
Consultancy fees	180,716	138,061	53,704	80,840
Telephone and postage	48,471	45,199	44,369	42,551
Legal and professional expenses	111,091	199,838	91,062	52,247
Court awards	4,753,173	2,062,575	885,575	538
Motor vehicle expenses	133,210	128,816	91,633	60,181
Buildings repairs and maintenance	28,861	1,988	14,377	12,698
Bank charges	11,791	22,738	12,226	13,546
Penalties & interest	453,457	3,870	3,027,733	-
Auditors' remuneration	12,800	11,379	7,738	12,029
Insurance costs	-	-	-	9,799
Software licenses	309,903	-	-	-
Security	349,475	-	-	-
<b>Directors Expenses:</b>				
Directors' fees and honoraria	11,580	3,496	6,360	6,372
Board Retreats and general expenses	2,552	3,721	1,705	1,285
Sitting /duty allowance	7,587	11,740	7,336	6,100
Training expenses	931	2,867	9,541	3,667
Travel expenses	5,808	7,163	5,796	5,581
Subsistence allowance	8,727	9,065	-	5,207
	<b>11,692,866</b>	<b>8,489,738</b>	<b>9,879,942</b>	<b>5,962,030</b>
				<b>10,139,509</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11) ADMINISTRATIVE EXPENSES (CONTINUED)**

<b>Company</b>	<b>2025 KShs '000</b>	<b>2024 KShs '000</b>	<b>2023 KShs '000</b>	<b>2022 KShs '000</b>	<b>2021 KShs '000</b>
b) Impairment of non-financial assets					
Impairment loss on property, plant and equipment	-	75,705		508,428	-
Impairment of pipelines previously accounted for in revaluation reserves	-	-	3,109,947	-	-
	-	75,705	3,618,375	-	-
c) Impairment of financial assets					
Expected credit losses on trade receivables	212,086	756,591	84,507	976,167	59,089
Provision for ageing penalties	-	-	629,235	90,972	529,641
	212,086	756,591	713,742	1,067,139	588,730
c) Fair value loss on unquoted equity investments					
Fair value losses on unquoted equities	326	467	2,107	2,313	28,625
Penalties and interest relate to withholding tax charged by KRA on interest paid to a supplier.					
<b>12. STAFF COSTS</b>					
<b>Group</b>					
	<b>2025 KShs '000</b>	<b>2024 KShs '000</b>			
Salaries and wages, (inclusive of travel, mileage, staff training and entertainment)				6,655,153	6,562,216
Group life and medical cover				537,687	414,022
Pension-company contribution				378,725	483,463
NSSF-company contribution				57,041	25,887
Leave pay				33,873	44,722
Gratuity cost				49,062	55,360
Fringe benefits tax				52,487	33,278
Staff welfare				93,026	49,801
				<b>7,857,054</b>	<b>7,668,749</b>
Split as follows:					
Direct staff costs (note 7)				3,872,485	3,674,564
Administrative staff cost (note 11)				3,984,569	3,994,185
				<b>7,857,054</b>	<b>7,668,749</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12) STAFF COSTS (CONTINUED)

Company	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Salaries and wages, (inclusive of travel, mileage, staff training and entertainment)	6,303,659	6,562,216	6,506,939	6,046,247	5,146,083
Group life and medical cover	498,644	414,022	516,513	419,518	435,316
Pension-company contribution	328,758	483,463	491,913	507,626	286,132
NSSF-company contribution	53,097	25,887	9,989	3,693	3,460
Leave pay	33,084	44,722	(28,519)	-	-
Gratuity cost	49,062	55,360	57,699	50,298	30,635
Fringe benefits tax	52,487	33,278	30,278	20,338	18,203
Staff welfare	87,072	49,801	50,913	35,980	34,457
	<b>7,405,863</b>	<b>7,668,749</b>	<b>7,635,725</b>	<b>7,083,700</b>	<b>5,954,286</b>

Split as follows:

Direct staff costs (Note 7)	3,872,484	3,674,564	3,689,907	3,556,533	2,811,487
Administrative staff cost (Note 11)	3,533,379	3,994,185	3,945,818	3,527,167	3,042,799
	<b>7,405,863</b>	<b>7,668,749</b>	<b>7,635,725</b>	<b>7,083,700</b>	<b>5,954,286</b>

Administrative staff costs include costs that are not directly incurred in running of pipelines.

The number of employees at the end of the year was:

	Group	
	2025	2024
Permanent - management	709	723
Permanent - unionisable	642	671
Contract managers	30	30
All other contract staff i.e. MTCC, GYM, Volleyballers	87	75
Temporary staff (Relief drivers)	34	29
Secondment	4	4
Interns	43	44
<b>TOTAL</b>	<b>1,549</b>	<b>1,576</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12) STAFF COSTS (CONTINUED)

The number of employees at the end of the year was:

Company	2025	2024	2023	2022	2021
Permanent management	628	636	647	674	673
Permanent unionisable	616	645	685	724	717
Contract managers	30	30	41	47	48
All other contract staff i.e. MTCC, GYM, Volleyballers	87	75	45	112	58
Temporary staff (Relief Drivers)	34	29	4	14	44
Secondment	4	4	-	-	-
Intern	43	44	-	-	-
<b>TOTAL</b>	<b>1,442</b>	<b>1,463</b>	<b>1,422</b>	<b>1,571</b>	<b>1,540</b>

13. PROFIT BEFORE INCOME TAX

Group	Notes	2025 KShs '000	2024 KShs '000
The profit before income tax is arrived at after charging:			
Staff costs	12	7,857,053	7,668,749
Depreciation of property, plant and equipment	17	5,698,453	4,806,823
Amortization of intangible assets	19	24,453	71,237
Expected credit loss on trade and other receivables	11	212,086	756,591
Directors' expenses	11	55,013	53,153
Auditors' remuneration	11	20,628	11,379
Loss on disposal of property, plant and equipment	10	14,421	71,574
Net foreign exchange loss	10	(77,985)	(1,922,046)

Company	2025 Notes	2025 KShs '000	2024 Notes	2024 KShs '000	2023 Notes	2023 KShs '000	2022 Notes	2022 KShs '000	2021 Notes	2021 KShs '000
The profit before tax is arrived at after charging:										
Staff costs	12	7,405,864	7,668,749	7,635,726	7,084,660	5,955,246				
Depreciation of property, plant and equipment	17	5,023,705	4,806,822	4,457,425	5,859,577	5,796,120				
Amortisation of intangible assets	19	24,454	71,237	9,667	30,172	63,284				
Expected credit losses on trade and other receivables	11	212,086	756,591	84,507	976,167	59,089				
Directors' expenses		37,185	38,052	30,738	23,005	32,934				
Auditors' remuneration	11	12,800	11,379	7,738	12,029	9,799				
Net loss/(gain) on disposal of PPE	10	14,422	72,415	34,340	(12,878)	-				
Net foreign exchange loss	10	(76,639)	(2,158,972)	1,145,760	431,060	(653,927)				

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**14. INCOME TAX EXPENSE**

Group

	2025 KShs '000	2024 KShs '000
a) Tax charge		
Current income tax	6,658,624	4,058,317
Deferred income tax (Note 33)	(2,131,460)	(925,046)
Income tax expense	<u>4,527,164</u>	<u>3,133,271</u>

	2025 KShs '000	2024 KShs '000
b) Reconciliation of tax expense to the expected tax based on accounting profit		
Profit before income tax	12,018,372	10,538,966
Tax at the applicable rate of 30%	3,605,512	3,161,690
Expenses not deductible for tax purposes	1,144,810	206,710
Income not subject to tax	(223,158)	(235,129)
Income tax expense	<u>4,527,164</u>	<u>3,133,271</u>

	2025 KShs '000'	2024 KShs'000'	2023 KShs'000'	2022 KShs'000'	2021 KShs'000'
a) Tax charge					
Current income tax	6,325,474	4,058,317	1,766,827	315,689	487,012
Deferred tax (Note 33)	(1,853,761)	(925,046)	363,430	2,078,531	3,850,471
Tax expense	<u>4,471,713</u>	<u>3,133,271</u>	<u>2,130,257</u>	<u>2,394,220</u>	<u>4,337,483</u>

	2025 KShs '000'	2024 KShs'000'	2023 KShs'000'	2022 KShs'000'	2021 KShs'000'
b) Reconciliation of tax expense to the expected tax based on accounting profits					
Profit before taxation	12,950,167	10,538,966	5,427,458	6,631,398	2,599,430
Tax at the applicable rate of 30% (25% in 2021)	3,885,050	3,161,690	1,628,237	1,989,419	649,858
Expenses not deductible for tax purposes	809,821	206,710	613,837	564,068	812,056
Income not subject to tax	(223,158)	(235,129)	(111,817)	(159,267)	(221,828)
Effect of change in tax rate	-	-	-	-	3,097,397
Tax expense	<u>4,471,713</u>	<u>3,133,271</u>	<u>2,130,257</u>	<u>2,394,220</u>	<u>4,337,483</u>

Expenses not deductible for tax purposes relate to expenses not wholly incurred for the purpose of generating business income hence are disallowable such as donations, court awards, excess pension, environmental conservation and fringe benefits.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**15. EARNINGS PER SHARE**

Earnings per share is calculated based on the profit attributable to shareholders divided by the number of ordinary shares in issue.  
 Diluted earnings per share is the same as the basic earnings per share as there were no potentially dilutive instruments outstanding at the balance sheet date.

**BASIC AND DILUTED EARNINGS PER SHARE**

Group

	2025	2024
Profit for the year (KShs '000)	7,491,208	7,405,695
Number of ordinary shares in issue	18,173	18,173
Earnings per share (KShs)	412	408
Company	2025	2024
Profit for the year (KShs '000)	8,478,454	7,405,695
Number of ordinary shares in issue	18,173	18,173
Earnings per share (KShs)	467	408
2023	18,173	18,173
2022	18,173	18,173
2021	(1,738,053)	(96)

**16. DIVIDENDS PER SHARE**

Proposed dividends are not accounted for until they have been ratified at the Annual General Meeting. During the year, the Company paid KShs. 5.9B in respect of FY 2024/2025.

	2025 KShs'000'	2024 KShs'000'	2023 KShs'000'	2022 KShs'000'	2021 KShs'000'
At start of year	-	-	-	-	-
Declared during the year	5,900,000	7,000,000	8,000,000	-	2,700,000
Paid during the year	(5,900,000)	(7,000,000)	(8,000,000)	-	(2,700,000)

At end of year

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT**

GROUP	Freehold property and roads	Building	Pipeline, pumps and tanks	Equipment, furniture & fittings	Helicopters	Motor vehicles & tractors	Captive power plant	Refining assets	Capital work in progress (WIP)	Total
	KShs '000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
<b>Year ended 30 June 2025</b>										
Opening net book amount	2,770,693	6,935,907	60,895,040	13,428,780	91,637	140,282	655,611	504,369	4,306,348	89,728,667
Additions	-	-	2,120,911	1,311,235	1,656,765	22,588	-	-	1,279,734	3,574,042
Transfers from WIP	-	325,622	(51,894)	(88,693)	(86,900)	64,175	(27,012)	(92,243)	(14,832)	(3,397,797)
Disposals	-	(2,572)	(388,735)	(3,600,614)	(1,423,833)	-	-	-	-	(361,574)
Reclassification of assets	-	(364,693)	-	-	(24,324)	(235,599)	(31,319)	(18,071)	-	(391,307)
Depreciation charge	-	-	530	(633)	2,284	-	-	-	-	(5,698,453)
Depreciation eliminated on disposal	-	-	14,707	9,708	54,986	151,603	18,830	-	-	-
Eliminated on disposal	-	-	838,654	192,374	1,942,832	744,125	-	-	-	-
Revaluation surplus	446,758	-	-	-	-	-	-	-	-	4,336,346
<b>Closing net book amount</b>	<b>3,217,451</b>	<b>7,716,261</b>	<b>60,450,593</b>	<b>15,765,723</b>	<b>218,916</b>	<b>727,389</b>	<b>532,049</b>	<b>471,466</b>	<b>2,188,285</b>	<b>91,288,133</b>
<b>At 30 June 2025</b>										
Cost or fair value	3,217,451	8,065,717	64,042,132	17,132,286	243,240	944,158	563,368	488,537	2,188,285	96,886,174
Accumulated depreciation	-	(349,466)	(3,569,539)	(1,366,563)	(24,324)	(216,769)	(31,319)	(18,071)	-	(5,598,041)
<b>Net book amount</b>	<b>3,217,451</b>	<b>7,716,261</b>	<b>60,450,593</b>	<b>15,765,723</b>	<b>218,916</b>	<b>727,389</b>	<b>532,049</b>	<b>471,466</b>	<b>2,188,285</b>	<b>91,288,133</b>

66

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

GROUP	Freehold property and roads	Building	Pipeline, pumps and tanks	Equipment, furniture & fittings	Helicopters	Motor vehicles & tractors	Captive power plant	Refining assets	Capital work in progress (WIP)	Total
	KShs '000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
<b>Year ended 30 June 2024</b>										
Opening net book amount	1,864,693	5,960,802	59,454,953	13,332,335	109,965	175,818	-	-	-	82,730,496
Additions	-	-	80,454	186,073	-	-	-	-	-	4,257,566
Business combinations - cost	906,000	1,211,351	4,438,324	603,007	-	34,970	686,930	522,440	-	8,403,022
Business combinations - accumulated depreciation	-	(44,024)	(515,708)	(60,782)	-	(4,845)	(31,319)	(18,071)	(1,440,916)	(674,749)
Transfers from WIP	-	197,151	445,047	(13,699)	(184,079)	-	(27,290)	-	-	(225,088)
Disposals	-	-	-	-	-	-	-	-	(75,705)	(75,705)
Impairment loss	-	(389,373)	(2,995,642)	(1,337,819)	(18,328)	(65,662)	-	-	-	(4,806,824)
Depreciation charge	-	-	-	1,311	91,327	-	27,291	-	-	119,929
Depreciation eliminated on disposal	-	-	-	-	-	-	-	-	-	-
Revaluation surplus / (loss)	-	-	-	-	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>2,770,693</b>	<b>6,935,807</b>	<b>60,895,040</b>	<b>13,428,780</b>	<b>91,637</b>	<b>140,282</b>	<b>655,611</b>	<b>504,369</b>	<b>4,306,348</b>	<b>89,728,667</b>
<b>At 30 June 2024</b>										
Cost or fair value	2,770,693	7,369,304	64,405,079	14,736,054	109,965	183,498	686,930	522,440	4,382,053	95,166,016
Accumulated depreciation	-	(433,397)	(3,510,039)	(1,307,274)	(18,328)	(43,216)	(31,319)	(18,071)	(75,705)	(5,437,349)
<b>Net book amount</b>	<b>2,770,693</b>	<b>6,935,907</b>	<b>60,895,040</b>	<b>13,428,780</b>	<b>91,637</b>	<b>140,282</b>	<b>655,611</b>	<b>504,369</b>	<b>4,306,348</b>	<b>89,728,667</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

COMPANY	FREEHOLD PROPERTY	BUILDING AND ROADS	Pipeline, pump and tanks	Equipment, furniture & fittings	Helicopters	MOTOR VEHICLES & TRACTORS	CAPITAL WORK IN PROGRESS (WIP)	TOTAL
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
<b>Year ended 30 June 2025</b>								
Opening net book amount	1,864,693	5,768,579	56,972,423	12,886,557	91,637	110,157	4,306,348	82,000,394
Additions	-	-	49,717	119,843	-	22,588	1,279,734	1,471,862
Transfers from WIP	-	325,622	1,311,235	1,696,765	-	64,175	(3,397,797)	-
Disposals	-	(39,191)	(22,426)	(64,539)	-	(27,010)	-	(153,166)
Reclassification of assets	-	(2,572)	(388,736)	(1,363,050)	(24,325)	(230,764)	-	(391,307)
Depreciation charge	-	(320,670)	(3,084,906)	-	-	-	-	(5,028,705)
Depreciation eliminated on disposal	-	-	530	(633)	2,284	-	-	2,181
Eliminated on Disposal	-	-	14,707	9,708	54,986	18,830	-	98,231
Revaluation surplus	446,757	858,654	192,374	1,942,832	151,603	744,125	-	4,336,345
<b>Closing net book amount</b>	<b>2,311,450</b>	<b>6,605,659</b>	<b>65,038,757</b>	<b>15,275,678</b>	<b>218,915</b>	<b>702,111</b>	<b>2,188,286</b>	<b>82,340,855</b>
 At 30 June 2025								
Cost or fair value	2,311,450	8,762,934	74,116,747	23,800,576	334,878	2,048,479	2,188,285	113,565,349
Accumulated depreciation	-	(2,157,275)	(19,079,990)	(8,524,898)	(115,963)	(1,346,368)	-	(31,224,494)
<b>Net book amount</b>	<b>2,311,450</b>	<b>6,605,659</b>	<b>55,038,757</b>	<b>15,275,678</b>	<b>218,915</b>	<b>702,111</b>	<b>2,188,285</b>	<b>82,340,855</b>

68

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

COMPANY	FREEHOLD PROPERTY	BUILDING AND ROADS	Pipeline, pumps and tanks	Equipment, furniture & fittings	Helicopters	MOTOR VEHICLES & TRACTORS	CAPITAL WORK IN PROGRESS (WIP)	TOTAL
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
<b>Year ended 30 June 2024</b>								
Opening net book amount	1,864,693	5,960,801	69,464,962	13,332,336	109,984	175,820	1,831,930	82,730,496
Additions	-	-	80,554	80,074	-	-	3,991,039	4,257,567
Transfers from WIP	-	197,151	445,047	798,718	-	-	(1,140,916)	-
Disposals	-	-	(13,699)	(184,079)	-	(27,293)	(225,071)	(75,705)
Impairment loss	-	(389,373)	(2,995,642)	(1,337,819)	(18,327)	(65,661)	-	(4,806,822)
Depreciation charge	-	-	-	1,311	91,327	27,291	-	119,928
Depreciation eliminated on disposal	-	-	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>1,864,693</b>	<b>5,768,579</b>	<b>56,972,423</b>	<b>12,886,557</b>	<b>91,637</b>	<b>110,157</b>	<b>4,306,348</b>	<b>82,000,394</b>
 At 30 June 2024								
Cost or fair value	1,864,693	7,520,421	72,976,582	20,105,675	183,275	1,244,801	4,306,348	108,301,595
Accumulated depreciation	-	(1,851,842)	(16,004,159)	(7,249,118)	(91,638)	(1,134,444)	-	(26,301,201)
<b>Net book amount</b>	<b>1,864,693</b>	<b>5,768,579</b>	<b>56,972,423</b>	<b>12,886,557</b>	<b>91,637</b>	<b>110,157</b>	<b>4,306,348</b>	<b>82,000,394</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

COMPANY	Freehold property KShs'000	Building and roads KShs'000	Pipeline, pumps and tanks KShs'000	Equipment, Furniture & Fittings KShs'000	Helicopters KShs'000	Motor vehicles & Tractors KShs'000	Capital work in progress (WIP) KShs'000	Total KShs'000
<b>Year ended 30 June 2023</b>								
Opening net book amount	1,864,693	6,382,929	62,796,696	14,122,321	128,292	405,181	373,527	86,073,639
Prior year adjustment	-	-	894,308	49	-	42,078	2,371,411	834,357
Additions	-	15,573	44,613	222,587	-	38,664	(404,580)	2,680,689
Transfers from WIP	-	-	103,814	246,529	-	-	(508,426)	-
Impairment loss	-	-	(1,269,431)	-	-	-	-	(1,269,431)
Derecognition of Line 1	-	-	(349,769)	(48,002)	-	-	-	(1,410,319)
Disposals	-	-	(991,087)	(1,252,967)	(18,328)	(21,481)	-	(4,457,425)
Depreciation charge	-	-	(2,499,542)	-	-	(310,104)	-	-
Depreciation eliminated on disposal	-	288,552	375,581	41,819	-	21,462	-	727,414
Closing net book amount	1,864,693	5,960,801	59,454,952	13,332,336	108,964	175,820	1,831,930	82,730,496
<b>At 30 June 2023</b>								
Cost or fair value	1,864,693	7,423,270	72,464,780	19,304,962	183,275	1,271,894	1,831,930	104,344,804
Accumulated depreciation	-	(1,462,469)	(13,009,828)	(5,972,626)	(73,311)	(1,096,374)	-	(21,614,308)
Net book amount	1,864,693	5,960,801	59,454,952	13,332,336	108,964	175,820	1,831,930	82,730,496
<b>Year ended 30 June 2023</b>								

70

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

COMPANY	Freehold property KShs'000	Building and roads KShs'000	Pipeline, pumps and tanks KShs'000	Equipment, Furniture & Fittings KShs'000	Helicopters KShs'000	Motor vehicles & Tractors KShs'000	Capital work in progress (WIP) KShs'000	Total KShs'000
<b>Year ended 30 June 2022</b>								
Opening net book amount	1,864,693	6,759,477	72,077,216	15,438,737	146,620	590,233	216,921	97,093,897
Additions	-	-	10,549	118,909	172,237	105,096	456,745	691,293
Transfers from WIP	-	-	5,998	-	-	-	(229,128)	-
Impairment loss	-	-	(5,770,463)	-	-	-	(71,011)	(5,841,474)
Disposals	-	-	(382,546)	(3,571,499)	(1,607,562)	(18,328)	(21,013)	(21,651)
Depreciation charge	-	-	-	-	-	(279,642)	-	(5,859,577)
Depreciation eliminated on disposal	-	-	-	-	-	-	-	-
Closing net book amount	1,864,693	6,382,929	62,796,696	14,122,321	128,292	405,181	10,507	11,145
<b>At 30 June 2022</b>								
Cost or fair value	1,864,693	7,757,466	73,682,563	18,883,799	183,275	1,212,613	373,527	103,957,936
Accumulated depreciation	-	(1,374,637)	(10,885,887)	(4,761,478)	(54,983)	(807,432)	-	(17,884,297)
Net book amount	1,864,693	6,382,929	62,796,696	14,122,321	128,292	405,181	373,527	86,073,539

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

COMPANY	Freehold property	Building and roads	Pipeline, pumps and tanks	Equipment, Furniture & fittings	Helicopters	Motor vehicles & Tractors	Capital work in progress (WIP)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Year ended 30 June 2021								
Opening net book amount	1,864,693	7,134,525	75,298,251	16,715,849	164,348	780,086	690,480	102,648,832
Additions	-	-	-	16,024	-	-	406,116	422,140
Transfers from WIP	-	7,270	340,865	279,318	-	-	(698,720)	-
Impairment	-	-	-	-	-	-	(180,955)	(180,955)
Disposals	-	-	(382,318)	(3,561,900)	(1,572,454)	(18,328)	-	-
Closing net book amount	1,864,693	6,759,477	72,077,216	15,438,737	146,620	590,233	(261,120)	(5,796,120)
At 30 June 2021								
Cost or fair value	1,864,693	7,751,468	79,391,584	18,593,291	185,275	1,128,530	216,921	109,129,762
Accumulated depreciation	-	(991,991)	(7,314,368)	(3,154,554)	(36,655)	(538,297)	-	(12,035,865)
Net book amount	1,864,693	6,759,477	72,077,216	15,438,737	146,620	590,233	216,921	97,093,897

• Capital work-in-progress

Capital work in progress (WIP) relates mainly to the costs of ongoing works on pipeline installations/modifications and other civil works.

The Group and Company performs revaluation of PPE, which is done by an independent valuer. In 2024 and 2023, the fair value of the assets was lower than the carrying amount, for which an impairment of KShs 75.7mn and Ksh 3.6bn was charged to the profit or loss account respectively.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Other than capital work in progress which is stated at cost, all the group's property, plant and equipment are measured under level 3 of fair value measurement.

If the property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

GROUP	COST	ACCUMULATED DEPRECIATION	NET BOOK AMOUNT
ASSET DESCRIPTION	KShs'000*	KShs'000*	KShs'000*
Freehold land	46,332	-	46,332
Buildings and roads	9,788,983	4,677,233	5,111,749
Plant and machinery	66,416,079	13,434,238	52,981,840
Helicopters	388,831	388,831	-
Motor vehicles	511,029	510,182	847
Computers & related equipment	1,148,631	1,102,818	45,814
Office equipment, furniture & fittings	26,530,498	7,747,773	18,782,725
<b>Total</b>	<b>104,830,383</b>	<b>27,861,075</b>	<b>76,969,307</b>

Property plant and Equipment include the following assets that are fully depreciated:

GROUP	Cost	Depreciation
Buildings & roads	717,905	143,481
Pipeline, pumps & tanks	42,415	3,933
Equipment, furniture & fittings	812,148	211,050
Motor vehicles & tractors	480,725	120,181
Intangible assets	1,961,692	653,897

Depreciation charge has been split between administrative and direct costs as follows:

	FY 2025 KShs'000*	FY 2024 KShs'000*
Total depreciation as per property, plant & equipment (note 17)	5,698,453	4,806,824
Cost of providing services (note 7)	4,728,484	4,492,569
Administrative costs	969,969	314,255
	<b>5,698,453</b>	<b>4,806,824</b>

Other than capital work in progress which is stated at cost, all the group's property, plant and equipment are measured under level 3 of fair value measurement.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

If the property, plant and equipment were stated on the historical cost basis, the amounts for company would be as follows:

	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Cost	46,332	4,024,647	46,338	4,001,897	898,663
Accumulated depreciation	-	-	-	-	-
<b>Net book amount</b>	<b>46,332</b>	<b>4,024,647</b>	<b>46,338</b>	<b>4,001,897</b>	<b>898,663</b>
<b>Buildings and roads</b>					
Cost	9,788,983	9,533,940	9,554,691	9,774,289	7,247,026
Accumulated depreciation	4,677,234	4,130,948	4,338,840	4,050,236	1,844,495
<b>Net book amount</b>	<b>5,111,749</b>	<b>5,402,992</b>	<b>5,215,851</b>	<b>5,724,053</b>	<b>5,402,531</b>
<b>Pipeline, pump and tanks</b>					
Cost	66,416,079	66,416,079	66,007,163	66,354,637	76,959,420
Accumulated depreciation	13,434,238	13,434,238	15,665,051	9,856,618	10,447,947
<b>Net book amount</b>	<b>52,981,841</b>	<b>52,981,841</b>	<b>50,342,112</b>	<b>56,498,019</b>	<b>66,511,473</b>
<b>Equipment, furniture &amp; fittings</b>					
Cost	27,679,129	27,484,233	26,544,950	27,586,145	-
Accumulated depreciation	8,850,591	8,531,779	7,171,664	7,203,988	-
<b>Net book amount</b>	<b>18,828,538</b>	<b>18,952,454</b>	<b>19,373,286</b>	<b>20,381,157</b>	<b>-</b>
<b>Helicopters</b>					
Cost	388,831	388,831	388,831	388,831	388,831
Accumulated depreciation	388,831	388,831	388,831	388,831	388,831
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Motor vehicles &amp; tractors</b>					
Cost	511,029	511,029	784,778	404,573	1,295,157
Accumulated depreciation	510,182	510,182	608,934	241,876	992,096
<b>Net book amount</b>	<b>847</b>	<b>847</b>	<b>175,844</b>	<b>162,697</b>	<b>303,061</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Property plant and equipment include the following assets that are fully depreciated.

	Cost KShs'000	Normal Depreciation KShs'000
2025		
Buildings & roads	717,905	143,481
Pipeline, pumps & tanks	42,415	3,933
Equipment, furniture & fittings	812,148	211,050
Motor vehicles & tractors	480,726	120,181
Intangible assets	1,961,692	653,897
2024		
Buildings & roads	717,905	41,127
Pipeline, pumps & tanks	42,415	1,596
Equipment, furniture & fittings	786,759,556	153,855
Motor vehicles & tractors	483,441	121,076
Intangible assets	1,889,257	632,196
2023		
Buildings & roads	205,637	41,127
Pipeline, pumps & tanks	52,683	3,861
Equipment, furniture & fittings	1,370,806	361,213
Motor vehicles & tractors	502,209	125,552
Intangible assets	1,896,584	632,195
2022		
Buildings & roads	209,271	4,185
Pipeline, pumps & tanks	24,690	988
Equipment, furniture & fittings	2,674,240	267,424
Motor vehicles & tractors	19,766	4,941
Intangible assets	343,566	114,522
2021		
Buildings & roads	209,271	41,854
Pipeline, pumps & tanks	24,690	1,239
Equipment, furniture & fittings	809,457	210,787
Motor vehicles & tractors	19,766	4,941
Intangible assets	1,798,209	599,403

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Depreciation charge has been split between administrative and direct costs as follows:

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Total depreciation as per property, plant & equipment (note 17)	5,023,705	4,806,822	4,457,425	5,859,577	5,796,120
Cost of providing services (note 7)	4,728,484	4,492,569	4,468,676	5,329,562	5,334,024
Administrative costs	295,221	314,253	(11,251)	530,015	462,096
	<b>5,023,705</b>	<b>4,806,822</b>	<b>4,457,425</b>	<b>5,859,577</b>	<b>5,796,120</b>

**18. LEASEHOLD LAND**

**GROUP**

	2025 KShs'000	2024 KShs'000
Year ended 30 June		
Opening net book amount	19,434,846	7,255,593
Additions		9,797
Business combinations - cost	-	12,719,527
Business combinations - accumulated amortisation	-	(364,324)
Derecognition of assets	311,071	-
Amortisation charge	(903,650)	(185,747)
Revaluation surplus	3,029,775	-
Closing net book amount	<b>21,872,042</b>	<b>19,434,846</b>

**At 30 June**

	2025 KShs'000	2024 KShs'000
Cost or fair value	22,775,692	19,984,917
Accumulated depreciation	(903,550)	(550,071)
Net book amount	<b>21,872,042</b>	<b>19,434,846</b>

**COMPANY**

	2021 KShs '000	2022 KShs '000	2023 KShs '000	2024 KShs '000	2025 KShs '000
Opening net book amount	8,056,279	7,288,715	6,945,975	7,255,593	7,069,846
Revaluation gain	-	-	-	-	3,029,775
Disposals	-	-	-	-	311,071
Amortisation charge	(767,564)	(342,740)	309,618	(185,747)	(539,326)
Closing net book amount	<b>7,288,715</b>	<b>6,945,975</b>	<b>7,255,593</b>	<b>7,069,846</b>	<b>9,871,366</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**18. LEASEHOLD LAND (CONTINUED)**

Payments to acquire leasehold interests in land are treated as prepaid lease rentals and amortized over the term of the lease. Leasehold land is held at valuation and categorized under level 3 of the fair value hierarchy. Land valued at Kshs 10.3 billion at 30 June 2021 has been derecognized in all the reporting years because the group did not have title to the property. The group, however, continues to use the assets in the normal course of business.

At 30 June	2021 KShs '000	2022 KShs'000	2023 KShs'000	2024 KShs'000	2025 KShs'000
Cost or fair value	8,056,279	7,288,715	7,444,415	7,255,593	10,410,692
Accumulated depreciation	(767,564)	(342,740)	(188,822)	(185,747)	(539,326)
Net book amount	<b>7,288,715</b>	<b>6,945,975</b>	<b>7,255,593</b>	<b>7,069,846</b>	<b>9,871,366</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. INTANGIBLE ASSETS

GROUP

	2025 KShs '000	2024 KShs '000			
<b>COST</b>					
At start of year	2,030,026	1,933,766			
Additions	255	96,260			
At end of year	2,030,281	2,030,026			
<b>AMORTIZATION</b>					
At start of year	1,977,351	1,906,114			
Charge for the year	24,454	71,237			
At end of year	2,001,805	1,977,351			
<b>Net book value</b>	<b>28,476</b>	<b>52,675</b>			
Company					
<b>COST</b>	<b>FY 2025 KShs '000</b>	<b>2024 KShs '000</b>	<b>2023 KShs '000</b>	<b>2022 KShs '000</b>	<b>2021 KShs '000</b>
At start of year	2,030,026	1,933,766	1,920,039	1,896,584	1,896,584
Additions	255	96,260	13,727	23,455	-
<b>At end of year</b>	<b>2,030,281</b>	<b>2,030,026</b>	<b>1,933,766</b>	<b>1,920,039</b>	<b>1,896,584</b>
<b>AMORTIZATION</b>					
At start of year	1,977,351	1,906,114	1,896,447	1,866,275	1,802,991
Charge for the year	24,454	71,237	9,667	30,172	63,284
<b>At end of year</b>	<b>2,001,805</b>	<b>1,977,351</b>	<b>1,906,114</b>	<b>1,896,447</b>	<b>1,866,275</b>
<b>Net book value</b>	<b>28,476</b>	<b>52,675</b>	<b>27,652</b>	<b>23,592</b>	<b>30,309</b>

Intangible assets comprise cost of purchased computer software. Computer software costs are amortized over 3 years.

20. RIGHT OF USE ASSETS – MOTOR VEHICLES

Group	2025 KShs '000	2024 KShs '000
<b>COST</b>		
At start of year	124,603	124,603
Additions	41,669	-
At end of year	166,272	124,603
<b>DEPRECIATION</b>		
At start of year	(57,110)	(25,959)
Charge for the year	(33,755)	(31,151)
At end of year	(90,865)	(57,110)
<b>Net book value</b>	<b>75,407</b>	<b>67,493</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Right of Use Assets-Motor Vehicles (continued)

Company

	2025 KShs '000	2024 KShs '000	2023 KShs '000
<b>COST</b>			
At start of year	-	124,603	124,603
Additions	-	-	124,603
At end of year	124,603	124,603	124,603
<b>DEPRECIATION</b>			
At Start of year	(57,110)	(25,959)	-
Charge for the year	(31,151)	(31,151)	(25,959)
At end of year	(88,261)	(57,110)	(25,959)
<b>Net book value</b>	<b>36,342</b>	<b>67,493</b>	<b>98,644</b>

As a lessee, the group and company entered into a lease agreement in June 2022 and for leasing motor vehicles from Government identified dealers.

The following are the amounts recognised in the statement of profit or loss

GROUP

	2025 KShs '000	2024 KShs '000	2023 KShs '000
Depreciation expense on right of use assets	33,755	31,151	-
Interest expense on lease liability	9,900	11,848	-
Expense relating to maintenance costs	48,507	33,094	-
	<b>92,162</b>	<b>76,093</b>	-

COMPANY

	2025 KShs '000	2024 KShs '000	2023 KShs '000
Depreciation expense on right of use assets	31,151	31,151	25,959
Interest expense on lease liability	8,337	11,848	11,354
Expense relating to maintenance costs	48,507	33,094	28,790
	<b>87,995</b>	<b>76,093</b>	<b>66,103</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. INVESTMENTS IN UNQUOTED EQUITY INSTRUMENTS**

As at 30 June	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Unquoted investments					
Fair value at start of year	2,792	3,259	5,366	7,679	36,304
Fair value loss	(326)	(467)	(2,107)	(2,313)	(28,625)
At end of year	2,466	2,792	3,259	5,366	7,679
Petroleum Institute of East Africa	2	2	2	2	2
Fair value per statement of financial position	2,468	2,794	3,261	5,368	7,681

KPC's interest in Consolidated Bank of Kenya Limited represents 0.6% of the total shareholding.

The investment in the Petroleum Institute of East Africa comprises one class "A" Redeemable Preference share of Kshs. 2,000. The investments are measured at fair value.

**22. INVESTMENT IN SUBSIDIARIES**

Investment in Kenya Petroleum Refineries Limited (KPRL)

	2025 Kshs'000	2024 Kshs'000
Acquisition	2,103,194	2,103,194
Additions	2,051,790	-
At end of year	4,154,984	2,103,194

The additional investments in subsidiary relates to capital expenditure by KPRL that were incurred by KPC after the acquisition.

**i) Material subsidiaries**

The group's subsidiaries at 30 June 2025 are set out below. Unless otherwise stated, they have share capital consisting ordinary shares and other reserves that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also the principal place of business of each entity.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. INVESTMENT IN SUBSIDIARIES**

Name of entity	Nature of shareholding	Country of incorporation	Ownership interest held by the group	Principal activities
Kenya Petroleum Refineries Limited	Direct	Kenya	100%	The company renders storage of imported petroleum products services and leasing its storage tanks and pipelines
KPRL Pension Trust Limited	Indirect through KPRL	Kenya	100%	KPRL holds 100% of the issued ordinary share capital of Kenya Petroleum Refineries Pension Trust Limited (10,000 ordinary shares at Kshs 1,000/- each). The subsidiary functions in a trustee capacity only and as such made neither a profit nor a loss for the period ended 30th June, 2025

**ii) Business Combination**

The company (KPC), through a share transfer on 27 October 2023, acquired all the shares of Kenya Petroleum Refineries Limited (KPRL) from The National Treasury in exchange for the extinguishment of a long-term receivable from the National Treasury on account of upgrades of KPRL facilities by KPC as per the lease agreement dated 20th March 2017 and subsequent addendums. The consideration amounted to Kshs 2,103,194,000 as at the date of the transfer. Management assessed this to be a business combination under common control and accounted for it under the predecessor value method and the retrospective presentation method.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

An analysis of the carrying amount of the assets and liabilities of KPRL as at the date of acquisition is as follows:

<b>ASSETS</b>	<b>KShs'000</b>
Property, plant and equipment	7,728,273
Leasehold property	12,365,000
Other assets	932,669
Inventories	319,546
Trade and other receivables	415,324
Current income tax	909,961
Cash and bank balances	53,531
<b>Total assets</b>	<b>22,724,304</b>
<b>LIABILITIES</b>	
Deferred income tax	5,824,674
Borrowings	3,405,301
Trade and other payables	784,126
<b>Total current liabilities</b>	<b>10,014,101</b>
<b>Carrying amount of net assets acquired</b>	<b>12,710,203</b>
<b>Purchase consideration</b>	<b>(2,103,194)</b>
<b>Common control reserve</b>	<b>10,607,009</b>

Kenya Petroleum Refineries Limited continues to operate as a separate entity providing petroleum storage services on behalf of Kenya Pipeline Company Limited on a cost re-imbursement basis.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**23. EMPLOYEE BENEFITS OBLIGATIONS**

**a) National Social Security Fund**

The group runs a statutory defined contribution pension scheme in which both the employer and employee contribute equal amounts. The amount contributed during the year has been charged to the profit or loss for the year.

**b) Defined benefit scheme (closed)**

The company did not make any contributions to the scheme in the year (2025 - nil). An actuarial valuation of the scheme's assets and the present value of the defined benefits obligation as at 30 June 2025 was carried out in June 2025 by the scheme's actuaries, Actuarial Services E.A. Limited.

Amendments to the Retirement Benefit Regulations were announced by the Cabinet Secretary, National Treasury, in the Finance Act 2015. This related to a clarification on the distribution of surplus on wind up of a defined benefit scheme. The regulations provide for an equal sharing of surplus between members and the scheme sponsor upon wind up of a scheme. As a result of this change, an asset ceiling has been applied to limit the defined benefit asset to 50% of the surplus, which is the maximum available to the sponsor in the event the scheme is wound up.

The principal assumptions used for the purpose of the actuarial valuation in the respective years were as follows:

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Discount rate	11.50%	15.0%	15.0%	13.3%	13.9%
Future salary increases	5%	5%	5%	5%	5%
Future pension increases	0%	0%	0%	0%	0%
Mortality (pre-retirement)	A1949 - 1952	A1949 - 1952	A1949-1952	A1949-1952	A1949-1952
Mortality (post-retirement)	PMA/PXA 1992 ales	PMA/PXA 1992 ales	a (55) m/f	a (55) m/f	a (55) m/f
	At rates consistent with similar arrangements				
Withdrawals					
III health	50% at 55 and 100% at 60 years				
Retirement age	60 years				

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**23. EMPLOYEE BENEFITS OBLIGATIONS (CONTINUED)**

	Present value of obligation KShs'000	Fair value of plan assets KShs'000	Total KShs'000	Impact of asset ceiling KShs'000	Net amount KShs'000
At 1 July 2020	5,835,858	(8,060,966)	(2,225,110)	939,483	(1,285,627)
Current service cost	48,016	-	48,016	-	48,016
Past service cost	-	-	-	-	-
Interest expense/(income)	780,214	(1,082,830)	(302,616)	130,588	(172,028)
<b>Total amount recognized in profit or loss</b>	<b>828,230</b>	<b>(1,082,830)</b>	<b>(254,600)</b>	<b>130,588</b>	<b>(124,012)</b>
<i>Remeasurements</i>					
Return on plan assets	-	468,170	468,170	-	468,170
Loss from change in financial assumptions	110,276	-	110,276	-	110,276
Experience losses	(253,941)	-	(253,941)	-	(253,941)
Change in asset ceiling	-	-	1,085,134	1,085,134	
<b>Total amount included in other comprehensive income</b>	<b>(143,665)</b>	<b>468,170</b>	<b>324,505</b>	<b>1,085,134</b>	<b>1,409,639</b>
<b>Contributions</b>					
Benefit payments	(541,640)	541,640	-	-	-
<b>At 30 June 2021 and 30 June 2022</b>	<b>5,978,783</b>	<b>(8,133,986)</b>	<b>(2,155,205)</b>	<b>2,155,205</b>	<b>-</b>
<b>At 1 July 2022</b>	<b>5,978,783</b>	<b>(8,133,986)</b>	<b>(2,155,205)</b>	<b>2,155,205</b>	<b>-</b>
Current service cost	-	-	-	-	-
Past service cost	-	-	-	-	-
Interest expense/(income)	762,896	(1,057,076)	(294,180)	286,642	7,538
<b>Total amount recognized in profit or loss</b>	<b>762,896</b>	<b>(1,057,076)</b>	<b>(294,180)</b>	<b>286,642</b>	<b>(7,538)</b>
<i>Remeasurements</i>					
Return on plan assets	-	1,461,884	1,461,884	-	1,461,884
Change in demographic assumptions	102,370	-	102,370	-	102,370
Loss from change in financial assumptions	(520,527)	-	(520,527)	-	(520,527)
Experience losses	(1,132,772)	-	(1,132,772)	-	(1,132,772)
Change in asset ceiling	-	-	(1,114,131)	(1,114,131)	

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**23. EMPLOYEE BENEFITS OBLIGATIONS (CONTINUED)**

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
Total amount included in other comprehensive income	(1,550,929)	1,461,884	(89,045)	(1,114,131)	(1,203,176)
Contributions	-	(117,000)	(117,000)	-	(117,000)
Benefit payments	(501,076)	501,076	-	-	-
	(501,076)	384,076	(117,000)	-	(117,000)
<b>At 30 June 2023 and 30 June 2023</b>	<b>4,689,674</b>	<b>(7,345,102)</b>	<b>(2,655,430)</b>	<b>1,327,716</b>	<b>(1,327,714)</b>
<b>At 1 July 2024</b>	<b>4,689,674</b>	<b>(7,345,102)</b>	<b>(2,655,430)</b>	<b>1,327,716</b>	<b>1,327,714</b>
Current service cost	-	-	-	-	-
Past service cost	-	-	-	-	-
Interest expense/(income)	650,909	(1,049,223)	(398,314)	199,157	199,157
Total amount recognized in profit or loss	650,909	(1,049,223)	(398,314)	199,157	199,157
<i>Remeasurements</i>					
Return on plan assets	-	(514,186)	(514,186)	-	(514,186)
Loss from change in financial assumptions	1,104,427	-	1,104,427	-	1,104,427
Experience losses	467,603	-	467,603	-	467,603
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	(528,922)	(528,922)
Total amount included in other comprehensive income	1,572,030	(514,186)	1,057,844	(528,922)	528,922
<b>Contributions</b>					
Benefit payments	(700,562)	700,562	-	-	-
<b>Subtotal</b>	<b>(700,562)</b>	<b>700,562</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2025</b>	<b>6,212,051</b>	<b>(8,207,949)</b>	<b>(1,995,900)</b>	<b>997,951</b>	<b>(997,949)</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**23. EMPLOYEE BENEFITS OBLIGATIONS (CONTINUED)**

- i) The amount recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan is as follows:

Staff costs in respect of the scheme	2025 KShs'000'	2023 KShs'000'	2021 KShs'000'
Total service cost	-	-	48,016
Interest on net liability:			
(Interest cost on defined benefit obligation - Interest income on plan assets)	(398,314)	(294,180)	(302,816)
Interest recognition on limit on defined benefit asset	199,157	286,642	130,588
<b>Total included in staff costs in respect of the Scheme</b>	<b>(199,157)</b>	<b>(7,538)</b>	<b>(124,012)</b>

\*Other years were not presented because there was no valuation done.

- ii) The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

DEFINED BENEFIT LIABILITY	2025 KShs'000'	2023 KShs'000'	2021 KShs'000'
Present value of funded defined benefit obligation	6,212,052	4,689,674	5,978,783
Fair value of plan assets	(8,207,950)	(7,345,102)	(8,133,986)
Limit on defined benefit asset	(1,995,898)	(2,655,428)	(2,155,203)
Net (asset)/ liability in the balance sheet	997,949	1,327,714	2,155,203
	<b>(997,949)</b>	<b>(1,327,714)</b>	<b>-</b>

- iii) The reconciliation of the amount included in the statement of financial position is as follows:

NET LIABILITY RECONCILIATION	2025 KShs'000'	2023 KShs'000'	2021 KShs'000'
Net asset at the start of the year	(1,327,714)	-	(1,285,627)
Net income recognized in the income statement	(199,157)	(7,538)	(124,012)
Employer contributions	-	(117,000)	-
Amount recognized in other comprehensive income	528,922	(1,203,176)	1,409,639
<b>Present value of overfunded defined benefit asset</b>	<b>(997,949)</b>	<b>(1,327,714)</b>	<b>-</b>

- iv) Movements in the present value of the defined benefit obligation in the current year were as follows:

RECONCILIATION OF BENEFIT OBLIGATION	2025 KShs'000'	2023 KShs'000'	2021 KShs'000'
Opening defined benefit obligation	4,689,674	5,978,783	5,835,858
Current service cost	-	-	48,016
Interest cost	650,909	762,896	780,214
Actuarial (gain)/loss	1,572,030	(1,550,929)	(143,665)
Benefits paid	(700,562)	(501,076)	(541,640)
<b>Closing defined benefit obligation</b>	<b>6,212,051</b>	<b>4,689,674</b>	<b>5,978,783</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**23. EMPLOYEE BENEFITS OBLIGATIONS (CONTINUED)**

Net actuarial losses/(gains)in the net liability/ (asset) recognized in the year were as follows:

Remeasurement (OCI)	2025 KShs '000	2023 KShs '000	2021 KShs '000
Change in unrecognized positions	-	-	-
Actuarial (gain) loss - demographic assumptions	-	102,370	-
Actuarial (gain) loss - financial assumptions	1,104,427	(520,527)	(253,941)
Actuarial (gain) loss - experience adjustment	467,603	(1,132,772)	110,276
Return on plan assets (excluding amount in interest cost)	(514,186)	1,461,884	468,170
Change in effect of asset ceiling (excluding amount in interest cost)	(528,922)	(1,114,132)	1,085,133
Amount recognized in OCI statement for the fiscal year	<b>528,922</b>	<b>(1,203,176)</b>	<b>1,409,639</b>

The fair value of the plan assets at the end of the reporting period for each category are as follows:

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Equity instruments	1,049,867	1,214,433	1,214,433	1,722,465	1,722,465
Debt instruments	4,971,970	3,784,717	3,784,717	3,945,065	3,945,065
Property	2,042,400	2,039,900	2,039,900	2,236,593	2,236,593
Call and fixed deposit	143,712	306,052	306,052	194,442	194,442
Net current assets				35,421	35,421
<b>Total Scheme (assets)</b>	<b>8,207,949</b>	<b>7,345,102</b>	<b>7,345,102</b>	<b>8,133,986</b>	<b>8,133,986</b>

**Sensitivity analysis**

The sensitivity of principal assumptions used for the purpose of the actuarial valuation in the respective years were as follows:

30 June 2025

Sensitivity Analysis	Base DBO KShs '000	DBO on changed assumptions KShs '000	% change
Discount Rate Increased by 1%	6,212,052	5,827,429	-6.19%
Discount Rate Decreased by 1%	6,212,052	6,646,215	6.99%
Salary Rate Increased by 1%	6,212,052	6,261,705	0.80%
Salary Rate Decreased by 1%	6,212,052	6,164,766	-0.76%
Mortality Rate Increased by 10%	6,212,052	6,226,898	0.24%
Mortality Rate Decreased by 10%	6,212,052	6,197,341	-0.24%
Pension & Deferred Pension Increases Increased by 3%	6,212,052	7,683,301	23.68%
Pension & Deferred Pension Increases Decreased by 1%	6,212,052	5,819,331	-6.32%

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**23. EMPLOYEE BENEFITS OBLIGATIONS (CONTINUED)**

30 June 2023

	Base	Base + 1	Base - 1	Base at 10%	Special scenario (NRA 55)	Fund valuation
Discount rate (i)	15.0% p.a.	16.0% p.a.	14.0% p.a.	10.0% p.a.	15.0% p.a.	10.0% p.a.
Pension increases in payment and deferment (pi)	0.0% p.a.	0.0% p.a.	0.0% p.a.	0.0% p.a.	0.0% p.a.	0.0% p.a.
Actuarial Liability (KShs '000)	4,689,674	4,427,953	4,983,055	6,806,387	5,711,704	7,546,431

30 June 2021

Balance Sheet Items	Discount Rate	Discount Rate -1%
Defined Benefit Obligations (K Shs '000)	5,978,783	6,198,621

c) **Defined Contribution Scheme:**

After discontinuation of the defined scheme in 2019, the company operates a defined contributions scheme, the Kenya Pipeline Company Staff Retirement Benefits Scheme. Contributions are at 7.5% and 15% from employee and employer respectively. Under this scheme, the company's liability is limited to any unpaid contributions.

**24. INVENTORIES**

**GROUP**

Company	2025		2024		
	KShs '000	KShs '000	KShs '000	KShs '000	
Spare parts and consumables	4,105,346	3,837,650			
Provision	(1,401,649)	(871,262)			
	<b>2,703,697</b>	<b>2,966,388</b>			
Company	2025	2024	2023	2022	2021
	KShs '000'				
Spare parts and consumables	2,954,424	2,710,798	2,504,005	2,428,756	2,695,676
Provision	(691,931)	(63,955)	(63,474)	(84,833)	(87,844)
<b>Total</b>	<b>2,262,493</b>	<b>2,646,843</b>	<b>2,440,531</b>	<b>2,343,923</b>	<b>2,608,032</b>

Reconciliation of provision for impairment of inventory

**GROUP**

At start of year	2025		2024	
	KShs '000	KShs '000	KShs '000	KShs '000
At start of year	871,262	63,956		
Movement in the year	530,387	807,306		
<b>At end of year</b>	<b>1,401,649</b>	<b>871,262</b>		

**Company**

At start of year	2025		2024		2023		2022		2021	
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
At start of year	63,955	63,474	84,833	87,844	163,925					
Movement in the year	627,976	481	(21,359)	(3,011)	(76,081)					
<b>At end of year</b>	<b>691,931</b>	<b>63,955</b>	<b>63,474</b>	<b>84,833</b>	<b>87,844</b>					

88

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**25. TRADE AND OTHER RECEIVABLES**

**GROUP**

Particulars	2025 KShs '000	2024 KShs '000
Trade receivables	6,148,319	5,631,534
Staff loans and advances	1,641,675	1,789,730
VAT recoverable	1,341,033	2,182,764
Withholding tax receivable	60,712	78,221
Prepaid construction costs	106,656	106,656
Prepaid expenses	371,685	710,021
Refundable deposits	9,454	9,477
Other debtors	1,271,047	1,270,183
	<b>10,950,581</b>	<b>11,778,586</b>
Expected credit losses	(2,223,339)	(2,174,649)
	<b>8,727,242</b>	<b>9,603,937</b>

**Recoverable as follows:**

Current assets:	2025 KShs '000	2024 KShs '000
Within one year	7,421,057	8,183,085
After one year	1,306,185	1,420,852
	<b>8,727,242</b>	<b>9,603,937</b>

Other debtors relate to other sundry debtors which are non-trade related.

Ageing analysis of the net trade receivables is as follows:

Group	2025 KShs '000	2024 KShs '000
Less than 30 days	3,686,297	3,191,299
Between 30 and 60 days	274,857	1,487
Between 61 and 90 days	64,332	15,373
Between 91 and 120 days	9,124	40,142
Over 120 days	1,845,205	1,921,897
	<b>5,878,815</b>	<b>5,170,198</b>

**b) Provision for expected credit losses**

	2025 Kshs'000	2024 Kshs'000
Trade receivables		
At start of year	461,336	7,032,561
Charge to profit or loss	523,127	-
Write-offs	(715,959)	(6,571,225)
<b>At end of year</b>	<b>268,504</b>	<b>461,336</b>

**Other receivables**

	At start of year	Charge/(release) to profit or loss	Write-offs	At end of year
At start of year	1,712,913	1,160,573		
Charge/(release) to profit or loss	249,210	620,716		
Write-offs	(7,288)	(67,976)		
<b>At end of year</b>	<b>1,954,835</b>	<b>1,713,313</b>		

89

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Company

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Trade receivables	5,726,924	5,131,572	13,154,750	10,065,175	9,762,372
Staff loans and advances	1,640,303	1,787,759	1,917,945	1,770,136	1,737,480
VAT recoverable	1,341,033	2,182,764	2,504,057	1,744,055	2,029,844
Withholding tax receivable	60,712	78,221	63,630	74,175	55,119
Prepaid construction costs	106,656	106,656	106,656	106,656	106,656
Prepaid expenses	338,753	663,048	214,828	1,088,947	949,551
Refundable deposits	9,454	9,477	9,477	9,477	9,477
Other debtors	1,718,851	1,573,995	3,459,098	3,104,514	2,839,150
	<b>10,942,686</b>	<b>11,533,492</b>	<b>21,430,441</b>	<b>17,963,135</b>	<b>17,489,649</b>
Expected credit loss	(2,132,174)	(2,021,779)	(8,039,864)	(6,537,035)	(5,212,293)
	<b>8,810,512</b>	<b>9,511,713</b>	<b>13,390,577</b>	<b>11,426,100</b>	<b>12,277,356</b>
<b>Recoverable as follows:</b>					
<b>Current assets:</b>					
Within one year	7,504,327	8,090,861	10,073,914	8,283,974	9,160,338
<b>Non-current assets:</b>					
Staff loans	1,306,185	1,420,852	1,450,013	1,438,100	1,416,163
Long-term receivables from KPRL			1,866,650	1,704,026	1,700,855
	<b>8,810,512</b>	<b>9,511,713</b>	<b>13,390,577</b>	<b>11,426,100</b>	<b>12,277,356</b>

The amounts recoverable after one year relate to staff loans and advances and a long-term receivable in respect of KPRL.

Ageing analysis of the trade receivables is as follows:

Company Particulars	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Less than 30 days	3,348,501	2,855,575	3,981,482	2,365,429	3,043,084
Between 30 and 60 days	274,663	1,689	62,860	369,296	21,571
Between 61 and 90 days	64,336	13,115	365,074	119,129	162,195
Between 91 and 120 days	9,100	43,552	15,283	298,743	119,562
Over 120 days	1,853,385	1,909,175	1,850,360	1,284,158	1,380,843
	<b>5,549,985</b>	<b>4,823,106</b>	<b>6,275,059</b>	<b>4,436,755</b>	<b>4,727,255</b>

b) Company movement in expected credit losses

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Trade receivables					
At start of year	308,466	6,879,691	5,628,420	5,035,118	5,309,477
Charge to profit or loss (Note 9(b))	523,127	-	1,437,772	593,302	114,232
Write-offs	(654,654)	(6,571,225)	(186,501)	-	(388,592)
	<b>176,939</b>	<b>308,466</b>	<b>6,879,691</b>	<b>5,628,420</b>	<b>5,035,117</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

Company movement in expected credit losses  
Other receivables

At start of year	1,713,313	1,160,173	908,615	177,175	177,420
Charge/(release) to profit or loss (Note 9(b))	249,210	620,716	252,473	763,945	122
Write-offs	(7,288)	(67,576)	(915)	(32,505)	(366)
<b>At end of year</b>	<b>1,965,235</b>	<b>1,713,313</b>	<b>1,160,173</b>	<b>908,615</b>	<b>177,176</b>

26. CASH AND BANK BALANCES

GROUP – FIXED DEPOSITS

	2025 Kshs'000	2024 Kshs'000
Fixed deposits	4,733,271	4,343,020
Expected credit losses	(31,871)	-
	<b>4,701,400</b>	<b>4,343,020</b>

COMPANY – FIXED DEPOSITS

	2025 Kshs'000	2024 Kshs'000	2023 Kshs'000	2022 Kshs'000	2021 Kshs'000
Fixed deposits	3,745,966	4,343,020	9,338,957	7,786,149	7,086,098
Expected credit losses	(31,871)	-	-	-	-
	<b>3,714,095</b>	<b>4,343,020</b>	<b>9,338,957</b>	<b>7,786,149</b>	<b>7,086,098</b>

The fixed deposits have a tenor of 3 months and the effective interest rate in the year was 9.26% p.a. (2024 - 8.06%), (2023 - 10.55%), (2022 - 9.25%), (2021 - 9.25%)

a) Group bank balances

Particulars	2025	2024
Bank balances	7,117,087	2,227,831
Expected credit loss	(30,972)	-
	<b>7,086,115</b>	<b>2,227,831</b>

b) Company bank and cash balances

	2025 Kshs'000	2024 Kshs'000	2023 Kshs'000	2022 Kshs'000	2021 Kshs'000
Bank balances	3,690,102	2,174,300	2,392,814	2,614,219	2,462,155
Expected credit loss	(30,972)	-	-	-	-
	<b>3,659,130</b>	<b>2,174,300</b>	<b>2,392,814</b>	<b>2,614,219</b>	<b>2,462,155</b>

The group and company estimated the impact of expected credit loss on cash and bank balances to be immaterial in the years 2021 -2024. A reassessment in 2025 resulted in the ECL recorded in the year.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**27. CURRENT INCOME TAX**

Particulars	2025 Kshs'000	2024 Kshs'000	2023 Kshs'000	2022 Kshs'000	2021 Kshs'000
At start of year	1,461,638	(472,693)	827,399	914,929	(876,808)
Charge for the year (Note 14(a))	3,885,050	3,133,271	2,130,257	2,394,220	4,337,483
Instalment tax payments in the year	(4,803,314)	(1,198,940)	(3,430,350)	(2,481,750)	(2,545,746)
At end of year	<b>543,374</b>	<b>1,461,638</b>	<b>(472,693)</b>	<b>827,399</b>	<b>914,929</b>

**28. SHARE CAPITAL**

	2025 Kshs'000	2024 Kshs'000	2023 Kshs'000	2022 Kshs'000	2021 Kshs'000
Authorised: 19,369,580 Ordinary Shares of Kshs.20 each	387,392	387,392	387,392	387,392	387,392
Issued and fully paid: 18,173,300 Ordinary Shares of Kshs.20 each	363,466	363,466	363,466	363,466	363,466

**29. RETAINED EARNINGS**

The retained earnings represent amount available for distribution to the Company's shareholders. Undistributed retained earnings are retained to finance the group and company's business activities.

**30. REVALUATION RESERVE**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. Revaluation surpluses are not distributable.

The company contracted an independent valuer M/S Tysons Limited to carry out valuation of its Land and certain classes of property, plant and equipment as per accounting policy 3(f).

**31. CAPITAL CONTRIBUTION RESERVE**

The additional investments in KPRL after acquisition resulted in the creation of a capital contribution reserve. The Company carries the additional investment as investment in subsidiary.

**32. COMMON CONTROL RESERVE**

The acquisition of KPRL under the predecessor accounting method resulted in a common control reserve as disclosed in Note 22.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**33. DEFERRED INCOME TAX**

Deferred taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30% (FY 2024 - FY 2022: 30%, (FY 2021 - 25%) The make-up of the deferred tax liabilities in the year and the movement on the deferred tax account during the year are presented below:

**Group**

Year ended 30 June 2024	At start of year	Charged/(credited) to profit or loss	Charged/(credited) to equity	Business combination	At end of year
Property, plant and equipment	17,707,586	(797,046)	-	118,504	17,029,044
Revaluation surpluses	3,034,421	-	-	5,871,625	8,906,046
Unrealised exchange gains	842,817	(842,817)	-	-	-
Other temporary differences	(31,457)	12,313	-	-	(19,144)
Total deferred tax liabilities	<b>21,553,367</b>	<b>(487,608)</b>	-	<b>5,990,129</b>	<b>20,275,688</b>
Provisions	(1,861,402)	1,196,331	-	(165,454)	(830,525)
Unrealised exchange losses	-	(484,482)	-	-	(484,482)
Interest payable	29,594	-	-	-	20,249
Tax losses	-	(9,345)	-	-	-
Total deferred tax assets	<b>(1,129,306)</b>	<b>(1,366,153)</b>	-	<b>(165,454)</b>	<b>(1,294,758)</b>
<b>Net deferred tax liabilities</b>	<b>19,721,559</b>	<b>(925,046)</b>	-	<b>5,824,675</b>	<b>24,621,188</b>
Year ended 30 June 2025	At start of year	Charged/(credited) to profit or loss	Charged/(credited) to equity	Business combination	At end of year
	Kshs'000	Kshs'000	Kshs'000		Kshs'000
Property, plant and equipment	17,029,044	(396,604)	-	-	16,632,440
Revaluation surpluses	8,906,046	(97,262)	2,022,068	-	10,830,852
Unrealised exchange gains	-	-	-	-	-
Other temporary differences	(19,144)	6,258	-	-	(12,886)
Total deferred tax liabilities	<b>25,915,946</b>	<b>(487,608)</b>	<b>2,022,068</b>	-	<b>27,450,406</b>
Provisions	(830,525)	(2,105,954)	-	-	(2,936,439)
Unrealised exchange losses	(484,482)	471,407	-	-	(13,075)
Other temporary differences	20,249	(9,305)	-	-	10,904
Total deferred tax assets	<b>(1,294,758)</b>	<b>(1,643,862)</b>	-	-	<b>(2,938,610)</b>
<b>Net deferred tax liabilities</b>	<b>24,621,188</b>	<b>(2,131,460)</b>	<b>2,022,068</b>	-	<b>24,511,796</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**33. DEFERRED INCOME TAX (CONTINUED)**

Company	At start of year	Charged/ (credited) to profit or loss	Charged/ (credited) to equity	At end of year
<b>Year ended 30 June 2025</b>				
Property, plant and equipment	16,002,149	(396,604)	-	15,605,545
Revaluation surpluses on property, plant and equipment	3,942,813	(97,262)	2,022,068	5,867,619
Other temporary differences	(19,144)	6,258	-	(12,886)
<b>Total deferred tax liabilities</b>	<b>19,925,818</b>	<b>(487,608)</b>	<b>2,022,068</b>	<b>21,460,278</b>
Provisions	(665,071)	(1,828,215)	-	(2,493,286)
Unrealised exchange losses	(484,483)	471,407	-	(13,076)
Other temporary differences	20,248	(9,345)	-	10,903
<b>Total deferred tax assets</b>	<b>(1,129,306)</b>	<b>(1,366,153)</b>	<b>-</b>	<b>(2,495,459)</b>
<b>Net deferred tax liabilities</b>	<b>18,796,513</b>	<b>(1,853,761)</b>	<b>2,022,068</b>	<b>18,964,820</b>
<b>Year ended 30 June 2024</b>				
	At start of year	Charged/ (credited) to profit or loss	Charged/ (credited) to equity	At end of year
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
<b>Deferred tax liabilities</b>				
Property, plant and equipment	17,707,586	(797,046)	-	16,002,149
Revaluation surpluses on property, plant and equipment	3,034,421	-	-	3,942,813
Unrealised exchange gains	842,817	(842,817)	-	-
Other temporary differences	(31,457)	12,313	-	(19,144)
<b>Total deferred tax liabilities</b>	<b>21,553,367</b>	<b>(1,627,550)</b>	<b>-</b>	<b>19,925,818</b>
<b>Deferred tax assets</b>				
Provisions	(1,861,402)	1,196,331	-	(665,071)
Unrealised exchange losses	-	(484,482)	-	(484,482)
Other temporary differences	29,594	(9,345)	-	20,248
<b>Total deferred tax assets</b>	<b>(1,831,808)</b>	<b>702,504</b>	<b>-</b>	<b>(1,129,305)</b>
<b>Net deferred tax liabilities</b>	<b>19,721,559</b>	<b>(925,046)</b>	<b>-</b>	<b>18,796,513</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**33. DEFERRED INCOME TAX (CONTINUED)**

Year ended 30 June 2023	At start of year	Charged/ (credited) to profit or loss	Charged/ (credited) to equity	At end of year
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
<b>Deferred tax liabilities</b>				
Property, plant and equipment	19,173,468	(1,465,882)	-	17,707,586
Revaluation surpluses on property, plant and equipment	2,790,116	-	244,305	3,034,421
Unrealised exchange gains	266,730	576,087	-	842,817
Other temporary differences	-	(31,457)	-	(31,457)
<b>Total deferred tax liabilities</b>	<b>22,230,314</b>	<b>(921,252)</b>	<b>244,305</b>	<b>21,553,367</b>
<b>Deferred tax assets</b>				
Provisions	(1,685,098)	(176,304)	-	(1,861,402)
Unrealised exchange losses	-	-	-	-
Other temporary differences	-	29,594	-	29,594
Tax losses carried forward	(1,431,392)	1,431,392	-	-
<b>Total deferred tax assets</b>	<b>(3,116,490)</b>	<b>1,284,682</b>	<b>-</b>	<b>(1,831,808)</b>
<b>Net deferred tax liabilities</b>	<b>19,113,824</b>	<b>363,430</b>	<b>244,305</b>	<b>19,721,559</b>
Year ended 30 June 2022	At start of year	Charged/ (credited) to profit or loss	Charged/ (credited) to equity	At end of year
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
<b>Deferred tax liabilities</b>				
Property, plant and equipment	20,166,755	(993,287)	-	19,173,468
Revaluation surpluses on property, plant and equipment	4,527,751	(6,496)	(1,731,139)	2,790,116
Unrealised exchange gains	-	266,730	-	266,730
<b>Total deferred tax liabilities</b>	<b>24,694,506</b>	<b>(733,053)</b>	<b>(1,731,139)</b>	<b>22,230,314</b>
<b>Deferred tax assets</b>				
Provisions	(1,391,598)	(293,500)	-	(1,685,098)
Unrealised exchange losses	(176,669)	176,669	-	-
Tax losses carried forward	(4,359,808)	2,928,415	-	(1,431,393)
<b>Total deferred tax assets</b>	<b>(5,928,075)</b>	<b>2,811,584</b>	<b>-</b>	<b>(3,116,491)</b>
<b>Net deferred tax liabilities</b>	<b>18,766,431</b>	<b>2,078,531</b>	<b>(1,731,139)</b>	<b>19,113,823</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING**  
**FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33. DEFERRED INCOME TAX (CONTINUED)

Year ended 30 June 2021	At start of year	Charged/ (credited) to profit or loss	Charged/ (credited) to equity	At end of year
Deferred tax liabilities	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Property, plant and equipment	16,850,794	3,315,961	-	20,166,755
Revaluation surpluses on property, plant and equipment	4,541,954	-	(14,203)	4,527,751
Unrealised exchange gains	28,390	(28,390)	-	-
Total deferred tax liabilities	21,421,138	3,287,571	(14,203)	24,694,506
Deferred tax assets				
Provisions	(981,401)	(410,197)	-	(1,391,598)
Unrealised exchange losses	-	(176,669)	-	(176,669)
Interest payable	-	-	-	-
Tax losses carried forward	(5,509,574)	1,149,766	-	(4,359,808)
Retirement benefit costs	(163,072)	-	163,072	-
Total deferred tax assets	(6,654,047)	562,900	163,072	(5,928,075)
Net deferred tax liabilities	14,767,091	3,850,471	148,869	18,766,431

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. TRADE AND OTHER PAYABLES

GROUP	2025	2024
	KShs '000	KShs '000
Trade payables	2,619,207	8,073,088
Other payables and accruals	2,162,091	2,176,099
Accrued leave pay	288,847	261,347
Withholding tax payable	5,118	14,073
Compensation to oil marketing companies *	3,365,577	-
	<b>8,440,840</b>	<b>10,524,607</b>

\*Compensation to oil marketing companies relates to funds received by KPRL from the Government of Kenya to compensate oil marketing companies for losses in the refinery of oil in the previous years.

Company	2025	2024	2023	2022	2021
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Trade payables	2,443,038	7,815,046	5,138,225	984,874	1,647,314
Other payables and accruals	1,654,740	2,001,939	5,652,517	2,670,789	2,921,187
Accrued leave pay	273,311	246,598	205,759	144,656	161,566
	<b>4,371,089</b>	<b>10,063,583</b>	<b>10,996,501</b>	<b>3,800,319</b>	<b>4,730,037</b>

Other payables majorly relate to general accruals during the period.

35. LEASE LIABILITIES

Group	2025	2024
	KShs '000	KShs '000
At start of year	63,812	104,856
Additions	41,669	-
Interest charge	9,900	11,848
Payment of interest	(9,900)	(11,848)
Payment of principal	(22,806)	(41,044)
At end of year	<b>82,675</b>	<b>63,812</b>
Split as follows:		
Current	50,429	32,706
Non-current portion	32,246	31,106
At end of year	<b>82,675</b>	<b>63,812</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. LEASE LIABILITIES (CONTINUED)

Company

	2025 KShs '000	2024 KShs '000	2023 KShs '000
At start of year	63,813	104,856	124,603
Additions	-	-	-
Interest charge	8,337	11,848	11,354
Payment of interest	(8,337)	(11,848)	(11,354)
Payment of principal	(20,860)	(41,044)	(19,747)
At end of year	<b>42,953</b>	<b>63,812</b>	<b>104,856</b>
<b>Split as follows:</b>			
Non-current portion	6,315	31,106	75,660
Current portion	36,638	32,706	29,196
At end of year	<b>42,953</b>	<b>63,812</b>	<b>104,856</b>

36. BORROWINGS

GROUP:

Description

	2025 KShs '000	2024 KShs '000
Borrowings from commercial banks	1,674,575	4,226,648
KPRL loan from Government of Kenya	1,634,945	1,634,945
<b>Total</b>	<b>3,309,520</b>	<b>5,861,593</b>

The loan advanced by the Government of Kenya to KPRL has subsequently been converted to equity shares of Kenya Pipeline Company Limited. The other borrowings from commercial banks are short-term, repayable in the next one year.

Included in the borrowings from commercial banks is a loan from Absa Bank to KPRL of Ksh 1.025bn at an interest rate of 6.5%+3 months SOFR. KPRL's Captive Power Plant is held as collateral for the loan where in case of default, the bank acquires all the rights and benefits accrued.

The movement of borrowings is as follows:

	2025 KShs '000	2024 KShs '000
At start of year	5,861,593	6,734,901
On business acquisition	-	3,405,301
Interest in the year	151,407	467,350
Exchange losses/(gains) on foreign loans	(100,826)	(174,647)
Principal repayments	(2,451,247)	(4,103,962)
Interest repayments	(151,407)	(467,350)
<b>At end of year</b>	<b>3,309,520</b>	<b>5,861,593</b>
<b>Current</b>	<b>3,309,520</b>	<b>5,861,593</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36. BORROWINGS (CONTINUED)

Company

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Borrowings from commercial banks	2,456,292	6,734,901	15,148,246	18,486,582	22,267,876
Current	-	2,456,292	3,367,459	5,049,420	4,821,646
Non-current	-	-	3367442	10,098,826	13,864,937
At 30 June	-	<b>2,456,292</b>	<b>6,734,901</b>	<b>15,148,246</b>	<b>18,486,583</b>

The movement of borrowings is as follows:

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
At start of year	2,456,292	6,734,901	15,148,246	18,486,582	22,267,876
Additions	-	-	-	-	-
Interest in the year	151,407	467,350	958,755	836,786	1,233,865
Exchange losses/(gains) on foreign loans	(5,045)	(174,647)	1,833,851	1,532,765	899,927
Principal repayments	(2,451,247)	(4,103,962)	(10,247,196)	(4,871,101)	(4,681,220)
Interest repayments	(151,407)	(467,350)	(958,755)	(836,786)	(1,233,865)
At end of year	-	<b>2,456,292</b>	<b>6,734,901</b>	<b>15,148,246</b>	<b>18,486,583</b>

37. PROVISION FOR LIABILITIES

Group and company

	2025 KShs'000	2024 KShs'000
Decommissioning of pipeline 1	1,473,108	-
Legal claims	2,795,065	-
	<b>4,268,173</b>	-

Provision for decommissioning relates to estimated costs for removal of any ground restoration of Pipeline 1 which was decommissioned in 2022. The pipeline does not have value in the group's financial statements. The cost is based on the group's engineer's estimates.

Legal claims relate to unresolved litigation matters which are expected to result in future cash out flows. The provision is based on independent legal consultation of the pending litigation matters.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. NOTES TO THE STATEMENT OF CASH FLOWS

a.) Reconciliation of operating profit to cash generated from operations	2025	2024
	KShs '000	KShs '000
Profit before tax	12,018,372	10,432,429
Adjustments for:		
Depreciation on property, plant and equipment	5,701,057	5,015,228
Amortisation of leasehold land (Note 18)	903,650	742,844
Gain from disposal of fixed assets	-	(841)
Amortisation of intangible assets (Note 19)	24,453	71,237
Amortisation of right-of-use asset (Note 20)	31,151	31,151
Impairment loss on work-in-progress	-	75,705
Provision/(write back) for impairment	(97,589)	1,566,914
Revaluation loss on asset revaluation	242,884	-
Loss/(gain) on disposal of PPE (Note 10)	14,422	72,415
Interest income (Note 8(a))	(438,678)	(888,457)
Interest expense (Note 8(b))	159,744	479,197
Fair value losses on equity investments	326	467
Provisions for liabilities	4,268,173	-
<b>Operating profit before working capital changes</b>	<b>22,827,965</b>	<b>17,598,289</b>
(Increase)/Decrease in inventories	262,691	(207,216)
(Increase)/Decrease trade and other receivables	(1,290,034)	1,619,428
Increase/(Decrease) in trade and other payables	(2,073,910)	(2,268,613)
<b>Cash generated from operations</b>	<b>19,726,712</b>	<b>16,741,888</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

COMPANY	a.) Reconciliation of operating profit to cash generated from operations				
	2025	2024	2023	2022	2021
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Profit before tax	12,950,167	10,538,966	5,427,458	6,631,398	2,599,430
Adjustments for:					
Depreciation	5,023,704	4,806,823	4,457,425	5,859,576	5,796,119
Amortisation of leasehold land (Note 18)	539,326	742,676	188,822	342,739	767,564
Amortisation of intangible assets (Note 19)	24,453	71,237	9,667	30,172	63,284
Amortisation of right-of-use asset (Note 20)	31,151	31,151	25,959	-	-
Impairment loss on work-in-progress	-	75,705	508,428	71,011	180,955
Loss/(gain) on disposal of PPE (Note 10)	14,422	72,415	34,340	(12,878)	-
Interest income (Note 8(a))	(438,678)	(888,457)	(883,056)	(823,216)	(349,127)
Interest expense (Note 8(b))	159,744	479,197	970,109	836,786	1,233,865
Loss on valuation of unquoted equity investments (Note 11)	326	467	2,107	2,313	28,625
Provisions for liabilities	4,268,173	-	-	-	-
<b>Operating profit before working capital changes</b>	<b>22,572,788</b>	<b>15,930,180</b>	<b>10,741,259</b>	<b>12,937,901</b>	<b>10,838,014</b>
(Increase)/decrease in inventories	384,350	(206,312)	(96,608)	264,109	(425,798)
(Increase)/decrease trade and other receivables	701,527	1,775,670	(1,964,477)	851,256	(230,265)
(Increase)/(decrease) in trade and other payables	(6,692,494)	(932,918)	7,196,182	(929,718)	176,290
<b>Cash generated from operations</b>	<b>17,966,171</b>	<b>16,566,620</b>	<b>15,876,356</b>	<b>13,123,548</b>	<b>9,840,942</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**39. RELATED PARTIES**

The Government of Kenya is the principal shareholder of the Kenya Pipeline Company Limited, holding 100% of the company's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- a) Ministry of Energy
- b) Ministry of Petroleum & Mining
- c) National Oil Corporation of Kenya
- d) Kenya Power & Lighting Company
- e) Key management
- f) Board of directors

Transactions with related parties include:

**(a) Sales to related party**

GROUP	2025 Kshs '000	2024 Kshs '000
Services provided to National Oil Corporation (K)	-	14,995

COMPANY	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Services provided to National Oil Corporation (K)	-	14,995	20,392	222,295	320,890

**(b) Expenses incurred on behalf of related parties**

GROUP	2025 Kshs '000	2024 Kshs '000
Services received from Kenya Power & Lighting Co Limited	2,639,657	2,847,402
Services received from Ministry of Energy	-	-

COMPANY	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Services received from Kenya Power & Lighting Co Limited	2,639,657	2,847,402	2,275,149	1,816,131	1,724,622
Services received from Ministry of Energy	-	-	-	384,000	384,000

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**39. RELATED PARTIES (CONTINUED)**

**(c) Due to related party – group**

	2025 KShs '000	2024 KShs '000
Deferred income from Ministry of Petroleum & Mining – LPG Project	80,000	80,000
<b>Due to related party – company</b>	<b>2025 KShs '000</b>	<b>2024 KShs '000</b>

**(d) Key management compensation**

GROUP	2025 Kshs. "000	2024 Kshs. "000
CEO salaries and benefits	12,350	16,382
Key management salaries and benefits	351,068	339,653

**Directors expenses: (note 11(a))**

- Fees & incentives	11,580	3,496
- Board retreats and general expenses	2,552	3,721
- Sitting /duty allowance	25,415	11,740
- Training expenses	931	2,867
- Travel expenses and subsistence allowance	14,535	16,228

COMPANY	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
CEO salaries and benefits	12,350	16,382	15,339	13,230	12,901
Key management salaries and benefits	351,068	339,653	304,051	278,444	263,830

**Directors expenses: (note 11(a))**

- Fees & incentives	11,580	3,496	6,360	6,372	12,000
- Board retreats and general expenses	2,552	3,721	1,705	1,285	3,856
- Sitting /duty allowance	7,587	11,740	7,336	6,100	10,487
- Training expenses	931	2,867	9,541	3,667	424
- Travel expenses and Subsistence allowance	14,535	16,228	5,796	5,581	5,207

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

40. FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES

Group	2025 Kshs '000	2024 Kshs '000
<i>The group as a lessor:</i>		
Within one year	118,923	110,781
In the second to fifth year inclusive	475,691	443,126
	<b>594,614</b>	<b>553,907</b>

The lease rental income earned during the year in respect of the company's property amounted to Kshs 119 million (FY 2024 – Kshs 111 million).

Company	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
<i>The company as a lessor:</i>					
Within one year	118,923	110,781	110,984	108,797	86,486
More than one year	475,691	443,126	443,937	435,189	345,946
	<b>594,614</b>	<b>553,907</b>	<b>554,921</b>	<b>543,986</b>	<b>432,432</b>

Group	2025 Kshs '000	2024 Kshs '000
<i>The group as a lessee:</i>		
Within one year	1,543,706	1,814,346
In the second to fifth year inclusive	6,174,823	7,257,386
	<b>7,718,529</b>	<b>9,071,732</b>

COMPANY	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
<i>The company as a lessee:</i>					
Within one year	1,543,706	1,814,346	1,505,294	1,313,335	1,175,647
More than one year	6,174,823	7,257,386	6,021,175	5,253,340	4,702,188
	<b>7,718,529</b>	<b>9,071,732</b>	<b>7,526,469</b>	<b>6,566,675</b>	<b>5,877,735</b>

The total rental expense incurred during the year amounted to Kshs 1.0 billion (FY 2024 - Kshs. 1.2 billion).

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41. CONTINGENT LIABILITIES

GROUP	2025 Kshs "000	2024 Kshs "000
Pending lawsuits	6,237,325	5,748,374
Guarantees	117,721	117,721
	<b>6,355,046</b>	<b>5,866,095</b>

COMPANY	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Pending lawsuits	6,237,325	5,748,374	16,982,134	21,213,920	3,995,333
Guarantees	117,721	117,721	101,321	88,071	95,571
	<b>6,355,046</b>	<b>5,866,095</b>	<b>17,083,455</b>	<b>21,301,991</b>	<b>4,090,904</b>

The Group is subject to a number of legal and tax claims incidental to these operations, the outcome of which cannot at present be foreseen, and the possible loss or range of loss of which cannot at present be meaningfully quantified.

Based on their own judgement and professional advice received from legal, tax and other advisors, the Directors believe that the provision made for all these claims sufficiently covers the expected losses arising from them. For most of these cases, the likelihood that the Group will suffer significant charges or payments is remote; however, in a few cases the Directors consider it possible but not probable that such charges will be incurred.

The Group continues to vigorously defend its position. The Directors continue to monitor the development of these matters and to the extent those developments may have a major impact on its financial position or may significantly affect its ability to meet its commitments, the Group shall disclose those developments in line with its listing obligations as required by relevant regulations.

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE**  
**PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

42. FUEL STOCKS

Fuel stocks belong to the Oil Marketing Companies (OMCs) as per Transportation and Storage Agreement signed between the Kenya Pipeline Company Limited and the OMCs. Fuel stocks are therefore not included in the financial statements. As at 30 June 2025 the company held the following on behalf of OMCs.

Company fuel stocks	2025 M3	2024 M3	2023 M3	2022 M3	2021 M3
Volume of OMCs fuel stocks	434,270,224	593,800,916	727,836,966	467,947	571,348
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Hydrocarbon value of third company stocks	56,110,101	54,509,287	68,020,865	53,852,917	30,357,266

43. CAPITAL COMMITMENT

Capital commitment relates to future financial obligations for capital expenditure that consists of project funds and expenditure for other Capex items such as furniture and tools

GROUP

	2025 KShs '000	2024 KShs '000
Amounts authorized and contracted for	3,445,338	4,590,639
Amounts authorized and not contracted for	2,492,476	4,422,220
Less: amounts included in work-in-progress	(1,249,020)	(4,306,348)
	4,688,794	4,706,511

COMPANY

	2025 KShs '000	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
Amounts authorised and contracted for	3,445,338	4,590,639	8,795,763	7,667,242	3,721,085
Amounts authorised and not contracted for	2,492,476	4,422,220	7,508,781	-	-
Less: amounts included in work-in-progress	(1,249,020)	(4,306,348)	(1,966,831)	(717,925)	(371,030)
	4,688,794	4,706,511	14,337,713	6,949,317	3,350,055

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

44. SUMMARY OF ADJUSTMENTS TO THE AUDITED FINANCIAL STATEMENTS

Company	Statement of profit or loss and other comprehensive income	Profit before tax	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000
<i>As per audited financial statements:</i>						
<i>Compilation adjustments:</i>						
Project extension of time penalties incorrectly charged to equity						
Reversal of depreciation expense on property without title	-	556,929 (467)	553,855 (2,107)	553,411 (2,313)	130,589 (28,625)	(4,450,288)
Fair value losses on equity investments	-	-	-	-	-	-
Costs incurred on revaluation of assets incorrectly charged to equity	-	-	-	-	-	-
Unsupported balances incorrectly credited to equity (net)	-	-	-	-	-	-
Impairment losses incorrectly charged to equity	-	-	-	-	-	-
Foreign exchange losses incorrectly charged to equity	-	-	-	-	-	-
Provision for environmental damage claims	-	-	-	-	-	-
Provision for decommissioning costs for Pipeline 1	-	-	-	-	-	-
Write off of unsupported balances	-	-	-	-	-	-
Total adjustments	3,957,428	530,777	(1,952,985)	(226,895)	(26,814)	37,391
Profit before tax as per compiled financial statements	12,950,167	10,538,966	5,427,458	6,631,398	2,599,430	
Tax expense as per audited financials	(5,752,165)	(3,140,994)	(3,108,010)	(2,394,908)	(5,227,628)	
Revision to tax computation	1,280,452	7,723	977,753	688	890,145	
Tax expense as per compiled financial statements	(4,471,713)	(3,133,271)	(2,130,257)	(2,394,220)	(4,337,483)	
Profit after tax as per compiled financial statements	8,478,454	7,405,995	3,297,201	4,237,178	(1,738,053)	

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**44. SUMMARY OF ADJUSTMENTS TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)**

Statement of financial position	Assets KShs '000	Liabilities KShs '000	Share capital and share premium KShs '000	Retained earnings KShs '000	Revaluation reserve KShs '000
30-Jun-21					
As reported in the audited financial statements	139,953,707	(42,883,773)	(875,755)	(74,911,764)	(21,282,415)
Restatements:					
Project extension of time penalties incorrectly charged to equity	-	-	-	4,450,288	(4,450,288)
Write off of unsupported balances in accruals	(10,313,312)	(20,045)	-	20,045	-
Derecognition of freehold land and property without title	130,589	-	-	-	10,313,312
Reversal of depreciation expense on property without title	(28,625)	-	-	(130,588)	-
Fair value losses on equity investments	26,813	920,767	-	28,625	-
Tax adjustments	-	-	-	(947,580)	-
<i>As reported in the compiled financial statements</i>	<b>129,769,172</b>	<b>(41,983,051)</b>	<b>(875,755)</b>	<b>(71,490,975)</b>	<b>(15,419,391)</b>

108

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**44. SUMMARY OF ADJUSTMENTS TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)**

Statement of financial position	Assets KShs '000	Liabilities KShs '000	Share capital and share premium KShs '000	Retained earnings KShs '000	Revaluation reserve KShs '000
30-Jun-22					
As reported in the audited financial statements	127,704,614	(38,963,800)	(875,755)	(70,812,998)	(17,052,061)
Restatements:					
(a) Carried forward from 2021	(10,211,348)	(20,045)	-	4,368,369	5,863,024
(b) In relation to 2022					
Costs incurred on revaluation of assets incorrectly charged to equity	-	-	-	191,031	(191,031)
Reversal of depreciation expense on property without title	555,411	-	-	(555,411)	-
Fair value losses on equity investments	(2,313)	-	-	2,313	-
Write off of unsupported balances in expenses 2022	-	(26,814)	-	26,814	-
Tax adjustments	-	948,271	-	(948,271)	-
<i>As reported in the compiled financial statements</i>	<b>118,046,364</b>	<b>(38,062,388)</b>	<b>(875,755)</b>	<b>(67,728,153)</b>	<b>(11,380,068)</b>

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**44. SUMMARY OF ADJUSTMENTS TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)**

	Assets KShs '000	Liabilities KShs '000	Share capital and share premium KShs '000	Retained earnings KShs '000	Revaluation reserve KShs '000
<b>30-Jun-23</b>					
As reported in the audited financial statements	<b>128,883,732</b>	(39,640,122)	(875,755)	(76,831,826)	(11,536,029)
<b>Restatements:</b>					
<b>(a) Carried forward from 2021 and 2022</b>	(9,658,250)	(46,859)	-	4,033,116	5,671,993
Derecognition of depreciation on freehold land and property without title	553,855	-	-	(553,855)	-
Unsupported balances incorrectly credited to equity (net)	-	-	-	(331,548)	331,548
Impairment losses incorrectly charged to equity	-	-	-	3,109,947	(3,109,947)
Accruals that were incorrectly credited to equity	-	(42,556)	-	42,556	-
Reversal of impairment on property without title	498,440	-	-	-	(498,440)
Derecognition of pipelines that are impaired	{1,269,431}	-	-	-	1,269,431
Fair value losses on equity investments	(2,107)	-	-	2,107	-
Write off of unsupported balances in expenses 2023	-	(226,995)	-	226,995	-
Tax adjustments	-	1,926,022	-	(1,926,022)	-
Total adjustments made to profit	-	-	-	-	-
<i>As reported in the compiled financial statements</i>	<b>119,006,239</b>	(38,030,510)	(875,755)	(72,228,530)	(7,871,444)

*As reported in the compiled financial statements*

110

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**44. SUMMARY OF ADJUSTMENTS TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)**

	Assets KShs '000	Liabilities KShs '000	Share capital and share premium KShs '000	Retained earnings KShs '000	Revaluation reserve KShs '000
<b>30-Jun-24</b>					
As reported in the audited financial statements	<b>120,723,915</b>	(31,637,800)	(875,755)	(76,699,976)	(11,510,284)
<b>Restatements:</b>					
<b>Carried forward from 2021, 2022 and 2023</b>	(9,877,493)	(316,410)	-	6,529,318	3,664,585
<b>Restatements 2024:</b>					
Foreign exchange losses incorrectly charged to equity	-	-	-	25,745	(25,745)
Derecognition of depreciation on freehold land and property without title	556,929	-	-	(556,928)	-
Fair value losses on equity investments	(467)	-	-	467	-
Write off of unsupported balances in expenses 2024	-	4	-	(4)	-
Tax adjustments	1,355,740	574,006	-	(1,933,746)	-
<i>As reported in the compiled financial statements</i>	<b>112,761,624</b>	(31,380,200)	(875,755)	(72,634,225)	(7,871,444)

**KENYA PIPELINE COMPANY LIMITED**  
**HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE PRECEDING FIVE FINANCIAL YEARS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**44. SUMMARY OF ADJUSTMENTS TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)**

	Assets KShs '000	Liabilities KShs '000	Share capital and share premium KShs '000	Retained earnings KShs '000	Revaluation reserve KShs '000
<b>30-Jun-25</b>					
<i>As reported in the audited financial statements</i>					
Restatements	<b>124,630,537</b>	<b>(25,193,831)</b>	<b>(875,755)</b>	<b>(81,425,585)</b>	<b>(17,135,366)</b>
Carried forward from 2021, 2022, 2023 and 2024	<b>(9,321,032)</b>	<b>(316,424)</b>	<b>-</b>	<b>5,998,616</b>	<b>3,638,840</b>
Restatements:					
Provision for environmental damage claims	-	(2,795,065)	-	2,795,065	-
Provision for decommissioning costs for Pipeline 1	-	(1,473,108)	-	1,473,108	-
Reversal of valuation losses on land without title	1,181,661	-	-	-	(1,181,661)
Fair value losses on equity investments	(326)	-	-	326	-
Reversal of fair value gains on pipeline 1	(923,241)	-	-	-	923,241
Derecognition of depreciation on freehold land and property without title	311,071	-	15,004	-	(311,071)
Other corrections	-	-	-	-	(15,004)
Write off of unsupported balances	543,374	2,116,389	-	(564,453)	554,453
Tax adjustments	-	-	-	(2,659,763)	-
<i>As reported in the compiled financial statements</i>					
	<b>116,422,044</b>	<b>(27,647,035)</b>	<b>(875,755)</b>	<b>(74,663,757)</b>	<b>(13,215,497)</b>

*As reported in the audited financial statements*

*As reported in the compiled financial statements*

112



**KENYA PIPELINE COMPANY LIMITED**

**PROSPECTIVE FINANCIAL INFORMATION**

FOR FINANCIAL YEARS ENDED 30 JUNE 2026, 2027, 2028, 2029 AND 2030

KENYA PIPELINE COMPANY LIMITED

**Table of contents**

	<b>Page No</b>
Statement of directors' responsibilities	1
Independent auditor's report	2
Prospective financial information:	
Consolidated statement of profit and loss	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	9
Notes	10-14

**KENYA PIPELINE COMPANY LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for ensuring that the group keeps proper accounting records that are sufficient to show and explain the transactions of the group; disclose with reasonable accuracy at any time the financial position of the group; and that enables them to prepare financial statements of the group that comply with prescribed financial reporting standards. They are also responsible for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

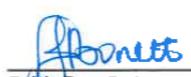
The directors accept responsibility for the preparation and presentation of the prospective financial information, and the underlying assumptions, in accordance with the group's accounting policies which are based on IFRS Accounting Standards. They also accept responsibility for:

- i. designing, implementing, and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. selecting suitable accounting policies and applying them consistently; and
- iii. making accounting estimates and judgements that are reasonable in the circumstances.

Having assessed the group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the group's ability to continue as a going concern.

The directors acknowledge that the Independent review of the prospective financial information does not relieve them from their responsibility.

Approved by the Board of Directors on 17 January 2026 and signed on its behalf by:

  
Faith Bett Boinett  
Board Chairperson

  
Joe Sang  
Managing Director

  
Pius Mwendwa  
General Manager, Finance



The Directors  
Kenya Pipeline Company Limited  
Kenpipe Plaza  
Sekondi Road, Off Nanyuki Road  
Nairobi

#### INDEPENDENT AUDITOR'S REPORT ON THE PROSPECTIVE FINANCIAL INFORMATION OF KENYA PIPELINE COMPANY LIMITED

We have undertaken a reasonable assurance review of the accompanying prospective financial information of Kenya Pipeline Company Limited (the Company) and its subsidiaries (together, the "Group") as set out on pages 5 to 14, comprising the prospective consolidated statements of financial position as at 30 June 2026, 30 June 2027, 30 June 2028, 30 June 2029, and 30 June 2030 and the prospective consolidated statements of profit or loss, changes in equity, and cash flows for the years then ending, and the notes comprising the basis of preparation and the underlying assumptions.

##### *Opinion*

In our opinion the prospective financial information is properly prepared, in all material respects, based on the underlying assumptions and presented in accordance with the Group's accounting policies.

##### *Responsibility for the prospective financial information*

The directors are responsible for the preparation and presentation of the prospective financial information based on the underlying assumptions and in accordance with the Group's accounting policies. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the projected financial information that are based on the accompanying assumptions.

##### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



#### INDEPENDENT AUDITOR'S REPORT ON THE PROSPECTIVE FINANCIAL INFORMATION OF KENYA PIPELINE COMPANY LIMITED (CONTINUED)

##### *Our responsibility*

Our responsibility is to provide the opinion required by the Capital Markets Authority ('CMA'). We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, *Assurance engagements other than audits or reviews of historical financial information ('ISAE 3000')*, issued by the International Auditing and Assurance Standards Board.

That standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether management has properly compiled, in all material respects, the projected financial information on the basis of the assumptions and the accounting policies set out in the Accountant's report section of the information memorandum.

This reasonable assurance engagement, performed in accordance with ISAE 3000, involves performing procedures to obtain evidence that the prospective financial information was properly prepared based on the underlying assumptions and the applied accounting policies are consistent with the accounting policies of the Group. The nature, timing and extent of procedures selected in an ISAE 3000 engagement depend on the auditor's judgment, including the assessment the risk of misstatement in the prospective financial information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the company's preparation of the prospective financial information. Our procedures included evaluating whether the accounting policies applied in the preparation of the prospective financial information were consistent with the accounting policies used by management in the preparation of the Group's historical financial information. We also considered the overall presentation of the projected financial information, including the adequacy of disclosures of the underlying assumptions.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Inherent limitations*

The prospective financial information has been prepared for inclusion in the Information Memorandum to be issued in relation to the initial public offer of the company's shares to prospective investors and may not be appropriate to be used for any other purpose. Because of its forward-looking nature, the prospective financial information has been prepared using a set of hypothetical assumptions about future events and management actions that cannot be confirmed and verified in the same way as past results and that may not necessarily occur. Consequently, we express no opinion on the validity or reasonableness of the assumptions on which the prospective financial information is based or on how closely the actual results will compare with the prospective financial information.

Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the prospective financial information since other anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the prospective financial information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation in accordance with IFRS Accounting Standards.

PricewaterhouseCoopers LLP, PwC Tower, Waiyaki Way/Chitomo Road,  
Westlands P O Box 43963 – 00100 Nairobi, Kenya  
T: +254 (20) 285 5000 F: +254 (20) 285 5001

Partners: J Arol E Kerch P Kambo B Kimathi M Mugasa F Muturi P Ngahu R Njoroge S O'Noran's  
S Okundi K Se'i

[www.pwc.com/ke](http://www.pwc.com/ke)

3



INDEPENDENT AUDITOR'S REPORT ON THE PROSPECTIVE FINANCIAL INFORMATION OF KENYA PIPELINE COMPANY LIMITED (CONTINUED)

*Intended users and purpose*

The projected financial information has been prepared for the purpose described above, and may, therefore, not be appropriate for another purpose. Our report is intended solely for the directors of Kenya Pipeline Company Limited for inclusion in the Information Memorandum to be issued in relation to the initial public offer of the company's shares to prospective investors and may not be used for any other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

FCPA Michael Mugasa, Practising Certificate Number 1478  
Engagement partner responsible for the engagement  
For and on behalf of PricewaterhouseCoopers LLP  
Certified Public Accountants  
Nairobi  
17 January 2026

Kenya Pipeline Company Limited  
Prospective financial information

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDING 30 JUNE

	2026	2027	2028	2029	2030
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Revenue from contracts with customers	41,341,077	44,835,870	52,342,296	57,097,886	67,956,172
Cost of providing services	(16,468,293)	(17,905,122)	(20,149,891)	(22,398,936)	(26,149,420)
<b>Gross profit</b>	<b>24,872,784</b>	<b>26,930,748</b>	<b>32,192,405</b>	<b>34,698,950</b>	<b>41,806,752</b>
Administrative expenses	(10,929,404)	(11,475,874)	(12,049,668)	(12,893,144)	(13,795,665)
Impairment losses on financial assets	(826,822)	(896,717)	(1,046,846)	(1,141,958)	(1,359,123)
Other gains/ (losses) - net	79,316	86,770	(7,654)	(369,848)	(348,111)
<b>Operating profit</b>	<b>13,195,874</b>	<b>14,644,827</b>	<b>19,088,237</b>	<b>20,294,000</b>	<b>26,303,853</b>
Finance income	556,296	619,275	679,138	700,364	819,134
Finance costs	(15,992)	(14,636)	(13,064)	(10,627)	(2,879,174)
Finance income/costs - net	540,304	604,639	666,074	689,737	(2,060,040)
<b>Profit before Income tax</b>	<b>13,736,178</b>	<b>15,249,566</b>	<b>19,754,311</b>	<b>20,983,737</b>	<b>24,243,813</b>
Income tax expense	(4,120,853)	(4,574,870)	(5,926,293)	(6,295,121)	(7,273,144)
<b>Profit for the year</b>	<b>9,615,325</b>	<b>10,674,696</b>	<b>13,828,018</b>	<b>14,688,616</b>	<b>16,970,669</b>

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE**

	2026 Kshs'000	2027 Kshs'000	2028 Kshs'000	2029 Kshs'000	2030 Kshs'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	95,101,807	100,070,046	116,441,639	161,319,187	169,572,535
Leasehold land	20,778,440	19,739,518	18,752,542	17,814,915	16,924,169
Right-of-use assets	106,526	90,505	79,675	71,448	71,035
Intangible assets	18,984	12,656	930,719	1,431,531	954,354
Employee benefits obligations	997,949	997,949	997,949	997,949	997,949
Investments in unquoted equity investment instruments	2,468	2,468	2,468	2,468	2,468
Other receivables	1,371,494	1,440,069	1,512,072	1,587,676	1,667,060
	<b>118,377,688</b>	<b>122,353,211</b>	<b>138,717,064</b>	<b>183,225,174</b>	<b>190,189,570</b>
<b>Current assets</b>					
Inventories	2,730,735	2,758,042	2,785,622	2,813,479	2,841,613
Trade and other receivables	8,268,215	8,967,174	10,468,459	11,419,577	13,591,234
Cash and bank balances	10,361,893	11,420,129	18,265,575	23,195,802	11,391,353
	<b>21,360,843</b>	<b>23,145,345</b>	<b>31,519,656</b>	<b>37,428,858</b>	<b>27,824,200</b>
<b>Total assets</b>	<b>139,738,511</b>	<b>145,498,556</b>	<b>170,236,720</b>	<b>220,654,032</b>	<b>218,013,770</b>
<b>Non-current liabilities</b>					
Deferred income tax	24,161,139	23,537,443	23,890,542	25,607,162	23,345,277
Lease liabilities	98,655	77,389	67,601	67,601	67,601
Borrowings	-	-	13,002,669	45,342,686	45,189,013
	<b>24,255,794</b>	<b>23,614,833</b>	<b>36,960,811</b>	<b>71,017,449</b>	<b>68,601,891</b>
<b>Current liabilities</b>					
Trade and other payables	9,363,411	10,304,770	14,388,997	23,304,504	14,301,059
Current income tax	1,236,256	1,372,461	1,777,888	1,888,536	2,181,943
Lease liabilities	41,672	31,766	20,288	10,500	10,500
	<b>10,641,339</b>	<b>11,708,997</b>	<b>16,187,173</b>	<b>25,203,540</b>	<b>16,493,502</b>
<b>Total liabilities</b>	<b>34,901,133</b>	<b>35,323,829</b>	<b>53,147,985</b>	<b>96,220,989</b>	<b>85,095,393</b>
<b>Net assets</b>	<b>104,837,378</b>	<b>110,174,727</b>	<b>117,088,735</b>	<b>124,433,043</b>	<b>132,918,377</b>
<b>Equity</b>					
Share capital	1,998,411	1,998,411	1,998,411	1,998,411	1,998,411
Share premium	512,289	512,289	512,289	512,289	512,289
Retained earnings	78,504,173	83,841,522	90,755,530	98,099,838	106,585,172
Revaluation reserve	13,215,496	13,215,496	13,215,496	13,215,496	13,215,496
Common control reserve	10,607,009	10,607,009	10,607,009	10,607,009	10,607,009
	<b>104,837,378</b>	<b>110,174,727</b>	<b>117,088,735</b>	<b>124,433,043</b>	<b>132,918,377</b>

The financial statements were approved by the board of directors on 17 January 2026 and signed on its behalf by:

  
Faith Bett Bolnett  
Board chairperson

  
Joe Sang  
Managing Director

  
Plus Mwendwa  
GM, Finance

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital Kshs'000	Share premium Kshs'000	Retained earnings Kshs'000	Revaluation reserve Kshs'000	Common control reserve Kshs'000	Total equity Kshs'000
<b>For the year ended 30 June 2025</b>						
At start of year	363,466	512,289	72,634,225	7,871,443	-	91,988,432
Profit for the year	-	-	7,491,208	-	-	7,491,208
Dividends paid	-	-	(5,900,000)	-	-	(5,900,000)
Other comprehensive income, net	-	-	(528,922)	5,344,053	-	4,815,131
<b>At end of year</b>	<b>363,466</b>	<b>512,289</b>	<b>73,696,511</b>	<b>13,215,496</b>	<b>10,607,009</b>	<b>98,394,771</b>
<b>For the year ending 30 June 2026</b>						
At start of year	363,466	512,289	73,696,511	13,215,496	10,607,009	98,394,771
Issue of shares	1,634,945	-	-	-	-	1,634,945
Profit for the year	-	-	9,615,325	-	-	9,615,325
Dividends paid	-	-	(4,807,963)	-	-	(4,807,963)
<b>At end of year</b>	<b>1,998,411</b>	<b>512,289</b>	<b>78,504,173</b>	<b>13,215,496</b>	<b>10,607,009</b>	<b>104,837,378</b>
<b>For the year ending 30 June 2027</b>						
At start of year	1,998,411	512,289	78,504,173	13,215,496	10,607,009	104,837,378
Issue of shares	-	-	10,674,696	-	-	10,674,696
Profit for the year	-	-	(5,337,347)	-	-	(5,337,347)
Dividends paid	-	-	-	-	-	-
<b>At end of year</b>	<b>1,998,411</b>	<b>512,289</b>	<b>83,841,522</b>	<b>13,215,496</b>	<b>10,607,009</b>	<b>110,174,727</b>
<b>For the year ending 30 June 2028</b>						
At start of year	1,998,411	512,289	83,841,522	13,215,496	10,607,009	110,174,727
Profit for the year	-	-	13,828,018	-	-	13,838,018
Dividends paid	-	-	(6,914,010)	-	-	(6,914,010)
<b>At end of year</b>	<b>1,998,411</b>	<b>512,289</b>	<b>90,755,530</b>	<b>13,215,496</b>	<b>10,607,009</b>	<b>117,088,735</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Share capital Kshs'000	Share Kshs'000	Retained Kshs'000	Revaluation Kshs'000	Common Kshs'000	Total equity Kshs'000
<b>For the year ending 30 June 2029</b>						
At start of year	1,998,411	512,289	90,755,530	13,215,496	10,607,008	117,088,735
Profit for the year	-	-	14,688,616	-	-	14,688,616
Dividends paid	-	-	(7,344,308)	-	-	(7,344,308)
<b>At end of year</b>	<b>1,998,411</b>	<b>512,289</b>	<b>98,099,838</b>	<b>13,215,496</b>	<b>10,607,008</b>	<b>124,433,043</b>
 <b>For the year ending 30 June 2030</b>						
At start of year	1,998,411	512,289	98,099,838	13,215,496	10,607,009	124,433,043
Profit for the year	-	-	16,970,669	-	-	16,970,669
Dividends paid	-	-	(8,485,335)	-	-	(8,485,335)
<b>At end of year</b>	<b>1,998,411</b>	<b>512,289</b>	<b>106,585,172</b>	<b>13,215,496</b>	<b>10,607,009</b>	<b>132,918,377</b>

8

Kenya Pipeline Company Limited  
Prospective financial information

**CONSOLIDATED STATEMENTS OF CASHFLOWS FOR THE YEARS ENDING 30 JUNE**

	2026 Kshs'000	2027 Kshs'000	2028 Kshs'000	2029 Kshs'000	2030 Kshs'000
<b>Cash flows from operating</b>					
Cash generated from operations	18,462,731	23,329,745	31,206,973	38,567,373	20,176,746
Interest paid on borrowings	-	-	-	-	2,868,674
Interest paid on lease liability	15,992	14,636	13,064	10,627	10,500
Income taxes paid	(4,120,854)	(4,574,869)	(5,926,293)	(6,295,121)	(7,273,144)
<b>Net cash flows from operating</b>	<b>14,357,870</b>	<b>18,769,512</b>	<b>25,293,743</b>	<b>32,282,879</b>	<b>15,782,776</b>
<b>Cash flows from investing</b>					
Normal sustaining capital expenditure	(1,825,763)	(1,902,036)	(2,001,401)	(2,328,833)	(3,226,384)
Purchase of property, plant and equipment on new	(7,433,820)	(9,056,703)	(20,690,860)	(47,391,040)	(11,860,988)
Purchase of intangible assets	-	(1,383,422)	(1,216,578)	-	-
<b>Net cash flows from investing</b>	<b>(9,259,583)</b>	<b>(12,342,161)</b>	<b>(23,908,839)</b>	<b>(49,719,873)</b>	<b>(15,087,372)</b>
<b>Cash flows from financing</b>					
Payment of principal lease	(41,672)	(31,766)	(20,288)	(10,500)	(10,500)
Dividends paid	(4,807,662)	(5,337,348)	(6,914,010)	(7,344,309)	(8,485,335)
Proceeds from borrowings	-	-	13,002,669	32,209,991	4,943,945
Repayment of borrowings	(1,674,575)	-	(607,830)	(2,487,960)	(8,947,962)
<b>Net cash out flows from financing</b>	<b>(6,523,909)</b>	<b>(5,369,114)</b>	<b>5,460,541</b>	<b>22,367,222</b>	<b>(12,499,852)</b>
Net increase /decrease) in cash	(1,425,622)	1,058,236	6,845,445	4,930,227	(11,804,449)
Cash and cash equivalents at start	11,787,515	10,361,893	11,420,129	18,265,575	23,195,802
<b>Cash and cash equivalents at</b>	<b>10,361,893</b>	<b>11,420,129</b>	<b>18,265,575</b>	<b>23,195,802</b>	<b>11,391,353</b>

9

**Notes**

**(1) Basis of preparation**

The prospective financial information has been prepared based on the assumptions set out below, and in accordance with the Group's accounting policies which are based on IFRS Accounting Standards. The applied accounting policies are consistent with those applied in the preparation of the Group's historical financial statements.

The financial information is presented in Kenya Shillings, and all values are rounded to the nearest thousand (Shs '000), except where stated otherwise.

**(2) Key assumptions used in deriving the prospective financial information**

The prospective financial information is an extract of the Group's board approved five-year financial budgets. The key assumptions used in the preparation of the five-year budgets are as follows:

**Macro-economic and operating environment**

Kenya's economy is projected to grow in 2026 in line with World Bank forecasted GDP growth of 5.2 percent. The projected GDP positions the country above most of the Sub-Saharan Africa region which is projected to grow at an average of 4.1%, reflecting its relatively resilient and diversified economy. This growth momentum is largely attributed to the Central Bank of Kenya (CBK)'s continued easing of monetary policy, public infrastructure spending mainly on roads, energy, and housing, a strong performance in agriculture sector, the continued growth in the financial sector among others.

The foreign exchange rate applied in the five years prospectus is anchored to the CBK rate recorded on 30 June 2025 at 129.23 against the dollars. The FX rate is assumed to depreciate by an annual rate of 1% for the next 5 years.

Overall, group management expects a stable geo-political environment to enable KPC to sustain the current markets and penetrate new geographies, a stable macro-economic environment with favourable legal and regulatory environment that will allow KPC to diversify into new businesses in the country as well as in the region.

**Post-acquisition dissolution of Kenya Petroleum Refineries Limited (KPRL)**

As at June 2025, Kenya Petroleum Refineries Limited was a wholly owned subsidiary of KPC following its acquisition from Government of Kenya. Following the acquisition, the board intends to transfer the operations, assets and liabilities of KPRL to Kenya Pipeline Company, and dissolve KPRL as an entity. Accordingly, the prospective financial information reflects the consolidated operations of the of KPC and its subsidiary KPRL, together the "Group".

**(2) Key assumptions used in deriving the prospective financial information (continued)**

**Revenue**

Throughput and storage volumes on existing revenue streams are expected to increase by 4% per annum resulting in overall revenue growth averaging 7% annually over the next two years. Thereafter (from 2028), revenue will increase by 15% mainly attributed to increase in throughput volumes from expanded regional market, and new revenue streams from the new business activities.

For the year 2026, the group's projected revenues are based on approved tariffs by Energy, Petroleum and Regulatory Authority (EPRA) while revenues for the years 2027 onward are based on tariffs which are awaiting EPRA approval. From 2028, tariffs are expected to increase by 14% mainly due to recovery of additional capital investment from that year.

Of the total throughput revenue, 57% will be derived from export market while 43% will be derived from the local market. The export segment includes pump-overs to Uganda and local Jet Fuel segments. We expect Uganda to continue accounting for over 66% of the total export throughput revenue. The export throughput revenue will continue to be billed and collected in USD.

The group plans to expand its business including constructing a new pipeline from Eldoret to Malaba, construction of an eastern line from Mombasa to Nairobi, construction of Liquified Petroleum Gas facility in Nairobi for storage of LPG, storage of crude oil anticipated from oil exploration activities in the country and lighting of fibre optic cable a project which is currently in the implementation phase. These new projects will contribute 16% of group's revenue by 2030.

The following are the more details on the planned projects:

- Fibre optic cable lighting and Nairobi bottom loading facility (BLF) projects are ongoing and are projected to be completed in 2026 with part of the revenue accruing from 2026.
- Crude oil project – relates to infrastructure modification and upgrade for receipt and export of the Kenyan crude oil at Kipevu storage facility. The project is expected to be completed in quarter two of 2027 and revenue will be generated from the same period.
- Eldoret-Malaba pipeline – there are plans to extend the pipeline to Kampala with intergovernmental discussions on the project at preliminary stages. The project is expected to be completed in 2029 with revenue accruing from 2030. The projected revenue will mainly be derived from throughput to be realized for the incremental distance between Eldoret and Malaba, earlier transported using trucks.
- Eastern Line from Mombasa to Nairobi – This project Involves construction of a new pipeline between Mombasa and Nairobi to cater for projected demand in the country as well as in the region. The project is scheduled to commence in 2028
- The group plans to build an LPG storage facility in Nairobi from 2028 to facilitate the uptake of the product. This project is expected to be completed in 2029, with revenues accruing in 2030.

(2) Key assumptions used in deriving the prospective financial information (continued)

**Cost of providing services**

The cost of providing services is assumed to vary proportionately with revenue, while gross margins are expected to remain consistent with the average of the preceding three years. An average gross margin of 60% has been assumed, reflecting anticipated operational efficiencies over the next two years, followed by an increase to 61%. Key cost reduction initiatives include the implementation of drag-reducing agent technology, energy savings measures, and increased adoption of bottom loading, among others.

Drag reducing technology involves using chemical additive in pipelines to reduce friction between the fluid and the pipe walls, allowing the fluid to flow more smoothly. This increases pipeline capacity and energy efficiency by reducing the pumping power required, resulting in lower operational costs and improved throughput.

**Administrative expenses**

The group administration costs will increase by an expected inflationary rate of 5% p.a for the next 3 years from the base year after adjusting for exceptional charges. Thereafter, the costs will increase by 7% due to the new revenue streams cost drivers.

**Net impairment losses on financial assets**

The expected credit loss on trade and other receivable is projected to be 10% of the gross receivable balances, consistent with the group's policy and historical performance.

**Other gains and losses**

The Kenya Shilling is projected to depreciate against the US dollar by an average of 1% per annum. Foreign exchange differences are expected to arise from the group's cash and bank balances, with dollar denominated balances expected to be 50% of the total cash balance, 60% of trade receivables expected to be denominated in US dollar, 20% of trade payables expected to be denominated in USD dollars while the total borrowings are expected to be denominated in US dollars. These assumptions are based on historical trends.

**Finance income**

The group will invest its excess cash in short term deposits (3-months) at an estimated interest return of 6% per annum. Interest on staff loans will be at an average of 3% per annum. This is based on the current average 3-months T-bill rate.

**Borrowings and finance costs**

The group will finance seventy percent (70%) of the cost of the new business projects using borrowings from commercial banks. The loan will be drawn from 2028 for a term of 10 years with a two-year moratorium period, which will be drawn equally per each quarter during the two years of construction period. The group has also assumed that they will utilize 100% of the borrowed amount.

Loan repayments will be on quarterly basis with interest being on reducing balance. The borrowings are estimated to attract an interest of three month's SOFR + 4.5% margin. SOFR has been assumed to be 3% and remain at that level over the tenure of the loan. The borrowing will be denominated in US Dollars.

Interest expense incurred during the construction period of the qualifying asset will be capitalised while interest cost after capitalisation of the asset will be expensed in the year when incurred.

(2) Key assumptions used in deriving the prospective financial information (continued)

**Income tax expense**

The group projects the tax rate to be 30%. The tax expense is the multiple of profit before tax and tax rate of 30%.

**Property, plant and equipment**

The group expects the capital expenditure on existing property, plant and equipment to increase by 2% year on year based on the historical average growth rate. This is sustaining capital expenditure required for normal business operations.

For the planned expenditure on new projects, the group relies on estimates from engineers, developed through its project management process, considering the group's needs and strategic plan. Borrowing costs incurred during the construction of these assets are capitalised. The group's engineers estimate the period planned to complete the construction of these projects, guiding on the expected date of capitalisation.

The group assumed a 6% depreciation rate based on historical average depreciation of PPE for the first 2 years before introduction of the new assets which will be expected to reduce the depreciation to an average of 5% for the next 3 years.

**Leasehold land**

The group holds majority of its land as long term leasehold and expects any expiry of leases to be renewed. The group has assumed an amortisation rate of 5% for the leasehold land based on the historical rate.

**Revaluation of PPE and leasehold land**

The group will continue to measure values of property, plant and equipment using the revaluation model. In addition, the assets will be revalued as per the current asset valuation policy which requires next valuation in 2031.

**Right-of-use asset and lease liabilities**

None of the group's lease assets will be terminated in the future. The group will not renew the leased motor vehicles after their expiry.

**Intangible assets**

From 2027, the group plans to replace its current ERP system with more advanced system as per the current business needs. This will be phased in two (2) years with completion date expected to be 2028. The new system will be amortised over its estimated useful life of 3 years consistent with the group's accounting policy.

**Employee benefit obligation**

The group will remeasure employee benefit obligation in line with its current policy requiring valuations every two years. However, the remeasurements will not result in any changes to the value of the asset.

**Investment in unquoted investment**

The group will continue holding investment of 0.5% in Consolidated Bank.

**Other long-term receivables**

This relates to loans advances to employees of the group as house mortgages and car loans. It is expected that the scheme will remain in place, with an expected annual inflationary increase of 5%.

(2) Key assumptions used in deriving the prospective financial information (continued)

**Inventory**

The inventory levels will remain comparable with historical levels, with marginal increase of 1% year on year based on the group's business needs. Completion of new projects will not result in additional spare parts because of expected service guarantee by suppliers and the defect liability periods.

**Trade and other receivables**

The group has projected that the trade and other receivables will average at 20% of the total revenue based on historical average.

**Cash and bank balances**

The group will hold cash and bank balances in both Kenya shillings and US Dollars collected from its debtors. 70% of the collected cash is expected to be invested in short term deposits with commercial Groups that will earn an average interest income of 8% p.a.

**Deferred income tax**

Deferred income tax liability is mainly attributable to temporary differences in property, plant and equipment. The group has assumed that deferred tax liability will be an average of 20% of PPE over the 5-years' period. The deferred tax rate is estimated from 2026 to 2030 be at 25%, 24%, 21%, 18% and 14% of the total PPE in each year.

**Trade and other payables**

Trade and other payables balances are estimated to be 30% of total administrative cost and capital investments after adjusting for depreciation and amortisation expenses. This is based on historical trends.

**Current income tax**

The group estimates that 30% of the year's tax payable will be paid in the subsequent period.

**Dividends**

The group projects to have a dividend payout ratio of 50% of profit after tax over the next five years. This is in line with its dividends policy.



**KENYA PIPELINE COMPANY LIMITED**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**KENYA PIPELINE COMPANY LIMITED**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**TABLE OF CONTENTS**

	<b>PAGE</b>
STATEMENT OF DIRECTORS' RESPONSIBILITIES .....	1
REPORTING ACCOUNTANT'S REPORT ON THE INTERIM FINANCIAL STATEMENTS .....	1
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	3
COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	5
COMPANY STATEMENT OF FINANCIAL POSITION .....	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	7
CONSOLIDATED STATEMENT OF CASH FLOWS.....	9

**KENYA PIPELINE COMPANY LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for ensuring that the Group keeps proper accounting records that are sufficient to show and explain the transactions of the Group; disclose with reasonable accuracy at any time the financial position of the Group; and that enables them to prepare financial statements of the Group that comply with IFRS Accounting Standards. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

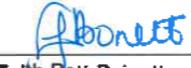
The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards. They also accept responsibility for:

- i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii) Selecting suitable accounting policies and then apply them consistently; and
- iii) Making judgements and accounting estimates that are reasonable in the circumstances.

The Directors have assessed the Group's ability to continue as a going concern and have no reason to believe the Group will not be a going concern for at least twelve months from the date of this statement.

The directors acknowledge that the independent compilation of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 17 January 2026 and signed on its behalf by:

  
Faith Bett Boinett

Board chairperson

  
Joe Sang

Managing Director

  
Pius Mwendwa

General Manager, Finance



The Directors  
Kenya Pipeline Company Limited  
Kenpipe Plaza  
Sekondi Road, Off Nanyuki Road  
Industrial Area  
Nairobi

**Reporting Accountant's report on the interim financial statements of Kenya Pipeline Company Limited for the 3 months period ended 30 September 2025**

We have reviewed the accompanying interim financial statements of Kenya Pipeline Company Limited (the "Company") and its subsidiary, together, the ("Group"), which comprise the statement of financial position as at 30 September 2025 and the statements of profit or loss and other comprehensive income, changes in equity, cash flows for the year then ended and notes comprising material accounting policies and other explanatory information.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of Kenya Pipeline Company Limited as at 30 September 2025 and its financial performance and cash flows for the year then ended, in accordance with International Accounting Standard 34 - Interim Financial Reporting.

**Directors' responsibility for the interim financial statements**

The directors are responsible for the preparation and fair presentation of the interim financial statements in accordance with the IFRS Accounting Standards, and for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Our responsibility**

Our responsibility is to express a conclusion on the interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised) Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

We are independent of the Group in accordance with the ethical requirements that are relevant to review of financial statements of public interest entities in Kenya and the International Code of Ethics for Professional Accountants (including International Independence Standards by International Ethics Standards Board for Accountants (IESBA Code) as applicable to reviews of financial statements of public interest entities.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

PricewaterhouseCoopers LLP, PwC Tower, Waiyaki Way/Chromo Road,  
Westlands P O Box 43963 – 00100 Nairobi, Kenya  
T: +254 (20) 285 5000 F: +254 (20) 285 5001

Partners: J Atoi E Kench P Kamoi B Kimeka M Mugasa F Muria P Ngathi R Nyoroge S O'Norbert's  
B Okundi K Sal

[www.pwc.com/ke](http://www.pwc.com/ke)



**Reporting Accountant's report on the interim financial statements of Kenya Pipeline Company Limited for 3 months ended 30 September 2025(continued)**

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an opinion on these interim financial statements.

FCPA Michael Mugasa, Practicing Certificate Number 1478  
Engagement partner responsible for the engagement  
For and on behalf of PricewaterhouseCoopers LLP  
Certified Public Accountants  
Nairobi

17 January 2026

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS  
FOR THE 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2025

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER**

	Notes	2025 KShs '000	2024 KShs '000
Revenue from contract with customers	1	10,431,962	9,514,257
Cost of providing services	2	(3,500,808)	(3,319,235)
<b>Gross profit</b>		<b>6,931,154</b>	<b>6,195,022</b>
Administrative expenses	3 (a)	(1,582,086)	(1,676,440)
Impairment losses on financial assets		(68,796)	-
Other income		224,725	265,971
Other losses		(227,108)	(30,406)
<b>Operating profit</b>		<b>5,277,889</b>	<b>4,754,147</b>
Finance income		182,520	64,487
Finance costs		(54,937)	(154,439)
<b>Finance income / (cost) - net</b>		<b>127,583</b>	<b>(89,952)</b>
<b>Profit before income tax</b>		<b>5,405,472</b>	<b>4,664,195</b>
Income tax expense		(1,783,806)	(1,539,184)
<b>Profit for the period</b>		<b>3,621,666</b>	<b>3,125,011</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>3,621,666</b>	<b>3,125,011</b>
Basic and diluted earnings per share (based on profit for 3 months)		199	172

3

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

**COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER**

	Notes	2025 KShs '000	2024 KShs '000
Revenue from contract with customers	1	10,431,962	9,514,257
Cost of providing services	2	(3,500,808)	(3,319,235)
<b>Gross profit</b>		<b>6,931,154</b>	<b>6,195,022</b>
Administrative expenses	3 (b)	(1,371,345)	(1,470,057)
Impairment losses on financial assets		(68,796)	-
Other income		200,492	178,134
Other losses		(227,076)	(37,050)
<b>Operating profit</b>		<b>5,464,429</b>	<b>4,866,049</b>
Finance income		157,579	64,480
Finance costs		(1,101)	(66,644)
<b>Finance income / (cost) - net</b>		<b>156,478</b>	<b>(2,164)</b>
<b>Profit before income tax</b>		<b>5,620,907</b>	<b>4,863,885</b>
Income tax expense		(1,854,899)	(1,605,082)
<b>Profit for the year</b>		<b>3,766,008</b>	<b>3,258,803</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>3,766,008</b>	<b>3,258,803</b>
Basic and diluted earnings per share (based on profit for 3 months)		207	179

4

**KENYA PIPELINE COMPANY LIMITED**  
**INTERIM FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>Note</b>	<b>30 September 2025</b>	<b>30 June 2025</b>
		<b>KShs '000</b>	<b>KShs '000</b>
<b>Non-current assets</b>			
Property, plant and equipment	4 (a)	90,164,109	91,288,133
Leasehold land		21,301,512	21,872,042
Right-of-use assets		65,015	75,407
Intangible assets		28,476	28,476
Employee benefits obligations		997,949	997,949
Investment in unquoted equity instruments		2,468	2,468
Other receivables		1,289,971	1,306,185
		<b>113,849,500</b>	<b>115,570,660</b>
<b>Current assets</b>			
Inventories		2,732,161	2,703,698
Current income tax		-	1,524,847
Trade and other receivables		6,893,097	7,421,057
Cash and bank balances		16,298,014	11,787,515
		<b>25,923,272</b>	<b>23,437,117</b>
<b>Total assets</b>		<b>139,772,772</b>	<b>139,007,777</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax		24,511,796	24,511,796
Lease liabilities		59,725	32,246
		<b>24,571,521</b>	<b>24,544,042</b>
<b>Current liabilities</b>			
Trade and other payables		4,438,056	8,440,842
Provision for liabilities		4,268,173	4,268,173
Borrowings		3,261,859	3,309,520
Current income tax		1,204,957	-
Lease liabilities		11,769	50,429
		<b>13,184,814</b>	<b>16,068,964</b>
<b>Net assets</b>		<b>37,756,335</b>	<b>40,513,006</b>
		<b>102,016,437</b>	<b>98,394,771</b>
<b>Equity</b>			
Share capital		363,466	363,466
Share premium		512,289	512,289
Retained earnings		77,318,177	73,696,511
Revaluation reserve		13,215,496	13,215,496
Common control reserve		10,607,009	10,607,009
		<b>102,016,437</b>	<b>98,394,771</b>

The financial statements were approved by the board of directors on 17 January 2026 and signed on its behalf by:

  
Faith-Bett Boinett  
Board chairperson

  
Joe Sang  
Managing Director

  
Pius Mwendwa  
General Manager, Finance

**KENYA PIPELINE COMPANY LIMITED**  
**INTERIM FINANCIAL STATEMENTS**

**COMPANY STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>Note</b>	<b>30 September 2025</b>	<b>30 June 2025</b>
		<b>KShs '000</b>	<b>KShs '000</b>
<b>Non-current assets</b>			
Property, plant and equipment	4 (b)	81,385,519	82,340,855
Leasehold land		9,392,204	9,871,366
Right-of-use assets		28,555	36,342
Intangible assets		28,476	28,476
Employee benefits obligations		997,949	997,949
Investment in unquoted equity instruments		2,468	2,468
Investment in subsidiary		4,154,984	4,154,984
Other receivables		1,289,971	1,306,185
		<b>97,280,126</b>	<b>98,738,825</b>
<b>Current assets</b>			
Inventories		2,285,662	2,262,493
Current income tax		543,374	543,374
Trade and other receivables		7,127,477	7,504,327
Cash and bank balances		12,700,287	7,373,225
		<b>22,656,800</b>	<b>17,683,419</b>
<b>Total assets</b>		<b>119,938,926</b>	<b>116,422,044</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax		18,964,820	18,964,820
Lease liabilities		33,794	6,315
		<b>18,998,614</b>	<b>18,971,135</b>
<b>Current liabilities</b>			
Trade and other payables		6,542,396	8,639,262
Lease liabilities		-	36,638
Current income tax		1,854,899	-
		<b>8,397,295</b>	<b>8,675,900</b>
<b>Net assets</b>		<b>27,395,909</b>	<b>27,647,035</b>
<b>Equity</b>			
Share capital		363,466	363,466
Share premium		512,289	512,289
Retained earnings		78,449,765	74,683,757
Revaluation reserve		13,215,497	13,215,497
		<b>92,541,017</b>	<b>88,775,009</b>

**KENYA PIPELINE COMPANY LIMITED**  
**INTERIM FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Group	Share capital Kshs'000	Share premium Kshs'000	Retained earnings Kshs'000	Revaluation reserve Kshs'000	Common control reserve Kshs'000	Total equity Kshs'000
<b>For the year ended 30 June 2025</b>						
At start of year	363,466	512,289	72,634,225	7,871,443	10,607,009	91,988,432
Profit for the year	-	-	7,491,208	-	-	7,491,208
Dividends paid	-	-	(5,900,000)	-	-	(5,900,000)
Other comprehensive income, net of tax	-	-	(528,922)	5,344,053	-	4,815,131
<b>At end of year</b>	<b>363,466</b>	<b>512,289</b>	<b>73,696,511</b>	<b>13,215,496</b>	<b>10,607,009</b>	<b>98,394,771</b>
<b>For the period ended 30 September 2025</b>						
At start of period	363,466	512,289	73,696,511	13,215,496	10,607,009	98,394,771
Profit for the period	-	-	3,621,666	-	-	3,621,666
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>At end of period</b>	<b>363,466</b>	<b>512,289</b>	<b>77,318,177</b>	<b>13,215,496</b>	<b>10,607,009</b>	<b>102,016,437</b>

**Kenya Pipeline Company Limited**  
**INTERIM FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

Company	Share capital KShs '000	Share premium KShs '000	Retained earnings KShs '000	Revaluation reserve KShs '000	Total equity KShs '000
<b>For the year ended 30 June 2025</b>					
At start of year	363,466	512,289	72,634,225	7,871,444	81,381,424
Profit for the year	-	-	-	8,478,454	8,478,454
Other comprehensive income, net of tax	-	-	(528,922)	5,344,053	4,815,131
Dividends paid	-	-	(5,900,000)	-	(5,900,000)
<b>At end of year</b>	<b>363,466</b>	<b>512,289</b>	<b>74,683,757</b>	<b>13,215,497</b>	<b>88,775,009</b>
<b>For the period ended 30 September 2025</b>					
At start of period	363,466	512,289	74,683,757	13,215,497	88,775,009
Profit for the period	-	-	-	3,766,008	3,766,008
Other comprehensive income, net of tax	-	-	-	-	-
<b>At end of period</b>	<b>363,466</b>	<b>512,289</b>	<b>78,449,765</b>	<b>13,215,497</b>	<b>92,541,017</b>

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER**

	Notes	2025 KShs '000	2024 KShs '000
<b>Profit before income tax</b>		5,405,472	4,664,197
<b>Adjustments for;</b>			
Depreciation & amortisation		1,621,434	1,601,391
Write-back of revaluation on derecognized assets		63,079	-
Interest income		(182,520)	(64,487)
Interest expense		54,937	154,439
<b>Changes in working capital:</b>			
- Inventories		(28,463)	(89,927)
-Trade and other receivables		526,284	(114,672)
-Trade and other payables		(2,204,756)	(6,577,073)
<b>Cash generated from operations</b>		<u>5,255,467</u>	<u>(426,132)</u>
Interest received		182,520	64,487
Interest paid		(54,937)	(127,771)
Income tax paid		(41,248)	(60,341)
<b>Net cash flows from operating activities</b>		<u>(5,341,802)</u>	<u>(549,757)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	(219,122)
Proceeds on disposal of property, plant, and equipment		-	(20)
<b>Net cash flows from investing activities</b>		<u>-</u>	<u>(219,142)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		-	(500,000)
Net repayment of borrowings		(911,123)	(655,684)
Repayment of principal lease liabilities		(11,180)	
<b>Net cash flows from financing activities</b>		<u>(922,303)</u>	<u>(1,155,684)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		4,419,499	(1,924,583)
Cash and cash equivalents at start of year		11,878,515	5,880,030
<b>Cash and cash equivalents at end of year</b>		<u>16,298,014</u>	<u>3,955,447</u>

9

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

**COMPANY STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 SEPTEMBER**

	2025 KShs '000	2024 KShs '000
<b>Profit before income tax</b>	5,620,907	4,863,885
<b>Adjustments for;</b>		
Depreciation & amortisation	1,358,775	1,341,623
Write-back of revaluation on derecognized assets	63,079	
Interest received	(157,579)	(64,480)
Interest paid	1,101	66,644
<b>Changes in working capital</b>		
- Inventories	(23,169)	(86,892)
-Trade and other receivables	415,172	(354,831)
-Trade and other payables	(2,096,864)	(6,374,700)
<b>Cash generated from operations</b>		
Interest received	157,579	64,480
Interest paid	(1,101)	(66,644)
<b>Net cash flows from operating activities</b>	<u>5,337,900</u>	<u>(610,915)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, and equipment	-	(219,122)
<b>Net cash flows from investing activities</b>	<u>-</u>	<u>(219,122)</u>
<b>Cash flows from financing activities</b>		
Net payment of borrowings	-	(612,446)
Dividends paid	-	(500,000)
Principal lease repayment	(10,838)	-
<b>Net cash flows from financing activities</b>		
Net increase / (decrease) in cash and cash equivalents	6,327,062	(1,942,483)
Cash and cash equivalents at start of year	7,373,225	6,517,320
<b>Cash and cash equivalents at end of year</b>	<u>12,700,287</u>	<u>4,574,837</u>

10

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

**Notes**

**1. Basis of preparation**

The interim financial statements have been prepared by applying the group's accounting policies on a consistent basis as historical financial information.

**2. Functional and presentation currency**

The financial statements are presented in Kenya Shillings which is the group's functional currency. All financial information presented in Kenya Shillings has been rounded to the nearest thousands except when otherwise indicated.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates 'the functional currency' except where otherwise indicated.

**3. Accounting policies**

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2025 unless otherwise stated.

**4. Revenues**

Revenues grew by 10% due to increased volumes held on storage and increased volumes of pump overs over the period. Exports continue to account for 53% of the group's sales.

**5. Cost of providing services**

The increase in cost of providing services is mainly attributed to pipeline maintenance costs.

**6. Administrative expenses**

Administrative expenses have decreased by 5% due to lower depreciation expenses than prior period, marginally offset by increase in general administrative expenses due to inflation.

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

**Notes (continued)**

**1 Revenue from contracts with customers**

Group and company

	2025 KShs '000	2025 KShs '000
Local service fees	3,307,915	3,070,656
Export service fees	5,560,428	5,202,995
Kipevu oil storage facility fees	1,344,428	1,102,167
Penalties on overstayed product	216,706	125,344
Others	2,485	13,095
	<b>10,431,962</b>	<b>9,514,257</b>

**2 Cost of providing services**

Group and company

	2025 KShs '000	2024 KShs '000
Staff costs related to pipeline maintenance	937,414	881,111
Depreciation	1,213,698	1,067,125
Costs of pipeline maintenance	546,848	568,859
Electricity and fuel	708,727	701,170
Insurance costs for pipeline and tanks	90,510	95,267
Other maintenance costs	1,251	4,987
Amortisation expense for software	2,360	716
	<b>3,500,808</b>	<b>3,319,235</b>

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

Notes (continued)

4 (a) Property plant and equipment

Group	Freehold property	Building and roads	Pipeline, pumps and tanks	Equipment, furniture & fittings	Helicopters	Motor vehicles & tractors	Captive power plant	Refining assets	Capital work in progress (WIP)	Total
	KShs '000	KShs '000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Year ended 30 June 2025										
Opening net book amount	2,770,693	6,935,907	60,895,040	13,428,780	91,637	140,282	655,611	504,369	4,306,348	89,728,667
Additions	-	2,120,911	150,809	-	22,588	-	64,175	-	1,279,734	3,574,042
Transfers from WIP	-	1,311,235	1,698,765	-	(27,012)	(92,243)	(14,832)	(14,832)	(3,397,797)	(361,574)
Disposals	-	(51,894)	(88,693)	(86,900)	-	-	-	-	-	(391,307)
Reclassification of assets	-	(2,572)	(388,735)	-	-	-	-	-	-	-
Depreciation charge	-	(364,693)	(3,600,614)	(1,423,833)	(24,324)	(235,599)	(31,319)	(18,071)	-	(5,698,453)
Depreciation eliminated on disposal	-	530	(633)	2,284	-	-	-	-	-	2,181
Eliminated on disposal	-	14,707	9,708	54,986	-	18,830	-	-	-	98,231
Revaluation surplus	446,758	858,654	192,374	1,942,832	151,603	744,125	-	-	-	4,336,346
Closing net book amount	3,217,451	7,716,261	60,450,593	15,765,723	218,916	721,389	532,049	471,466	2,188,285	91,288,133
At 30 June 2025										
Cost or fair value	3,217,451	8,066,717	64,042,132	17,132,286	243,240	944,158	563,368	489,537	2,188,285	96,886,174
Accumulated depreciation	-	(349,456)	(3,591,539)	(1,366,553)	(24,324)	(216,769)	(31,319)	(18,071)	-	(5,598,041)
Net book amount	3,217,451	7,716,261	60,450,593	15,765,723	218,916	721,389	532,049	471,466	2,188,285	91,288,133

14

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

Notes (continued)

4 (a) Property plant and equipment (continued)

Group (Continued)	Freehold property	Building and roads	Pipeline, pumps and tanks	Equipment, furniture & fittings	Helicopters	Motor vehicles & tractors	Captive power plant	Refining assets	Capital work in progress	Total
	KShs '000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At start of period	3,217,451	7,716,261	60,450,593	15,765,723	218,916	721,389	532,049	471,466	2,188,285	91,288,133
Depreciation charge for the period	-	(91,448)	(577,477)	(380,951)	(6,081)	(60,237)	(7,830)	-	-	(1,124,024)
Net book value	3,217,451	7,624,813	59,873,116	15,384,772	212,835	667,152	524,219	471,466	2,188,285	90,164,109

15

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

Notes (continued)

4 (b) Property plant and equipment

Company	Freehold property	Building and roads	Pipeline, pump and tanks	Equipment, Furniture & Fittings	Helicopters	Motor vehicles & Tractors	Capital work in progress (WIP)	Total
Year ended 30 June 2025	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Opening net book amount	1,864,693	5,768,579	56,972,423	12,886,557	91,637	110,157	4,306,348	82,000,394
Additions	-	-	49,717	119,843	-	22,588	1,279,734	1,471,882
Transfers from WIP	-	325,622	1,311,235	1,696,765	-	64,175	(3,397,797)	-
Disposals	-	(39,191)	(22,426)	(64,539)	-	(27,010)	-	(153,166)
Reclassification of assets	-	(2,572)	(388,735)	-	-	-	-	(391,307)
Depreciation charge	-	(320,670)	(3,084,906)	(1,363,050)	(24,325)	(230,754)	-	(5,023,705)
Depreciation eliminated on disposal	-	530	(633)	2,284	-	-	-	2,181
Eliminated on Disposal	-	14,707	9,708	54,986	-	18,830	-	98,231
Revaluation surplus	446,757	853,654	192,374	1,942,332	154,603	744,125	-	4,336,345
Closing net book amount	2,311,450	6,605,659	55,038,757	15,275,678	218,915	702,111	2,188,285	82,340,855

16

KENYA PIPELINE COMPANY LIMITED  
INTERIM FINANCIAL STATEMENTS

Notes (continued)

4 (b) Property plant and equipment (continued)

Company (continued) At 30 June 2025	Freehold property	Building and roads	Pipeline, pump and tanks	Equipment, Furniture & Fittings	Helicopters	Motor vehicles & Tractors	Capital work in progress (WIP)	Total
Cost or fair value	2,311,450	8,762,934	74,118,747	23,800,576	334,878	2,048,479	2,188,285	113,565,349
Accumulated depreciation	-	(2,157,275)	(19,079,980)	(8,524,898)	(15,963)	(1,346,368)	-	(31,224,494)
Net book amount	2,311,450	6,605,659	55,038,757	15,275,678	218,915	702,111	2,188,285	82,340,855
<hr/>								
At 30 September 2025								
Opening net book amount	2,311,450	6,605,659	55,038,757	15,275,678	218,915	702,111	2,188,285	82,340,855
Depreciation charge	-	(80,442)	(442,579)	(367,208)	(6,081)	(59,026)	-	(95,336)
Closing net book amount	2,311,450	6,525,217	54,596,178	14,908,470	212,834	643,085	2,188,285	81,385,519





**KENYA PIPELINE COMPANY LIMITED**

**Kenpipe Plaza, Sekondi Road off. Nanyuki Road, Industrial Area.**

**P. O. Box 73442 - 00200, Nairobi, Kenya**

**Tel: +254 709 723 000**

**Email: info@kpc.co.ke**

**www.kpc.co.ke**



Port Reitz Storage Facility, Kipevu, Mombasa

