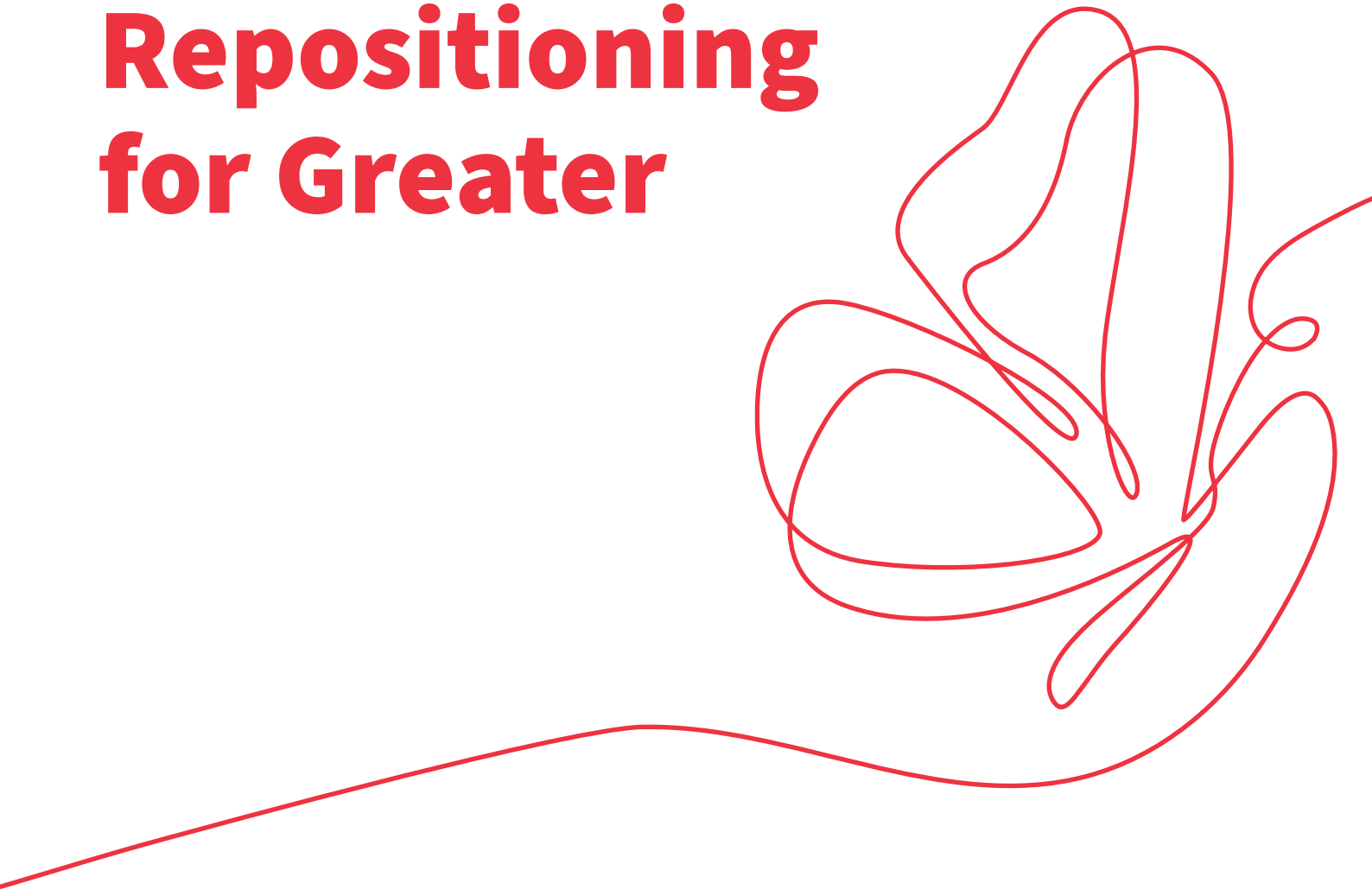
Kenya Pipeline Company PLC

Repositioning for Greater



2026 INTEGRATED REPORT AND FINANCIAL STATEMENTS

About the Cover

Once the invisible backbone of the economy known strictly as a pipeline firm, the Kenya Pipeline Company PLC (KPC) has now stepped into a new era. Today, KPC is a publicly listed, publicly owned company with a transformative goal and a more prominent role and carrying a larger mandate across the East African region.

Our cover page illustrates this evolution through the graceful line art illustration of a butterfly, which serves as the ultimate symbol of metamorphosis, vitality, and renewal. The continuous red line represents movement, connection and journey of transformation.

Our message repositioning for greater reflects the significant changes in function and capacity currently taking place at KPC. This transformation is essential for generating a greater impact, enhancing our commitment to providing long-term value, ensuring operational resilience, and promoting regional growth through our ongoing connection and journey of transformation.





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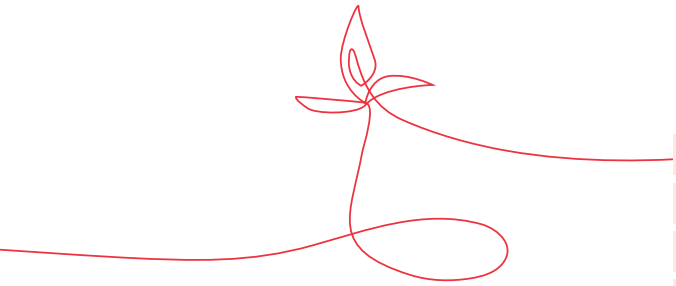

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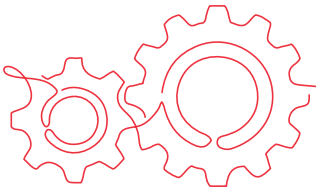

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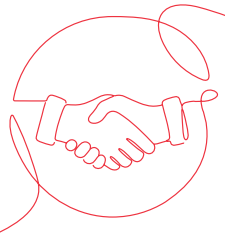

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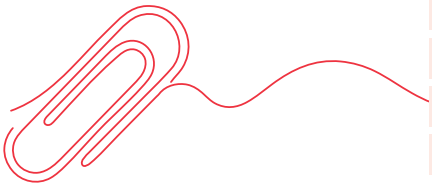


About this Report





The Kenya Pipeline Company PLC 2026 Integrated Report provides a balanced and concise account of how KPC is repositioning itself for greater impact, resilience, and value creation.

It presents our performance, governance, strategy, operating context, risks and opportunities, and our contribution to regional development and energy security during the year ended 30 June 2026. More than a record of the year's performance, the report reflects how KPC is evolving to respond to a changing energy landscape while strengthening the foundations of sustainable growth and long-term value.



As we strive towards becoming Africa's Premier Energy Partner, KPC is strategically positioned at the heart of Kenya's petroleum supply chain, playing a central role in the transportation, storage, and distribution of petroleum products across Kenya and the wider region.

Our report is therefore anchored in strengthening the capabilities, infrastructure, and partnerships that enable us to deliver greater value to customers, stakeholders, and the economy. This report demonstrates how our business model, strategy, infrastructure, people, stakeholder relationships, and commitment to sustainability are coming together to support the delivery of reliable, safe, and efficient petroleum logistics services today, while positioning KPC for the opportunities of tomorrow.

Reporting boundary and scope

Our Integrated Report covers the activities and performance of Kenya Pipeline Company plc (KPC) for the financial year ended 30 June 2026. It reflects our continued repositioning for greater value creation, resilience, and impact, providing a transparent account of how we are strengthening our business and responding to the evolving energy landscape. The organisational reporting boundary includes Kenya Pipeline Company PLC (KPC) and its subsidiary Kenya Petroleum Refineries Limited (KPRL).

Unless otherwise stated, the information presented relates to KPC's and KPRL's operations, assets, infrastructure, employees, and activities within Kenya and the region. This encompasses KPC's pipeline network, storage facilities, depots, and associated operational sites, alongside KPRL's relevant assets and operations that support the Group's petroleum logistics, storage, and related activities.

The report focuses on matters that are material to KPC's ability to create, preserve, and protect value over the short, medium, and long term. These include our strategic priorities, operational reliability, health and safety, environmental stewardship, governance, financial performance, stakeholder relationships, human capital development, risk management, and contribution to both Kenya's and the region's energy security and socio-economic development.

In defining the scope of our reporting, we also consider the broader value chain and the interests of key stakeholders, including the government, investors, regulators, customers, employees, suppliers, communities, and the public.

Reporting frameworks

Our reporting is informed by and aligned to complementary international and national frameworks and standards, strengthening the transparency, comparability, and decision-usefulness of the information presented to investors and the wider public. The report has been prepared with reference to the following frameworks and standards:

With nine priority SDGs mapped to our material topics.

Supporting our approach to ESG reporting as a listed entity within Kenya.

Providing the basis for the recognition, measurement, presentation and disclosure of financial information in KPC's audited annual financial statements.

Providing the overarching principles for communicating how KPC creates, preserves, and protects value over time.



Midstream industry standard (EM-MD), addressing financially material sustainability metrics for pipeline operators (see the SASB Content Index in the Appendices).

The IFRS Sustainability Disclosure Standards covering general sustainability-related and climate-related disclosures. Alignment across governance, strategy, risk management, and metrics & targets is provided in the climate chapter and the Appendices.

Including the GHG Protocol Corporate Accounting and Reporting Standard, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the API Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry, the IPIECA Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions and GRI 11: Oil and Gas Sector Standard. These methodologies guide the measurement, accounting, and reporting of our greenhouse gas emissions.

These frameworks have informed the structure, content, and disclosures contained in this report. They provide a robust foundation for sharing our progress, strengthening accountability, and allowing stakeholders to assess how KPC is repositioning for greater performance, resilience, and sustainable value creation.

Basis of preparation and assurance

This report has been prepared using information drawn from KPC's internal management systems, operational data, financial records, governance documents, stakeholder engagement processes, and inputs from relevant departments. The financial information is aligned to KPC's audited annual financial statements for the year ended 30 June 2026, while non-financial information is based on data available at the time of reporting.

In determining the content of the report, we apply a double materiality lens, prioritising matters that could significantly influence KPC's ability to deliver on its mandate, execute its strategy, and create, preserve and protect value for its stakeholders. This approach considers both the significance of matters to KPC and their broader impacts, enabling us to present a more complete view of the opportunities, risks, and issues shaping our operating environment.

The management applied appropriate judgement in assessing the relevance, completeness, and reliability of information presented. This supports our commitment to providing a fair, balanced, and connected account of the Company's performance, prospects, and value creation.

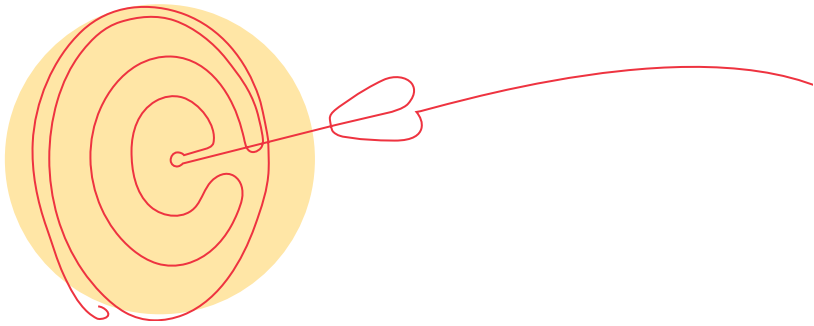
Our materiality determination process

Material matters are those issues that have the greatest potential to affect KPC's performance, resilience, reputation, and ability to create value over time, as well as those that represent the organization's most significant impacts on the economy, environment, and society. Identifying and prioritizing these matters enables us to focus on the issues that matter most to our business, stakeholders, and long-term sustainability.

These matters shape the content and direction of this report and are integrated across our strategy, governance, operations, environmental stewardship, people, communities, and risk management disclosures.

In applying our double materiality approach, material matters were assessed from two complementary perspectives:





Financial materiality

Matters that could reasonably be expected to influence KPC's financial performance, position, cash flows, access to finance, cost of capital, or ability to create value over the short, medium, and long-term operational resilience, asset integrity, access to funding, reputation, regulatory compliance, or ability to deliver on its mandate.

Impact materiality

Matters reflecting KPC's actual or potential significant impacts, both positive and negative, on the economy, environment, and society, including impacts arising from our operations and activities across the value chain. This includes stakeholders, communities, employees, customers, the environment, and the broader economy. This approach enables KPC to look beyond its immediate financial performance and consider the broader factors that shape our resilience, stakeholder relationships, and long-term ability to create, preserve, and protect value.

The materiality assessment considered a broad range of factors that could influence KPC's ability to deliver its mandate over time. These included enterprise risks, strategic objectives, stakeholder concerns, sustainability priorities, regulatory requirements, sector trends, and developments in KPC's operating environment. Matters were prioritised based on their significance to value creation, their potential impacts, and their relevance to stakeholders.

Through this process, KPC identified ten interconnected material matters that reflect priorities shaping our business and our repositioning for greater performance, resilience, and impact: **operational excellence and safety, environmental stewardship, societal impact, people, and governance.**

Together, these material matters provide the foundation for the structure and content of this report. They guide how KPC communicates its performance, risks, opportunities, and outlook, while demonstrating how we are strengthening our capabilities, responding to a changing operating environment, and positioning the organisation for sustainable value creation.

Further details on the materiality assessment process, including the methodology applied and the specific material matters identified, are provided in the Materiality section on page 46.

Assurance and audit

KPC PLC applies a combined assurance model to enhance the reliability of this report. Assurance is provided through:

- Management reviews
- Internal audit assessments overseen by the Board Audit, Risk, and Compliance Committee
- External audit of financial statements by the Office of the Auditor-General (OAG)

Legal, Compliance, and Corporate Governance Audits are conducted biannually to ensure adherence to applicable laws, regulations, and governance standards. The Board has applied its collective judgment to this report and confirms that it provides a balanced and accurate reflection of Kenya Pipeline Company PLC performance, strategy, and value-creation approach.

Board responsibility statement

The Board acknowledges its responsibility for the integrity of this Integrated Report and, supported by the management and relevant governance structures, has applied its collective judgement in reviewing its content. The Board is satisfied that the report provides a fair, balanced and connected account of KPC's performance, strategy, governance, risks, opportunities and prospects.

The Board Audit Committee provided oversight of the reporting and assurance process, including consideration of the assurance approach, key reporting judgements, and the reliability of information presented in this report. This oversight supports the Board's responsibility for ensuring the credibility, completeness, and integrity of the report.

The Board confirms that the report has been prepared in accordance with the principles of integrated reporting and presents the matters that are material to KPC's ability to create, preserve and protect value over time. It also provides stakeholders with a clear view of how KPC is responding to its operating environment, strengthening its capabilities, and positioning itself for future opportunities.

This report was approved by the Board of Directors of KPC on 13 October 2026 and signed on its behalf by:



FAITH BETT-BOINETT (MRS)
CHAIRMAN



PIUS MWENDWA
AG. MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER

Contact us

KPC values stakeholder perspectives as a crucial component of our dedication to ongoing improvement, accountability, and open reporting. Feedback from our stakeholders helps us understand their expectations and strengthen our disclosures.

Stakeholders are encouraged to share their comments, questions or suggestions on this report, as well as on our sustainability initiatives and disclosures, through the KPC's official communication channels.

We welcome this dialogue as we continue to strengthen our reporting and reposition KPC for greater impact, resilience and sustainable value creation.

Call centre: +254 709 723 000

Email: info@kpc.co.ke

Customer service: info@kpc.co.ke

Scan QR CODE to download the 2026 digital Integrated Report



Forward-looking statements

This report contains “forward-looking statements” relating to the KPC’s business, strategy, plans, objectives, and prospects. These statements may be identified by the use of terms such as “believes”, “expects”, “may”, “is expected to”, “will”, “will continue”, “should”, “would be”, “seeks”, “anticipates” and similar expressions, including their negative or other variations, as well as references to future strategies, plans, or intentions.

Forward-looking statements reflect KPC’s current views and expectations regarding future events and are subject to certain risks, uncertainties, and assumptions, many of which are beyond the Company’s control. A range of factors could cause actual results, performance, or achievements to differ materially from those expressed or implied by such forward-looking statements. These factors include, among others, changes in operating environment, regulatory developments, market conditions, economic factors, operational risks, and other matters discussed in the “Risk Management” and “Our Strategy and Value Creation” sections of this report.

Accordingly, if one or more of these risks or uncertainties materialise, or if the underlying assumptions prove incorrect, actual outcomes may differ materially from those anticipated, believed, estimated, or expected in this report, and KPC does not undertake any obligation to update or revise such statements or other industry information, except where required by applicable law and regulation.



About KPC



Vessel Loading at Kisumu Oil Jetty



REVENUE

42.97Bn KShs

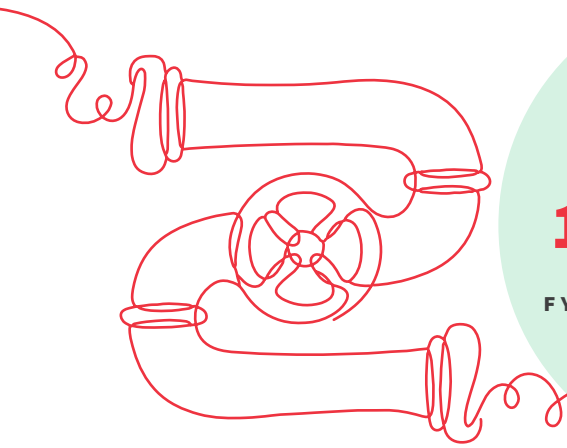
FY 2024/25 39.50BN KSHS

PROFIT AFTER TAX

11.58Bn KShs

FY 2025/26 10.24BN KSHS





TOTAL ASSETS

149.27Bn KShs

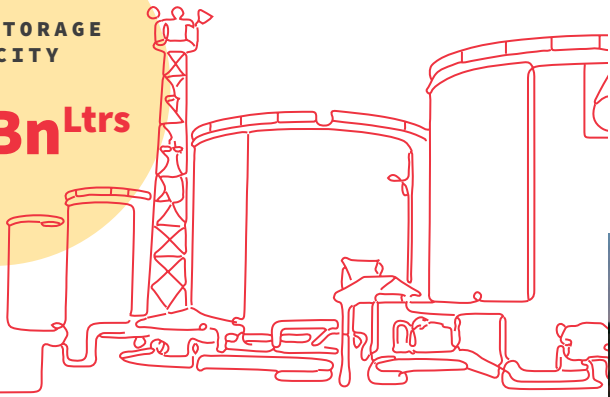
FY 2024/25 140.63BN KSHS

TOTAL PIPELINE LENGTH

1,342 KM

TOTAL STORAGE CAPACITY

1.14Bn Ltrs



PETROLEUM THROUGHPUT VOLUME

10.61Bn Ltrs

FY 2024/25 9.88BN LTRS

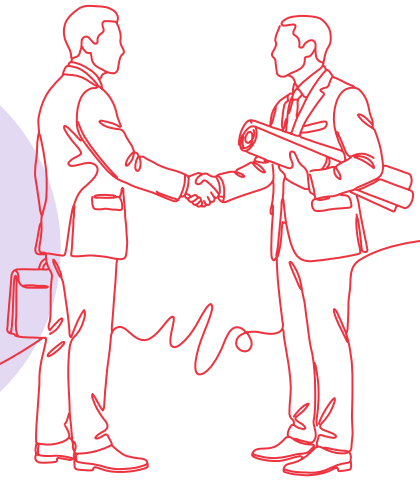
MAJOR DEPOTS

8

CUSTOMERS

140

FY 2024/25 135



Kenya's national midstream energy infrastructure business, KPC, is essential to the country's energy security and economic development. Incorporated in 1973 and commencing commercial operations in 1978, KPC was established to provide a safe, reliable, and cost-effective means of transporting petroleum products across Kenya while reducing reliance on road and rail transport. Over the years, the company has evolved into a strategic energy logistics provider serving both domestic and regional markets.

Moving petroleum products from one point to another is only one aspect of our role. As the custodian and operator of vital national energy infrastructure, we help strengthen the resilience of Kenya's petroleum supply chain, support economic activity, and enable the reliable availability of essential fuels.

Our repositioning for greater journey reflects our ongoing evolution as an integrated energy logistics organisation-strengthening the capabilities, infrastructure, and systems that enable us to deliver greater reliability, efficiency, sustainability, and value to Kenya and the region.

Our mandate

Our mandate is to develop, own, manage, operate, and continually enhance petroleum pipeline infrastructure for the transportation of petroleum products from Mombasa to Nairobi and across East Africa.

Our operations span the petroleum value chain and consist of:

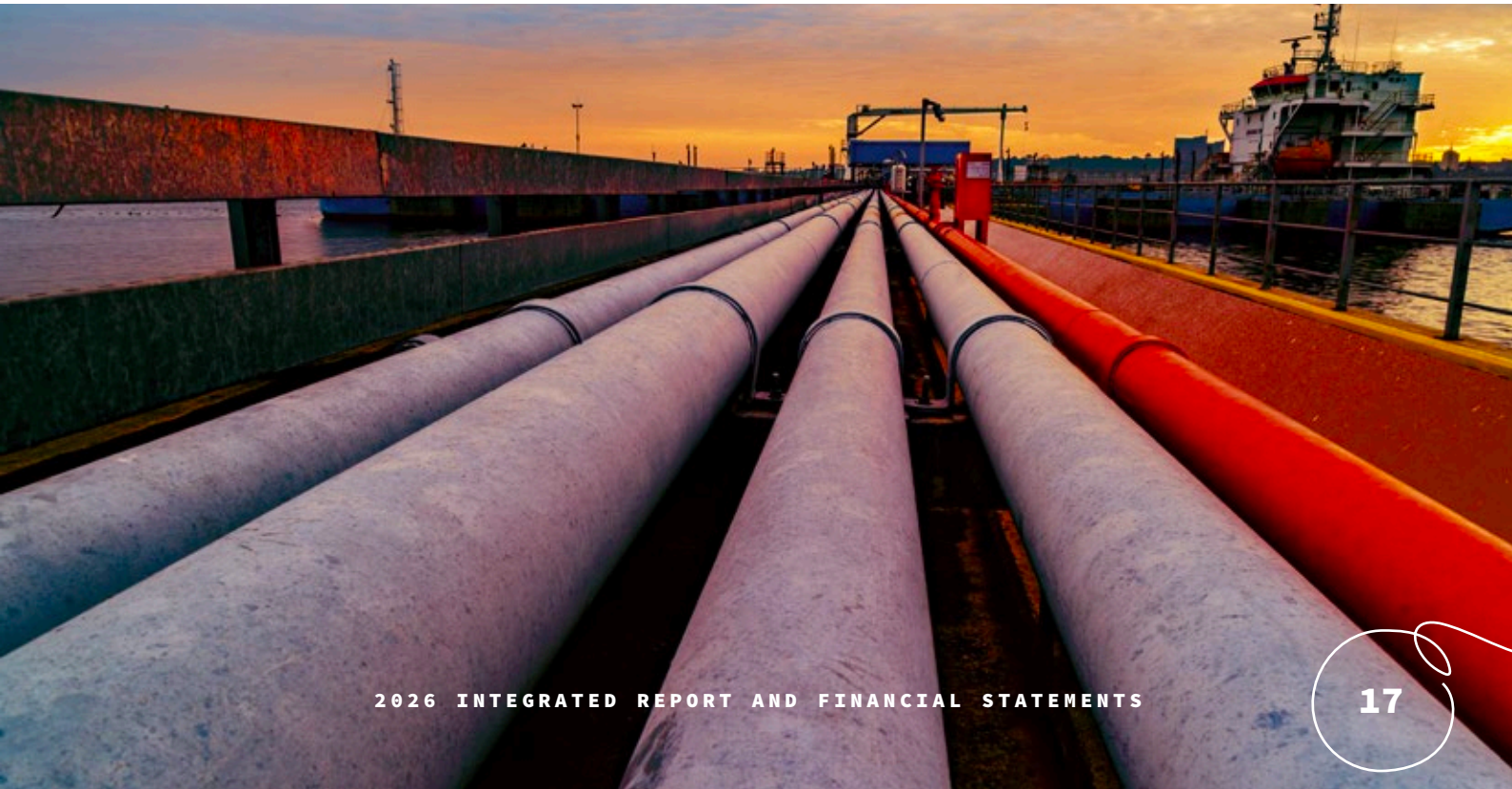
- Distribution of petroleum products and Liquified Petroleum Gas (LPG).
- Operating related pumping, storage and distribution facilities;
- Constructing and maintaining associated installations; and
- Marketing, processing and distributing petroleum products and related goods and services.

Through these integrated capabilities, we play a critical role in meeting Kenya's energy needs while facilitating the smooth transportation of petroleum products across East and Central Africa.

By enabling movement of fuel through pipelines rather than long-distance road trucking, we contribute to:

- Reduced road congestion and lower accident risk;
- Lower GHG emissions by reducing reliance on long-distance road transport;
- Improved efficiency and reliability in fuel distribution;
- Lower logistics costs across the petroleum supply chain; and
- Greater national energy security.

These advantages reinforce how crucial it is that we keep evolving and investing in infrastructure that is effective, durable, and adaptable to shifting energy demands. Our infrastructure provides essential support to a wide range of economic sectors, including manufacturing, aviation, transport, agriculture, and key essential services. As custodians of critical national infrastructure, we recognise the responsibility that comes with this role and therefore remain committed to conducting business with the utmost regard for safety, environmental stewardship, and the responsible management of public assets.



Our footprint

1. National Pipeline Network

KPC operates approximately 1,342 kilometres of petroleum pipelines that form the backbone of Kenya's petroleum supply chain. The network connects the Port of Mombasa, to major inland distribution and consumption centres, including Nairobi, Nakuru, Eldoret, and Kisumu, facilitating the efficient movement of refined petroleum products across the country. Beyond the domestic market, the network supports regional petroleum trade and supply to neighbouring markets, including Uganda, Rwanda, eastern Democratic Republic of Congo (DRC) and South Sudan.

The pipeline network is supported by pumping stations, control facilities and terminals positioned along key sections of the corridor, including Samburu, Maungu, Manyani, Mtito Andei, Makindu, Sultan Hamud, Konza and Nairobi. KPC also operates aviation fuel infrastructure serving major airports, including Jomo Kenyatta International Airport (JKIA) in Nairobi and Moi International Airport in Mombasa. Together, these assets provide the infrastructure needed to transport approximately 14 Bn litres of petroleum products annually, supporting fuel availability, regional connectivity and economic activity.

To maximise the value and reliability of the network, KPC manages its pipelines and associated facilities as an integrated logistics system. Digital monitoring technologies, preventive maintenance programmes, infrastructure surveillance and emergency preparedness measures support operational control, asset integrity and business continuity. These capabilities are particularly important in safeguarding the network against operational disruptions, infrastructure damage and other risks that could affect the movement of petroleum products.



2. Petroleum storage infrastructure

Complementing the pipeline network is KPC's strategically distributed petroleum storage infrastructure, which supports fuel availability, supply-chain flexibility and the efficient distribution of petroleum products. As at the reporting period, the Company's active storage capacity stood at approximately 1,138,324 cubic metres. This capacity enables KPC to receive, store and dispatch petroleum products in response to the needs of domestic customers and regional markets.

Key facilities include the Kipevu Oil Storage Facility in Mombasa, KPRL storage facilities, Nairobi Terminal, JKIA Depot, Nakuru Depot, Eldoret Depot, Kisumu Depot and the fuel facilities serving Moi International Airport. Their locations support the movement of petroleum products from the coast to inland markets and provide essential infrastructure for road-based distribution and aviation fuel supply.

The storage network is an important component of national energy security, helping to facilitate the orderly handling and distribution of petroleum products. KPC's focus on maintaining storage facilities, loading infrastructure and associated operational systems supports safe product handling, efficient dispatch and reliable service delivery. Continued attention to asset integrity, maintenance and operational preparedness is essential to sustaining storage capacity and minimising disruptions across the petroleum supply chain.



3. Expanded asset portfolio and operational resilience

Beyond its pipeline and storage infrastructure, KPC maintains a broader portfolio of assets and services that strengthens operational efficiency, technical capability and long-term resilience. These include a 96-core fibre-optic cable network along the pipeline corridor; ISO 17025-accredited petroleum testing laboratories in Nairobi, Mombasa, Nakuru, Eldoret and Kisumu; truck-loading facilities at key inland locations; and airport hydrant systems serving JKIA and Moi International Airport.

KPC's wider portfolio also includes the Morendat Institute of Oil & Gas, which contributes to industry skills development and technical capacity, and Kenya Petroleum Refineries Limited (KPRL), a wholly owned subsidiary that supports storage infrastructure and provides a platform for future energy initiatives. Collectively, these assets extend KPC's capabilities beyond transportation, supporting product quality assurance, operational coordination, industry development and the exploration of opportunities to strengthen its service offering.

Digitalisation is another important element of operational resilience. Supervisory Control and Data Acquisition (SCADA) systems, leak detection technologies, mass metering, automated loading facilities, tank gauging and enterprise resource planning platforms support monitoring, operational control, measurement accuracy and resource management. When integrated with preventive maintenance, infrastructure surveillance and emergency response arrangements, these systems help strengthen the reliability and safety of KPC's operations while supporting environmental protection and business continuity.

The scale and strategic importance of this asset base are reflected in the KPC's infrastructure and service delivery indicators. Pipeline throughput increased from approximately 9.12 million cubic metres in FY 2023/24 to 9.88 million cubic metres in FY 2024/25 and 10.61 million cubic metres in FY 2025/26. Over the same period, the volume handled for regional export markets rose from approximately 4.46 million cubic metres to 4.83 million cubic metres and 5.45 million cubic metres, respectively.

Maintaining this infrastructure requires a proactive approach to asset integrity and process safety. Petroleum products are flammable and potentially hazardous, and failures involving pipelines, storage tanks or terminal operations can expose employees, contractors, neighbouring communities and other infrastructure to significant risks. Potential consequences include leaks, fires, explosions, environmental contamination and interruptions to petroleum transportation and storage.

During the reporting period, KPC has continued to prioritise key operational and integrity focus areas, including system reliability, leak prevention, operational safety, emergency preparedness, vandalism mitigation, wayleave management, and fuel supply continuity. Proactively addressing these areas means incidences and vulnerabilities can be dealt with long before they impact operations or surrounding communities.

KPC addresses these priorities through an integrated asset integrity and process safety approach aimed at preventing loss of primary containment and securing continuous operational uptime. Combining engineering controls, operational monitoring, preventive maintenance, corridor surveillance, and emergency response, KPC safeguards its assets, protects stakeholders, minimises operational disruptions and maintains the dependable transport of petroleum products throughout Kenya and the wider region.



10.61 BN LITRES

Pipeline throughput in FY 2025/26 up from from 9.88 Bn litres in FY 2024/25



5.45 BN LITRES

Volume of regional exports in FY 2025/26 up from 5.06 Bn litres in FY 2024/25

Our strategic promise

KPC has rolled out implementation of the CSP for the period 2025/26 – 2029/30, which is focused on business resilience, sustainable growth, and embedding Environment, Social and Governance (ESG) into the organization.

The strategic issues identified in the current CSP stem from analysis of the mandate and the role of the company, performance, challenges, lessons learnt, strengths, weaknesses, opportunities, threats, and stakeholder analysis. KPC's main strategic focus in this 5-year plan period will revolve around business positioning and adaptability in the hydrocarbon sector.

The main strategic issues arising from the business environmental context are:

1. KPC business long-term growth and sustainability within the transition to a cleaner energy environment.
2. Operational efficiency and adoption of newer technologies.
3. Incorporation of environmental, social, and governance (ESG) values and long-term sustainable performance in business operations.
4. Human resource development and productivity.



VISION

Africa's Premier Energy Partner

MISSION

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



Our vision, mission, core values and corporate theme together form the strategy promise that guides behaviour, collaboration and decision-making across the organisation.

Operating Context

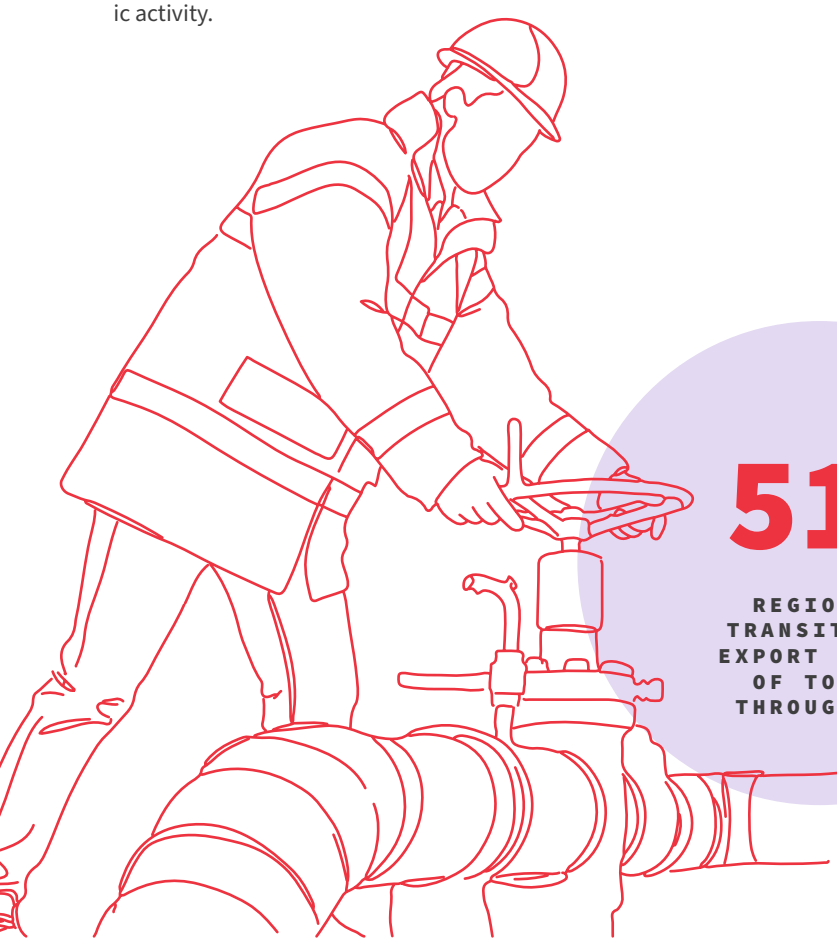
Economic and petroleum industry landscape

KPC operates in an economic and energy environment shaped by national economic growth, regional petroleum demand, global market developments and evolving regulatory requirements. Kenya's economy was estimated to have grown by 5.3% in 2025, reinforcing the importance of reliable energy infrastructure in supporting industrial activity, transport, trade and other economic sectors. However, fiscal pressures, public debt, exchange-rate fluctuations and geopolitical uncertainties continue to influence the cost and availability of petroleum products, creating an operating environment that requires resilience, efficiency and prudent risk management.

Kenya's petroleum industry comprises three main segments: upstream exploration and production, midstream transportation and storage, and downstream distribution and retail. KPC plays a strategic role in the midstream segment by providing the infrastructure required to transport and store petroleum products for the domestic market and neighbouring countries. KPC operates approximately 1,342 kilometres of pipeline infrastructure, supported by storage capacity of about 1.14 Bn litres. This network is central to the movement of petroleum products across Kenya and the wider region, supporting fuel supply, regional trade and the continuity of economic activity.

Demand for petroleum logistics services has continued to grow. Petroleum throughput increased from 9.88 Bn litres in FY 2025 to 10.61 Bn litres in FY 2026, reflecting the growing need for dependable transportation and storage infrastructure. Regional transit and export volumes accounted for approximately 51% of total throughput in FY 2026, underscoring KPC's importance in facilitating petroleum supply beyond Kenya's borders. In FY 2025/26, KPC's throughput increased by 7% to 10.61 Bn litres, contributing to a 9% increase in revenue.

These trends present opportunities for KPC to expand its market reach, improve asset utilisation and strengthen its contribution to regional energy logistics. Rising demand for petroleum products, increased aviation activity and growing interest in liquefied petroleum gas (LPG) provide opportunities to diversify services and revenue streams. At the same time, global oil price volatility, geopolitical conflicts, supply-chain disruptions, rising operating costs and ageing infrastructure present significant operational and financial risks. Managing these pressures requires continued investment in infrastructure integrity, operational efficiency, technology and maintenance to ensure safe, reliable and cost-effective service delivery.



51%

REGIONAL TRANSIT AND EXPORT SHARE OF TOTAL THROUGHPUT

5.3%

ESTIMATED GROWTH OF KENYAN ECONOMY IN 2025

Regulatory and stakeholder environment

KPC operates within Kenya's regulatory framework for petroleum infrastructure, environmental protection and occupational health and safety. Its operations are overseen by key institutions, including the Energy and Petroleum Regulatory Authority (EPRA), the National Environment Management Authority (NEMA) and the Directorate of Occupational Safety and Health Services (DOSHS). These institutions provide oversight on matters such as petroleum-sector licensing, environmental compliance, workplace safety and operational standards. EPRA also regulates pipeline tariffs, which are reviewed every three years using a cost-of-service approach. Compliance with these requirements is essential to maintaining the KPC's operating licences, protecting people and the environment, and sustaining confidence in its services.

KPC's regulatory responsibilities are closely connected to its relationships with stakeholders who influence, or are affected by, its operations and strategic decisions. These include government institutions, regulators, Oil Marketing Companies, suppliers, contractors, industry associations, employees and communities located along the pipeline corridor and around operational facilities. Each group has different interests and expectations, ranging from reliable petroleum transportation and service quality to procurement practices, workplace safety, environmental protection and the management of community impacts.

KPC seeks to identify and engage stakeholders according to their relationship with its operations, their exposure to the impacts of its activities and their influence on its ability to deliver safe, reliable and responsible petroleum logistics services. Through structured engagement and regular communication, KPC works to understand stakeholder concerns, expectations and priorities. The insights gathered help inform decision-making, operational planning and risk management, enabling the Company to respond to emerging issues and strengthen its relationships with those who depend on, work with or live alongside its infrastructure.

Effective stakeholder engagement is particularly important for a national infrastructure operator whose activities extend across multiple counties and support regional petroleum supply. Constructive relationships with regulators help strengthen compliance, while engagement with customers, suppliers, and contractors supports service reliability and operational efficiency. Working with communities along the pipeline corridor also helps KPC address local concerns, promote safety awareness and manage potential environmental and social impacts. Together, these efforts support transparency and accountability, help maintain operational continuity and reinforce the Company's social license to operate.

Strategic priorities and long-term resilience

KPC's operating environment requires the company to balance the growing demand for petroleum logistics services with the need to manage infrastructure, financial, regulatory, environmental and social risks. As regional markets evolve and stakeholder expectations increase, the company's ability to maintain reliable operations will depend on the condition and efficiency of its assets, its responsiveness to market changes and its capacity to manage risks across the petroleum supply chain. Environmental protection, occupational safety, good governance and responsible stakeholder engagement therefore remain integral to sustainable operations.

Against this backdrop, KPC's 2025/26–2029/30 Strategic Plan provides a framework for strengthening the Company's operational and commercial position. Its priorities include reinforcing core infrastructure, expanding regional market access, improving operational efficiency and diversifying revenue streams. These priorities are intended to support the company's ability to respond to changing market needs, make better use of existing assets and sustain its role in Kenya's petroleum sector and the wider regional energy logistics network.

Achieving these objectives will require targeted investment in infrastructure, technological modernisation, workforce development and effective risk management. It will also depend on maintaining regulatory compliance, strengthening relationships with customers and business partners, and working constructively with communities and other stakeholders. By aligning its strategic priorities with operational performance, responsible environmental and social practices, and stakeholder expectations, KPC aims to enhance resilience, support reliable petroleum supply, and deliver sustainable long-term value.

Chairman's statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Integrated Annual Report and Financial Statements of Kenya Pipeline Company PLC for the financial year ended 30 June 20256. This report is prepared in compliance with the requirements of the Capital Markets Authority (CMA), the Capital Markets Act (Cap. 485A), the Companies Act (Cap. 486), and the Nairobi Securities Exchange (NSE) Listing Rules, and in line with the Integrated Reporting Framework of the IFRS Foundation, through which we create and preserve value for our stakeholders.

This year has been, without question, the most consequential year in the history of our Company. Kenya Pipeline Company transitioned into a public limited company and successfully listed on the Main Investment Market Segment of the Nairobi Securities Exchange. This milestone marks the culmination of the Government of Kenya's privatization programme for this institution and represents the first State-owned enterprise listing on our exchange in nearly two decades. Today, I address you for the first time as Chairman of Kenya Pipeline Company PLC, a public company now owned, in significant part, by the Kenyan people.



> This has been the most consequential year in our history, the year we became a public company, owned in significant part by the Kenyan people we serve.

FAITH BETT-BOINETT (MRS)
CHAIRMAN
BOARD OF DIRECTORS,
KENYA PIPELINE COMPANY PLC

Strong performance in a transformative year

The financial year under review was shaped by a mixed operating environment. The regional economy continued recovering, driven by improved macroeconomic stability, and steady demand for petroleum products across Kenya and East and Central Africa. At the same time, the company navigated challenges from volatility in the petroleum supply chain and the inherent uncertainties associated with any large-scale capital markets transactions. Despite these challenges, we sustained an uninterrupted supply of petroleum products to millions of consumers, businesses, and industries.

Against this backdrop, I am pleased to report a resilient financial and operational performance, supported by stable throughput volumes, effective cost management, and ongoing investment in the integrity of our pipeline and storage infrastructure.

Revenue and profit for the year closed at KShs 43.0 billion, and KShs 11.58 billion respectively, alongside net cash generated from operating activities of KShs 17.39 billion. This clearly demonstrates the underlying cash-generative strength of our business. This robust operating cash flow underpins the confidence with which your Board has adopted a post-listing dividend policy targeting distribution of 50% of net earnings to shareholders. This reflects our commitment to delivering consistent and predictable returns to all who now hold a stake in this company.

Our pipeline network, which spans approximately 1,342 kilometers from Mombasa to the hinterland, continued to operate with a strong safety and integrity record. This reaffirms KPC's position as the backbone of the regional petroleum supply chain. Our management has continued to invest in system integrity, capacity enhancement, and the digitalisation of operations, positioning the Company to meet growing regional demand for petroleum products in the coming years . As this is our first year of reporting as a listed issuer, the Board has prioritized establishing robust year-on-year baselines and disclosure practices consistent with peer issuers on the NSE, against which future performance will be measured and reported.

The Initial public offering and government divestiture

The defining event of the year under review, indeed, of this Company's modern history, was the Government of Kenya's divestiture of its majority shareholding in Kenya Pipeline Company through an Initial Public Offering on the Nairobi Securities Exchange.

Following the adoption of Sessional Paper No. 2 of 2025 by Parliament under the Privatisation Act, 2025, the National Treasury proceeded to offer 11,812,644,350 ordinary shares, representing 65% of the Company, to the Kenyan public and institutional investors at an offer price of KShs 9.00 per share. The offer, which ran from 19 January to 19 February 2026, was met with strong and gratifying investor confidence, closing oversubscribed at a rate of 105.7%, with approximately two-thirds of allotted shares going to Kenyan individual and institutional investors. Gross proceeds of approximately KShs 106.3 billion accrued to the Government of Kenya and were channeled to the National Infrastructure Fund, in support of the country's wider development priorities.

Kenya Pipeline Company was converted from a private limited liability company into a public limited company in January 2026 in readiness for listing, and its shares were duly admitted to trading on the Main Investment Market Segment of the Nairobi Securities Exchange on 10th March 2026. The Government's decision to retain a 35% shareholding, safeguards national interest and ensures continued oversight of this critical infrastructure.

On behalf of the Board, I wish to record our appreciation to the National Treasury, the Privatisation Authority, the Capital Markets Authority, the Nairobi Securities Exchange, and the many thousands of Kenyan retail and institutional investors who placed their trust and their capital in this company. This historic transaction has not only broadened ownership of a strategic national asset among ordinary Kenyans but has also deepened our capital markets, has revitalized momentum to the primary listings segment of the NSE, and set a precedent for the wider privatisation programme envisaged under the Privatisation Act, 2025. We are mindful that with this new ownership structure comes a heightened duty to all our shareholders, whether the Government holding 35% or the many thousands of citizens and institutions who now hold the remaining 65%. Your Board is committed to running this Company guided strictly by commercial merit, prudence, and the creation of sustained value to all shareholders.

Staying the course: Board oversight and strategic direction

During this pivotal period, the Board's focus was necessarily divided between two significant priorities: safeguarding day-to-day operational and safety performance across our regional pipeline network and providing steady oversight of the most complex corporate transaction in the Company's history. Through structured engagements with the management, the Board reviewed progress against our long-term infrastructure investment plan, provided guidance on the capital structure and dividend policy appropriate for a newly listed issuer, and endorsed the governance, disclosure, and investor relations architecture required of a public company.

The Board reinforced stakeholder trust and positioned the company for sustainable success with diligence and independence during this transition, ensuring close oversight of system integrity, environmental compliance, and the safe transportation and storage of petroleum products, even as significant management capacity was directed toward the listing process. The experience highlighted the value of disciplines oversight and continuity, ensuring that the company's long term objectives remained at the forefront amid significant transformation.

During the year, the Board and Management approved the Kenya Pipeline Company Corporate Strategic Plan for 2025/26 to 2029/30, setting out our vision, mission and goals for the next five years. The Plan provides a framework for realising KPC's potential for growth and expansion into new markets through financial excellence, operational efficiency and sustainable innovation. Its delivery will be underpinned by responsible business practices guided by the Environmental, Social and Governance (ESG) framework, alongside the development of our workforce's capacity and capabilities to achieve our strategic objectives and drive business growth.

Corporate governance and board transition

Our transition to a publicly listed company has reshaped our governance architecture and also invigorated the Board with new perspectives and expertise, strengthening our collective ability to navigate complexity. The Board has overseen the reconstitution of its composition and committees to comply with the requirements of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, and the NSE Listing Rules, with a deliberate emphasis on independence, diversity of skill, and sound stewardship.

- Enhanced engagement with shareholders, regulators, and employees through regular briefings, transparent disclosures and accessible forums has fostered greater accountability and trust.
- The adoption of robust policies on ethics, risk management, and continuous board self – evaluation ensures that our governance standards evolve in step with regulatory expectations and stakeholder needs. Together these measures reinforce a culture of integrity and performance, positioning the company for sustainable growth and long term value creation.



R Hon. Opiyo Wandayi; His Excellency the President Dr. William Ruto; CS, The National Treasury Hon. John Mbadi; Former Chairman NSE, Mr. Kiprono Kittony; CEO NSE Mr Frank Mwiti. Ringing of the bell marking the official listing and trading of KPC PLC shares.

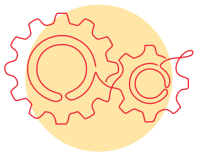
Delivering value across our six capitals

Kenya Pipeline Company's mandate extends well beyond its shareholders. As the principal midstream operator moving refined petroleum products from the port of Mombasa to consumers across Kenya, Uganda, Rwanda, and Eastern DRC, our performance has direct bearing on energy security, industrial competitiveness, and the cost of living for millions of people across the region. In line with the Integrated Reporting Framework, we evaluate how we create value across each of our six capitals:



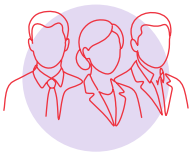
Financial capital

A disciplined dividend policy and robust operating cash flows that rewards the confidence placed in the company by the investing public.



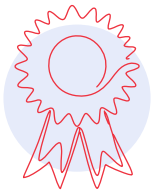
Manufactured capital

Continued investment in the safety, capacity, and digitalization of our 1,342-kilometre pipeline and storage network.



Human capital

Investment in staff capability, safety training, and welfare, along with the change management prepare our workforce for life as a publicly listed company.



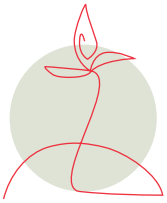
Intellectual capital

Strengthened governance systems, improved disclosure practices, and operational know-how built over more than 50 years as the region's midstream backbone.



Social and relationship capital

Sustained engagement with host communities, the counties and countries we traverse, and our new base of thousands of individual shareholders.



Natural capital

Sustained environmental stewardship along the pipeline wayleave and continued investment in spill prevention and system integrity.

Outlook

As we enter our first full financial year as a listed public company, your Board's priorities are clear: to consolidate the gains of the privatisation transaction, to implement world-class governance and investor relations practices, and continue to invest in the safety, capacity, and resilience of our regional pipeline and storage infrastructure. We will pursue disciplined growth opportunities within our mandate, maintain the operational excellence that has characterised this company over five decades, and ensure that the value created benefits the Government, our new shareholders, and to the Kenyan public at large.

The Board is confident that the structural changes undertaken this year, the transition to a listed, market-disciplined governance model, the broadened and diversified shareholder base, and the retained strategic partnership with the Government, position Kenya Pipeline Company PLC for sustainable long-term performance and continued relevance as the backbone of the region's petroleum supply chain.

Appreciation

I extend my sincere gratitude to my fellow Directors for their guidance and diligence through an exceptionally demanding transaction year; to the Ag. Chief Executive Officer and the Management team for their steady execution of both operations and the listing process; and to our employees, whose commitment ensured uninterrupted service to the nation throughout this transition.

To the National Treasury, the Capital Markets Authority, the Nairobi Securities Exchange, our transaction advisors, and our regulators, thank you for your partnership in bringing this historic listing to a successful conclusion.

Above all, I thank you, our shareholders, both the Government of Kenya as our anchor shareholder and the thousands of Kenyan citizens and institutions who have placed their confidence and their capital in Kenya Pipeline Company PLC.

Thank you.



FAITH BETT-BOINETT (MRS)
CHAIRMAN
BOARD OF DIRECTORS,
KENYA PIPELINE COMPANY PLC

AG. Managing Director/ Chief Executive Officer's review

Dear Shareholders,

It is my pleasure to present my first review to you as Managing Director and Chief Executive Officer of a publicly listed Kenya Pipeline Company PLC. The financial year ending 30 June 2025 will be remembered as a crucial year in which our operational teams delivered a resilient set of results while our transaction advisory teams and our staff delivered the most significant corporate restructuring in the company's history, including our conversion to a public limited company and listing on the Nairobi Securities Exchange. I am proud of how we executed both responsibilities without compromising to either.



> I am most proud of the dedication and ingenuity displayed by our people and report on a resilient operational and financial performance for the year.

PIUS MWENDWA
AG. MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER
KENYA PIPELINE COMPANY PLC

Operating environment

Regional demand for refined petroleum products remained resilient, underpinned by population growth and expanding economic activity in Kenya, Uganda, Rwanda, and Eastern DRC. Simultaneously, we operated against a backdrop of petroleum supply volatility, elevated global interest rates, and fluctuating international fuel prices occasioned by the geo-political tensions in the Middle East. As the only white-oil pipeline serving the region, KPC continued to provide the most cost-effective and reliable mode of transporting petroleum products inland from Mombasa. However, we remain mindful of long-term competitive pressure from alternative transport routes and evolving regional infrastructure.

Domestically, we operated within a regulatory environment that underwent significant changes during the year, as the company transitioned from oversight as a state corporation under the Public Finance Management Act to a disclosure-based regime that governs NSE-listed issuers under the Capital Markets Authority. Navigating this transition, while ensuring the pipeline running safely every single day, was the defining operational challenge of the year.

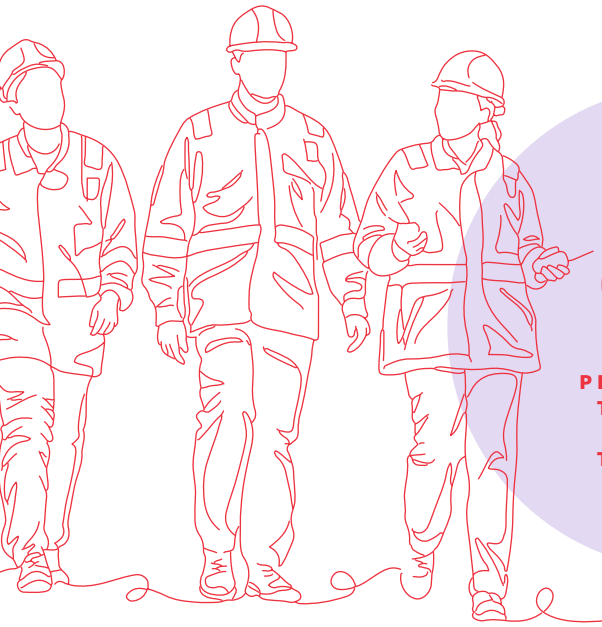
Operational and financial performance

Reflecting on the past year, I am most proud of the dedication and ingenuity displayed by our people and report on a resilient operational and financial performance for the year. The results were achieved through a stable pipeline throughput, disciplined cost management and continued investment in the integrity of our pipeline network and our petroleum storage infrastructure. This infrastructure includes depots in Nairobi, Mombasa, Nakuru, Eldoret and Kisumu with a combined capacity of approximately 1.14 billion litres.

Safety and system integrity remained our first operational priority throughout the year. Our teams continued preventive maintenance across our pump stations, and maintained business continuity plans that ensured uninterrupted supply to the marketing industry even during the periods of peak transaction-related activity. The lessons learned from this demanding period have strengthened our commitment to investing in talent, fostering innovation, and building a culture where operational excellence and accountability are at the heart of everything we do.

Executing the listing: A year of two mandates

Alongside running the core business, management dedicated substantial capacity this year to executing the Government of Kenya's divestiture of 65% of the Company through an Initial Public Offering on the Nairobi Securities Exchange. Working closely with the National Treasury, the Privatisation Authority, our transaction advisors, and the Capital Markets Authority, we supported the transition of the Company into a public listed company in 2026. This was, in the truest sense , a dual mandate. While the transaction team worked through valuation, disclosure, and regulatory review; our operations team held the line on system integrity and product availability. I want to express my appreciation to every member of staff across our pump stations, depots and head office across all functions who kept the pipeline running while we simultaneously rewrote the ownership structure of the company they work for.



65%

PERCENTAGE OF THE COMPANY DIVESTED THROUGH IPO

1.14 Bn Ltrs

COMBINED CAPACITY IN CUBIC METRES OF NAIROBI, MOMBASA, NAKURU, ELDORET, AND KISUMU DEPOTS

Our Vision 2030 Strategic Plan

During the year, the Board and Management finalised the Company's strategic direction under the KPC Vision 2030 Strategic Plan, which follows our previous Vision 2025 plan and repositions the Company for its new role as a listed, market-disciplined issuer. The plan is anchored on four strategic pillars:

PILLAR 1

Diversification and Growth

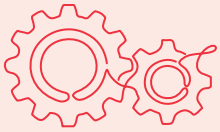
We are committed to driving long-term sustainability and expansion, positioning the Company for resilience and opportunity within the global transition to cleaner and more sustainable energy systems. We have continued to built outside our traditional pipeline mandate. For instance, our Fibre Optic Cable business, launched in 2022 to monetise spare capacity along our pipeline wayleave and improve the country's internet connectivity. Additionally, the Morendat Institute of Oil and Gas provides specialised technical training to the region's energy sector.



PILLAR 2

Operational Excellence

We are enhancing efficiency, reliability, and competitiveness through continuous improvement, digitisation, and the adoption of advanced technologies. Key initiatives include capacity enhancement along the Mombasa–Nairobi corridor, ongoing upgrades to our Nairobi storage terminal, the deployment of advanced leak detection and intrusion monitoring technology, and closer integration with regional transport corridors to facilitate cross-border product movement into Uganda, Rwanda, South Sudan, and Eastern Democratic Republic of Congo.



PILLAR 3

Environmental, Social and Governance (ESG)

Embedding ESG principles across our operations results in responsible stewardship, compliance, sustainability, and creation of long-term stakeholder value. As a newly listed issuer, we are elevating our ESG disclosure standards to align with the expectations of our shareholders, lenders, and regional peers. We are particularly focused on spill prevention, way-leave environmental management, and community safety along our pipeline corridor.

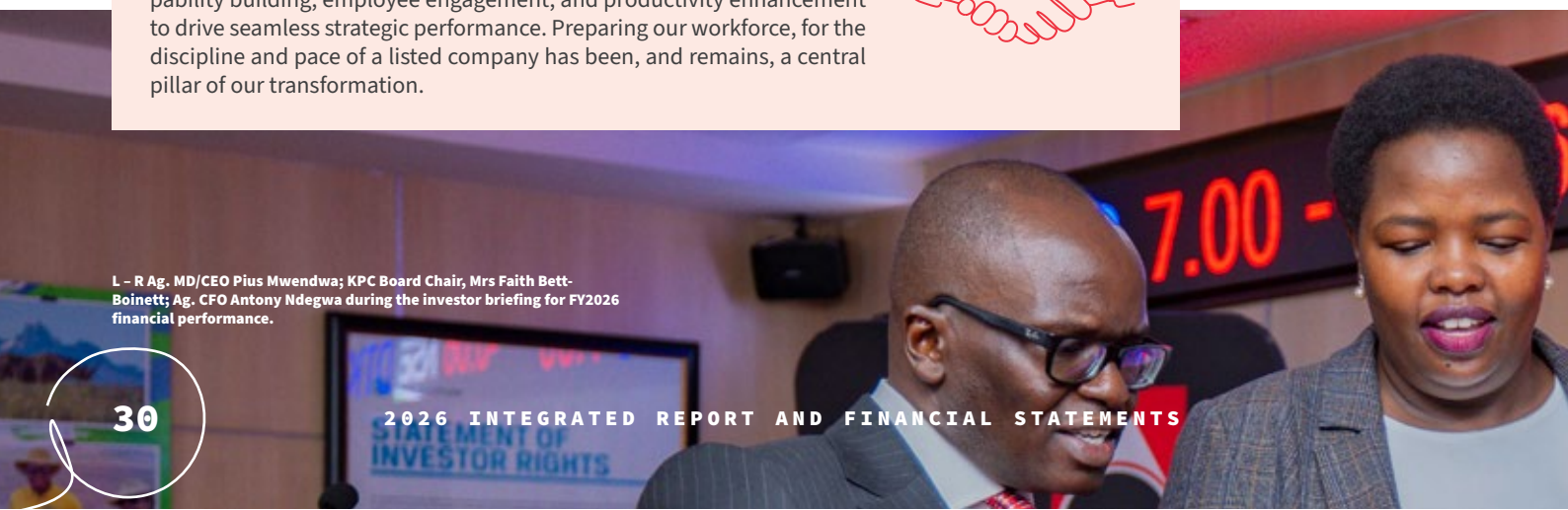


PILLAR 4

People

We are strengthening our human capital through talent development, capability building, employee engagement, and productivity enhancement to drive seamless strategic performance. Preparing our workforce, for the discipline and pace of a listed company has been, and remains, a central pillar of our transformation.





L – R Ag. MD/CEO Pius Mwendwa; KPC Board Chair, Mrs Faith Bett-Boinett; Ag. CFO Antony Ndegwa during the investor briefing for FY2026 financial performance.

Challenges we navigated

- We executed a landmark and closely scrutinized privatization transaction, which included a court challenge to the process that was ultimately dismissed. This was accomplished while simultaneously managing day-to-day operations without disruption to fuel supply;
- We faced a demanding macroeconomic backdrop characterized by elevated interest rates necessitating careful management of working-capital and treasury throughout the transaction period;
- We build, largely from a standing start, the governance, disclosure, and investor relations infrastructure required of an NSE-listed issuer, all within a compressed timeline dictated by the transaction schedule;
- We also had to consider longer-term competitive and structural risks arising from alternative transport routes and the pace of the global energy transition, when making our capital allocation decisions.

Priorities for the year ahead

Having successfully completed the listing, our priorities for FY2027 and beyond shift decisively from transaction execution to strategy delivery under Vision 2030:

- We intend to deliver our first full year of reporting as a listed issuer, which includs our maiden post-listing dividend, accompanied by disclosure and investor engagement practices that align with NSE and CMA best practices;
- We will progress capacity and integrity investments across the network, including continued evaluation of Mombasa–Nairobi corridor capacity, storage terminal upgrades, and leak-detection technology;
- We plan to scale our diversification businesses — Fibre Optic, laboratory services and the Morendat Institute of Oil and Gas – so that they can contribute more to the Company's revenue, in alignment with our Diversification and Growth pillar;
- We aim to deepen regional integration, by collaborating with Uganda, Rwanda, Burundi, DRC and other regional partners on cross-border product movement and corridor development;
- Lastly, we will continue to build our ESG disclosure and performance track record, and invest in the people, systems, and culture required to sustain our transformation into a market-disciplined, publicly accountable company.

Appreciation

I extend my sincere thanks to our Board of Directors for their steady guidance through an exceptionally demanding year; to our Management team and every member of staff whose professionalism kept the pipeline flowing safely throughout this transition; and to the National Treasury, the Capital Markets Authority, the Nairobi Securities Exchange, and our transaction advisors for their close partnership in bringing this listing to a successful conclusion.

To our new shareholders, the many thousands of Kenyan citizens and institutions who placed their trust and capital in this Company for the first time, thank you. We are conscious of our accountability to you, and our Management remains fully committed to delivering the operational excellence and long-term value creation that this trust demands.

Thank you.



PIUS MWENDWA
AG. MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER
KENYA PIPELINE COMPANY PLC



CFO Financial Review

Dear Shareholders,

I am pleased to present the financial review of Kenya Pipeline Company PLC for the fiscal year that ended on June 30, 2026.

Group financial highlights

Total revenue for the year closed at KShs 43.0 billion, delivering a profit for the year of KShs 11.58 billion and a net cash generated from operating activities of KShs 17.4 billion. These results reflect a business that remained operationally and financially strong even as the organisation absorbed the cost and management intensity of executing the largest capital markets transaction in Kenya in almost two decades.

KShs Revenue	**KShs** Profit for the year	**KShs** Net cash from operations	**Kshs** Earnings per share
43 Bn	11.6 Bn	17.4 Bn	0.64

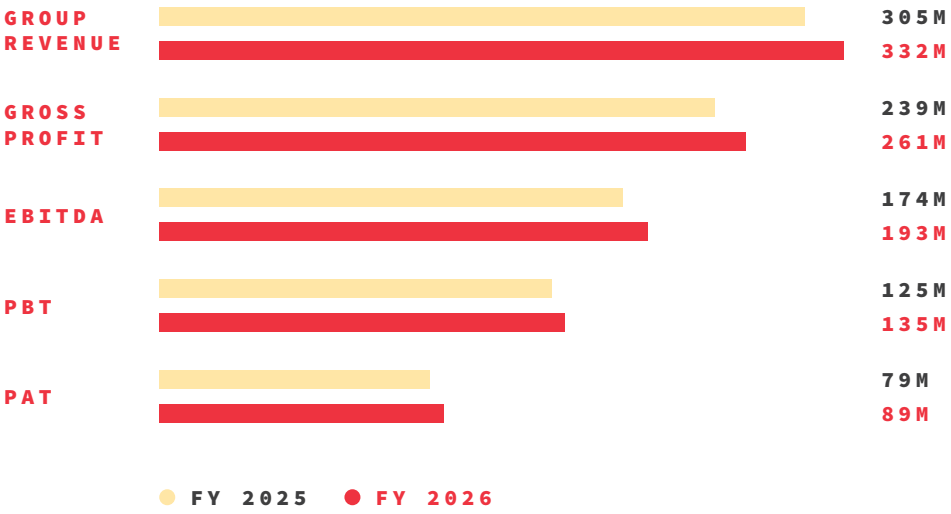
This year's financial results underscore not only our ability to maintain operational and financial strength under extraordinary circumstances but also our commitment to clarity and continuous improvement in financial reporting. Our disciplined approach to capital allocation allowed us to sustain investment in critical infrastructure, support ongoing growth initiatives, and implement a robust dividend policy for our new and more diverse shareholder base. These achievements would not have been possible without the dedication and adaptability of our team.

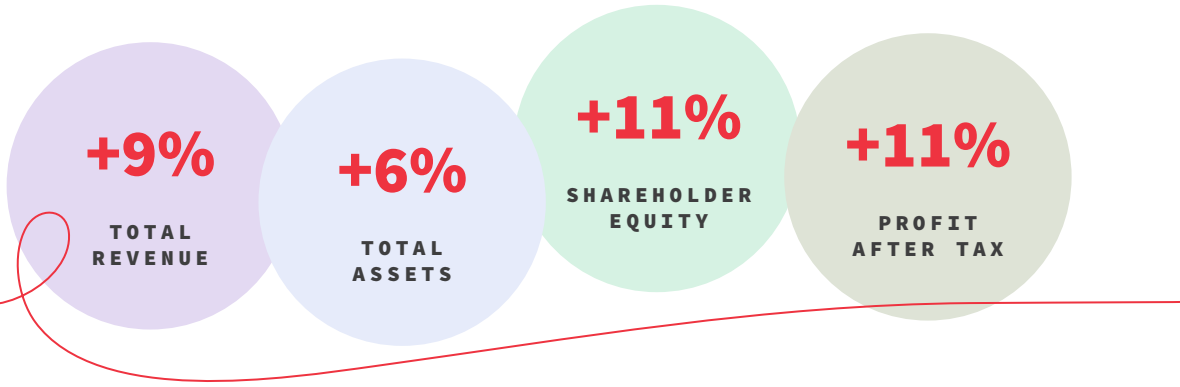


As we look to the future, we remain steadfast in our commitment to financial stewardship, transparency, and the continued delivery of value to all our stakeholders.

ANTONY NDEGWA
AG. CHIEF FINANCE OFFICER
KENYA PIPELINE COMPANY PLC







Revenue drivers

Our revenue base remains anchored in pipeline transportation tariffs charged on refined petroleum products transported from Mombasa to depots across Kenya and onwards to Uganda, Rwanda, and Eastern DRC. This is supplemented by storage and ancillary handling fees. Three key drivers shaped our performance during the year:

Local volumes	We sustained local demand for refined petroleum products, supported by population growth and increased economic activity in our local market. Pipeline utilisation remained stable throughout the year, despite periods of fluctuations in international fuel market price. Local volumes accounted for 49% of total volumes which manifested a 6% growth.
Transit volumes	Cross-border volumes destined for Uganda, Rwanda, South Sudan, and Eastern DRC continued to represent a significant share of throughput at 51%. This underscores KPC's role as a regional, not purely domestic, infrastructure provider. This aspect is now directly reflected in our shareholder register, following the participation of the Uganda National Oil Company and Rwandan investors in the IPO.
Diversification revenue	We saw early but growing contributions from our Fibre Optic Cable business and the Morendat Institute of Oil and Gas. While these remain small relative to our core pipeline tariffs, they are tracking ahead of internal expectations, and we expect an increased contribution under our Vision 2030 Diversification and Growth pillar.

Tariffs applied during the year continued to be set within the framework overseen by the Energy and Petroleum Regulatory Authority (EPRA).

Cost management

Cost discipline remained a priority throughout the year, balanced against the need for investment in system integrity and adequate resourcing for the listing process. Direct operating costs-including power, maintenance of pump stations and pipeline infrastructure, and depot operating expenses-were managed within budget through tighter procurement processes and a focus on preventive maintenance rather than reactive approaches.

During the year, direct costs went up by 8% driven by increased electricity expenses due to corresponding increase in throughput volumes, depreciation expenses and increased staff costs

Staff costs reflected a sustained investment in technical and safety training, alongside the change-management and capability-building programmes needed to prepare the finance, legal, company secretarial, and investor relations functions for the obligations of a listed issuer.

Balance sheet and capital allocation

The Initial Public Offering was structured as an Offer for Sale rather than a capital raise, preserving our balance sheet strength and ensured we are well positioned to leverage new funding options as we pursue regional expansion.

Total assets increased by 6% to Kshs 149.3 billion, mainly attributed to a 30% growth in current assets and a 3% increase in property, plant and equipment (PPE). This was as a result of capital projects to enhance operational efficiency.

Current assets increased by 30% to Kshs 30.1 billion, mainly due to a 74% year-on-year (YoY) increase in cash balances due to stronger cash reserves, increased debt collections, higher throughput, improved debt-recovery strategies.

Other non-current liabilities increased by 14% to Kshs 23.4 billion reflecting higher provisions for asset retirement obligations and lease liabilities.

Borrowings fell by 83% to Kshs 0.4 billion, primarily due to the Company's accelerated debt repayment.

Below is a summary of the performance of the Company

Margin	FY 2025-26	FY 2024-25	% Variance
Gross Margin	79%	79%	→ 0%
EBITDA	58%	57%	↑ 1%
EBIT	40%	41%	↓ -1%
PBT Margin	41%	41%	→ 0%
PAT Margin	27%	26%	↑ 1%
Return on Assets (ROA)	8%	8%	→ 0%
Return on Equity (ROE)	11%	10%	↑ 1%

Treasury management

Treasury management assumed new dimensions this year, reflecting the current currency environment and our expanded, regional shareholder base. Key areas of focus included:

- Foreign exchange risk: A significant share of our transit revenue from cross-border volumes is influenced by US dollar currency movements, while certain input costs and financing arrangements are tied to US dollar exposure.
- Liquidity management: The net cash generated from operating activities of KShs 17.4 billion reflects strong internal liquidity headroom throughout the transaction period, supporting both ongoing capital investment and transaction-related cash outflows without the need for additional short-term borrowing.

Financial outlook

As we approach FY2027, marking our first full financial year as a listed public company, our financial priorities are to normalise our cost base following the conclusion of transaction-related spending, delivering our inaugural full-year dividend under the Board's 50% payout policy, and establishing a consistent track record of transparent quarterly and annual disclosures that meet the expectations of our newly regional shareholder base.

We expect that underlying revenue will continue to be supported from stable throughput demand, alongside modest, yet growing contributions from our diversification businesses. We will continue to evaluate the optimal balance of internally generated cash flow, prudent gearing, and other financing options to fund the network capacity and integrity investments required to sustain KPC's role as the backbone of the region's petroleum supply chain.

Appreciation

I would like to extend my sincere appreciation to the Board of Directors for its oversight and invaluable guidance throughout this transformative year. I am equally grateful to our finance, treasury, and investor relations teams, whose adaptability and commitment to learning enabled us to rapidly build the capabilities required of a listed company. Thank you to our colleagues, whose collaboration was instrumental in meeting the new standards of transparency and reporting. We appreciate the support of our external partners, auditors, advisors, and regulators, whose expertise and professionalism helped us navigate the complexities of the IPO process.

Above all, I thank our shareholders for their trust and confidence during this period of significant change. As we look to the future, we remain steadfast in our commitment to financial stewardship, transparency, and the continued delivery of value to all our stakeholders.

Thank you.



ANTONY NDEGWA
AG. CHIEF FINANCE OFFICER
KENYA PIPELINE COMPANY PLC



Our Strategy and Value Creation





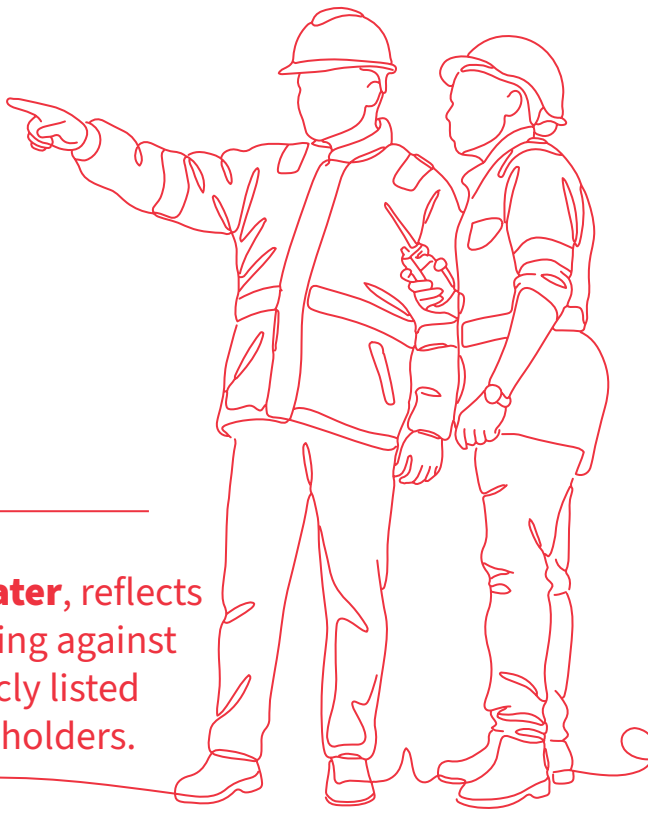
We anchor our strategy on our role as a vital supplier of national and regional energy infrastructure. For over fifty years, KPC has enabled the safe, reliable and cost-effective transportation, storage and distribution of petroleum products from the port of Mombasa to Kenya's hinterland and neighbouring markets. Today, KPC operates an integrated network of about 1,342 kilometres of pipeline, supported by strategic storage, loading and marine infrastructure across Mombasa, Nairobi, Nakuru, Eldoret, and Kisumu. This infrastructure positions KPC as the backbone of Kenya's energy logistics system and a key facilitator of regional energy security and economic activity.

From Vision 2025 to the Strategic Plan 2026–2030

KPC's current strategic direction leverages the successes and lessons learned from Vision 2025 and the Refocused Strategic Plan (RSP) to speed up from Vision 2025 and the Refocused Strategic Plan (RSP) to accelerate our repositioning for a better future. While Vision 2025 focused on consolidating business leadership, strengthening systems and processes, developing its people, and enhancing stakeholder relationships and corporate reputation, the RSP reinforces the need to align strategic priorities with market realities, improve execution, embed ESG considerations in business decisions, and diversify revenue sources beyond the traditional pipeline transportation business.

Vision 2025 was structured around five strategic pillars:

Business leadership	Consolidating our position in the Kenyan petroleum logistics market through service delivery and operational reliability
Geographic expansion	Extending that position into the wider Eastern Africa region through integrated midstream infrastructure and new market linkages.
People	Building a workforce capable of executing a regional and diversification agenda.
Systems and processes	Prioritising technology, automation and operational systems supporting efficiency, safety and scalability.
Image and reputation	Deepening stakeholder confidence in the company as a trusted national strategic asset.



The theme of the year, **Repositioning for Greater**, reflects our transition: from a state corporation delivering against a government performance contract to a publicly listed company accountable to a broad base of shareholders.

Looking ahead, KPC's 2026–2030 Strategic Plan positions us to consolidate our role as the regional petroleum logistics backbone while expanding selectively into commercially viable adjacent areas, including liquefied petroleum gas (LPG), digital infrastructure and broader midstream services. The strategy is aligned with Kenya Vision 2030, the Fourth Medium Term Plan, the Ministry of Energy and Petroleum strategy, and the Bottom-Up Economic Transformation Agenda, which is designed to enhance national energy security, strengthen Kenya's position as a regional logistics hub, support the transition to cleaner energy use, and create sustainable value for shareholders and wider stakeholders.

Our strategic pillars

Our approach is based on four interrelated pillars: diversification and growth, operational excellence, environmental, social, and governance performance, and people.



PILLAR 1
Diversification and Growth

Expanding revenue streams and positioning KPC for the energy transition.



PILLAR 2
Operational Excellence

Efficiency, reliability and digitisation across the network.



PILLAR 3
Environmental, Social and Governance (ESG)

Responsible stewardship and stakeholder value creation.



PILLAR 4

People

Talent, capability and productivity to deliver the strategy.

MILESTONE	WHAT WAS ACHIEVED	PILLAR
Operating performance	• Strong operating performance, recording an operating profit of KShs 17.21 Bn and an operating margin of 40%. • Increased administrative expenses by 3%, from KShs 10.01 Bn to KShs 10.37 Bn.	**Diversification and growth**
Transition to a listed company	• Transitioned from a private limited liability company into a public limited company. • Trading in the shares began on the Nairobi Securities Exchange's Main Investment Market Segment.	**Diversification and growth**
Approval of transportation and storage tariff	Secured the Energy and Petroleum Regulatory Authority's cost-of-service tariff assessment.	**Diversification and growth**
Uganda onboarding	KPC established Uganda in its infrastructure, including a pipeline extension review from Eldoret to Kampala, to create an end-to-end integrated system between the two markets.	**Diversification and growth**
Rwanda market expansion	Rwanda became a new market, and this boosted network volume.	**Diversification and growth**
South Sudan Government-to-Government arrangement	A government-to-government agreement with South Sudan increased supplies and diversified the supply chain.	**Diversification and growth**
System optimisation	• Loading and stock movement operations were strengthened. • Tank and pipeline systems were optimised, sustaining system availability above 90%.	**Operational excellence**
KPRL commercialisation	Commercialisation and business case development continued for KPRL assets.	**Diversification and growth**

MILESTONE	WHAT WAS ACHIEVED	PILLAR
Fibre optic expansion	• The fibre optic infrastructure expanded beyond the dark fibre leasing model that established the business. • Installation of fibre spur links to nine strategically located data centres across Nairobi and Mombasa. increased network accessibility for service providers and enterprise customers (hyperscalers, submarine cable operators, telecommunications companies, ISPs, and corporations). **Lit Fibre Infrastructure Development** In the last three months of the analysed fiscal year, KPC PLC started full-service testing before launching their Lit Fiber services to the public. The new offering will provide the market with a dependable, expandable, and low-cost way to connect, addressing the increasing demand for bulk bandwidth and data transmission services. **Dark Fibre Services Revenue Growth** Lease customers increased by approximately 43%. This growth translated into revenue of KES 378.6 million.	**Diversification and growth**
Sustainability foundations	A baseline greenhouse gas emissions assessment and a materiality assessment were completed, establishing the foundation for sustainability reporting and target setting. These are reported in sections 3.4 and 5.1.	**ESG**
Succession planning	Sustainability reporting and target setting start with baseline greenhouse gas emissions and materiality assessments. Sections 3.4 and 5.1 report this. A succession planning framework was developed for implementation in the following year.The framework will address one of the organisational challenges and is highlighted under the People section.	**People**
Productivity Mainstreaming	• The National Productivity and Competitiveness Centre (NPCC) carried out evaluation for FY 2025/2026. • The baseline Productivity Performance Index for FY 2023/2024 was 3.045—High Performance. • The Index rose to 3.965 in FY 2025/2026, indicating increased productivity and a performance-focused culture.	**People**
Signing of 2025–2029 Collective Bargaining Agreement	• The Employment and Labour Relations Court registered the CBA in February 2026, marking a major milestone in the Company's employee relations framework. • CBA basic pay arrears were paid in February 2026. • The June 2026 payroll settled salary review allowance arrears. • Increased employee pay and a new terms and conditions framework for 2025–2029.	**People**
Onboarding of Graduate Trainees	Onboarded 29 Graduate Trainees to boost its leadership pipeline and address its ageing workforce.	**People**
Welfare programs	302 staff participated in the breast cancer wellness sensitization and screening exercise, promoting early detection and preventive health practices.	**People**
Commemorated International Men's Day	Enhanced awareness of men's wellbeing and encouraged participation in conversations on men's health.	**People**

MILESTONE	WHAT WAS ACHIEVED	PILLAR
Clinical outreach for staff and dependants.	• Screened 151 people for non-communicable diseases (NCDs) in partnership with Metropolitan Hospital and Premier Hospital at KPC Embakasi Estate and Miritini Estate, Mombasa. • 51 people received oral-health screening services through Family Dental.	 **People**
To commemorate International Women's Day.	Promoted awareness and engagement around women's empowerment, inclusion and wellbeing under the theme, "Give to Gain.".	 **People**
Women's reproductive health talk,	Improved staff awareness and understanding of women's reproductive health and menopause-related well-being through a virtual talk facilitated by Dr. John Ongech.	 **People**
KPC INUKA Mentorship program	Reached 336 students at the Kenya Institute of Special Education (KISE), with presentations on "Responsible Choices and Healthy Boundaries", equipping the scholars with information on responsible decision-making and healthy personal boundaries.	 **People**
Wellness sensitization and medical screening	• Reached 76 staff and casual/support staff in PS28, Line I through sensitization and screening • 146 OMCs and drivers taken through sensitization and screening • 209 staff and casual/support staff went through mental-health awareness activities and conflict resolution. • Conducted mental-health "Don't Bottle It Up" awareness and wellness check-ups in PS25 and PS24 in partnership with The Nairobi Women's Hospital, and in PS27 in partnership with Eldoret Hospital for 84 staff and 250 OMCs and drivers. • Held a virtual men's health talk titled "The MAN-UP Culture: Is it Beneficial to Mental Health?", facilitated by Linus Oyugi, Clinical Psychologist at Chiromo Hospital Group. • Conducted mental-health awareness for 60 Administration Department staff during a team-building activity.	 **People**

This report provides further information on the execution of KPC's strategic priorities throughout its respective sections. Progress on diversification and growth is demonstrated in the financial statements, the Chairman's statement, and the Managing Director's review, which details financial performance, business growth, and strategic progress during the reporting period.

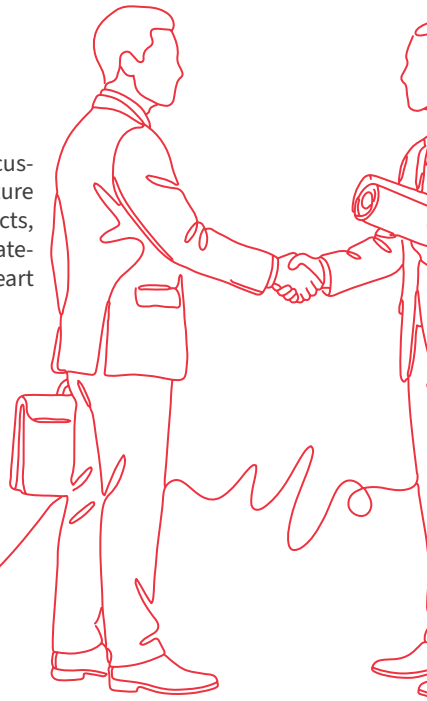
Updates relating to operational excellence are covered in the operational excellence and safety section, including asset reliability, operational efficiency, infrastructure resilience, and safety performance.

Progress under the ESG pillar is further discussed in the environmental stewardship section, particularly in relation to climate, emissions, energy management, spill prevention, resource management, and environmental protection. People-related initiatives are covered in the people and society section, including human capital development, diversity and inclusion, employment practices, community investment, and stakeholder impact.



KPC Staff during the Company of the Year (COYA) award ceremony where KPC was crowned 2025 Company of the Year among other awards.

Customer experience and service excellence



Our customers—including Oil Marketing Companies (OMCs), regional market customers, and customers of other revenue streams - rely on KPC's infrastructure and services for the transportation, storage and delivery of petroleum products, and other related services. Customer centricity is central to our Corporate Strategic Plan 2025–2030, reflecting our commitment to placing customers at the heart of our operations and decision-making.

Through the Diversification and Growth pillar, we are focused on strengthening customer relationships, transforming service delivery, enhancing responsiveness and operational agility, aiming at creating sustainable value across existing and emerging markets.

Customer engagement and feedback

We interact with our customers through supply coordination meetings, operational forums, and direct service channels. These engagements provide direct insight into customer priorities, including pipeline capacity, product availability, tariff considerations, service dependability, and prompt resolution of operational issues. We incorporate this feedback into our operational planning, infrastructure investment, and service-improvement initiatives.

During the reporting period, KPC hosted strategic dialogue with Oil Marketing Companies and industry stakeholders to discuss pipeline capacity utilisation, product availability, operational performance, and addressing evolving market demands. By transforming customer insights into actionable service enhancements, KPC continues to elevate service delivery and reinforce its standing as an agile, customer-centric logistics partner.

To guarantee prompt response and ongoing improvement, KPC ensures prompt responses and continuous improvement by addressing client questions, requests, and complaints through established customer service channels and escalation procedures. Insights from customer interactions help identify opportunities to improve turnaround times, real-time product tracking, and operational efficiency and innovation.

Quality assurance and operational excellence

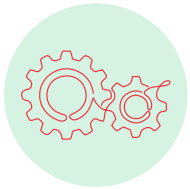
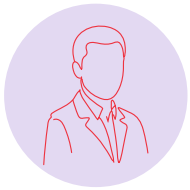
Uncompromising product integrity and quality throughout the transportation and storage process remain non-negotiable to maintain customer confidence. KPC continues to undertake rigorous laboratory testing, product quality monitoring and operational controls to ensure petroleum products meet required specifications before delivery to customers, which in turn secures commercial trust. This commitment to quality supports trust across the petroleum value chain and cements KPC's reputation as a premier logistics partner.

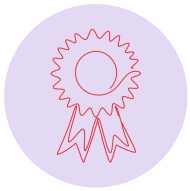
Digital transformation and customer convenience

We are steadily bolstering digital platforms and technology-enabled solutions as part of our operational excellence mission to increase customer access to information, boost productivity, and simplify service delivery. It is anticipated that investments in monitoring systems, digital integration platforms, and customer-facing technologies will improve visibility, responsiveness, and overall customer experience.

As we implement the Corporate Strategic Plan 2025-2030, KPC will continue to strengthen its customer-centric operations through infrastructure modernisation, process optimisation, digital transformation, and enhanced stakeholder engagement. Our objective is to offer safe, reliable, efficient, and responsive petroleum logistics solutions that create long-term value for our customers while promoting regional energy security and economic growth.

Business model and value chain

	INPUTS	OUTPUTS	OUTCOMES
Financial capital  The financial resources that enable us to operate, maintain, and expand Kenya's strategic petroleum infrastructure. These include shareholder equity, internally generated cash flows, access to public capital markets, and other sources of financing used to support infrastructure investments and long-term growth.	**Shareholders' funds:** KShs 119.33 Bn (FY2025: KShs 99.97 Bn). **Total assets:** KShs 149.27 Bn (FY2025: KShs 140.63 Bn). **Funding:** internally generated cash and access to public capital markets. **Strategic Plan investment:** approximately KShs 94.0 Bn.	**Revenue:** KShs 42.98 Bn (FY2025: KShs 39.5 Bn). **Profit before tax:** KShs 17.54 Bn (FY2025: KShs 16.17 Bn). **Profit after tax:** KShs 11.58 Bn (FY2025: KShs 10.30 Bn). **Earnings per share:** KShs 0.64 (FY2025: KShs 567).	Profit, tax contributions, and shareholder returns from a regulated, volume-driven business. Cash generation supports network integrity, capacity, and growth investment.
Manufactured capital  The strategic energy infrastructure used to transport, store, and load petroleum products across Kenya and the region, including pipelines, terminals, depots, pumping stations, loading facilities, and associated logistics assets.	**Pipeline network:** 1,342 km (FY2025: 1,342 km). **Storage capacity:** 1,138,324 m^3 across coastal and inland facilities. **Core infrastructure:** pumping and loading facilities, Kipevu Oil Terminal 2, Kipevu Oil Storage facility and Kisumu Oil Jetty. **Property, plant, and equipment:** KShs 94.40 Bn (FY2025: KShs 91.43 Bn). **Additional assets:** KPRL storage, pipeline and truck-loading assets, and fibre optic network	**Petroleum products transported and stored:** 10,611,391 m^3 (FY2025: 9,884,950 m^3) **Evacuation services:** road, rail, and marine loading. **Other output:** fibre optic capacity leased to telecommunications operators.	Reliable movement and storage of petroleum products for domestic and regional markets. Pipeline utilisation: 96.3% (FY2025: 94.3%); system availability remained above 90%.
Human capital  The skills, experience, leadership capability and technical expertise of our people, supported through continuous training and development programmes, including those provided by the Morendat Institute of Oil and Gas.	**Employees:** 1,377 (FY2025 reference: approximately 1,426, including 1,234 permanent employees). **Capability:** pipeline operations, engineering, quality, safety and support functions. **Training:** competency-based programmes through the Morendat Institute of Oil and Gas.	**Employee development:** technical and safety training. **Operational capability:** skilled teams supporting pipeline, storage, quality and loading operations. **Safety programmes:** workforce health and safety initiatives.	Employment, stronger technical skills and a safer working environment. **TRIFR (Total Recordable Injury Frequency Rate):** 12.73 (FY2025: 2.54); **LTIFR (Lost Time Injury Frequency Rate):** 0 (FY2025: 0.28); no fatalities recorded in FY2025.

	INPUTS	OUTPUTS	OUTCOMES
Intellectual capital  The systems, technology, licences, operational expertise, and institutional knowledge that enable the safe, efficient and secure operation of our petroleum logistics network.	**Experience:** pipeline operations since February 1978. **Operating systems:** SCADA, SAP, and FuelFACS. **Monitoring and automation:** leak and intrusion detection, mass flow metering, automated tank gauging, and truck loading. **Management systems:** ISO 9001, ISO 14001, ISO 45001, and ISO 17025. **License:** Tier 2 Network Infrastructure License	**Controlled operations**: pipeline monitoring, stock management, and fuel accounting. **Quality assurance:** accredited petroleum testing. **Automation:** metering, tank gauging, and truck loading. **Diversification:** leasing surplus fibre capacity.	Consistent, safe and reliable operations supported by experience, technology and certified systems. ISO certifications maintained; Overall statutory and compliance performance rated satisfactory.
Social and relationship capital  The trust-based relationships we maintain with customers, shareholders, regulators, communities, and regional partners that support reliable energy supply and long-term value creation.	**Customer relationships:** Transportation Service Agreements with Oil Marketing Companies **Stakeholders:** shareholders, regulators, and communities along the pipeline corridor. **Geographic reach:** 14 counties and regional relationships in Uganda, Rwanda, Burundi, the DRC and South Sudan. **Engagement:** stakeholder and community investment programmes.	**Energy supply:** petroleum products delivered to domestic and regional markets. **Engagement:** customer and regulatory engagement. **Community value:** community investment initiatives. **Total tax contribution:** FY 26: 11.5 Bn, FY 25: 6.3 Bn	Reliable energy supply supports Kenya and regional economies. Community benefits along the pipeline corridor; customer satisfaction exceeded target in FY2025/26.
Natural capital  The natural resources and environmental systems that support our operations, including energy, water, and land, which we are responsible for managing efficiently and protecting for future generations.	**Energy:** electricity and fuel for pumping and facilities. **Water:** operational, domestic, and firefighting use. **Land:** pipeline corridor, depots, and terminals.	**Greenhouse gas emissions:** 34,168 tCO_2e (FY2025 baseline: 31,459 tCO_2e). **Other outputs:** waste transferred to licensed contractors. **Environmental action:** monitoring, spill prevention, restoration, and tree planting.	Operational impacts are managed through monitoring, treatment, restoration, and conservation. Restoration: 100 hectares and 329,894 trees/seedlings (FY2025: 170 hectares and 1,046,996 trees/ seedlings).

Material matters

To determine and rank the sustainability issues that are most important to KPC and its stakeholders, KPC used a double-materiality approach. This approach considered both impact materiality and financial materiality. Impact materiality assessed the actual and potential effects of KPC's activities, operations, and business relationships on people, communities, and the environment. Financial materiality assessed how sustainability-related matters could affect KPC's ability to generate cash flows, protect enterprise value, and create value over the short, medium, and long term.



1

Identify stakeholder-informed SROs

Sustainability risks and opportunities were identified through stakeholder engagements and informed by stakeholder expectations, operational context, and emerging sustainability risks.

2

Corroborate against external benchmarks

Topics were compared against global industry best practices and peer organisations in matters of energy, pipeline, logistics and midstream operations.

3

Test against internal context

Topics were reviewed against KPC's internal risk register, strategic objectives, customer survey report, and SASB Oil & Gas – Midstream Standard.

4

Apply a double materiality lens

Each topic was assessed from the perspectives of impact and financial materiality.

5

Rank and deliberate

KPC's Executive Committee ranked the topics based on stakeholder impact and financial impact using a structured scoring scale.

6

Validate priority topics

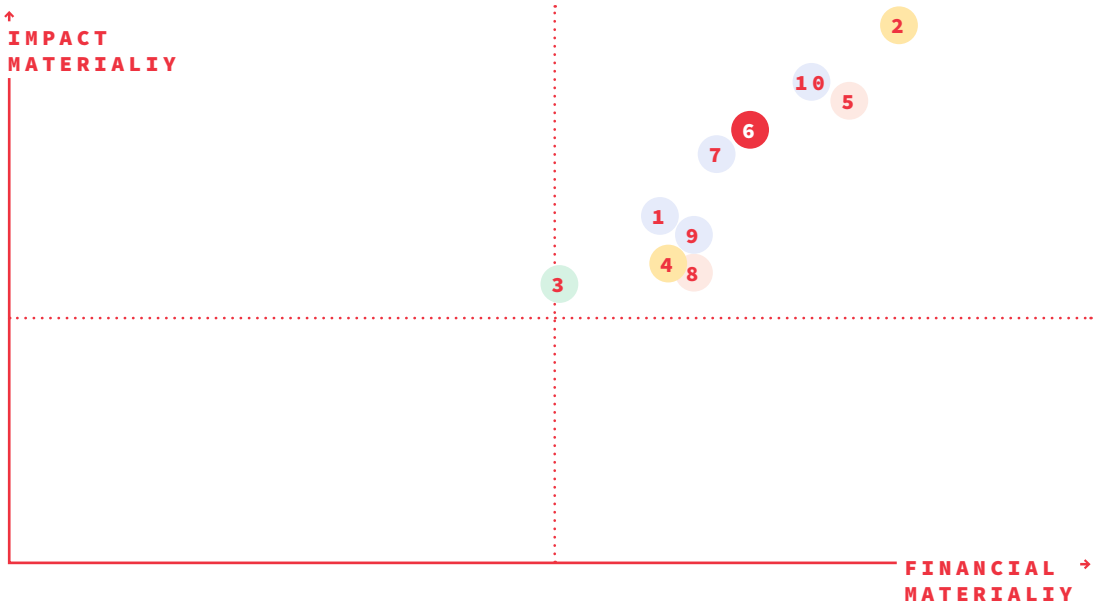
The results were plotted on KPC's double materiality matrix, confirming the final priority topics for reporting and management attention.

7

Link to reporting and KPIs

KPIs were mapped to the material topics and applicable sustainability standards, obtaining Board approval and aligning disclosures with the identified topics.

Our material matters represent the issues that have the greatest potential to influence our ability to create, preserve, or erode value over the short, medium, and long term. These matters are shaped by KPC's operating context, strategic priorities, stakeholder expectations, regulatory obligations, risk profile, and our role as a strategic national and regional energy logistics infrastructure provider.



PEOPLE
GOVERNANCE
OPERAIONAL EXCELLENCE AND SAFETY
ENVIRONMENTAL STEWARDSHIP
SOCEITAL IMPACT

1
Spills, leaks and local environmental impacts, including soil, water and air impacts

2
Asset integrity, pipeline and terminal safety, and critical incident management

3
Ethics, anti-corruption, transparency and regulatory compliance

4
Occupational health, safety and wellbeing

5
Local communities, land and resource rights

6
Employment practices, labour rights, and human rights

7
Climate change, GHG emissions and energy transition

8
Economic contribution, service reliability and local value creation

9
Biodiversity and ecosystem protection around infrastructure

10
Water use, effluent quality and waste management

MATERIAL TOPIC	THEMATIC AREA	POSITIVE IMPACT	NEGATIVE IMPACT	RISKS	OPPORTUNITIES
Climate change, GHG emissions, and energy transition	**Environmental stewardship**	Supports emissions reduction, energy efficiency, and long-term resilience.	Continued reliance on fossil fuel logistics contributes to emissions and transition exposure.	Policy shifts, carbon regulation, reduced petroleum demand, and reputational pressure.	LPG growth, energy efficiency, renewable energy use, lower-carbon logistics, and new energy infrastructure.
Spills, leaks, and local environmental impacts	**Environmental stewardship**	Strong controls protect ecosystems, communities, assets, and license to operate.	Spills may contaminate soil, water, and air, affecting communities and biodiversity.	Product loss, remediation costs, legal claims, regulatory penalties, and reputational damage.	Improved leak detection, preventive maintenance, emergency response, and stakeholder trust.
Water use, effluent quality, and waste management	**Environmental stewardship**	Efficient resource use reduces environmental footprint and operating costs.	Poor waste or effluent management may affect water quality and community health.	Non-compliance, pollution incidents, cleanup costs, and community complaints.	Waste reuse, circularity, water efficiency, and stronger environmental compliance.
Biodiversity and ecosystem protection around infrastructure	**Environmental stewardship**	Restoration and protection initiatives support ecosystem resilience and community goodwill.	Infrastructure and incidents may disturb habitats, vegetation, and sensitive ecosystems.	Biodiversity loss, right-of-way conflicts, regulatory action, and reputational damage.	Mangrove restoration, tree planting, biodiversity partnerships, and nature-based solutions.
Asset integrity, pipeline and terminal safety; critical incident management	**Operational excellence and safety**	Reliable infrastructure supports energy security, customer service, and operational continuity.	Asset failure can cause supply disruption, spills, safety incidents, and financial loss.	Pipeline failure, terminal incidents, equipment obsolescence, downtime, and emergency events.	Predictive maintenance, automation, modernisation, improved reliability, and higher throughput.



MATERIAL TOPIC	THEMATIC AREA	POSITIVE IMPACT	NEGATIVE IMPACT	RISKS	OPPORTUNITIES
Occupational health, safety, and wellbeing	**Operational excellence and safety**	Safe workplaces improve productivity, morale, and operational discipline.	Weak safety controls may lead to injuries, fatalities, illness, or workforce disruption.	Workplace accidents, contractor incidents, regulatory sanctions, and litigation.	Safety culture, training, wellness programmes, and reduced downtime.
Local communities, land, and resource rights	**Societal impact**	Strong community relations support social license to operate, and project continuity.	Poor engagement may create grievances, land disputes, and mistrust.	Right-of-way encroachment, community opposition, project delays, and reputational harm.	CSI programmes, local development, emergency support, and stronger community partnerships.
Economic contribution, service reliability, and local value creation	**Societal impact**	KPC supports energy security, regional trade, employment, taxes, and local procurement.	Service disruptions may affect customers, fuel supply, and economic activity.	Loss of market share, customer dissatisfaction, regional competition, and supply disruptions.	Regional market growth, service excellence, diversification, and local supplier development.
Employment practices, labour rights, and human rights	**People**	Fair employment supports retention, capability, performance, and inclusive growth.	Poor practices may affect morale, productivity, labour relations, and reputation.	Gaps in skills, loss of key staff, labour disputes, well-being concerns, and compliance failures.	Talent development, succession planning, DEI, leadership development, and employee engagement.
Ethics, anti-corruption, transparency, and regulatory compliance	**Governance**	Ethical conduct strengthens trust, governance, accountability, and investor confidence.	Weak controls may enable fraud, corruption, non-compliance, and loss of stakeholder trust.	Litigation, sanctions, procurement irregularities, audit issues, and reputational damage.	Stronger controls, transparent reporting, IPO readiness, and improved stakeholder confidence.



Stakeholder engagement

Our ability to create, preserve, and protect value relies on the quality of the relationships we maintain with stakeholders throughout our value chain. As a national strategic energy infrastructure company, our operations are intricately linked to Kenya's energy security, regional petroleum logistics, customer service, regulatory compliance, environmental stewardship, employee capability, supplier performance and community wellbeing. Therefore, we maintain a structured stakeholder engagement framework that fosters transparent, proactive, and mutually beneficial relationships with the parties that influence, or are impacted by our operations.

We identify and engage stakeholders according to their relationship to our operations, their potential exposure to our effects, and their influence on our capacity to deliver safe, reliable and responsible energy logistics services. Our structured stakeholder engagement approach maintains a continuous stakeholder-to-strategy process that supports trust-building, responsiveness, improved service delivery, and long-term value creation. This enables us to understand stakeholder needs and expectations, identify emerging risks and opportunities, respond to concerns, and incorporate stakeholder feedback into both operational and strategic decision-making.

STAKEHOLDER GROUP	RELEVANT THEMATIC AREAS	CAPITALS IMPACTED	STRATEGIC LINK

Oil marketing companies and customers

HOW WE ENGAGE
Transport storage agreements, customer forums, depot-level engagements, product availability updates, vessel scheduling meetings, supply coordination meetings, customer satisfaction surveys, and issue-resolution meetings.

STAKEHOLDER NEEDS AND EXPECTATIONS
Reliable transportation and storage, timely product availability, fair infrastructure access, efficient loading, transparent tariffs, service quality, and timely issue resolution.

HOW WE RESPONDED
Continued operational coordination with OMCs, customer engagements, product movement approvals, service improvement initiatives, and system-enabled customer interfaces.

Societal impact
Governance
Operational excellence and safety

Manufactured, financial, intellectual, social, and relationship capital.

Diversification and growth

Government, regulators, and oversight institutions

HOW WE ENGAGE
Formal reporting, licensing, tariff submissions, inspections, audits, regulatory filings, policy consultations, parliamentary oversight, and direct engagements.

STAKEHOLDER NEEDS AND EXPECTATIONS
Energy, security, regulatory compliance, fair access, approved tariff implementation, environmental and safety compliance, governance, transparency, and public accountability.on.

HOW WE RESPONDED
Maintained compliance with regulatory obligations, engaged oversight bodies, supported national petroleum logistics priorities, and prepared for enhanced IPO-related disclosure expectations.

Operational excellence and safety
Societal impact

Manufactured, financial, intellectual, social, and relationship capital.

Diversification and growth

STAKEHOLDER GROUP	RELEVANT THEMATIC AREAS	CAPITALS IMPACTED	STRATEGIC LINK
Employees **HOW WE ENGAGE** HR processes, performance management, staff communication, training, wellness programmes, HSE briefings, integrity training, induction, and leadership engagements. **STAKEHOLDER NEEDS AND EXPECTATIONS** Safe working environment, fair employment practices, career growth, training, wellbeing support, effective communication, tools to perform, and ethical leadership. **HOW WE RESPONDED** Continued training, HSE awareness, performance management, staff welfare programmes, wellness initiatives and capability-building through MIOG.	**Societal impact** **Operational excellence and safety** **Environmental stewardship**	Human, intellectual, manufactured, social and relationship capital.	**People**
Communities and society **HOW WE ENGAGE** KPC Foundation programmes, community forums, public sensitisation, right-of-way engagement, environmental restoration projects, emergency response initiatives, and CSI programmes. **STAKEHOLDER NEEDS AND EXPECTATIONS** Safe operations, environmental protection, incident response, community development, education, health, water, empowerment support, and transparent communication. **HOW WE RESPONDED** Implemented community investment programmes in education, health, water, empowerment, environmental restoration, and emergency support.	**Societal impact** **Governance** **People**	Social and relationship, natural, human and financial capital.	**ESG**
Suppliers and business partners **HOW WE ENGAGE** Supplier registration, tendering, procurement processes, contract management, supplier appraisals, project meetings, online supplier systems, and performance reviews. **STAKEHOLDER NEEDS AND EXPECTATIONS** Fair and transparent procurement processes, clear contract requirements, timely communication, ethical conduct, payment processes, equal opportunity, and feedback. **HOW WE RESPONDED** Applied procurement principles of fairness, equity, transparency, competitiveness, and cost-effectiveness, while using digital supplier systems and supplier appraisals.	**Governance** **Societal impact** **Operational excellence and safety**	Financial, manufactured, intellectual, social, and relationship capital.	**ESG**

STAKEHOLDER GROUP	RELEVANT THEMATIC AREAS	CAPITALS IMPACTED	STRATEGIC LINK
Transporters **HOW WE ENGAGE** Depot-level communication, loading process updates, safety briefings, operational coordination, issue-resolution meetings, and customer service channels. **STAKEHOLDER NEEDS AND EXPECTATIONS** Efficient depot operations, reduced truck turnaround times, safe loading facilities, clear access procedures, reliable product availability information, and timely issue resolution. **HOW WE RESPONDED** Continued depot-level coordination and operational engagements to improve loading efficiency, resolve bottlenecks, and support safe product evacuation.	**Societal impact** **Operational excellence and safety** **Governance**	Manufactured, financial, social and relationship capital.	**Operational excellence**
Strategic partners **HOW WE ENGAGE** Bilateral meetings, technical consultations, project coordination forums, memoranda of understanding, sector engagements, and joint implementation arrangements. **STAKEHOLDER NEEDS AND EXPECTATIONS** Alignment on shared objectives, effective coordination, timely decision-making, technical collaboration, capacity building, and mutual value creation. **HOW WE RESPONDED** Collaborated with partners to support infrastructure development, market growth, technical capability, training, and regional petroleum logistics priorities.	**Societal impact** **Governance** **Operational excellence and safety**	Social and relationship capital, manufactured, intellectual, and financial capital.	**Diversification and growth**
Other revenue-stream customers **HOW WE ENGAGE** Service-specific communication, contractual arrangements, customer feedback mechanisms, technical support channels, and operational engagements. **STAKEHOLDER NEEDS AND EXPECTATIONS** Reliable service delivery, technical quality, responsiveness, service continuity, transparent pricing, and value for money. **HOW WE RESPONDED** Supported fibre optic, LPG, Morendat Institute of Oil and Gas and laboratory service customers through structured engagement and service support.	**Operational excellence and safety** **Societal impact**	Financial, intellectual, manufactured, social and relationship capital.	**Diversification and growth**

STAKEHOLDER GROUP	RELEVANT THEMATIC AREAS	CAPITALS IMPACTED	STRATEGIC LINK

Shareholders and investors

HOW WE ENGAGE
Shareholder reporting, financial statements, Board reporting, dividend processes, budgetary oversight, investor communication, market disclosures and AGMs post-listing.

STAKEHOLDER NEEDS AND EXPECTATIONS
Sustainable returns, dividends, transparent reporting, good governance, risk management, capital discipline, minority shareholder protection, and long-term growth.

HOW WE RESPONDED
Strengthened governance, reporting and disclosure readiness in preparation for public listing and broader shareholder engagement.

Societal impact
Operational excellence and safety
Environmental stewardship

Financial, manufactured, intellectual, social and relationship capital.

Diversification and growth

Export market, Governments and regional stakeholders

HOW WE ENGAGE
Government-to-Government engagements, ministry-led coordination, regional forums, bilateral meetings, market visits, technical meetings, and operational coordination.

STAKEHOLDER NEEDS AND EXPECTATIONS
Reliable regional supply, efficient transit processes, competitive logistics, cross-border coordination, energy security, and regional integration.

HOW WE RESPONDED
Continued regional stakeholder engagements to support petroleum logistics, transit market growth, cross-border coordination, and regional energy security.

Societal impact
Governance
People

Manufactured, financial, intellectual, social, and relationship capital.

Diversification and growth



Effective stakeholder engagement supports operational continuity, transparency, and accountability, while helping us manage the economic, environmental and social effects associated with petroleum logistics infrastructure. Additionally, it enables us to uphold our social license to foster trust, operate, and collaborate with stakeholders to improve safety, environmental protection, and service delivery across the petroleum supply chain.


OUR
GOVERNANCE



Governance framework

Kenya Pipeline Company PLC (formerly Kenya Pipeline Company Limited) operated as a state corporation until 10th March 2026 when its shares were listed on the Nairobi Securities Exchange (NSE). Following the listing), the Company's status changed to a Public Listed Company and resulted in the reduction of the Government of Kenya's shareholding from 100% to 35%. Accordingly, during the period under review, the Company operated as a State Corporation for the greater part of the year (slightly over eight months) and as a Public Listed Company for slightly under four months. The listing marked a significant milestone in the Company's governance journey.

Corporate governance is a critical enabler of KPC's repositioning for greater value, resilience, and long-term impact. It provides the framework through which the Board and Management exercise accountability, make strategic decisions, manage risks, and ensure compliance with applicable laws and regulations. As KPC continues to evolve in its role as a strategic national infrastructure operator, strong governance enables the company to translate its mandate and strategic priorities into responsible decisions and sustainable outcomes. Through transparency, ethical conduct, and responsible stewardship of resources, KPC continues to strengthen stakeholder confidence while protecting the company's long-term viability.

An active Board of Directors, Board Committees, robust internal controls, and integrated risk management processes reinforce this governance foundation. Together, these mechanisms strengthen oversight and enable KPC to respond with agility to emerging opportunities and challenges while balancing the interests of shareholders, customers, employees, regulators, and the communities we serve. In this way, governance is not only a control mechanism, but also an important enabler of informed decision-making, operational resilience, and sustainable value creation.

As KPC repositions for greater growth and impact, effective governance also remains fundamental to safeguarding the national infrastructure entrusted to the company and delivering our mandate with integrity and accountability. During the transition period, KPC's governance was guided by the Companies Act, the State Corporations Act, the Board Charter, and the Mwongozo Code of Governance for State Corporations. Following the listing, the company's governance framework evolved further, aligning with its internal policies and the enhanced regulatory and governance requirements applicable to a listed entity.



Board of directors profiles

Faith Bett-Boinett (Mrs)

BOARD CHAIRMAN



Age	47
Appointed Chairperson	23 December 2025
Duration	3 years
Academic Qualification	Bachelor of Law (LLB)
Profession	Advocate of the High Court of Kenya

Mrs. Faith Bett-Boinett is a lawyer by profession with expertise in Legal Risk and Compliance, Governance, Public Financial Management, Human Resources, Public Sector Strategic Partnership and Alliances. She is also an educator with over 20 years working experience in the public and private sectors.

Besides chairing the Board of KPC Plc, Mrs Boinett also sits on the Governing Council of the National Infrastructure Fund.

She is the Managing Partner at Boinett & Bett Co. Advocates. In her 20 years of experience, she had direct involvement in management of several Semi-Autonomous Government Agencies (SAGAs) and Higher Education institutions as Director on the Board of Management for state corporations. Previously, she has served on the Boards of Nyayo Tea Zones Development Corporation, Moi Girls High School, Eldoret and the Privatization Commission. In these roles, she has provided strategy formulation and implementation oversight on statutory obligations, policies, practices and processes that direct and control public and private sector organizations.

She has good understanding and interpretation of the Kenya's Constitution and various Acts including good abilities in litigation, conveyance, pleadings, statutory drawings and Alternative Dispute Resolution (ADR), Company Laws, Employment Act 2007, Occupational Safety and Health Act 2007, Labour Institutions Act, Labour Relations Act 2007 and WIBA 2007 amongst others. Faith is a member of FIDA and a champion of women's rights and those who are disadvantaged. Her law firm has been ranked among the best-performing law firms in fighting for children's and women's rights.

Pius Mwendwa

AG. MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER



Age	54
Appointment	23 December 2025
Academic Qualification	Master's Degree in Commerce, BCoM Finance
Profession	Accountant

Mr. Pius Mwendwa is the Acting Chief Executive Officer & Managing Director of Kenya Pipeline Company PLC. Previously, Mr. Mwendwa served as the General Manager (Finance), where he oversaw Finance & Accounts, Revenue & Commercial Services, and Information, Communications and Technology (ICT) functions. He joined Kenya Pipeline Company in August 2010 as Chief Accountant and has also served as Corporate Finance Manager. Before joining KPC, he worked at Nation Media Group (NMG) for over ten (10) years in various capacities, rising to the position of Group Management Accountant. Mr. Mwendwa holds a Master of Commerce and a Bachelor of Commerce (Finance). He is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Mr Mwendwa possesses a passion for robust systems and processes and is a firm believer in going beyond finance to drive the overall performance of the organization.

Dr. Ramathan Ggoobi

PERMANENT SECRETARY, MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT – UGANDA

NON-EXECUTIVE DIRECTOR



Age	48
Appointment	28 June 2026
Academic Qualification	PhD Economics, MA, BA Economics
Profession	Economist

Dr. Ramathan Ggoobi is an economist, academic and public policy leader with extensive experience in macroeconomic policy, public financial management, development economics and economic advisory. He currently serves as Permanent Secretary and Secretary to the Treasury at Uganda's Ministry of Finance, Planning and Economic Development.

Dr. Ggoobi holds a Doctor of Philosophy in Economics from Nelson Mandela University, South Africa; a Master of Arts in Economic Policy and Planning from Makerere University; and a Bachelor of Arts in Economics from Makerere University. He has also undertaken executive education and specialized training at institutions including Harvard Kennedy School and Columbia University.

Dr. Ggoobi previously served as Senior Presidential Advisor on the National Economy, Director of Economic Affairs at Operation Wealth Creation, Senior Lecturer in Economics at Makerere University Business School, and Head of the Makerere University Business School Economic Forum.

He currently holds several board roles, including Chairperson of the Board of the East African Development Bank, Chairperson of the Economic Policy Research Centre, Chairperson of Uganda Energy Credit Capitalization Company, Board Member of the Bank of Uganda, and Non-Executive Director of the National Social Security Fund.

Eng. Irene Pauline Bateebe

PERMANENT SECRETARY, MINISTRY OF ENERGY AND MINERAL DEVELOPMENT – UGANDA

NON-EXECUTIVE DIRECTOR



Age	44
Appointment	28 June 2026
Academic Qualification	Master's Degree
Profession	Engineer

Ms. Irene Pauline Bateebe is a senior public sector leader with over 20 years of experience in the energy, mining and petroleum sectors. Her experience covers infrastructure financing, project structuring, policy and regulatory development, renewable energy, petroleum infrastructure and institutional reform. Ms. Bateebe holds a Master of Science in Sustainable Energy Engineering from the Royal Institute of Technology, Stockholm, Sweden; a Master of Science in Refinery Design and Operation from the University of Manchester, United Kingdom; and a Bachelor of Science in Chemical and Process Engineering from the University of Dar es Salaam, Tanzania. She has also undertaken executive leadership training at the Blavatnik School of Government, University of Oxford.

Ms. Bateebe currently serves as Permanent Secretary in the Ministry of Energy and Mineral Development, Government of Uganda. She has served as a Board Member of the Uganda National Oil Company and the Uganda Energy Credit Capitalization Company, and as Chairperson of the Board of Directors of Uganda Refinery Holding Company.

Eng. Meshack Otieno Kidenda, MBS, HSC



NON-EXECUTIVE DIRECTOR

Age	70
Appointment	28 June 2026
Academic Qualification	MSC, BSC (Civil Engineering)
Profession	Engineer

Meshack Otieno Kidenda MBS, HSC is an experienced engineer and public sector leader with more than four decades of experience in infrastructure development, transport engineering, public administration and corporate governance. He holds a Bachelor of Science in Civil Engineering from the University of Nairobi and a Master of Science in Traffic Engineering from the University of Birmingham, United Kingdom.

He is a Registered Consulting Engineer with the Engineers Board of Kenya, a Fellow of the Institution of Engineers of Kenya, and a Member of the Chartered Institute of Arbitrators. He joined the Government of Kenya's Roads Department in 1979 and rose through various engineering and leadership roles, including Chief Engineer Roads.

He later served as Director of Industrial Training from 2000 to 2008 and as the first Director General of the Kenya National Highways Authority from 2008 to 2014. He retired from public service in June 2016.

Mr. Kidenda has served on several boards and governing councils, including the Kenya Advanced Institute of Science and Technology, The Kisumu National Polytechnic, National Transport and Safety Authority, Infrastructure Development Advisory Services, Wigot Gardens Hotel, St. Albert's Girls High School and the Institute for Transportation and Development Policy, Africa.

Hon. Christopher Odhiambo Karani



INDEPENDENT DIRECTOR

Age	54
Appointment	23 May 2025
Academic Qualification	Bachelor of Business Management (Human Resource)
Profession	Former Member of Parliament |Business & Logistic Executive

Mr. 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.

Mr 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.

Mutungwa Wambua

INDEPENDENT DIRECTOR



Age	42
Appointment	18 August 2023
Academic Qualification	BA (Human Resource Management) Dip. in Information Technology, Dip. Human Resource Management
Profession	Human Resource/ IT

Mr. Mutungwa Wambua 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 has 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 in 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 oversees administration and marketing. He is a Director and CEO of Wavenet Systems Ltd, a start up company and is versatile in logistics.

Martha Miano

INDEPENDENT DIRECTOR



Age	35
Appointment	7 March 2025
Academic Qualification	Bachelor of Arts, Mass Media & Communication
Profession	Public Communications Specialist

Ms.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 Deputy President of Kenya, 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 in Mass Media and Communication from Mt. Kenya University. She is adept at grassroots engagement, media outreach, and strategic communication roles. She previously served as Executive Communications Officer at the Nyeri Town CDF Office and as Media Liaison/Communications Officer at Mathira CDF office, 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 executed performance targets. Her background also includes hospitality and administrative experience at Leadway Hotel and Destiny Park Hostels. Martha is known for her self-driven leadership, collaborative mindset, and deep commitment to community development. She believes strongly in continuous personal growth, team synergy, and the power of digital platforms to drive public transformation.

Joyce Emanikor

INDEPENDENT DIRECTOR



Age	69
Appointment	18 August 2023
Academic Qualification	Masters in development studies, BA in Community Development & Peace studies
Profession	Community Development

Mrs. Joyce Emanikor is a development specialist with bias in Education and Environment. She is the holder of an MA in Development Studies, a BA 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.

She previously worked 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 contribution to development in Turkana.

Irene Wachira

INDEPENDENT DIRECTOR



Age	50
Appointment	18 August 2023
Academic Qualification	B.A. (Psychology & Economics), PMP, GSRE
Profession	Operations Management

Ms. Irene W. Wachira is a seasoned corporate strategist and leader with two decades of experience in corporate strategy, finance, business development, and compliance. Her career highlights include her role as CEO of The Croft (K) Ltd., a Nairobi-based real estate development company, as Operations Manager with BP North America, and as a Financial Intelligence/Compensations Executive with Citi Group in New York, among other functions.

Irene's competencies span across board governance, corporate strategy, financial analysis, budgeting, project management, risk management, and regulatory compliance. She is known for her ability to drive change, build strong teams, and maintain stakeholder relations. Irene holds a B.A. in Psychology with a Minor in Economics and is a certified Project Management Professional (PMP), GSRE, and AML Compliance specialist.

Samson Kipkemboi Burgei

ALTERNATE DIRECTOR TO THE CABINET SECRETARY, NATIONAL TREASURY AND ECONOMIC PLANNING

NON-EXECUTIVE DIRECTOR



Age	60
Appointment	28 June 2026
Academic Qualification	BA (Economics)
Profession	Economist

Mr. Samson Kipkemboi Burgei is a public sector finance professional with more than three decades of experience in public financial management, central banking, treasury operations, policy advisory and strategic communications. He holds a Bachelor of Arts degree in Economics from the University of Nairobi and has undertaken trainings in trustee development, enterprise risk management, currency and vault management, central banking communication, monetary policy, and Anti-Money Laundering and Combating the Financing of Terrorism regulatory frameworks.

Mr. Burgei currently serves as Technical Advisor, Treasury Cash Management, at the National Treasury, where he advises on implementation of the Treasury Single Account system, cash flow forecasting, government liquidity management, intersection between exchequer operations, domestic borrowing requirements and capacity building for National Treasury staff. Before joining the National Treasury, he held senior roles at the Central Bank of Kenya, including Head of Currency Services and Custodian, Manager of Vault Services and Co-Custodian, Head of Communications Division, and Personal Assistant to the Governor.

Mr. Burgei has also held governance and community leadership roles, including Chair of Dorcas Aid Kenya, Alternate to the Principal Secretary, National Treasury, on the Board of the Kenya Plant Health Inspectorate Service, Trustee of the Central Bank of Kenya Pension Fund, and Board Member of Dorcas Aid International.

CPA Ronald Kenyanya Nyamosi

ALTERNATE DIRECTOR TO THE MANAGING TRUSTEE/CEO, NATIONAL SOCIAL SECURITY FUND OF KENYA

NON-EXECUTIVE DIRECTOR



Age	50
Appointment	28 June 2026
Academic Qualification	MA, BCoM (Accounting)
Profession	Accountant and Investment Specialist

Mr Kenyanya Nyamosi is a finance, investment and governance professional with more than two decades of experience in financial management, investment oversight, insurance, pension fund management, treasury operations, risk management and corporate strategy. Mr. Nyamosi currently serves as General Manager, Finance and Investments, at the National Social Security Fund of Kenya, where he provides strategic direction for financial management, investment operations and the Fund's property portfolio.

He previously held senior finance and investment roles in the insurance sector, including Associate Director, Finance, at Equity Life Assurance; General Manager, Finance and Administration, at Liberty Life Assurance Company Limited; Assistant General Manager, Finance, at ICEA Lion Life Assurance Company Limited; and Chief Financial Officer roles within Jubilee group companies in Tanzania and Uganda.

Mr. Nyamosi holds a Master of Business Administration in Strategic Management and a Bachelor of Commerce in Accounting from Kenyatta University. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya.



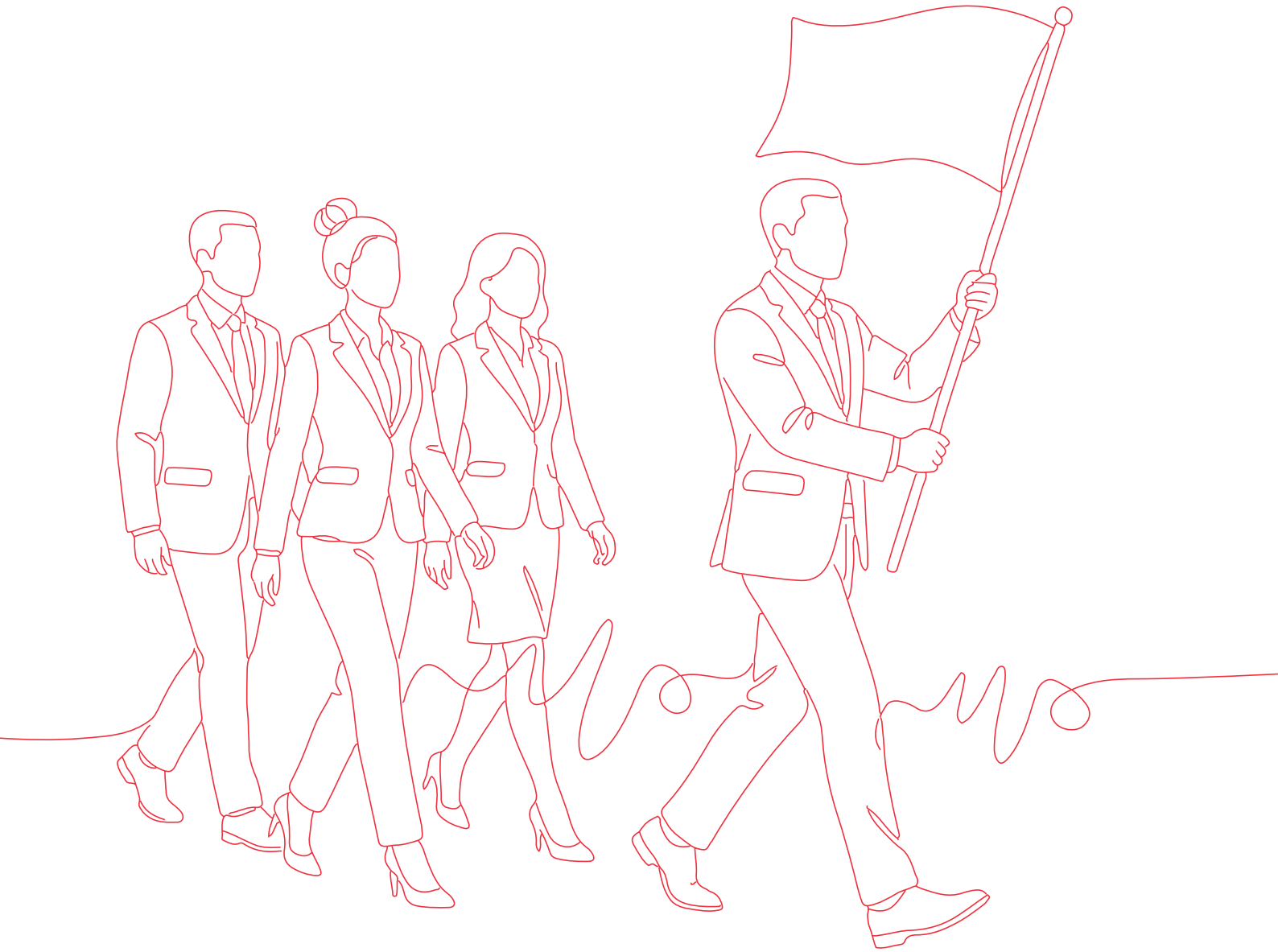
Flora Okoth

GENERAL MANAGER (COMPANY SECRETARY & LEGAL SERVICES)

Age	59
Academic Qualification	LLM (International Economic Law), LLB, Diploma (Law), CPS, Executive MBA
Profession	Lawyer

Mrs. Flora Okoth has over 28 years' legal, business management and administrative experience gained in public and private sectors. She has worked in the insurance sector and practiced law in partnership and as a sole practitioner in various stages of her career. She has acquired extensive board experience having served two large organisations as Company Secretary. Flora has also chaired the board of a community development NGO, the Community Aid International.

Mrs. Okoth has a Master of Laws (LLM) in International Economic Law from the University of Warwick in the United Kingdom, an Executive MBA degree from the United States International University – Africa, Bachelor of Laws degree (LLB) from University of Nairobi and Diploma in Law from the Kenya School of law. She is also a member of the Law Society of Kenya (LSK) and a certified Public Secretary (CPS) since 2005.



Management profiles



Pius Mwendwa

AG. MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

Mcom (Finance option), B. Com (Finance), CPA(K)



Antony Ndegwa

AG. CHIEF FINANCE OFFICER

MBA (Strategic Management), BA. Economics, CPA(K)



Zilper Michelle Abong'o

GENERAL MANAGER (STRATEGY)

Msc. Economics & Policy of Energy & Environment, Bachelor of Arts



Dinah J. Kirwa

GENERAL MANAGER (HUMAN RESOURCE & ADMINISTRATION)

MPhil (Human Resource Development, BA, HDip (HR Management), CHRP



Eng. Moses Tawuo

AG. GENERAL MANAGER (OPERATIONS AND ENGINEERING SERVICES)

BSc. Civil Engineering, MA (Project Planning and Management)



Nancy Rono

AG. GENERAL MANAGER (SUPPLY CHAIN)

MSC (Procurement & Logistics), B.Com (Hons), MCIPS-UK, MKISM



Caxton Njuga

AG. GENERAL MANAGER (AUDIT)

MBA, B.Com (Finance), CPA(K), ISACA



Dr. Nancy Kosgei

DIRECTOR MORENDAT INSTITUTE OF OIL & GAS

PhD (Developmental Studies), MA (Project planning & management) BA (Community development)



Flora Okoth

GENERAL MANAGER (COMPANY SECRETARY & LEGAL SERVICES)

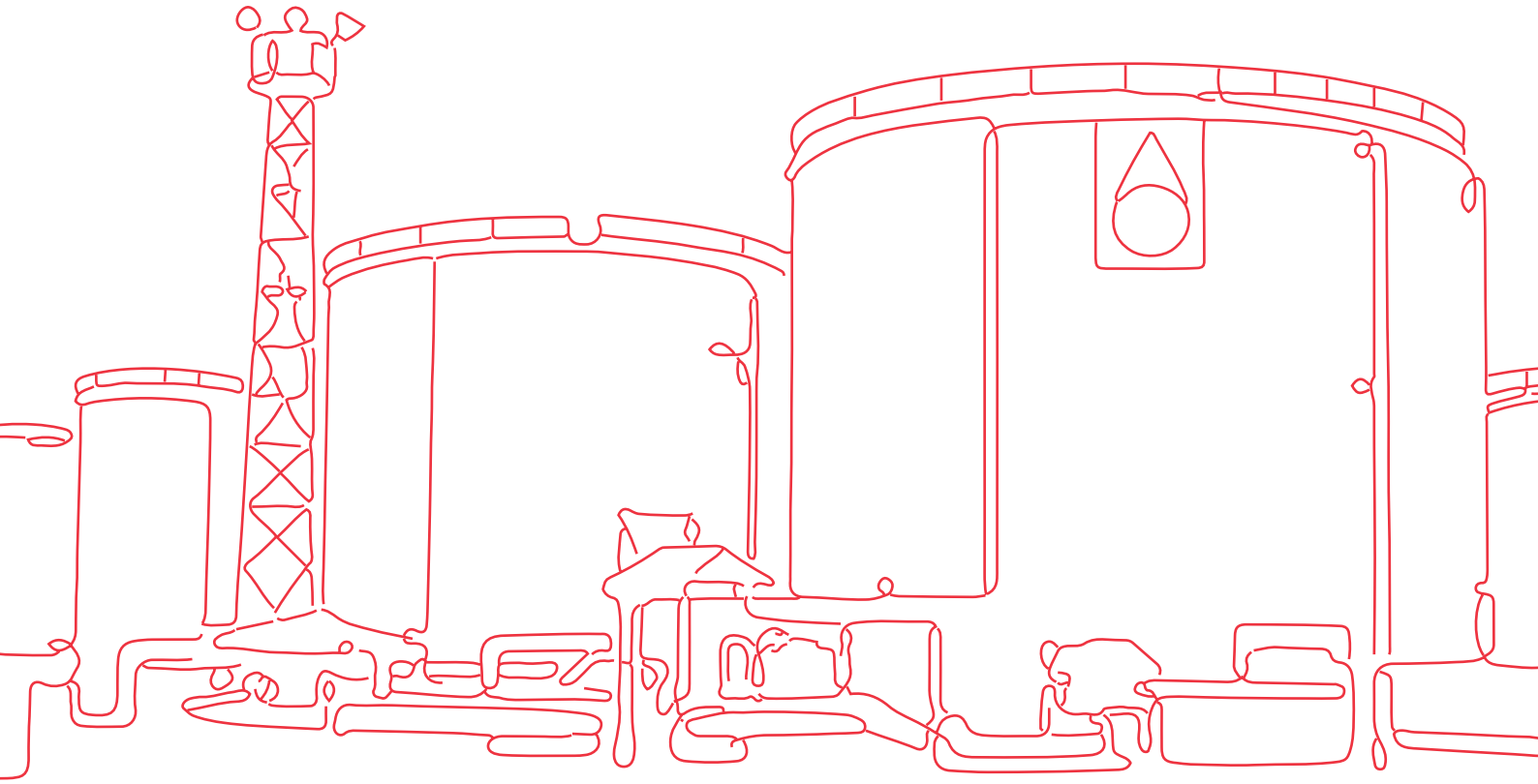
LLM (International Economic Law),
LLB, Diploma (Law), CPS, Executive MBA



Tom Mailu

AG GENERAL MANAGER KPRL

MA Economics, BA Economics




HFO
AGO

Board responsibilities and independence

The Board of Directors is responsible for providing strategic leadership, safeguarding shareholder value, overseeing financial integrity, and ensuring that KPC creates and preserves value for its stakeholders over the short, medium, and long term. This includes oversight on infrastructure reliability, safety, environmental compliance, enterprise risk, public accountability, and stakeholder trust.

Sustainability governance

Furthermore, the Board oversees sustainability strategy, material risks, and sustainability disclosures through sustainability-linked performance indicators, policy reviews, stakeholder consultations, and compliance monitoring under the integrated Internal Audit, Risk and Compliance Framework.

Operational sustainability management is delegated to the Executive Management Team, led by the Managing Director and supported by General Managers and key departments, including finance, legal services, internal audit, strategy, human resources, health, safety and environment. Sustainability responsibilities are embedded in departmental KPIs.

The management reports regularly to the Board and its committees on performance, risks, compliance, major projects, and other material matters requiring governance oversight.

Independence, diversity and balanced judgement

The Board Chairperson is an independent, non-executive director and does not hold an executive management role. The clear separation of the roles of Chairperson and Managing Director strengthens effective oversight, accountability and balanced decision-making. In addition, the independence of the non-executive directors from the management enables them to exercise objective judgement and provide constructive challenges in Board deliberations.

The Board recognises that diversity of skills, experience and perspectives is essential to the effective discharge of its strategic oversight responsibilities. Its composition brings together a broad range of expertise and experience, enabling the Board to provide informed leadership, robust oversight and strategic guidance as the Company repositions for greater impact. Further details on the Board's composition are provided in the Governance section on page 57.

Director appointment, nomination and tenure

During the period that KPC operated as a state corporation, the Board appointments followed a structured and transparent process guided by the Mwongozo Code, applicable legislation, and the Board Charter. The process is designed to promote diversity, independence, and the range of competencies required to support effective governance and strategic oversight.

In considering appointments, emphasis is placed on achieving an appropriate balance of gender, age, skills, professional experience, geographic representation, and independence. Consideration is also given to competencies relevant to KPC's mandate and strategic priorities, including finance, engineering, risk management, legal affairs, sustainability, public-sector governance, and strategic leadership.

Appointments are formalised through Kenya Gazette notices and accepted in writing by the respective appointees. Board members ordinarily serve terms up to three years and may serve a maximum of two terms, subject to performance evaluation and applicable statutory requirements.

The governance framework further supports effective Board appointments, tenure management and succession planning, with the Board Human Resources Committee providing input on succession, skills requirements, and other relevant governance matters. This approach helps ensure that the Board maintains the appropriate capabilities and continuity required to provide effective oversight as KPC repositions for greater and long-term value creation.

In accordance with the provisions of the Companies Act, 2015, the Company's Articles of Association, and the requirements of the Capital Markets Authority, the Directors of the company will be elected by the shareholders at a general meeting of the company. This will take place in accordance with the transition of the company to a publicly listed company. The Board Nomination and Remuneration Committee is responsible for overseeing the nomination process and making recommendations to the Board on the appointment and re-election of Directors based on the Board Skills and Competency Framework which outlines the desired attributes and competencies of Directors.

Board evaluation and effectiveness

A structured approach to induction, continuous development, and performance evaluation strengthens board effectiveness. Newly appointed Directors undergo a comprehensive induction programme aimed at familiarising them with KPC's strategy, financial performance, vision, mission, values, regulatory environment and operations. Visits to the company's installations further provide the directors with practical insights into the business, its infrastructure and the operational environment in which it operates.

To facilitate effective strategic oversight and ongoing improvement, the Board implements an annual development programme based on identified training needs and emerging governance, regulatory and industry developments.

During the year ended 30 June 2026, directors engaged in both local and international programmes covering corporate governance, strategic leadership, risk management, financial oversight, sustainability and developments in the energy sector.

These included:



The ADIPEC 2025 Strategic Conference

Comparative learning on drag-reducing agents

Finance for Non-Finance Directors training

The ICPAK Board Masterclass

Nairobi Securities Exchange training on Board governance and compliance.

Emphasis was placed on equipping the Board to oversee the Company's transition from a state corporation to a publicly listed company and to meet the governance, regulatory and disclosure obligations applicable to listed issuers.

The programmes were carried out within approved budgets and applicable Government of Kenya guidelines and strengthened the Board's capacity to provide excellent leadership, oversight and governance during the transition.

During the period when the company operated as a state corporation, the Board's performance was evaluated annually under a framework administered by the State Corporations Advisory Committee. This evaluation utilised a 360-degree approach, encompassing the Board as a whole, the Chairperson, individual directors, the Managing Director, the Company Secretary, and the Internal Auditor. The results highlighted areas of strength and opportunities for improvement.

Following the company's transition to a publicly listed company in March 2026, the Board began developing a revised evaluation framework that aligns with the governance requirements and best practices applicable to listed issuers. Under the revised approach, annual evaluations will encompass the Board, its committees, the Chairperson, and individual directors, supported by periodic independent external evaluations. These evaluations aim to provide objective insight and promote continuous improvement in Board effectiveness, governance oversight, leadership, committee performance and succession planning.

Board remuneration and governance

The remuneration of the Board is governed by applicable public sector guidelines, KPC's governance framework and the terms outlined in the Directors' letters of appointment. KPC applies a structured remuneration approach, overseen by the Board Human Resources Committee, designed to promote accountability, transparency and responsible stewardship, while recognising the time, expertise and oversight responsibilities required of Board members.

Board members are entitled to remuneration in the form of director fees, sitting allowances and other approved allowances incurred while conducting KPC's business. The compensation is provided in accordance with the relevant Government circulars, the Mwongozo Code of Governance for State Corporations and appropriate benchmarking.

During the year, KPC has transparently disclosed Board remuneration, including director fees, sitting allowances, training expenses, travel and subsistence allowances, and other Board-related expenses on page 118 of the Director's remuneration report. Directors' annual fees are subject to shareholder approval at the Annual General Meeting and approval by the Cabinet Secretary responsible for the National Treasury. This process reinforces accountability to the shareholder and ensures that remuneration is managed within an approved governance framework.

By maintaining transparent disclosures and adhering to approved public sector remuneration guidelines, KPC seeks to ensure that Board remuneration remains fair, reasonable and aligned with the responsibilities of governing a strategic national energy infrastructure company.

Assurance and accountability

KPC's governance framework is reinforced by a robust system of internal and external assurance that supports accountability, transparency, and effective decision-making. Internal audit provides independent assurance over the effectiveness of the company's governance, risk management, and internal control processes, while the Auditor General is responsible for the statutory audit of the company's financial statements. The Board Audit Committee provides oversight of the audit function and maintains engagement with external auditors, helping safeguard the integrity and reliability of financial reporting. Further details on the external audit are provided in the annual financial statements on page 120.

Complementing these assurance processes, KPC periodically undertakes governance audits in accordance with the Mwongozo Code and the Board Charter. The governance audit assesses key areas, including ethical leadership and strategic management, transparency and disclosure, compliance with applicable laws and regulations, stakeholder communication, Board independence, Board systems and procedures, shareholder value enhancement and corporate social responsibility.

The Board recognises that effective assurance is critical to maintaining stakeholder confidence, supporting credible reporting, and strengthening the reliability of information used for decision-making. As KPC continues to operate in an evolving and demanding corporate environment, assurance and disclosure practices will continue to be enhanced to meet the expectations of investors, regulators, and other stakeholders.

Board committees and delegated oversight

Board and committee meetings are conducted in accordance with an approved annual calendar and the respective committee charters, providing a structured framework for effective governance and oversight. Additional meetings may be convened as necessary to address critical or emerging business matters, ensuring that the Board remains responsive to the company's evolving operational and strategic priorities.

Board meetings held	5
Committee meetings held	23
Special Board of Directors	4
Attendance	98%-100%

To enhance efficiency and strengthen the depth of oversight, the Board delegates the detailed review of specialised matters to committees, each operating under clearly defined terms of reference. The committees support the Board in providing focused oversight across key areas, including internal control and financial stewardship. Following their deliberations, the Committees report to the full Board and provide recommendations to support the execution of technical operations, risk management, people management, governance assurance and sustainability, and report to the full Board on their deliberations and recommendations.

The Board has established four standing committees, each with clearly defined roles and responsibilities, to support the effective discharge of its oversight responsibilities:

The Board Audit Committee supports the Board in providing effective oversight of internal controls, risk management, governance structures, values and ethics, internal audit, external audit engagement, and financial reporting. The committee also assures the Board and Management regarding the adequacy and effectiveness of key governance, risk and control processes, supporting sound decision-making, accountability and integrity of the company's operations and reporting.



Meetings held (Total)	5
Board Audit Committee (BAC)	2 (100% Attendance)
Special Board Audit Committee	3 (100% Attendance)

COMMITTEE MEMBERS

Abraham Koech,
Martha Wanjiru Miano

COMMITTEE CHAIR

Irene Wachira

The Board Finance Committee supports the Board in overseeing various aspects, including enterprise risk management, financial resources, capital management, budgeting, financial performance, debt service, and cash flow management. Through its mandate, the Committee promotes prudent financial stewardship, disciplined resource allocation and effective financial management, supporting the company's ability to deliver on its strategic priorities and create sustainable long-term value.



Meetings held (Total)	7
Board Audit Committee (BAC)	6 (98% Attendance)
Special Board Audit Committee	1 (100% Attendance)

COMMITTEE MEMBERS

Abraham Koech,
Mutungwa Wambua,
Pius Mwendwa

COMMITTEE CHAIR

Hon. Joyce Emanikor, HSC

The Board Human Resources Committee provides oversight of KPC's human capital management, including organisational structure, staff establishment, recruitment and selection, performance management, reward systems, and terms and conditions of service. Through this mandate, the Committee helps ensure that the Company attracts, develops and retains the talent and capabilities required to deliver its strategic priorities.



Meetings held (Total)	6
Board Audit Committee (BAC)	3 (100% Attendance)
Special Board Audit Committee	3 (100% Attendance)

COMMITTEE MEMBERS

Martha Wanjiru Miano,
Pius Mwendwa

COMMITTEE CHAIR

Mutungwa Wambua

The Board Technical Committee supports the Board in providing oversight of key technical and operational aspects, which include petroleum transportation and storage capacity, expansion opportunities, project development, economic appraisal of projects and technical risk factors. Given KPC's capital-intensive infrastructure mandate, the Committee is crucial in ensuring asset integrity, operational resilience, and informed investment decision-making. Through this oversight, the Committee helps to ensure that the Company's infrastructure and technical capabilities remain aligned with current operational and future growth opportunities.



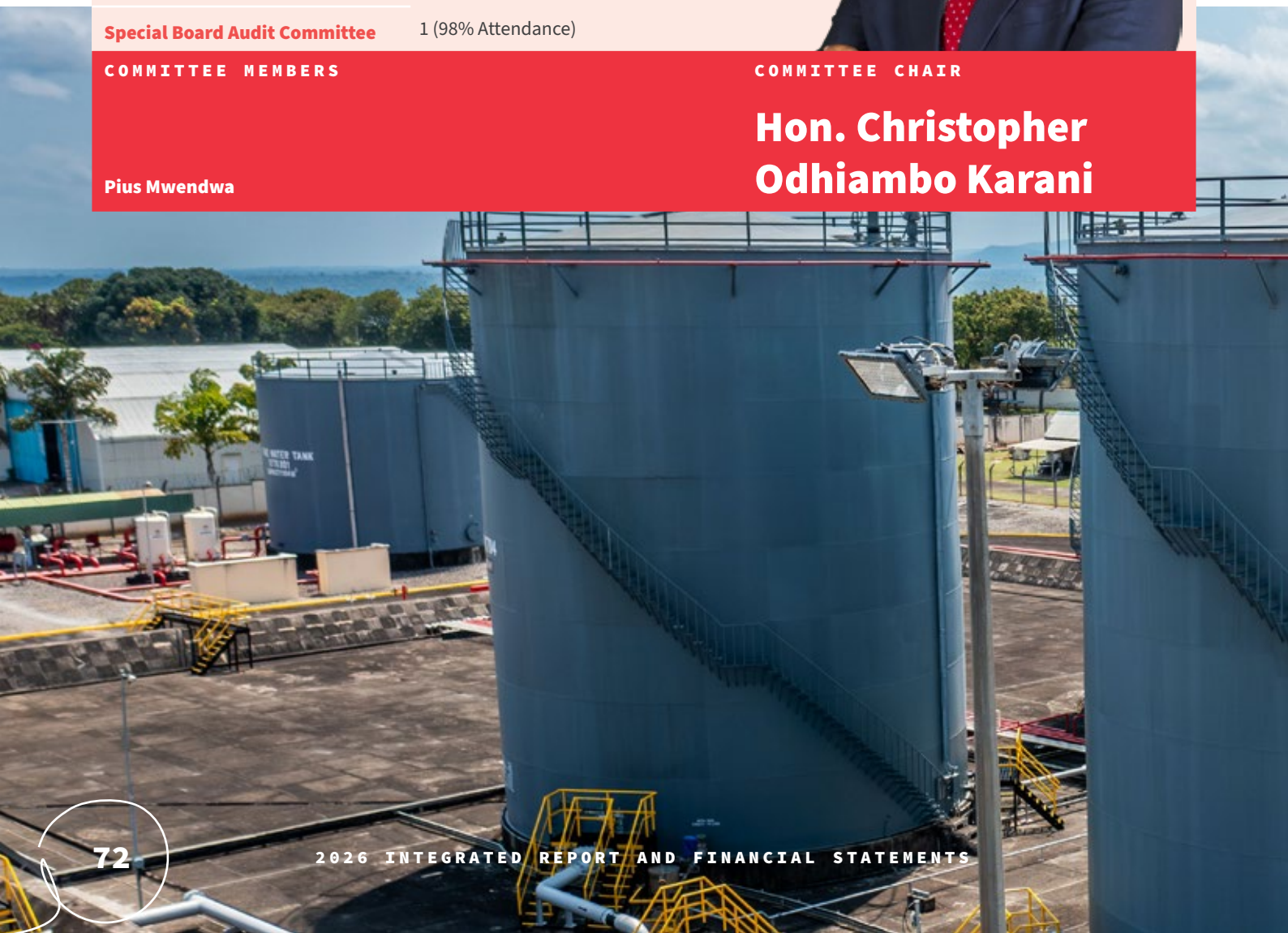
Meetings held (Total)	5
Board Audit Committee (BAC)	4 (100% Attendance)
Special Board Audit Committee	1 (98% Attendance)

COMMITTEE MEMBERS

Pius Mwendwa

COMMITTEE CHAIR

Hon. Christopher Odhiambo Karani



Ethics, integrity and conflict of interest

KPC is dedicated to promoting a strong culture of integrity, accountability, and ethical conduct, maintaining a strict zero-tolerance approach to fraud, corruption, and other unethical practices. This commitment is underpinned by a comprehensive framework of policies and procedures, including the Code of Conduct and Ethics, Gift Policy, Anti-Corruption Policy, Whistleblower Policy, and Bribery and Corruption Prevention Procedures, aligned with the Bribery Act, 2016, and Bribery Regulations, 2021.

The Board further reinforces ethical decision-making through the Conflict-of-Interest Policy, and a conflict-of-interest register maintained at each Board meeting. Directors are required to declare any actual, potential, or perceived conflict of interest before deliberations, with conflicted members excluded from discussions and decision-making on the affected matters. This approach fosters transparency, objectivity, and accountability within Board processes.

At the management level, the Management Integrity Oversight Committee, chaired by the Managing Director, oversees the integrity programme and supports the network of integrity champions across KPC. Regional Integrity Assurance Committees and trained Integrity Assurance Officers further support the implementation and monitoring of corruption prevention measures across the organisation. Staff members are also sensitised on ethical conduct, integrity, and the consequences of corrupt practices.



2026 INTEGRATED REPORT AND FINANCIAL STATEMENTS

Environmental Stewardship





KPC recognises that environmental stewardship is fundamental to maintaining its license to operate, creating long-term value and supporting Kenya's sustainable development priorities. As the company continues to reposition to greater resilience and sustainable growth, the responsible management of its environmental footprint remains integral to how it operates. KPC's pipeline network, storage terminals, pumping stations and associated infrastructure traverse diverse ecosystems, communities and economic landscapes across Kenya. Consequently, how we manage environmental impacts directly influences our operational resilience, stakeholder trust, and long-term sustainability.

Environmental stewardship is embedded in the Corporate Strategic Plan 2025-2030 under the Environmental, Social and Governance (ESG) pillar. The strategy commits KPC to integrating environmental considerations across its operations, strengthening climate resilience, embedding ESG considerations in decision-making, and enhancing its social standing. This strategic focus provides a foundation for the company to strengthen its environmental performance while responding to evolving climate, regulatory, and stakeholder expectations.

The principles of prevention, protection, compliance, and continuous improvement anchor KPC's environmental management approach. The company seeks to minimise adverse environmental impacts, promote efficient resource use, support ecosystem restoration, and strengthen climate resilience while ensuring safe, reliable and efficient energy infrastructure logistics services. Oversight is provided through the Board and Executive Management for sustainability governance structures, while implementation is coordinated by the Safety, Health and Environment (SHE) function and operational departments.

An integrated management system that is certified to ISO 14001:2015, ISO 45001:2018 and ISO 9001:2015, supports these commitments. The system also follows all relevant environmental laws, including requirements enforced by the National Environment Management Authority (NEMA), Energy and Petroleum Regulatory Authority (EPRA), and other relevant agencies.

Against this backdrop, this section addresses the environmental material topics identified through KPC's materiality assessment: **climate change, GHG emissions and energy transition; spills, leaks and local environmental impacts; water use, effluent quality and waste management; and biodiversity and ecosystem protection.**



Mangroove tree seedling at Jomvukuu, Mombasa County

Climate change, GHG emissions and energy transition

Climate change poses both strategic risks and opportunities for KPC, impacting the resilience of its infrastructure, continuity of operations, greenhouse gas emissions profile, and long-term role in Kenya's evolving energy landscape. KPC is enhancing its understanding and management of climate-related risks while pursuing opportunities to improve operational efficiency, emissions reduction, and responsible energy transition aligned with national climate ambitions and fosters long-term value creation.

KPC has identified a range of climate-related physical and transition risks that could influence its operations and strategic outlook. Physical risks, such as flooding, extreme rainfall, and land instability, may affect pipeline corridors, pumping stations, and depots, potentially disrupting operations and compromising infrastructure resilience. Meanwhile, transition risks may arise from evolving climate policies and regulations, enhanced reporting requirements, emerging energy technologies, and evolving stakeholder expectations.

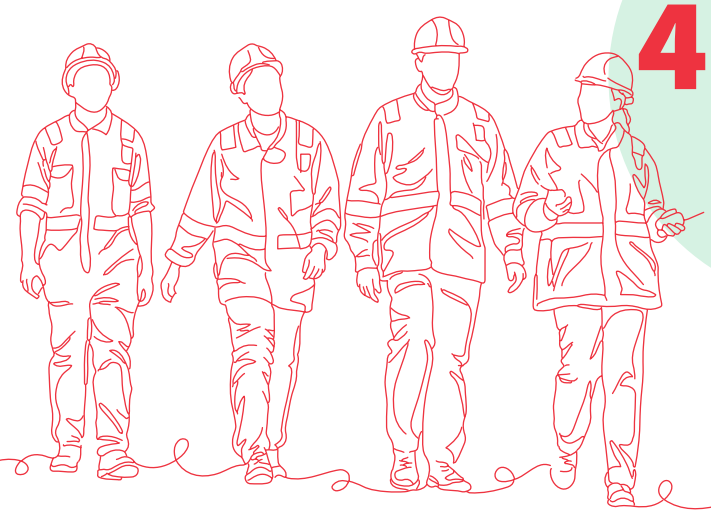
	POTENTIAL IMPACT	OUR RESPONSE
Flooding, extreme rainfall and land instability PHYSICAL RISK	Such events could result in damage to pipeline corridors, depots and pumping stations, leading to operational disruptions and increased maintenance requirements affecting the financial capital.	There is introduction of infrastructure inspections to mitigate the risks of damage and integrity assessments, maintenance programmes and integration of climate considerations into operational planning and emergency preparedness processes.
Change in Climate policy and Regulatory Developments TRANSITION RISK	This would lead to potential future compliance obligations, operational adjustments and additional reporting requirements.	Integration of climate-related considerations into enterprise risk management and strategic planning processes.
Climate-related reporting and stakeholder expectations TRANSITION RISK	Increased expectations with respect to environmental transparency and emissions reporting	Development of greenhouse gas emissions baseline, strengthening emissions monitoring systems and enhancing sustainability reporting processes.
Operational resilience and business continuity TRANSITION RISK	Potential disruptions affecting fuel transportation, storage operations and continuity of supply.	Strengthening infrastructure reliability, emergency preparedness and business continuity planning.
Energy efficiency and operational optimisation opportunities	Improved operational efficiency, cost management and reduced emissions intensity.	Implementation of operational optimisation initiatives, equipment efficiency improvements and enhanced energy monitoring systems.

Our decarbonisation roadmap: aligning with Kenya's NDC and the Corporate Strategy 2025–2030

To translate climate-related risks into practical action, KPC is strengthening its understanding of its greenhouse gas emissions profile and focusing on the operational and value-chain activities where it can improve energy efficiency, reduce greenhouse gas emissions and support a responsible transition towards lower-carbon operations.

As a state-owned operator of critical energy infrastructure, KPC acknowledges that its pipeline transportation system relies on electricity-intensive pumping operations and supporting infrastructure. Accordingly, in the last financial year, the company completed its initial assessment of greenhouse gas emissions, covering Scope 1, Scope 2, and selected Scope 3 categories.

The baseline provides an important foundation for future emissions management, performance monitoring, and decarbonisation planning. The assessment revealed that KPC's direct emissions primarily arise from operational vehicles, generators and refrigerants, while purchased electricity represents the principal source of Scope 2 emissions. Value-chain emissions are associated with purchased goods and services, capital projects, waste, business travel, employee commuting, and investments.

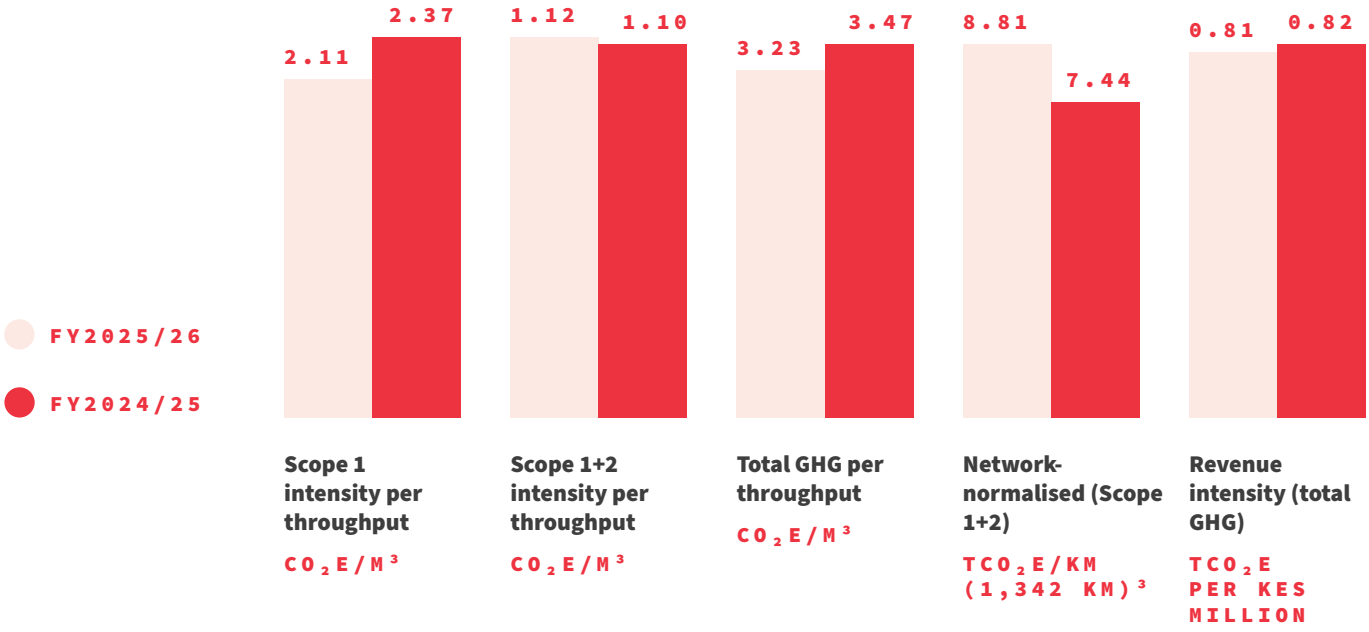


45.12%
YOY INCREASE IN SOLAR GENERATION

61.49%
YOY DECREASE IN PETROL CONSUMPTION

8.27%
YOY INCREASE IN ENERGY INTENSITY PER OPERATIONAL THROUGHPUT

Emissions category (FY2024/25 (restated))		FY2025/26 (tCO_2e)	Baseline Year (tCO_2e)
Scope 1 EMISSIONS	Stationary combustion (generators)	139.59	151.73
	Mobile combustion	1,391.46	1,294.21
	Fugitive emissions — refrigerants	169.53	170.23
	Total	**1,700.59**	**1616.16**
Scope 2 EMISSIONS	Location-based	10,116	8,245
	Market-based	-	Data unavailable (no RECs/PPAs)
Scope 3 (SIX CATEGORIES)	Purchased goods	8,100.75	14,477.17
	Capital goods	9,258.20	4,807.92
	Business travel	1,882.75	1,409.71
	Employee commuting (HQ)	3,044.45	717.72
	Water & waste	63.37	45.83
	Investments	1.94	3.16
	Total	**22,351**	**21,472**
TOTAL GHG EMISSIONS		**34,168**	**31,459**



Denominator: m^3 of petroleum product transported and delivered

Kenya's third Nationally Determined Contribution (NDC 3.0, 2024) raises national ambition to a 35% reduction in greenhouse gas emissions by 2030 relative to a business-as-usual scenario of 143 $MtCO_2e$ (enhanced from 32% under the updated NDC), with the implementation cycle extending through the 2032 interim milestone.

Anchored on the FY2024/25 GHG emissions baseline and guided by the Science Based Targets initiative (SBTi) Well-Below-2°C pathway, KPC developed a decarbonisation roadmap aligned with its Corporate Strategy 2025–2030, Kenya's climate commitments under NDC 3, Kenya's Long-Term Low Emission Development Strategy (LT-LEDS) 2050, and the goals of the Paris Agreement. This roadmap provides a strategic pathway for reducing the company's greenhouse gas emissions and sets out the following directional ambitions:

Near term
(BY 2030)

AMBITION
Reduce operational emissions (Scope 1 + 2) by **29%** from the FY2024/25 base year.

ALIGNMENT
SBTi Well-Below-2°C; Kenya NDC 3.0 (−35% vs BAU by 2030); CSP 2025–2030 ESG pillar

AMBITION
Reduce material supply chain emissions (Scope 3, Categories 1 & 2) by **17.5%** in absolute terms.

ALIGNMENT
SBTi Scope 3 criteria

Medium term
(2031 – 2035)

AMBITION
Consolidate reductions and expand Scope 3 coverage in line with Kenya's NDC 3.0 implementation cycle to the **2032 interim milestone** and beyond.

ALIGNMENT
NDC 3.0 (2032); IFRS S2 medium-term target requirement

Long term
(BY 2050)

AMBITION
Achieve at least a **90% absolute reduction** in operational emissions, using high-integrity carbon offsets only for residual emissions to reach **net zero** in own operations.

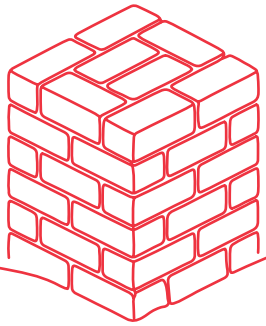
ALIGNMENT
LT-LEDS 2050; Paris Agreement



The roadmap will be implemented in three phases:

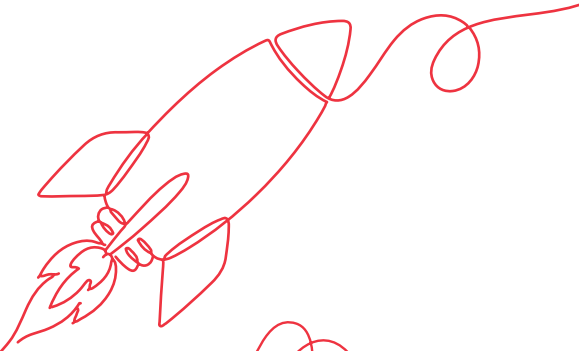
PHASE 1
Foundation
FY2025/26–FY2026/27

Strengthen GHG data management systems and measurement, reporting and verification (MRV) processes; disaggregate Scope 1 fuel consumption data by site; transition Scope 3 Categories 1 & 2 from spend-based to supplier activity-based data; formalise Board oversight of climate-related risks and opportunities; and validate emissions reduction targets against SBTi criteria.



PHASE 2
Acceleration
FY2027–FY2030

Intensify emissions reduction initiatives through solarisation of KPC Headquarters and pumping stations; upgrade of pumps, motors and mechanical systems to high-efficiency technologies; optimise pumping schedules and operations; implement fleet efficiency and fuel-transition measures; and strengthen supplier engagement by integration of GHG performance into procurement optimise pumping schedules and operations; implement fleet efficiency and fuel-transition measures; and strengthen supplier engagement by integrating GHG performance considerations into procurement processes.



PHASE 3
Transformation
2030–2050

Drive deep decarbonisation of KPC's operations through the expansion of renewable energy, participation in sustainable aviation fuel (SAF), ethanol blending, hydrogen and ammonia value chains, and the use of high-integrity offsets only for residual emissions that cannot be eliminated.





Tree planting activity at KPC HQ led by Safety, Health and Environment Manager, Ms. Carol Kiplagat during the World Environment Day.

Spill prevention and environmental protection

Loss of primary containment remains one of KPC's most significant potential environmental impacts. Spills and leaks can affect soil, groundwater, surface water, coastal and marine environments, and air quality, while also posing risks to community livelihoods, public safety and our license to operate. These risks are heightened where our operations are located near communities, water resources, transport corridors, and environmentally sensitive ecosystems.

KPC manages these risks through our integrated Health, Safety and Environment (HSE) management system and Enterprise Risk Management Framework, aligned with ISO 31000:2018 principles. Our approach prioritises the prevention of loss of primary containment, early detection of abnormal operating conditions, rapid isolation and containment, effective incident management, remediation and continual improvement. It is supported by applicable environmental legislation and licensing requirements, environmental and social impact assessments, audits, and procedures covering pipeline integrity, right-of-way management, emergency response, effluent monitoring and waste management.

Our approach is built around three lines of defense: prevention, early detection, and controlled emergency response and restoration. Prevention measures include motorised inlet valves, high-level alarms, emergency shutdown and isolation systems, bunded and paved containment areas, leak-proof drainage systems, pipeline integrity inspections, and preventive maintenance. Early detection is enabled through Supervisory Control and Data Acquisition (SCADA)-integrated leak detection systems, operational alarms, and physical surveillance of the pipeline right-of-way. Emergency response and restoration are guided by the Incident Command System, which supports rapid shutdown and isolation, resource mobilisation, regulatory notification, spill containment, site remediation, and post-remediation monitoring.

Where necessary, affected sites undergo environmental assessment and hydrogeological investigation, followed by remediation and monitoring until applicable closure criteria are met. Lessons learned from incidents inform corrective actions and continuous improvements to engineering standards, maintenance plans, operating procedures, and employment training.

Recognising that effective spill management requires coordinated action; we work closely with regulatory agencies, emergency response authorities, and industry partners. These include the Kenya Ports Authority (KPA), Kenya Petroleum Refineries Limited (KPRL), Kenya Maritime Authority (KMA), Oil Spill Mutual Aid Group (OSMAG), NEMA and other relevant agencies involved in spill preparedness, emergency response and environmental protection.

Through these partnerships, we participate in joint preparedness activities, including spill response drills, emergency exercises, equipment inspections, surveillance, response coordination, and operational readiness initiatives. These efforts strengthen preparedness for potential marine pollution incidents and other environmental emergencies affecting coastal and marine environments.

Together, these prevention preparedness and response measures provide the foundation for our environmental risk management and performance during the year.

Indicator	Unit	2025/26	2024/25
Significant environmental incidents	Number	0	0
Non-compliance with environmental laws and regulations	Number	0	0
Environmental fines or penalties	KShs	0	0
Number of environmental spills	Number	12	24
Volume of spills	m^3	0.445	24.19
Volume of product recovered	m^3	0.445	18.19
Facilities covered by spill response plans	%	100%	100%
Spill response exercises conducted	Number	32	29
Personnel trained in spill response	Number	46	15
Sites undergoing remediation	Number	0	0

Water, waste and resource management

At KPC, responsible resource management is essential for the safe, efficient, and resilient operation of our petroleum transportation and storage network. We strive to use natural resources and materials efficiently, prevent pollution, and minimise the environmental footprint of our facilities and activities. Our approach reflects the nature of our operations: although our activities are not highly water intensive and generate relatively modest waste volumes, the handling of petroleum products places particular importance on maintaining effluent quality and ensuring the controlled management of oily and contaminated waste. Consequently, we apply a risk-based approach founded on prevention, monitoring, maintenance, segregation, safe storage, responsible disposal, and continual improvement.

Our ISO 14001:2015-certified environmental management system establishes the framework for setting controls, assigning responsibilities, monitoring performance, and addressing nonconformities. Environmental licenses and obligations are tracked through our compliance register, while routine inspections, sampling, and independent surveillance audits provide assurance over implementation. Additionally, we are strengthening station-level records and environmental data systems to improve our understanding of water consumption, wastewater treatment, effluent discharge, and waste flows, while identifying opportunities for improving operational efficiency and resource management.

Managing water and effluent

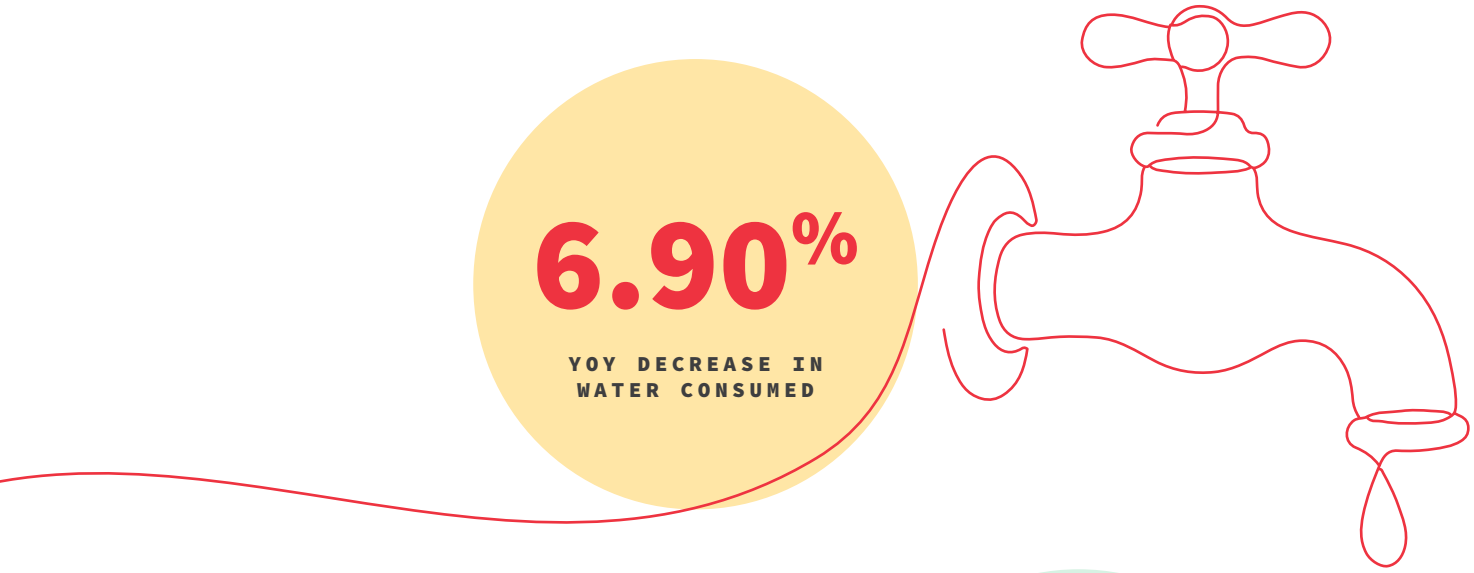
Water is used across our facilities primarily for domestic purposes, selected operational activities, and firefighting preparedness. We maintain water-use records at the station level and continue to strengthen measurement across the network to better understand consumption trends, establish efficiency priorities, and identify opportunities for conservation. During FY26, water consumption increased by approximately 7.41% to 170,510 m^3, from 158,749 m^3 in the previous financial year. Improving the granularity, consistency, and completeness of water data remains important to understanding the relationship between consumption and operational activity, identifying efficiency opportunities, and establishing meaningful performance targets.

Protecting water quality remains a key priority across our petroleum-handling facilities. Our approach focuses on preventing contamination at the source and ensuring that water leaving our sites meets applicable regulatory requirements. To achieve this goal, leak-proof drainage systems channel potentially contaminated runoff to oil-water separators, where hydrocarbon residues are removed before discharge. Effluent is routinely inspected and sampled quarterly against applicable regulatory standards, with discharge licenses maintained and tracked through the compliance obligations register. Our accredited environmental laboratory strengthens this monitoring by supporting the analysis of effluent samples and providing data to inform timely decision-making. Sampling results are reviewed to detect abnormal conditions, guide maintenance, and trigger corrective action where required.

Managing waste and improving material efficiency

Our petroleum transportation and storage activities generate oily waste and sludge, contaminated materials, used absorbents, scrap, and general operational waste. Given the potential environmental and health risks associated with these materials, we focus on preventing releases to land and water while protecting our employees, contractors, and neighbouring communities. This approach begins with the segregation of waste at the source, followed by appropriate containment and safe storage. Waste streams are separated where applicable, placed in designated and clearly labelled containers, and securely stored before collection. We engage contractors licensed by the National Environment Management Authority (NEMA) for the transportation, treatment and disposal of regulated waste, strengthening traceability, accountability and control throughout the waste management chain. In line with the Sustainable Waste Management Act, we continued to strengthen waste segregation across our facilities through the rollout of dedicated segregation bins and staff awareness and training. These initiatives help embed responsible waste management practices into day-to-day operations while supporting efficiency and pollution prevention.

During FY26 we disposed 269.94 tonnes of sludge through a NEMA - licensed waste handler.



6.90%

YOY DECREASE IN WATER CONSUMED



14.77%

YOY DECREASE IN HAZARDOUS WASTE GENERATED

Biodiversity and ecosystem protection

Our pipeline network, depots, pumping stations and associated facilities extend across a right-of-way spanning 14 counties, bringing our operations into proximity with terrestrial, freshwater and coastal ecosystems. This geographical footprint necessitates that activities such as excavation, maintenance, vegetation management, access road development and infrastructure upgrades must be meticulously planned and managed to minimise impacts on surrounding habitats.

Potential biodiversity-related impacts include vegetation and habitat disturbance along pipeline corridors and operational sites, habitat fragmentation associated with linear infrastructure, soil erosion and land degradation resulting from excavation or maintenance activities, as well as impacts on wetlands, river crossings and coastal ecosystems. These considerations hold a particular significance where our infrastructure crosses wetlands, river systems, forests and coastal areas, as well as in locations experiencing increased disturbance of environmentally sensitive areas. Our approach therefore focuses on strengthening environmental planning and controls around operational activities, with particular attention to environmentally sensitive areas and locations where infrastructure interfaces with communities and natural systems. This supports responsible land-use management while helping us maintain the integrity of the environment in which we operate.

Stakeholder engagement undertaken as part of our materiality assessment reinforced the importance of environmental management, ecosystem protection, land-use management, and environmental stewardship around our operational infrastructure.

Our management approach

We apply a mitigation hierarchy to manage biodiversity and ecosystem impacts, with an emphasis on prevention and responsible stewardship. Where feasible, we avoid activities in environmentally sensitive areas; where impacts cannot be avoided, we seek to minimise vegetation disturbance and ecosystem impacts during operational, maintenance and operational activities. Disturbed areas are rehabilitated following works, while opportunities to support broader ecosystem restoration are pursued in collaboration with stakeholders and local communities.

These measures are embedded across the project and operational lifecycle. Environmental and Social Impact Assessments (ESIAs) are undertaken for project activities where required under the Environmental Management and Coordination Act and applicable ESIA and environmental audit guidelines. The findings inform environmental management plans, operational controls, and monitoring requirements. Pipeline corridor monitoring and wayleave management further support responsible land use practices, while rehabilitation measures restore areas disturbed during maintenance and other works. Environmental monitoring and compliance programmes, annual environmental self-audits and independent verification provide additional oversight. These efforts are reinforced by our ISO 14001:2015 certified Environmental Management System and strengthened through collaboration with regulators, environmental institutions and local communities.

Maintaining infrastructure integrity and preventing operational incidents are also important biodiversity safeguards. By reducing the likelihood of spills, leaks, and other incidents, we help protect surrounding habitats, water resources, and ecosystems. Where incidents occur, the affected areas are assessed and restored through environmental site assessment, hydrogeological survey and, where appropriate, bioremediation. Post-remediation monitoring continues until agreed closure criteria are met and regulatory sign-off is obtained. These measures strengthen our ability to prevent, manage, and restore environmental impacts.

Restoration and rehabilitation

Our restoration efforts are focused on two priority ecosystems: coastal mangrove systems around our Mombasa operations and inland forest and rangeland areas surrounding our pumping stations and depots.

Along the coast, we continued to support the rehabilitation of degraded mangrove ecosystems at Jomvu Kuu Creek in Mombasa County in collaboration with Community Forest Associations, the Kenya Forest Service, and other local stakeholders. Mangroves play a significant role in sustaining biodiversity and marine ecosystems, stabilising coastlines, protecting watersheds, and storing significant amounts of carbon. During the reporting year, more than 324,200 mangrove seedlings were planted at Jomvu Kuu, contributing to the restoration of this important coastal ecosystem and strengthening its capacity to support surrounding communities and natural systems.

Our restoration efforts extend inland, where we supported tree planting and greening initiatives across operational areas and station locations, including Samburu, Manyani, Mtito Andei, Makindu, Konza, and Sultan Hamud, and continued to implement the Narasha Forest Partnership, which supports broader landscape restoration and conservation efforts. In recognising that restoration extends beyond planting, we support maintenance and monitoring programmes to improve seedling survival, including replacement of damaged seedlings and regular monitoring of planted areas. Further details on community investment aspects of these programmes are provided in Community investment and social impact (section 7.2).

15

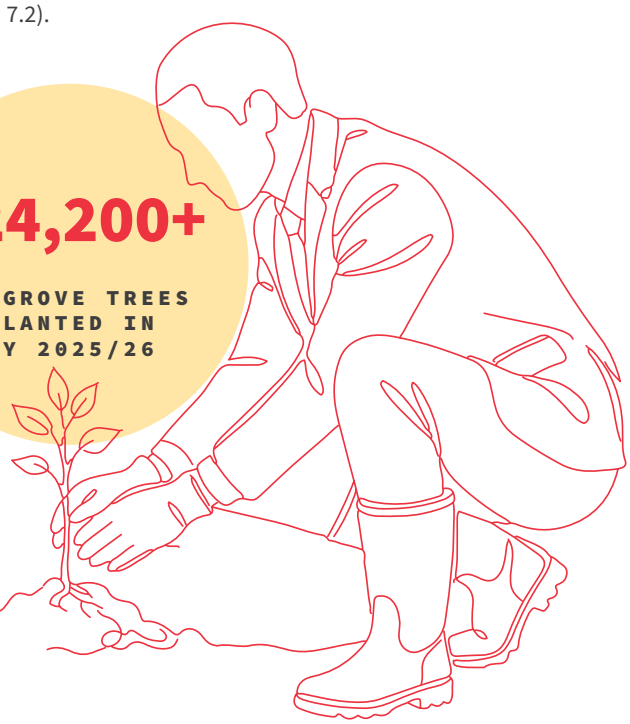
COMMUNITY FOREST ASSOCIATIONS ENGAGED IN FY 2025/26

324,200+

MANGROVE TREES PLANTED IN FY 2025/26

2,121,220

CUMULATIVE TREES PLANTED SINCE 2017



Indicator	FY 2025/26	FY 2024/25
Total trees and seedlings planted in the year	329,894	1,046,996
Mangrove seedlings planted in the year	324,200	209,000
Cumulative mangroves planted since 2017	1,216,020	891,820
Cumulative trees planted since 2017	2,121,220	1,791,326
Area under restoration initiatives	100 ha	170 ha
Community Forest Associations engaged	15	15
Green jobs supported through environmental initiatives	1,200	2,465
Forest fencing supported	-	120 km

Partnerships and collaboration

Biodiversity conservation and ecosystem restoration initiatives are implemented in collaboration with the Kenya Forest Service, the National Environment Management Authority, Community Forest Associations, county stakeholders and local communities. Institutional partners involved include the Kenya Defence Forces, the Kenya Navy, the Greens of Africa Foundation and the Equity Group Foundation.

These partnerships enhance collective action in restoring and protecting ecosystems, promoting environmental awareness, and encouraging shared stewardship of natural resources in our operational areas. They also provide opportunities for active community participation in conservation initiatives, recognising that long-term environmental resilience depends on collaboration among institutions, communities, and other stakeholders. Our engagement with local communities further supports awareness of the environmental risks associated with pipeline infrastructure and encourages communities to play an active role in the protection of the corridor.

Environmental monitoring and compliance

Environmental monitoring, inspections, and compliance processes provide an important foundation for identifying operational impacts and driving timely corrective action. Our monitoring activities cover effluent discharge and groundwater quality, environmental inspections and compliance assessments, waste segregation and pollution prevention, environmental inspections and compliance assessments, waste segregation and pollution prevention, environmental laboratory testing, and rehabilitation and restoration activities in environmentally sensitive areas. Insights from these activities, together with feedback from stakeholder engagement, are used to strengthen environmental management plans, operational controls, and restoration programmes, supporting continual improvement across our operations.

Our ecosystem efforts continue to build momentum beyond the reporting period. Cumulative planting at Jomvu Kuu Creek reached 1,216,020 mangrove seedlings as of 9 June 2026, following three plantings, community-based organisation contributions, and environmental-day initiatives. We will report this milestone in greater detail in the next reporting cycle, as it was achieved after the reporting period.

Operational Excellence




KPC

Asset integrity and reliability

Our pipeline network, pumping stations, depots, and associated facilities represent critical national energy infrastructure and play an important role in supporting national energy security and economic activity. Because petroleum products are flammable and potentially hazardous, failures affecting pipeline systems, storage infrastructure or terminal operations may expose employees, contractors, surrounding communities and infrastructure to significant safety and operational risks, including fires, explosions, loss of primary containment, operational disruption and interruption to fuel transportation and storage.

Stakeholder engagement during the year highlighted continued concern regarding infrastructure reliability, pipeline leaks, operational safety, emergency preparedness, vandalism, encroachment along pipeline corridors and continuity of fuel supply. We apply an integrated asset integrity and process safety management approach designed to prevent loss of primary containment, strengthen operational reliability, and reduce the likelihood of critical incidents across the network.

Integrity management

We prioritise integrity management activities based on the basis of operational risk, infrastructure criticality, and the potential safety consequences associated with different pipeline segments and facilities. The programme focuses on preventing the loss of primary containment, early detection of infrastructure defects, maintaining safe operations conditions across pipelines and terminals, strengthening operational reliability and continuity of supply, and reducing the likelihood of critical operational incidents.

We deploy pipeline inspection gauges for pipeline cleaning, inspection and maintenance, identifying corrosion, cracks and dents or deformation within the pipeline system. In-line inspection findings are risk-ranked and tracked to closure. Specialised technical audits, including process safety audits targeting major-accident hazards in pipeline operating systems and electrical safety audits covering stations and depots, generate corrective actions that are assigned to an owner and tracked to verified closure. Plant and pressure-vessel examinations and fire safety audits are maintained on schedule and independently verified.

Monitoring and control systems

Our Supervisory Control and Data Acquisition system provides centralised monitoring and control of pipeline operations across the network, supporting real-time monitoring, automatic shutdown during emergencies, detection of leaks and abnormal pressure conditions, automated alarms for scheduled equipment maintenance, and remote access to operational data. A dedicated leak detection system is installed across the network, integrated with SCADA and monitored on a twenty-four-hour basis from the National Control Centre, alongside a Pipeline Intrusion Detection System. Smart sensors installed along the pipeline monitor pressure changes, abnormal operating conditions and potential breaches, and a 96-core fibre optic cable installed along the network supports operational communication and monitoring.

Prevention is also engineered into the infrastructure through motorised inlet valves, high-level alarms, emergency shutdown and isolation systems, sluice gates, and bunded and paved containment areas with leak-proof drainage. Spill prevention, detection, and emergency response are reported in the Water, waste and resource management section (Section 5.3).

Indicator	Unit	FY2025/26	FY2024/25
Length of pipeline network monitored	km	1,342	1,342
Pipeline integrity inspections using PIGs	Number	5	21
Preventive maintenance activities completed	%	98%	97%
Aerial surveillance inspections conducted	Number	0	2
Unplanned operational shutdowns	Downtime Hours	1,537	1,373
Leak detection events	Number	0	0
Pipeline system availability	%	93.6	94.3

Protecting the pipeline corridor

The unauthorised excavation, illegal tapping, encroachment along pipeline wayleaves, and other forms of third-party interference may expose pipeline infrastructure to integrity and safety risks. These activities can disrupt fuel transportation and heighten the likelihood of operational incidents.

To mitigate these risks, we maintain clearly demarcated pipeline corridors using bollards and concrete markers installed at regular intervals, comprising boundary markers indicating the extent of the wayleave, aerial markers supporting aerial surveillance and location identification, and cathodic protection markers identifying corrosion protection systems installed along buried pipelines. Our surveillance strategy combines aerial inspections using low-flying helicopters with ground patrols conducted by security personnel and contracted guards. We actively monitor activities near the pipeline corridors and operational facilities, and site inspections where developments are proposed near pipeline infrastructure. In cases where community development projects are approved near operational infrastructure, our engineers conduct site assessments and communicate the safety requirements relating to excavation, machinery use and activities within the wayleave. Continuous physical surveillance of the right-of-way identifies third-party interference, encroachment and pilferage attempts that instrumentation alone may not detect.

Asset integrity performance

Over the past year, total recorded incidents decreased from 47 to 27. This reduction reflects ongoing improvements in safety awareness, infrastructure monitoring, operational controls, and incident prevention measures across our operations. Additionally, safety observations and corrective actions raised through our online Safety Observation and Corrective Action system rose from 2,302 to 2,485. Occupational health and safety performance, including injury frequency rates, is reported in the Occupational Health and Safety section (section 6.2).

Indicator	Unit	FY2025/26	FY2024/25
Total incidents recorded	Number	27	47
Product spillage	Number	12	24
Equipment damage	Number	2	12
Motor vehicle damage	Number	5	2
Fire	Number	4	6
Contamination	Number	1	1
Electrical/ Energy related incidents	Number	2	2
Truck contamination	Number	1	0
Safety observations and corrective actions raised	Number	2,485	2,302
Volume of hydrocarbon released	m^3	0.445	24.19

Governance, compliance and continuous improvement

Our asset integrity and safety practices are governed by the Occupational Safety and Health Act, 2007, Environmental Management and Co-ordination Act, 1999 (EMCA) and Energy Act 2019, and the requirements and guidelines issued by the Energy and Petroleum Regulatory Authority. Under this authority, multi-agency oversight teams conduct quarterly audits of our facilities. A compliance obligations register tracks applicable statutory and other legal requirements with ownership and due dates assigned. We hold the operational licenses necessary for our activities and conduct both internal and external audits; independent statutory and compliance audits currently rate our overall compliance as satisfactory.

Our management systems are certified to ISO 9001:2015 for quality, ISO 14001:2015 for environmental management, ISO 45001:2018 for occupational health and safety, and ISO 17025:2017 for laboratory testing competence and are subject to independent surveillance audits. Performance data feeds a monthly report to the Chief Executive Officer, highlighting progress against target, open corrective actions and red-flag items. This information is then included in quarterly reporting to the Board through its Technical Committee. Findings from audits, inspections, investigations and drills are converted into revised procedures, work instructions, targeted training and management of change, retaining operating experience as institutional knowledge.

Occupational health and safety

Safety culture encompasses the everyday attitudes and beliefs that leaders and workers share about risk and safety.

KPC's employees and contractors work across various pump stations, depots, terminals and the pipeline where they are exposed to hazards such as confined spaces, hydrocarbon and noise exposure, electrical and pressurised systems, working at height, hot work and road travel. Protecting them is a foundational obligation, a legal duty under Kenya's Occupational Safety and Health Act, 2007, and a precondition for safe, efficient and reliable operations.

Maintaining strong occupational health, safety and wellbeing practices is prudent for protecting employees, contractors, visitors and surrounding communities from risks associated with petroleum transportation and storage operations, including exposure to hazardous energy, fire and explosion risks, hydrocarbon-related hazards, equipment failures and operational emergencies.

While there were no fatalities among employees during the year, 6 fatalities occurred among the contractors. Relevant safety measures have been put in place to reduce the number of such occurrences in the next financial year.

The pertinent measures would consist of:

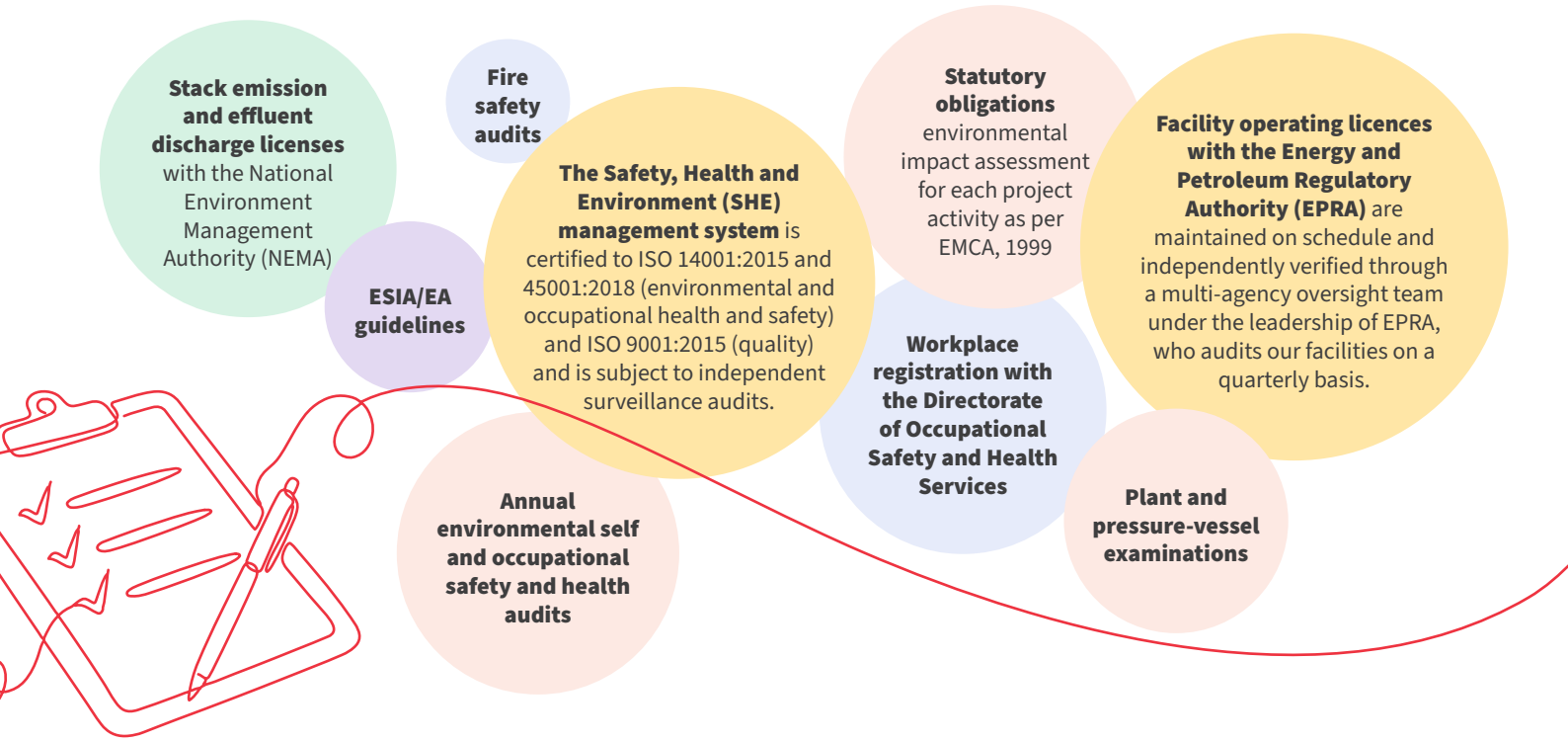
- Providing relevant safety information in weekly bulletins
- Consistent participation in fire drills
- Customer participation on current events

The Occupational Health & Safety Management approach towards putting up the measures is based on 6 principles;

1. Hazard identification and prevention

Hazards are proactively identified through HAZOP and HAZID studies, job safety analyses (JSAs), workplace inspections, safety audits, and incident investigations. These processes are supported by the Safety Observation and Corrective Action (SOCA) system, which enables employees and contractors to report unsafe conditions, near misses, and unsafe practices. High-risk and non-routine activities are managed through permit-to-work systems, lockout/tagout procedures, management-of-change processes, and simultaneous operations controls, ensuring risks are eliminated or reduced before work begins in line with the hierarchy of controls.

2. Compliance



A compliance obligations register tracks all applicable statutory and other legal requirements, with ownership and due dates assigned, so that regulatory standing is managed as a live control rather than an annual event.

3. People and culture

The KPC-controlled workforce, which includes contractors, interns, casual workers and attachés, is fully covered by the formal occupational health and safety management system. All personnel undergo a mandatory induction and site-level safety training before being granted access to operational areas. Workers have the option to raise concerns confidentially through the Whistleblower Policy without fear of reprisal. Additionally, site-level HSE committees, constituted in line with statutory requirements, keep the workforce directly engaged in reviewing performance and shaping corrective action.

4. Contractor safety

Contractors and contractual workers play a significant role in construction, maintenance and turnaround work, and are held to the same standard as employees. Health, Safety and Environment (HSE) requirements are embedded in tender and contract documents while method statements, risk assessments and job safety analyses are reviewed and approved by the SHE functions before mobilisation. The competence and statutory certification are verified at induction while field performance is monitored through supervision, joint inspections and toolbox engagement. Incidents and near misses involving contractors are reported through the same investigation and corrective-action system as those for KPC events. Additionally, efforts are underway to further strengthen contractor pre-qualification and screening processes to bridge the gap between contractual commitments and field execution.

5. Risk management and incident investigation

Hazards are identified, risks analysed by likelihood and severity, and mitigation prioritised through the hierarchy of controls before residual risk is accepted, documented and monitored. Specialised technical audits such as process safety audits target major-accident hazards in pipeline operating systems, and electrical safety audits cover stations and depots. Every incident and near-miss – including those involving contractors and third parties – is investigated to root cause using a structured methodology, with corrective actions risk-ranked, assigned to an action party owner and tracked to verified closure. Lagging indicators, including lost-time injury frequency and total recordable injury rates, are trended monthly against target alongside leading indicators such as SOCA reporting and close-out rates so that system health is confirmed before an outcome reveals it.

6. Continuous improvement

Independent statutory and compliance audits currently rate KPC's overall compliance as satisfactory. The performance data feeds a monthly SHE report to the Chief Executive Officer reviewing progress against target, open corrective actions and red-flag items, which rolls up into quarterly reporting to the Board through its Technical committee (BTC). Findings from audits, investigations and drills are converted into learning points shared across the organisation, revised procedures, work instructions, targeted training and management of change for system improvement, closing the loop between the preceding principles year-round and retaining operating experience as institutional knowledge rather than losing it with individuals.



Students at Fire fighting training at the Eldoret Campus - Morendat Institute of Oil and Gas

People and Society





Our people, customers, and host communities are central to how we create and protect value. We deeply recognize that our operations depend on a skilled, engaged, and diverse workforce, constructive stakeholder relationships, and service delivery that responds to the ever-evolving customer needs.

Our corporate Strategic Plan 2025–2030 reinforces this commitment through the People pillar, which focuses on proactive workforce planning, learning and performance excellence, strong social principles, and an inclusive and adaptive culture.

Human capital development

As a business operating in the technically demanding petroleum transportation and storage sector, we recognise that employee competency is essential to safe and efficient operations. Accordingly, we are accelerating investments in training and professional development programmes to enhance technical proficiency, operational preparedness, leadership effectiveness, and compliance with evolving regulatory requirements in a bid to reposition our workforce for a better tomorrow.

During the year, KPC employed 32 people as compared to 17 in FY25. The workforce included permanent management and unionisable employees, contract managers, temporary staff, seconded employees and interns.

Employee category	2025/26 (Group)	2024/25 (Group)
Permanent management	771	709
Permanent unionisable	586	642
Contract managers	26	30
MTCC / GYM / other contract	60	87
Temporary staff (relief drivers)	36	34
Secondment	1	4
Interns	0	43
TOTAL	1,480	1,549

Employee turnover declined to 4.32%, from 4.33% in the prior year. Retirement remained the principal cause of employee exits, highlighting the importance of succession planning, knowledge transfer, and the development of future technical and leadership talent.

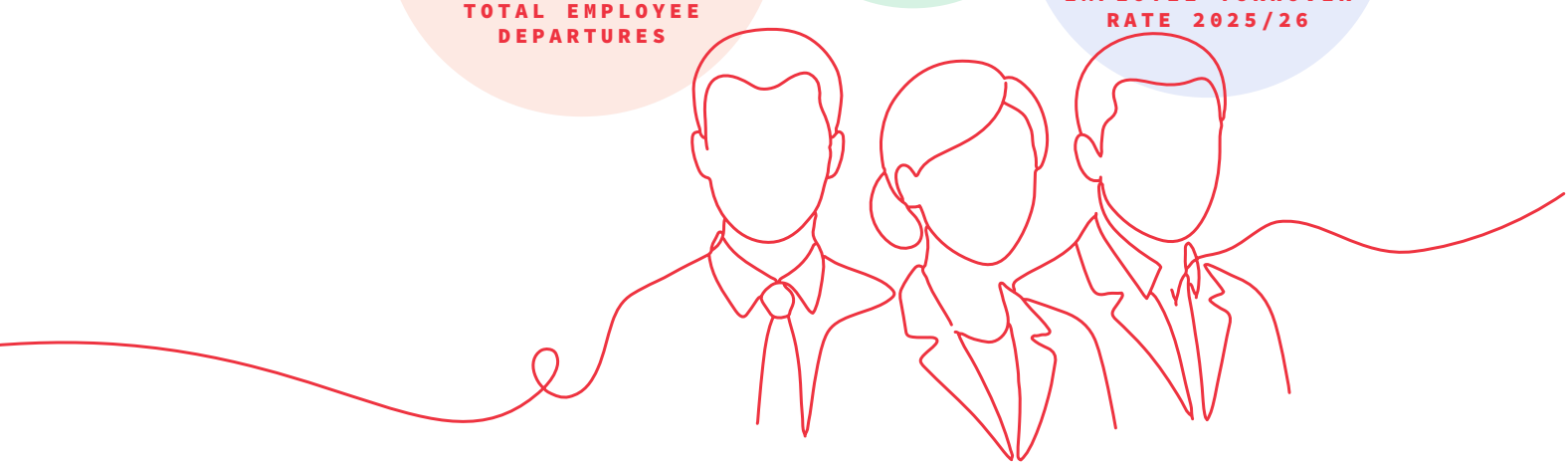


KPC Volleyballers were crowned the 2025/2026 KVF League winners

4.48%
YOY DECREASE IN TOTAL EMPLOYEE DEPARTURES

28
NEW HIRES IN FY 2025/26

4.32%
EMPLOYEE TURNOVER RATE 2025/26



We continue to invest in high-performance learning and professional development across critical areas such as technical competencies, operational safety, leadership, regulatory compliance, emergency preparedness, and sustainability. This investment ensures sustained performance and workplace excellence. During the reporting period, employees received an average of 847,224 training hours, supported by a total training investment of KSh 207 million. Our training programmes are implemented in collaboration with external training institutions and subject-matter experts to optimise alignment with operational requirements and industry practices.

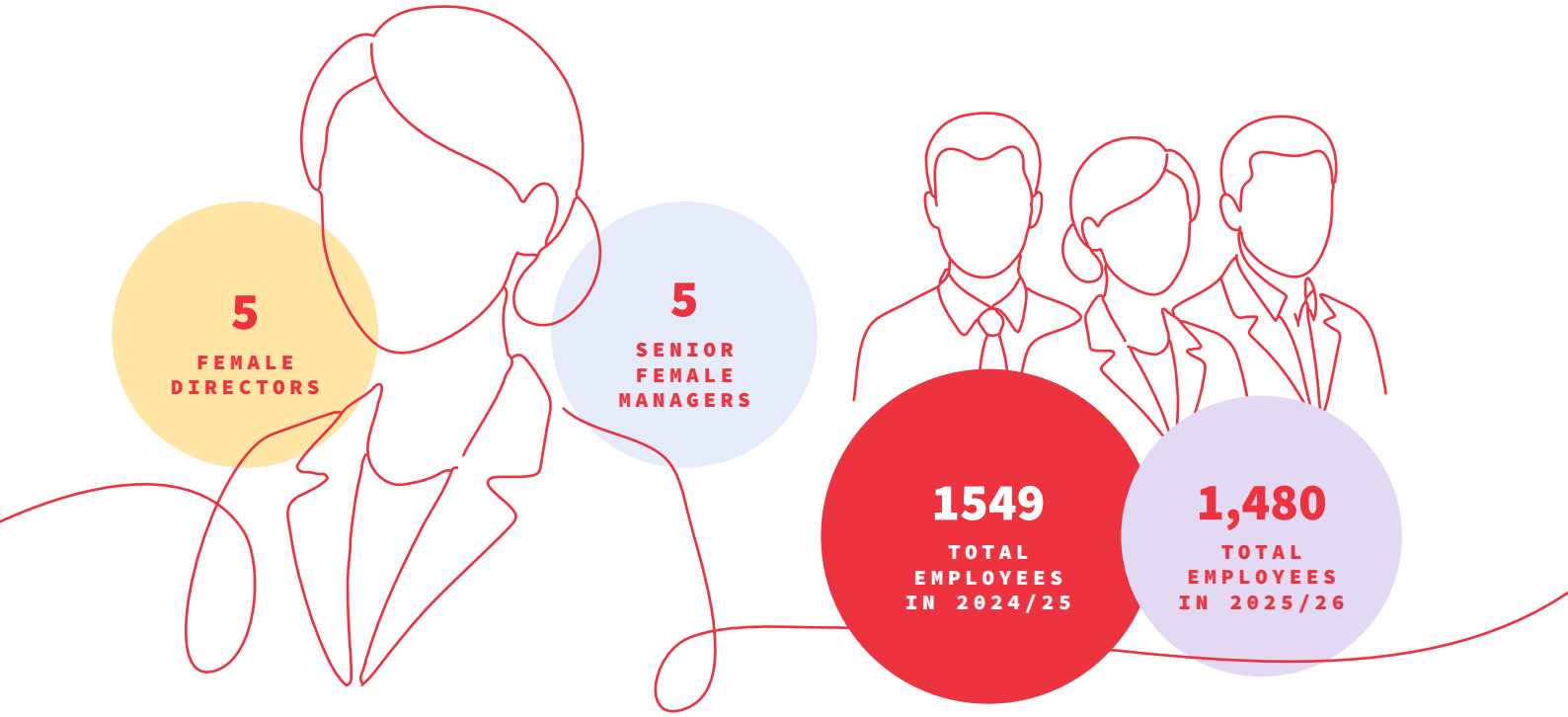
Category	2025/26 (Hours)	2024/25 (Hours)
Management training hours (Grade 1- 8)	35,688	22,080
Non-management training hours (Grade 9 – 12)	15,264	13,664
Average training hours per employee	34.43	23.08

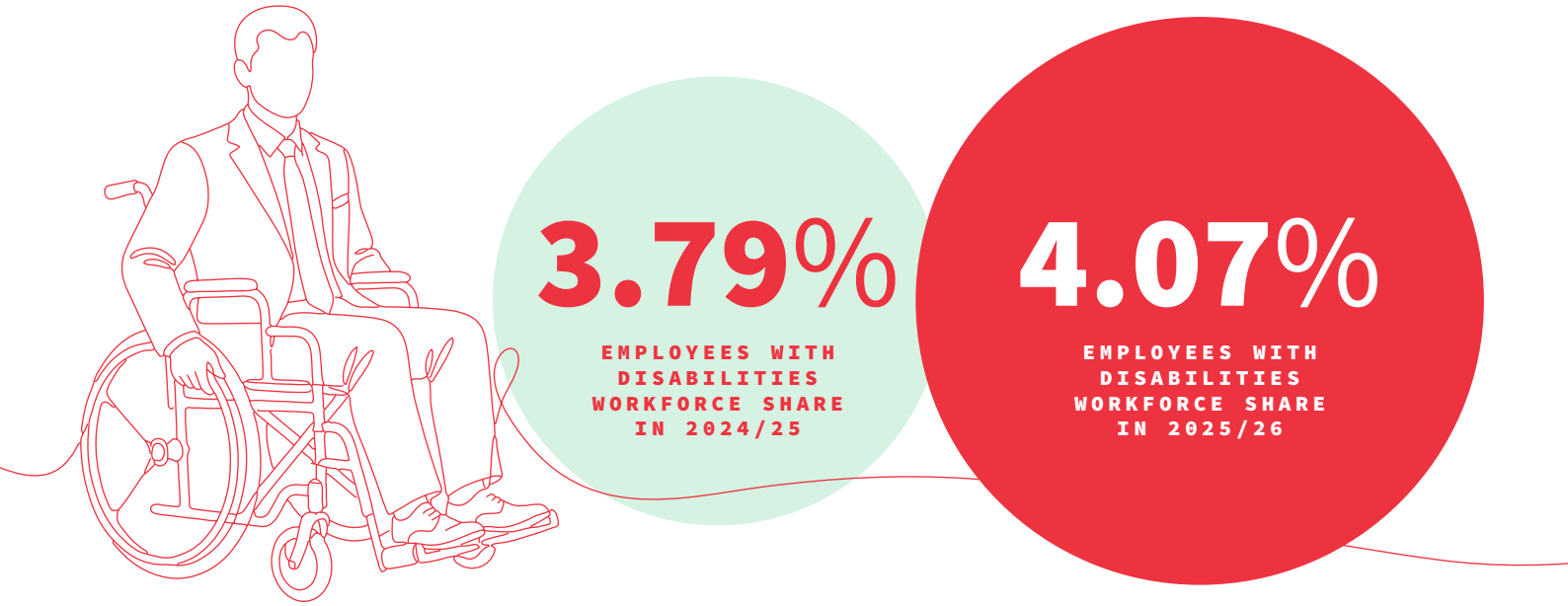


Diversity, equity and inclusion

Our approach to personnel management continues to be centred on equity, diversity, and inclusion. We are dedicated to fostering a workplace where individuals are respected, valued, and empowered to share their skills and viewpoints across both operational and leadership roles. This commitment is demonstrated in our recruitment practices, internal policies and workforce development programmes, which accelerate fairness and equal opportunity across the organisation.

During the reporting period, women represented 34% of KPC's workforce, accounting for 523 out of 1,480 employees. At governance level, women held 5 of 12 Board positions, while 5 of 11 senior management positions were held by women. This demonstrates our continued progression towards gender representation objectives for public institutions in Kenya. We also recognise the importance of inclusion for individuals with disabilities and continue to strengthen internal data systems to enhance the tracking of workforce diversity and representation.





Employment practices, initiatives

We strive to maintain an environment where employees feel respected, valued, and empowered to contribute their skills and expertise throughout the organisation. Our practices are guided by the Kenyan labour legislation, internal human-resource policies, KPCs Code of Conduct and recognised labour and human-rights principles. These frameworks support workforce stability, operational continuity, and long-term capability development across operational and administrative functions, as well as promote fair employment, ethical workplace conduct, respect for human dignity, and access to mechanisms through which employees can raise concerns.

We uphold the freedom of association and collective bargaining rights of our workers. In FY26, 620 unionisable personnel were covered through collective bargaining arrangements with the Kenya Petroleum Oil Workers' Union. Employees may raise workplace concerns through management channels, grievance procedures and confidential whistleblowing arrangements designed to protect those who report concerns in good faith. No employee grievances, labour-related complaints, or human-rights grievances were reported during the period.

KPC supports its employee wellbeing through medical insurance, pension contributions, paid parental leave, annual leave, occupational health services, wellness programmes and psychosocial support. In FY26, 25 employees took parental leave, comprising 4 women and 21 men. Our parental-leave provisions support employees in balancing work and family responsibilities while enabling a smooth transition back into the workplace. These initiatives are particularly important in a technically demanding operating environment where workforce resilience, fitness for work, and work-life balance contribute directly to safe and reliable performance.

Contractors, interns, and other non-employee workers are also required to comply with KPC's operational procedures, workplace standards, safety requirements, and the Code of Conduct. Mandatory induction, operational briefings, and site-level controls all contribute to ensuring that KPC-controlled workplaces uphold standards for human dignity, safety, ethical behaviour, and labour practices.



Community investment and social impact

KPC recognises that strong and trusted relationships with communities along the pipeline corridor are integral to safe operations, business continuity and long-term value creation. Through the KPC Foundation, the company integrates continuous stakeholder engagement, responsive grievance management, strategic partnerships, and targeted social investment. Working with communities, national and county governments, local administration and other stakeholders enables KPC to identify priorities, address emerging concerns and co-create sustainable solutions that strengthen community ownership and reinforce its social license to operate.

Aligned with KPC's ESG commitments, the Foundation invests in initiatives that strengthen community resilience, local economic participation, and environmental sustainability.

Community engagement and social investments

KPC Foundation continues to position social investment as a strategic lever for inclusive growth, stakeholder trust, and long-term value creation. During the year under review, the Foundation concluded a key strategic cycle, providing an opportunity to assess the impact of past investments and define a sharper, more sustainable approach for the period ahead.

The 2025–2028 Strategic Plan was developed within this reporting period. This plan introduced a more focused programming model anchored on youth empowerment, environmental stewardship, communities along the Right of Way, institutional strengthening, and strategic partnerships. This approach reflects KPC's commitment to creating shared value while supporting Kenya's broader development agenda on dignity, equity, and prosperity.

New Strategic Priorities

Youth empowerment and livelihoods	Expanding the INUKA Scholarship Programme to include work readiness, technical and digital skills, entrepreneurship support and career development pathways.
Environmental stewardship	Deepening investment in biodiversity conservation, reforestation, clean energy transition and circular economy initiatives.
Institutional strengthening	Operationalising the Foundation as an independent trust to enhance agility, governance and programme innovation.
Stakeholder partnerships	Strengthening collaboration with KPC staff, business partners, communities along the Right of Way, government agencies and development partners to increase reach and sustainability.



Programmes implemented during the reporting period FY2025/2026

The Foundation invested Kshs.157 million across the country in the following initiatives



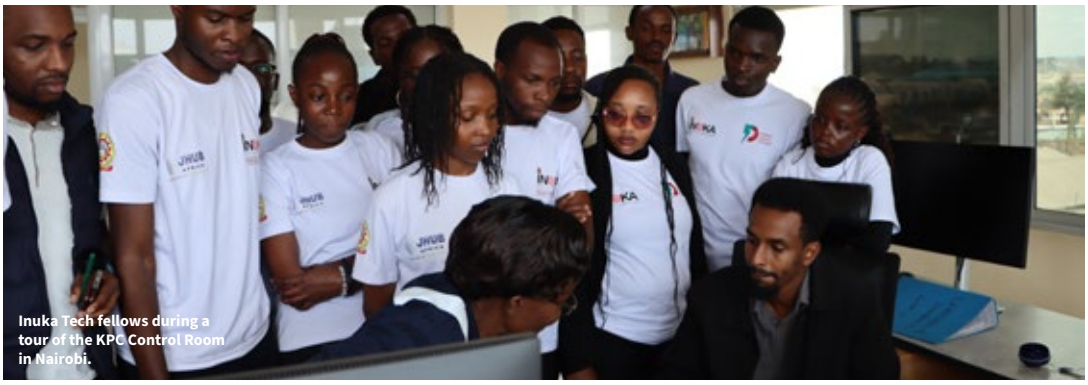
Beneficiaries of the Inuka Scholarship from Pwani High School for the Deaf.

1. INUKA scholarships for persons with disabilities

The INUKA Scholarship Programme reflects the KPC Foundation's commitment to inclusive education by supporting learners with disabilities to access, remain, and progress through school. During the reporting period, the programme supported 359 scholars in secondary and tertiary institutions across the country, including a new Grade 10 cohort under the Competency-Based Education curriculum.

Beyond financial support, INUKA promotes holistic scholar development through mentorship to enhance academic performance, career readiness, life skills, and peer connection.

Looking ahead, the Foundation will strengthen psychosocial support, expand transition pathways into attachments and internships, and deepen partnerships that enable scholars to build confidence, skills, and opportunity beyond the classroom.



Inuka Tech fellows during a tour of the KPC Control Room in Nairobi.

2. INUKA tech fellowship

The INUKA Tech Fellowship responds to Kenya's growing demand for digital and fibre-optic skills while addressing youth unemployment through practical, industry-aligned training. The programme is strategically aligned to KPC's evolving business interests in fibre infrastructure and the wider growth of Kenya's digital economy.

During the reporting period, 45 fellows were selected through a competitive process.

Training was complemented by masterclasses, bootcamps and industry immersion, with a target of securing meaningful job placement for at least 60% of participants.

Early outcomes include strong interest from sector partners and high demand from applicants, signalling the model's relevance and scalability. Going forward, the Foundation should deepen partnerships with technology firms, expand annual intake, and strengthen post-training placement and enterprise support.





3. INUKA vocational scholarships

Many communities near KPC facilities, especially in informal settlements with limited access to technical training, face the pressing challenge of youth unemployment. Through the INUKA Vocational Scholarship Programme, the Foundation is leveraging the Morendat Institute of Oil and Gas to equip young people with practical, market-relevant skills.

During the year, 41 scholars received training in welding and electrical certification. The programme integrates career guidance, apprenticeship exposure, and job-linkage support to improve transition into employment and enterprise.

The initiative has been well received in Right of Way communities, where it is helping to strengthen community relations while building a pool of skilled technicians who can participate in the broader energy value chain. Going forward, the Foundation will position the initiative as a flagship livelihood pathway by scaling enrolment, strengthening apprenticeships, and tracking employment outcomes.

Education remains a flagship priority. Through the INUKA Scholarship Programme, KPC has supported more than 839 students with disabilities from financially disadvantaged backgrounds across all 47 counties, investing in tuition, uniforms, assistive learning devices, mentorship and psychosocial support. KShs 40 million is committed annually to sponsor 400 high-performing scholars.



Beneficiaries of the Inuka Vocational Scholarship at Morendat Institute of Oil and Gas during their graduation.

4. Community emergency response training

KPC Foundation is leveraging KPC's internal safety and emergency response expertise to strengthen resilience in communities along the Right of Way. During the period, 185 community members from Mukuru Viwandani were trained at the Morendat Institute in firefighting and emergency response, enhancing local preparedness and creating pathways into fire and safety-related employment.

In partnership with the National Government Administration, trained participants were integrated into the Mukuru Disaster Management and Fire Rescue framework, improving coordination between communities, government agencies and civil society actors. The initiative strengthens community safety while reinforcing KPC's broader commitment to pipeline security and responsible operations.



KPC staff with Community Leaders during a ROW engagement activity.

5. Right of way community investment projects

Right of Way communities remain critical stakeholders in pipeline safety, security and operational continuity. Through continuous engagement, the Foundation has identified recurring community priorities including access to water, education infrastructure, market facilities, sanitation, and youth employment.

These investments not only address immediate community needs but also strengthen trust, improve local livelihoods, and reinforce KPC's social licence to operate. The investments for the reporting period are listed below:

Focus Area	Project	Location	Intended Outcome
Water access	Borehole drilling and equipping; water connection	Enooretet Primary School, Kajiado; Utheri wa Lari, Nakuru	Improved access to clean water
Education	Classroom construction	Empeut Primary School, Nakuru	Improved learning environment
Livelihoods	Market rehabilitation	Kaptembwa and Rhonda, Nakuru	Safer and more conducive trading environment
Sanitation	Ablution block construction	Taj Mall/Lunga Lunga, Nairobi	Improved sanitation and local employment opportunities



LPG handover to members of the community in Jomvu Kuu to reduce deforestation.



6. Environment

Environmental stewardship is a core pillar of KPC Foundation's contribution to ESG and sustainable development. During the year, the Foundation advanced programmes focused on biodiversity conservation, reforestation, clean energy transition and green livelihoods, linking conservation outcomes with community resilience and economic empowerment.

- **Species Conservation:** KPC Foundation continued to support conservation of the critically endangered Mountain Bongo in partnership with conservation stakeholders. The programme contributes to biodiversity protection, forest ecosystem restoration, and environmental education. During the year, the programme recorded a significant milestone with the birth of the 100th Mountain Bongo under the breeding and rewilding initiative.
- **Clean Energy Transition:** To complement reforestation efforts, the Foundation supported clean cooking adoption as a practical response to household biomass use, deforestation and indoor air pollution. During this period, 200 households received LPG starter kits and safety training. The programme was implemented in partnership with oil marketing companies to strengthen local supply, distribution, and refill monitoring. Going forward, the Foundation shall integrate clean cooking into all reforestation programmes, expand behaviour-change communication and pursue partnerships that improve affordability and rural access to LPG, while also strengthening its partnership with sector stakeholders and specifically the LPG and Oil Marketers.
- **Green Livelihoods:** The Foundation strengthened conservation-linked livelihoods by supporting communities involved in mangrove restoration. In Jomvu, the Foundation worked with Community Forest Associations and the Jomvu Beach Management Unit to pilot crab farming and invest in solar-powered cold storage facilities. These interventions strengthen local incomes, reduce pressure on natural resources, and improve community ownership of conservation investments. The model demonstrates how environmental programmes can deliver both ecological and economic benefits.



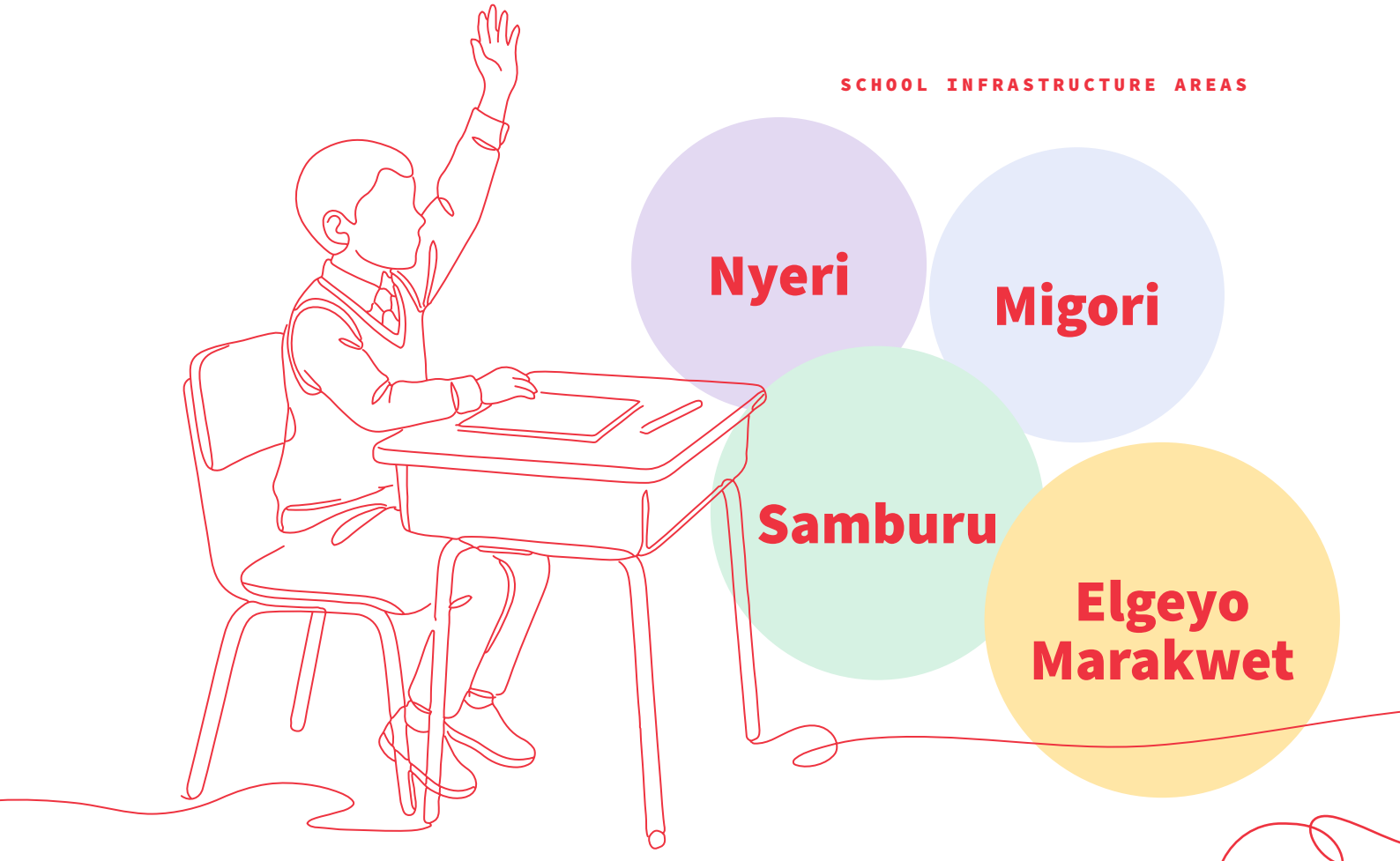
Mountain Bongo in Mt. Kenya



7. Community & stakeholder partnerships

As a national organisation, the KPC Foundation extends its social investment beyond the pipeline corridor to support priority community needs in partnership with national and county stakeholders. During the reporting period, the Foundation invested in education, health, water access, environmental conservation, and community infrastructure projects across the country.

These partnerships enhanced KPC's national development contribution while strengthening relationships with government, communities, and institutions. Key investments included tree planting in Mau Forest, borehole projects in Kitui and Isiolo, school infrastructure in Migori, Nyeri, Samburu and Elgeyo Marakwet, and health-sector support in Kericho and Baringo.





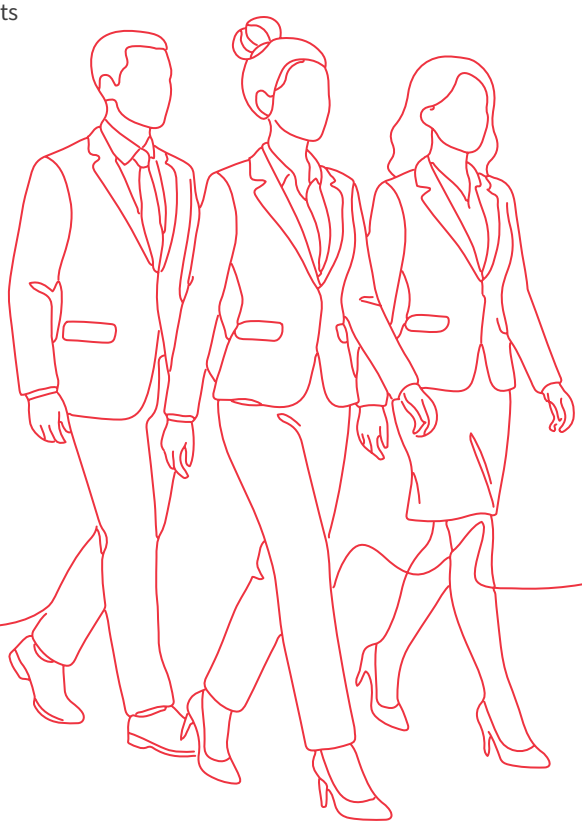
KPC staff during a teambuilding activity

8. Staff engagement

KPC staff remain important ambassadors of the Foundation's social investment agenda. During the year, 165 staff members volunteered their time, skills, and resources for community projects, which strengthened implementation capacity and deepened employees' connection to KPC Foundation's purpose.

The Foundation also supported four staff-initiated community projects, demonstrating how employee-led initiatives can extend KPC's impact into communities that matter to its staff. These projects included classroom construction and rehabilitation, dormitory development, and computer laboratory construction in Machakos, Embu, Nyandarua and Wajir.

Going forward, the Foundation should formalise staff engagement through structured volunteering opportunities, skills-based giving and recognition mechanisms that reinforce a culture of service and shared responsibility.





KPC Volleyball team being flagged off to Egypt

9. Writers & artists programme

Kenya's creative economy is a growing driver of cultural identity, innovation and livelihoods. However, many writers and visual artists continue to face barriers including limited market access, low visibility, and inadequate opportunities to showcase their work to wider audiences. In response, KPC Foundation launched Sanaa with KPC Foundation, a market-access initiative designed to support creatives by providing platforms to exhibit, promote and commercialise their work. The programme leverages KPC events, business forums, festivals, and strategic engagements to connect artists with new audiences, buyers and partners. During the reporting period, the Foundation supported over 300 creatives, enabling them to showcase their work and access new market opportunities.

The Foundation will continue to expand the programme by integrating local creative content into KPC events, merchandise, and digital platforms. This will enhance visibility for Kenyan creatives, broaden distribution channels and position the creative sector as an important contributor to inclusive growth and sustainable livelihoods.

Forward agenda

As the implementation of the 2025–2028 Strategic Plan advances, the Foundation will concentrate on scaling high-potential programmes, enhancing outcome measurement, and using partnerships to improve reach and sustainability to:

- Strengthen pathways from scholarships and skills training into employment and enterprise.
- Scale industry partnerships
- Embed clean cooking within reforestation programmes
- Strengthen structured staff volunteering and skills-based giving.
- Deepen measurement of outcomes

Conclusion

This year's portfolio from the KPC Foundation showed how smart social investment can benefit communities, stakeholders, and the business as a whole. During this time, programming became more targeted, scalable, and outcome-driven, in line with KPC's ESG commitments and Kenya's development objectives.

The next step is to deepen partnerships, make it easier to measure impact and scale initiatives that promote inclusion, resilience, environmental stewardship, and sustainable livelihoods. With this clearer approach, the Foundation can talk about not only what it invests and delivers, but also the value those investments create over time.

Risk Management




DANGER
PETROLEUM
80
KPH

Risk governance and oversight

KPC operates in an increasingly complex landscape shaped by geopolitical uncertainty, evolving regulations, infrastructure demands, energy transitions, rapid technological disruptions, and changing stakeholder expectations. Repositioning for better requires moving beyond traditional risk mitigation that may affect operational continuity, market position, financial performance, and long-term value creation. We therefore apply an integrated and forward-looking approach to risk management that safeguards and supports informed decision-making, protects value, and enables the company to pursue strategic expansion within an approved risk appetite.

Our Enterprise Risk Management (ERM) Framework, which is aligned with the principles of ISO 31000 and supported by the Board provides a structured basis for identifying, analysing, evaluating, treating, monitoring and reporting risks across the organisation. The framework considers the interdependencies between strategic, operational, environmental, health and safety, legal, regulatory and financial risks, thus helping to reduce organisational silos and embed risk management within strategy, business planning, and day-to-day operations.

The structured annual ERM programme guides company-wide risk assessments, quarterly monitoring of principal risks, and review of the implementation and effectiveness of mitigation actions. Risks are systematically assessed for both an inherent and residual risk exposure, considering their likelihood, potential impact, the effectiveness of existing controls, and the need for further improvement. This process is complemented by continuous monitoring of the operating environment to identify emerging risks and opportunities that could influence KPC's strategic direction or long-term institutional resilience.

The Board exercises overall strategic stewardship risk governance, including approval of the ERM Policy and Framework, oversight of the KPC's risk profile, and ensuring that principal risks remain within approved tolerance thresholds to safeguard institutional resilience.



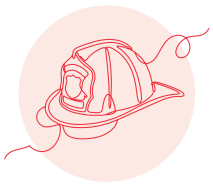
Executive Management sets the tone for a risk-aware corporate culture, provides the resources required for effective risk management, and conducts detailed reviews of KPC's principal risks and related improvement action plans.



The Risk Management Committee reviews quarterly risk reports, prioritises the principal corporate risks, tracks the implementation of the annual ERM program and escalates significant matters to the Executive Management for immediate intervention.



Departmental managers serve as frontline risk owners and are accountable for maintaining the risk registers, implementing controls and agreed mitigation measures, and continuously report any shifts in risk exposure.



The Risk Management function coordinates the entire ERM process, providing guidance as well as facilitating consolidated reporting. Internal Audit provides independent assurance on the overall design, adequacy, and operational effectiveness of risk management and internal controls.

This governance structure is aligned with the Three Lines Model:

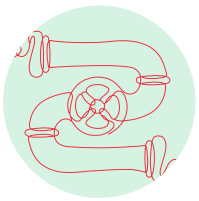
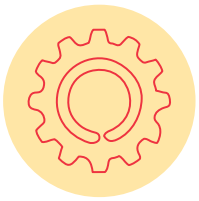
		COMPRISES		WHO
FIRST LINE	→	Business and process owners	→	Manage risks at source
SECOND LINE	→	Risk Management function, the Risk Management Committee and Executive Management	→	Provide coordination, oversight and challenge
THIRD LINE	→	Internal Audit	→	Provides independent assurance to the Board

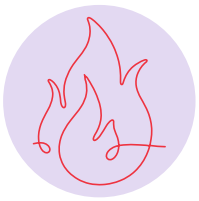
Risk appetite

KPC Plc understands that risk is an inherent part of achieving its strategic and operational objectives. The company takes a balanced and informed approach to risk management, accepting risks that fall within approved appetite levels while maintaining a low tolerance for exposures that could negatively affect safety, health, the environment, regulatory compliance, financial resilience, or operational continuity. The Risk Appetite Statement serves as a framework for decision-making, supports sustainable value creation, and ensures that risk exposures remain aligned with the company's strategic objectives, risk-bearing capacity, capabilities, and governance requirements. Any risk exposure that surpasses the approved appetite thresholds will undergo timely mitigation, escalation, and oversight by the Board to safeguard stakeholder value and long-term business sustainability.

Principal risks

During the year, KPC monitored its principal corporate risks on a quarterly basis by assessing the effectiveness of its existing controls and advancement of mitigation measures. The principal risks included:

	OUR MITIGATION	LINK TO STRATEGY	CAPITALS IMPACTED
	**Reputational risk** • Conducted CEO, media, and stakeholder forums. • Strengthened brand campaigns and digital monitoring • Initiated review of crisis communication protocols	ESG People	Social and Relationship Intellectual
	**Market risk** • Conducted regional CEO engagements • Formalised the Rwanda G2G arrangement • Secured a three-year tariff approval • Strengthened regional and inter-agency collaboration	Diversification and growth Operational excellence	Social and Relationship Intellectual
	**Pipeline system integrity** • Initiated Line 5 inline inspection • Remediated identified pipeline defects • Progressed PIM, leak-detection, SCADA and intrusion-detection systems • Continued tank inspections	Operational excellence	Manufactured Financial Natural
	**Project execution** • Updated project execution guidelines • Standardised project implementation procedures • •Strengthened project monitoring and reporting • Developed a lessons-learned framework	Diversification and growth Operational excellence	Manufactured Financial Intellectual
	**Cybersecurity** • Deployed Microsoft Autopatch • Expanded multifactor authentication and identity access management • Conducted awareness and specialist training • Monitored emerging threats with the Communications Authority of Kenya	Operational excellence People	Intellectual Manufactured Financial

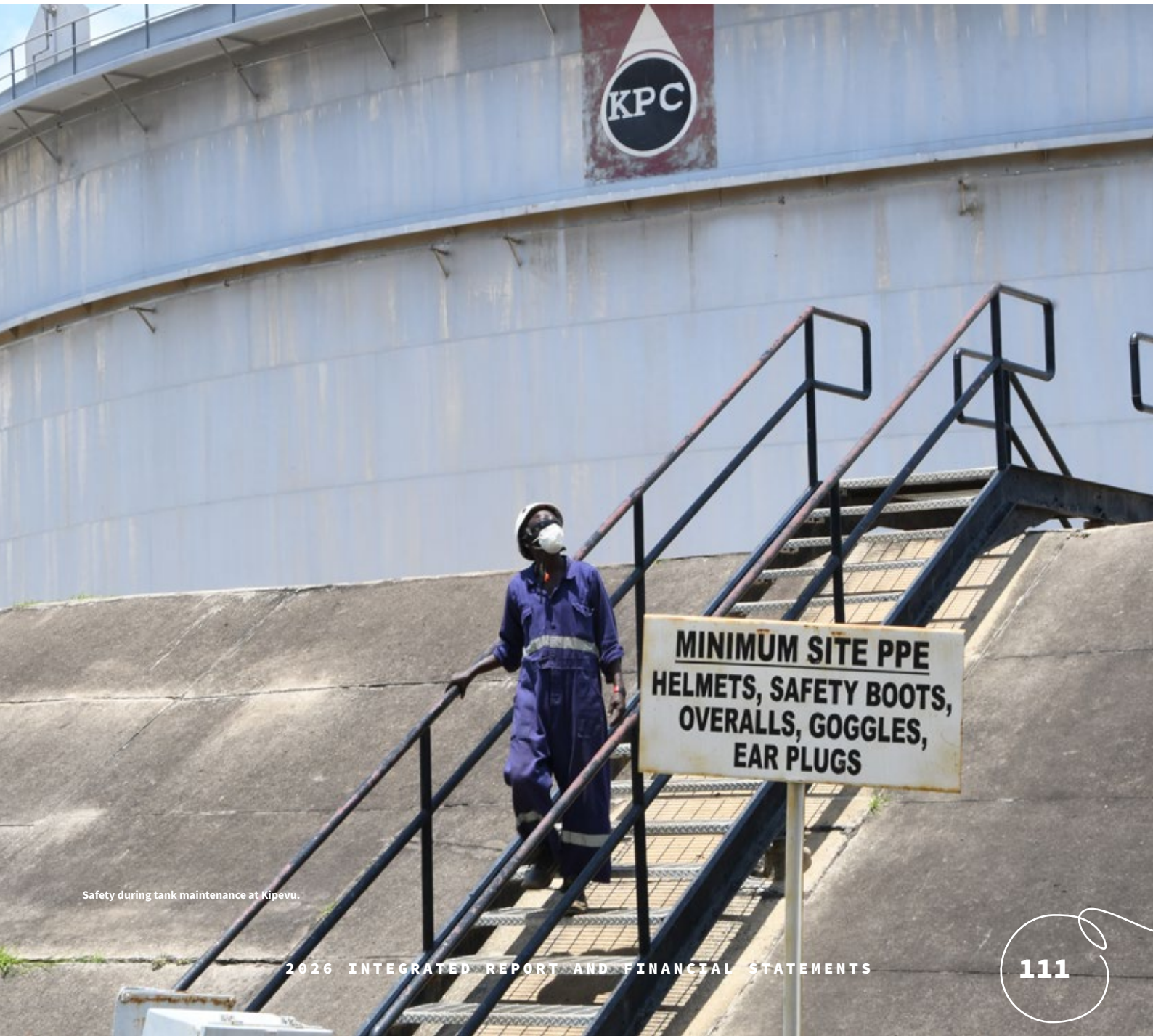
	OUR MITIGATION	LINK TO STRATEGY	CAPITALS IMPACTED
	**Fire risk** • Commissioned automated fire-detection systems • Conducted equipment inspections and statutory audits • Progressed relocation of emergency stores • Trained fire marshals and addressed audit findings	Operational excellence People	Human Manufactured Natural
	**Environmental risk — operations and activities** • Conducted pipeline wayleave sensitisation • Operationalised spill-containment systems at PS05, PS07, PS08, and PS09 • Maintained spill-response partnerships with OSMAG and OSRL	ESG Operational excellence People	Natural Manufactured Social and Relationship
	**Terrorism risk** • Strengthened intelligence-sharing and joint threat assessments • Conducted security audits and staff sensitization • Progressed CCTV, perimeter fencing, and command-centre upgrades	Operational excellence People	Manufactured Human Financial
	**Litigation risk** • Shared lessons from litigation outcomes • Assigned legal officers to contracts • Reviewed disputes regularly • Pursued alternative dispute resolution where appropriate	Operational excellence ESG	Financial Intellectual Social and relationship
	**Debt recovery risk** • Progressed host-to-host banking integration • Implemented a debt-tracking system • Prepared schedules of defaulters • Advanced automation of service suspension controls	Operational excellence Diversification and growth	Financial Intellectual

Outlook

KPC continually monitors its operating environment for emerging disruptions and changing risks. As the energy landscape evolves, KPCs risk approach is agile in anticipating regional and global geopolitical tensions, rapid shifts in petroleum supply arrangements, evolving regulatory and disclosure obligations, macroeconomic volatility, climate change, developments in regional energy infrastructure, and the growing adoption of artificial intelligence.

Climate change and the global energy transition are likely to remain material strategic issues. Extreme weather events may challenge our infrastructure limits, while regulatory and technological shifts may affect costs, reporting obligations, and future petroleum demands. KPC is actively future-proofing its assets, building climate resilience, strategically exploring green and lower-carbon energy solutions, and embedding climate-related considerations into risk assessment and strategic planning.

Changing the way infrastructure is developed in a region may alter how petroleum is transported and delivered, opening up both competitive risks and opportunities for growth and market expansion. Concurrently, artificial intelligence may improve productivity and decision-making but introduces risks relating to governance, cybersecurity, data quality, and capability. By embedding risk intelligence into our digital roadmap, ensures KPC's sustained productivity, operational leadership, and long-term strategy.



Safety during tank maintenance at Kipevu.

Annual Financial Statements





Director and statutory information

Who we are

Kenya Pipeline Company PLC (KPC) is the national energy logistics company responsible for transporting, storing and delivering petroleum products across Kenya. The company was established under the Companies Act (CAP 486) of the Laws of Kenya as a State Corporation in 1973 and has over the years operated as the backbone of Kenya's petroleum distribution system. In April 2026, in line with the provisions of Section 23 of the Privatization Act, 2005, the privatization of KPC was formally completed with the country's first fully digital Initial Public Offering (IPO). Following the listing in the Nairobi Securities Exchange (NSE), the Company transitioned out of the state corporation's framework, while the Government retained a 35% strategic shareholding, safeguarding continued national interest in an asset of critical importance to Kenya's energy security.

On 27th October 2023, GoK through The National Treasury (TNT), transferred its 100% shareholding in KPRL to KPC. Consequently, KPRL became a wholly owned subsidiary of KPC.

The main objective of the Group 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 kilometres of pipeline with current capacity to handle about 14 billion litres of petroleum products.

The Group takes cognizance of developments in the global and regional petroleum sector and is geared towards ensuring that KPC remains relevant, resilient and competitive. This is anchored in the Corporate Strategic Plan 2025/26 – 2029/30 which recognizes opportunities for diversification particularly in the LPG and data and communication spaces and outlines strategies for the expansion of these nascent businesses with the aim of transforming the Group into Africa's Premier Oil and Gas hub. The mission of the Group is to transform lives through safe and efficient delivery of quality oil and gas from source to customer.

Directors

The Directors of the entity are as follows:

Name	Particulars
Faith Bett Boinett	Chairperson – Appointed 23 December 2025
Pius Mwendwa	Ag. Managing Director/Chief Executive Officer
Dr. Ramathan Ggoobi	Appointed on 28 July 2026
Eng. Irene Pauline Bateebe	Appointed on 28 July 2026
Eng. Meshack Otieno Kidenda, MBS, HSC	Appointed on 28 July 2026
Hon. Christopher Odhiambo Karani	Appointed on 23 May 2025
Irene Wachira	Appointed on 18 August 2023
Mutungwa Wambua	Appointed on 18 August 2023
Martha Miano	Appointed on 07 March 2025
Mr. Samson Kipkemboi Burgei	Alternate Director to CS National Treasury
CPA Ronald Kenyanya Nyamosi	Alternate Director to Managing Trustee NSSF
Mohamed Birik Mohamed	Ceased to be Director on 27 April 2026
Sharon Irungu - Asiyo	Ceased to be Director on 27 April 2026
Abraham Koech	Ceased to be Director on 28 July 2026

Company secretary	**Flora Okoth** P.O. Box 73442 - 00200 Nairobi, Kenya			
Registered office & headquarters	**Kenpipe Plaza** Sekondi Road Off Nanyuki Road, Industrial Area P. O. Box 73442 – 00200 Nairobi, Kenya		**Kenya Petroleum Refineries Ltd** Changamwe, off Refineries Road P.O. Box 90401- 80100 GPO Mombasa, Kenya	
Corporate contacts	Telephone: (254) 020 2606500-4 0709 723000 Email: info@kpc.co.ke Website: www.kpc.co.ke		Telephone: (254) 0724257102 E-mail: refinery@kprl.co.ke Website: www.kprl.co.ke	
Corporate 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	**Equity Bank** Kenpipe Plaza, Sekondi Road Off Lunga Lunga Road P. O. Box 78569 – 00507 Nairobi, Kenya	**Citibank, N.A.** Citibank House Upper Hill Road P. O. Box 30711 - 00100 Nairobi, Kenya
	Standard Chartered Bank Stanchart Chiromo P.O. Box 30003-00100 Nairobi, Kenya	**NCBA** Wabera Street Branch P. O. Box 30437 – 00100 Nairobi, Kenya	**ABSA Bank Kenya** ABSA Towers P.O. Box 30120 – 00100 Nairobi	**KCB Bank Kenya** Kencom House P.O. Box 48400 - 00100 Nairobi
	Sidian Bank Sameer Business Park P.O. Box 25363-00603 Nairobi	**National Bank of Kenya** JKIA Branch P.O. Box 72866-00200 Nairobi		
Independent auditors	**Auditor General** The Office of the Auditor General, Anniversary Towers, University Way P. O. Box 30084 - 00100 Nairobi, Kenya			
Principal advocates	**Attorney General** Office of the Attorney General, Department of Justice Harambee Avenue P. O. Box 40112 – 0200 Nairobi, Kenya		**Mohammed Muigai Advocates** MM Chambers 4th Floor, K-Rep Centre P.O. Box 613323 - 00200 Nairobi, Kenya	

Report of the Directors

The directors present their report together with the audited financial statements of Kenya Pipeline Company PLC (the "Group") for the year ended 30 June 2026, which disclose the Group's state of affairs.

Activities

The principal activity of the group is transportation and storage of refined petroleum products.

Results

	Kshs '000
Profit before tax	**17,535,405**
Tax charge	**5,953,47**
Profit after tax for the year	**11,581,927**

Dividend

The board recommends payment of dividend of **Kshs. 5,790,963,500 (Kshs. 0.32/share)** in respect of the year.

(FY 2025 **5.9 Billion**, FY 2024 **7.0 Billion**, FY 2022 - Kshs. **8.0 Billion**, FY 2021 - Kshs. **2.7 Billion**).

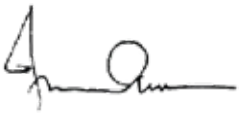
Directors

The current directors are as shown on page57 to 63.

Auditors

The Auditor General is responsible for the statutory audit of the Group's financial statements in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



COMPANY SECRETARY
NAIROBI
13TH OCTOBER 2026

Directors remuneration report

DIRECTOR'S REMUNERATION

Director	Honoraria	Director's Fees	Sitting Allowance	Expense Allowances	Grand Total
Faith Bett - Boinett	960	1,200	500	120	2,780
Irene Wachira	-	1,200	700	208	2,108
Joyce Emanikor	-	1,200	1,040	2,390	4,630
Martha Miano	-	1,200	760	656	2,616
Christopher Karani	-	1,200	980	2,134	4,314
Mutungwa Wambua	-	1,200	980	2,216	4,396
Mohamed Mohamed	-	-	420	22	442
Abraham Koech	-	-	800	155	955
Sharon Irungu-Asiyo	-	-	780	204	984
CS, The National Treasury	-	1,200	-	-	1,200
The Attorney General	-	1,200	-	-	1,200
PS, Ministry Of Energy	-	1,200	-	-	1,200
Grand Total	**960**	**10,800**	**6,960**	**8,105**	**26,825**

Statement of Directors' responsibilities

Section 81 of the Public Finance Management Act, 2012 and Cap 486 of the Companies Act, require the Directors to prepare financial statements in respect of Kenya Pipeline Company PLC, which give a true and fair view of the state of affairs of the Group at the end of the financial year and the operating results of the Group for that year. The Directors are also required to ensure that the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group. The Directors are also responsible for safeguarding the assets of the Group.

The Directors are responsible for the preparation and presentation of the Group's financial statements, which give a true and fair view of the state of affairs of the Group for and as at the end of the financial year ended on June 30, 2026. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Group; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Group's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the Companies Act. The Directors are of the opinion that the Group's financial statements give a true and fair view of the state of Group's transactions during the year ended June 30, 2026, and of the Group's financial position as at 30 June 2026. The Directors further confirm the completeness of the accounting records maintained for the Group, which have been relied upon in the preparation of the Group's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements:

The entity's financial statements were approved by the Board on 13th October 2026 and signed on its behalf by:



FAITH BETT BOINETT (MRS)
BOARD CHAIRMAN



PIUS MWENDWA
AG. MANAGING DIRECTOR

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON CONSOLIDATED KENYA PIPELINE COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2026

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, Cap. 412A, and the Public Audit Act, Cap. 412B. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying consolidated financial statements of Kenya Pipeline Company PLC (the Company) and its subsidiary set out on pages 92 to 198, which comprise of the consolidated and company statements of financial position as at 30 June, 2026, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity,

consolidated and company statements of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, Cap. 412B. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the consolidated and company financial statements present fairly, in all material respects, the financial position of Kenya Pipeline Company PLC as at 30 June, 2026 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap. 486 and the Public Finance Management Act, Cap. 412A.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Pipeline Company PLC Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Land Registration Status

The Company's statement of financial position reflects property, plant and equipment balance of Kshs.85,614,951,000, which as disclosed in Note 17 to the financial statements includes freehold land balance of Kshs.2,358,500,000. The land includes five (5) parcels at various locations valued at Kshs.97,000,000 for which the Company had no title deeds. However, processing of titles had delayed due to several reasons which included; encumbrances of titles by third parties, ongoing subdivision processes, court restrictions, and boundary disputes among others which had not been concluded by the time of the audit.

2. Uncertainty Over Legal Status of the Kenya Petroleum Refineries Limited

Kenya Petroleum Refineries Limited (KPRL) which has been reported as a subsidiary of the Company is listed as a Government-Owned Enterprise under the First Schedule of the Government Owned Enterprises Act, No.25 of 2025 which was gazetted on 27 November, 2025. Although KPC was privatized from being a State-Owned Enterprise to a private listed company on 10 March, 2026, it has continued to recognize and report KPRL as a subsidiary despite being a wholly Government Owned Enterprise. In the circumstances, the ownership and control relationship between the two entities has created ambiguity and therefore reporting under the consolidated KPC PLC may not be proper treatment.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. These matters were addressed in the context of the audit of the financial statements as a whole and in forming my opinion thereon. I do not provide a separate opinion on these matters and for each matter below, a description of how the audit addressed the matter is provided in that context.

Key Audit Matter	How the Audit Addressed the Key Audit Matter
Recognition and Measurement of Decommissioning, Restoration and Similar Obligations of Storage Tanks and Pipelines During the year ended 30 June, 2026, the Group recognized a provision for decommissioning, restoration and similar obligations amounting to Kshs.3,973,688,000, as disclosed in Note 36 to the financial statements. The recognition and measurement of the provision involved significant management judgment in determining the nature and extent of the obligations, estimating future decommissioning and restoration costs, determining the expected timing of settlement and where applicable, selecting appropriate discount rates to determine the present value of the obligations. The accounting treatment also involved determining the appropriate capitalization of the corresponding decommissioning costs as part of property, plant and equipment, subsequent depreciation of the capitalized amount, recognition of finance costs arising from the interest on asset retirement, and accounting for changes in the estimated liabilities under the revaluation model. Further, the provision gives rise to temporary differences requiring consideration of the recognition and	The following audit procedures were performed: i. Evaluated the appropriateness of the accounting policy for decommissioning, restoration and similar obligations against the applicable financial reporting framework; ii. Examined the supporting documentation for the recognition of the provision and assessed whether the Company had present legal or constructive obligations arising from past events; iii. Evaluated the methodology and assumptions used by Management in estimating future decommissioning and restoration costs, including the expected timing of settlement and applicable discount rates, where relevant; iv. Assessed the completeness of the assets and facilities covered by the provision and the reasonableness of the estimated future cash flows used in measuring the liability; v. Examined the accounting treatment of the corresponding decommissioning cost capitalized as part of property, plant and equipment, including its subsequent depreciation over the remaining useful life of the related assets;

Key Audit Matter	How the Audit Addressed the Key Audit Matter
measurement of related deferred tax assets and liabilities. Given the estimation uncertainty and the potential impact of the provision and related accounting treatments on property, plant and equipment, liabilities, finance costs, revaluation reserves and deferred tax balances, this matter required significant audit attention and was considered a Key Audit Matter.	vi. Assessed the recognition of finance costs arising from the unwinding of the discount and the accounting treatment of changes in the estimated liability, including the implications of the Company's application of the revaluation model; vii. Evaluated the recognition and measurement of deferred tax assets and liabilities arising from the decommissioning provision and the related asset component; and viii. Assessed the adequacy of the disclosures relating to the provision, including the significant assumptions and estimation uncertainties involved in its measurement.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above provide the basis for my audit opinion on the accompanying financial statements.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness Internal Controls, Risk Management and Governance. Review of the status during audit of the Company in 2025/2026 revealed that the following five (5) matters remained unresolved as at 30 June, 2026:

No.	Financial Year	Audit Issue
1	2024/2025	Land registration status
2	2024/2025	Contingent liability on oil spillage claim
3	2024/2025	Delay in project implementation
4	2024/2025	Long outstanding receivables
5	2024/2025	Privatization of the company

Other Information

Management is responsible for the Other Information set out on page 7 to 91 which comprise of Who We Are, Assurance and Audit, Chairman's Statement, Report of Chief Executive Officer/ Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Financial Performance Overview, Integrated Risk Management Report, Environmental and Sustainability Reporting, the Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delayed Project Implementation

Review of the Projects Implementation Status Report and physical verification in July, 2026 revealed that four (4) capital projects with a total contract sum of Kshs.426,170,212 remained incomplete as detailed below:

i) The contract improvement works on firefighting system at Embakasi Aviation Depot (PS9) was awarded on 5 April, 2023 at a contract sum of Kshs.139,172,819, and was scheduled for completion by 5 December, 2024. However, at the time of audit in July 2026, the project had achieved only 59% physical progress against the planned rate of 100%, despite payments amounting to Kshs.67,466,957 having been made to the contractor.

ii) The contract for the design, supply, installation and commissioning of master meter proving system for mainline meters was signed on 2 December, 2024 at a cost of USD 1,011,283.36, equivalent to Kshs.130,455,553, and was scheduled for completion by 6 January, 2026. However, at the time of audit, the project was at 75% completion level yet the contract period had elapsed despite payments amounting to Kshs.65,227,777, representing 50% of the contract sum having been made.

iii) The contract for the supply, installation, replacement, commissioning and maintenance of fibre optic infrastructure – Lot 2 was signed on 2 April, 2025 at a cost of Kshs.149,543,182, and was expected to be completed by 27 October, 2026. The contractor had been paid Kshs.14,954,318 equivalent to 10% of the contract sum However, the Project was only about 35% complete against time lapse of 72%.

In the circumstances the delays may result in cost overruns, deferment of intended project benefits, disruption of operations and failure to obtain value for money from the investments.

2. Delayed Operationalization of a Fire House

Review of Procurement records and physical inspection revealed that the construction of fire equipment store at Mtito Andei, valued at Kshs.6,998,658, commenced in March, 2024 and was completed in September, 2024. However, the facility remained non-operational due to delayed internal partitioning works and furnishing. Management indicated that the fire house was planned as part of a wider upgrade of fire response capacity at the station, which includes the acquisition of a dedicated fire response vehicle and posting of a staff at the station. However, the planned acquisition of a dedicated fire response vehicle had been deferred due to resource constraints. Consequently, the facility had not been put into use, delaying the realization of the intended benefits of providing a secure and dedicated storage facility for firefighting equipment.

In the circumstances, the intended benefits of the investment had not been realized due to delayed completion and operationalization of the facility.

3. Failure to Maintain Share Register and Beneficial Ownership Information

Review of the Company's post Initial Public Offering (IPO) records revealed that The National Treasury held 35% of the issued share capital, Uganda National Oil Company Limited (UNOC) held 20.15%, and the remaining shares were held through twenty (20) nominee accounts maintained by licensed custodians. However, Management did not maintain a comprehensive register of members identifying the ultimate beneficial owners of the shares held through the nominee accounts. This was contrary to Sections 93 and 94 of the Companies Act, Cap. 486, which require companies to maintain an up-to-date register of members at the registered office or another permitted location and lodge a copy with the Registrar.

Further, available information indicates that the aggregate shareholding held by The National Treasury together with interests held through other Government of Kenya public institutions constitutes more than 72% of the Company's total shareholding. The

shareholding confers significant ownership on the Government and influence on the governance and strategic direction of the Company, including appointment of members of the Board of Directors and exercise of key oversight and financial management functions. Failure to transparently disclose the Government's shareholding position affects effective corporate governance.

In the circumstances, Management was in breach of the law and the Company's ownership and shareholding structure could not be fully confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, Cap. 412B, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Long Outstanding Trade Receivables

The Company's statement of financial position reflects net other long term receivables balance of Kshs.5,313,488,000 as disclosed in Note 26 to the financial statements. The balance includes an amount of Kshs.733,248,779 due from the Kenya Airports Authority, which had remained outstanding for more than four (4) years. Management did not provide evidence of measures put in place to facilitate collection of the outstanding debt.

In the circumstances, the existence of effective Company's debt recovery strategies could not be confirmed.

2. Inadequate Network Access Controls

Review of the Company's network access controls revealed weaknesses in the controls governing the connection of devices to the Local Area Network (LAN) and access to network resources. A test check established that a non-staff laptop connected to the Company's LAN was able to access network resources, including internet connectivity and the Domain Name System (DNS), without the required network security configurations and access controls.

In the circumstances, the effectiveness of Information and Communications Technology (ICT) control environment, including controls designed to prevent unauthorized access and safeguard information assets could not be confirmed.

3. Use of Unsupported Operating System

Review of the Active Directory (AD) devices listing revealed that 1,331 devices were running on an operating system that had reached end of support on 14 October, 2025. As a result, these devices no longer receive security updates, bug fixes, or technical support from service provider exposing the organization to increased cybersecurity and operational risks.

In the circumstances, the effectiveness of Company's Information and Communication Technology control environment, including controls designed to safeguard information assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, Cap.486, I report, based on my audit, that:

i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;

ii. The information given in the Directors' report on page 89 to 90 is consistent with the financial statements; and

iii. The auditable part of the Directors' remuneration report on page 142 to 143 has been properly prepared in accordance with the Companies Act, Cap. 486.

Basis for Conclusion

The Companies Act, Cap. 486 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's, compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether

due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, Cap. 412B.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, Cap. 412B and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, Cap. 412B. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, Cap. 412B.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 October, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	2026 Kshs '000	Restated 2025 Kshs '000
Revenue from contracts with customers	6	41,821,361	38,593,631
Direct costs	7	(14,373,718)	(13,188,881)
GROSS PROFIT		**27,447,643**	**25,404,750**
OTHER INCOME			
Interest revenue calculated using the effective interest rate method	9(a)	992,800	478,283
Other income	8	1,153,686	922,958
Other gains /(losses)	10	(229,225)	(92,406)
TOTAL OTHER INCOME		**1,917,260**	**1,308,835**
Administration expenses	11(a)	(10,365,539)	(10,013,296)
Impairment of non-financial assets	11(b)	-	97,590
Impairment of financial assets	11(c)	(798,521)	(212,086)
Finance costs	9(b)	(665,438)	(415,221)
TOTAL OPERATING EXPENSES		**11,829,499**	**10,543,014**
PROFIT BEFORE TAXATION	13	**17,535,405**	**16,170,572**
Taxation charge	14(a)	5,953,477	5,866,043
PROFIT AFTER TAXATION		**11,581,927**	**10,304,529**
OTHER COMPREHENSIVE INCOME (OCI)/ (LOSS)			
items that will not be reclassified subsequently to profit or loss;			
Re-measurement (Other Comprehensive Income – DB Retirement Benefit Scheme)	24(b)	327,214	(528,922)
Surplus on revaluation of PPE		(4,317,216)	18,532,493
Income Tax Impact	35	-	179,817
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(3,990,002)**	**18,183,387**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,591,926**	**28,487,916**

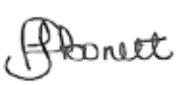
COMPANY STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	2026 Kshs '000	Restated* 2025 Kshs '000
Revenue from contracts with customers	6	41,821,361	38,593,631
Direct costs	7	(15,826,468)	(14,737,729)
GROSS PROFIT		**25,994,893**	**23,855,902**
OTHER INCOME			
Interest revenue calculated using the effective interest rate method	9(a)	970,915	438,678
Other income	8	963,192	805,649
Other gains /(losses)	10	(227,067)	(91,061)
TOTAL OTHER INCOME		**1,707,040**	**1,153,266**
Administration expenses	11(a)	(7,304,241)	(7,510,688)
Impairment of non-financial assets	11 (b)	-	-
Impairment of financial assets	11(c)	(797,871)	(212,086)
Finance costs	9(b)	(380,283)	(184,027)
TOTAL OPERATING EXPENSES		**8,482,396**	**7,906,801**
PROFIT BEFORE TAXATION	13	**19,219,537**	**17,102,367**
Taxation charge	14(a)	6,408,730	5,810,592
PROFIT AFTER TAXATION		**12,810,807**	**11,291,775**
OTHER COMPREHENSIVE INCOME (OCI)/ (LOSS)			
items that will not be reclassified subsequently to profit or loss;			
Re-measurement (Other Comprehensive Income – DB Retirement Benefit Scheme)	24(b)	327,214	(528,922)
Revaluation of land and buildings		(395,039)	109,167
Income Tax Impact	35	-	179,817
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(67,825)**	**(239,938)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,742,982**	**11,051,837**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2026	Restated 2025
ASSETS	**Note**	**Kshs '000**	**Kshs '000**
Non-Current Assets			
Property, plant and equipment	17	94,397,253	91,433,924
Leasehold land	18	21,255,747	23,230,826
Right of use asset	20	405,438	430,629
Intangible assets	19	11,333	28,746
Deferred tax asset	21	-	271,639
Employee benefit obligations	24	1,442,422	997,949
Investments in unquoted equity instruments	22	25,155	36,306
Other long-term receivables	26	1,497,756	1,306,185
Total Non-Current assets		**119,035,104**	**117,736,204**
Current Assets			
Inventories	25	3,850,555	2,703,698
Current income tax asset	29(a)	-	981,473
Trade and other receivables	26	5,843,422	7,421,057
Short term deposits	28(a)	18,343,023	4,701,400
Bank and cash balances	28(b)	2,200,804	7,086,115
Total Current Assets		**30,237,804**	**22,893,744**
Total Assets		**149,272,908**	**140,629,947**
SHAREHOLDER'S FUNDS AND LIABILITIES			
Capital and Reserves			
Share capital	30	363,466	363,466
Share premium		512,289	512,289
Capital contribution reserve	33	1,634,945	(2,180,785)
Retained earnings	31	92,638,926	72,647,208
Revaluation reserve	32	25,902,291	30,350,095
Common control reserve	34	(1,723,850)	(1,723,850)
		119,328,067	**99,968,423**
Non-Current Liabilities			
Deferred tax liability	35	19,009,084	20,106,511
Lease liability	38	434,290	392,924
Provisions	36	3,973,688	-
		23,417,062	**20,499,435**
Current Liabilities			
Trade and other payables	37	4,505,629	4,588,236
Due to related parties	44	80,000	80,000
Borrowings	39	442,861	2,660,067
Bank overdraft	39	-	649,453
Yield shift advance	40	189,777	3,365,577
Current income tax liability	29(b)	351,175	816,339
Deferred income	41	941,573	-
Lease liability	38	16,764	50,429
		6,527,779	**12,210,100**
Total Shareholder's Funds and Liabilities		**149,272,908**	**140,629,947**

The financial statements on pages 112 to 226 were approved and authorized for issue by the Board of Directors on **13th October 2026** and signed on their behalf by:







Board Chairman	Ag. Managing Director/ CEO	Ag. Chief Finance Officer
Faith Boinett	**Pius Mwendwa**	**Antony Ndegwa**

COMPANY STATEMENT OF FINANCIAL POSITION

		2026	Restated 2025
ASSETS	**Note**	**Kshs '000**	**Kshs '000**
Non-Current Assets			
Property, plant and equipment	17	85,614,951	84,588,806
Leasehold land	18	9,619,395	11,230,150
Right of use asset	20	376,791	391,564
Intangible assets	19	11,333	28,746
Employee benefit obligations	24	1,442,422	997,949
Investments in unquoted equity instruments	22	25,155	36,306
Investment in subsidiary	23	1,974,199	1,974,199
Other long-term receivables	26	5,313,488	3,486,969
Total Non-Current assets		**104,377,734**	**102,734,691**
Current Assets			
Inventories	25	2,462,140	2,262,493
Current income tax asset	29	-	-
Trade and other receivables	26	6,338,291	7,504,327
Short term deposits	28(a)	18,156,724	3,714,095
Bank and cash balances	28(b)	1,962,357	3,659,130
Total Current Assets		**28,919,512**	**17,140,045**
Total Assets		**133,297,247**	**119,874,736**
SHAREHOLDER'S FUNDS AND LIABILITIES			
Capital and Reserves			
Share capital	30	363,466	363,466
Share premium		512,289	512,289
Capital contribution	33	1,634,945	-
Retained earnings	31	94,699,951	81,561,931
Revaluation reserve	32	11,404,228	11,799,267
		108,614,880	**94,236,952**
Non-Current Liabilities			
Deferred tax liability	35	15,898,989	20,106,511
Lease liability	38	413,025	366,993
Provisions	36	2,657,588	-
		18,969,602	**20,473,504**
Current Liabilities			
Trade and other payables	37	4,169,515	4,231,303
Due to related parties	44	80,000	80,000
Current income tax liability	29	1,456,393	816,339
Syndicated loan	39	-	-
Lease liability	38	6,858	36,638
		5,712,766	**5,164,280**
Total Shareholder's Funds and Liabilities		**133,297,247**	**119,874,736**

The financial statements on pages 112 to 226 were approved and authorized for issue by the Board of Directors on **13th October 2026** and signed on their behalf by:



Board Chairman

Faith Boinett



Ag. Managing Director/CEO

Pius Mwendwa



Ag. Chief Finance Officer

Antony Ndegwa

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital Kshs 000	Share Premium Kshs 000	Retained Earnings Kshs 000	Revaluation Reserve Kshs 000	Capital contribution reserve Kshs 000	Common control reserve Kshs 000	TOTAL EQUITY Kshs 000
As at 01 July 2024	**363,466**	**512,289**	**76,854,179**	**11,510,283**	**(128,994)**	**(1,723,850)**	**87,387,372**
Profit for the period	-	-	10,304,529	-		-	7,623,723
Other comprehensive income	-	-	(528,922)	18,709,224	-	-	18,180,303
Total comprehensive income for the period	-	-	9,775,607	18,709,224	-	-	28,484,831
Capital contribution	-	-	-		(2,051,791)	-	(2,051,791)
Dividends Paid	-	-	(5,900,000)	-	-	-	(5,900,000)
As at 30 June 2025	**363,466**	**512,289**	**80,729,785**	**30,219,507**	**(2,180,785)**	**(1,723,850)**	**107,920,412**
As at 01 July 2025	**363,466**	**512,289**	**80,729,785**	**30,219,507**	**(2,180,785)**	**(1,723,850)**	**107,920,412**
Profit for the year	-	-	11,581,927	-	-	-	11,581,927
Other comprehensive income	-	-	327,214	(4,317,216)	-	-	(3,990,002)
Total comprehensive income for the period	-	-	11,909,141	(4,317,216)	-	-	7,591,926
Capital contribution	-	-	-	-	3,815,730	-	3,815,730
Dividends Paid	-	-	-	-	-	-	-
As at 30 June 2026	**363,466**	**512,289**	**92,638,926**	**25,902,291**	**1,634,945**	**(1,723,850)**	**119,328,068**

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital Kshs '000	Share Premium Kshs '000	Capital contribution Kshs '000	Retained Earnings Kshs '000	Revaluation Reserve Kshs '000	Total Equity Kshs '000
As at 01 July 2024	**363,466**	**512,289**	**-**	**76,699,078**	**11,510,283**	**89,085,115**
Profit for the year	-	-	-	11,291,775	-	11,291,775
Other Comprehensive Income	-	-	-	(528,922)	288,984	(239,938)
Total comprehensive income for the period	-	-	-	10,762,853	288,984	11,051,837
Dividends paid	-	-		(5,900,000)	-	(5,900,000)
As at 30 June 2025	**363,466**	**512,289**	-	**81,561,931**	**11,799,267**	**94,236,952**
As at 01 July 2025	**363,466**	**512,289**	-	**81,561,931**	**11,799,267**	**94,236,952**
Profit for the year	-	-	-	12,810,807	-	12,810,807
Other Comprehensive Income	-	-	-	327,214	(395,039)	(67,825)
Total comprehensive income for the period	-	-	-	13,138,021	(395,039)	12,810,982
Capital contribution	-	-	1,634,945	-	-	1,634,945
Dividends Paid	-	-	-	-	-	-
As at 30 June 2026	**363,466**	**512,289**	**1,634,945**	**94,699,951**	**11,404,228**	**108,614,880**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2026 Kshs '000	Restated 2025 Kshs '000
CASH FLOWS FROM OPERATIONS			
Cash generated from operations	43(a)	25,398,776	18,428,455
Interest received	9(a)	992,800	478,283
Interest expense	9(b)	(118,487)	(381,038)
Interest expense on lease liability	20	(60,316)	(34,183)
Tax paid		(8,827,100)	(5,549,850)
Net cash generated from operating activities		**17,385,671**	**12,941,668**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	(4,485,234)	(1,393,293)
Proceeds from disposal of PPE		5,367	40,515
Purchase of intangible assets	19	-	(255)
Purchase of investment - KPRL	26	-	(2,051,791)
Liquidation of KPRL Investment in DC Fund	27	-	922,669
Leased Assets		-	(41,669)
Net cash flows used in investing activities		**(4,479,866)**	**(2,523,823)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal lease liability	38	(21,007)	(22,806)
Adjustment on reserves		-	(94,309)
Dividends paid	16	-	(5,900,000)
Repayment of borrowings	39	(1,244,806)	(2,508,274)
Yield shift advance	40	(3,175,800)	3,365,577
Deferred income		941,573	-
Net cash flows from financing activities		**(3,500,040)**	**(5,159,812)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**9,405,765**	**5,258,032**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**11,138,062**	**5,880,030**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**20,543,828**	**11,138,062**

COMPANY STATEMENT OF CASH FLOWS

	Note	2026 Kshs '000	Restated 2025 Kshs '000
CASH FLOWS FROM OPERATIONS			
Cash generated from operations	43(a)	25,469,054	17,885,120
Interest received	9(a)	970,915	438,678
Interest expense	9(b)	(325,459)	(151,407)
Interest expense on lease liability	20	(54,824)	(32,620)
Tax paid		(8,821,506)	(5,407,583)
Net cash generated from operating activities		**17,238,180**	**12,732,188**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	(4,485,234)	(1,393,293)
Proceeds from disposal of PPE		5,367	40,515
Purchase of intangible assets	19	-	(255)
Purchase of investment - KPRL	26	-	(2,051,791)
Net cash flows used in investing activities		**(4,479,866)**	**(3,404,824)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal lease liability	38	(12,457)	(20,858)
Adjustment on reserves		-	(94,309)
Dividends paid	16	-	(5,900,000)
Repayment of borrowings	39	-	(2,456,292)
Net cash flows from financing activities		**(12,457)**	**(8,471,459)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**12,745,856**	**855,905**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**7,373,225**	**6,517,320**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**20,119,081**	**7,373,225**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2026 - COMPANY

	Initial budget	Supplementary/ Adjustments	Final budget	Actual on comparable basis	Performance difference	% Var
	2025-2026	2025-2026	2025-2026	2025-2026	2025-2026	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Throughput Revenue	38,990,766,016	-	38,990,766,016	41,821,361,194	2,830,595,178	7%
Other income	1,505,466,555	-	1,505,466,555	1,934,107,186	428,640,631	28%
Total Income	**40,496,232,571**	-	**40,496,232,571**	**43,755,468,380**	**3,259,235,809**	7%
Expenses						
Compensation of employees/Employee Emoluments	6,221,774,880	870,907,991	7,092,682,871	6,473,039,700	(619,643,171)	-9%
Other employee costs	1,454,125,736	813,245,488	2,267,371,224	2,135,883,163	(131,488,061)	-6%
Direct Costs excl. depreciation and electricity	4,015,295,606	486,421,000	4,501,716,606	3,128,376,629	(1,373,339,977)	-31%
Administration Costs excl. depreciation and electricity	2,848,107,974	656,392,845	3,504,500,819	2,211,586,225	(1,292,914,594)	-37%
Depreciation & Amortization	6,570,265,493	-	6,570,265,493	5,421,326,132	(1,148,939,361)	-17%
Electricity	3,135,051,454	-	3,135,051,454	3,028,243,836	(106,807,618)	-3%
Finance cost	17,285,069	-	17,285,069	10,718,073	(6,566,996)	-38%
A.R.O. Costs	-	-	-	941,874,843	941,874,843	-
Penalties & Interest Expense	-	-	-	5,810,196	5,810,196	-
Foreign Exchanges loss (gain)	-	-	-	230,088,133	230,088,133	-
Provision for Obsolete & Slow-Moving Inventory	-	-	-	151,113,593	151,113,593	-
Provision for bad debts	-	-	-	797,870,971	797,870,971	-
Total Expenditure	**24,261,906,212**	**2,826,967,324**	**27,088,873,536**	**24,535,931,494**	**(2,552,942,042)**	**-9%**
Surplus for the period	**16,234,326,359**		**13,407,359,035**	**19,219,536,886**	**5,812,177,851**	**43%**
Capital Expenditure						
Capital investments	**5,134,914,223**	**5,849,071,368**	**10,983,985,591**	**4,485,233,861**	**(6,498,751,730)**	**-59%**
Total Approved Budget	**29,396,820,435**	**8,676,038,692**	**38,072,859,127**	**29,021,165,356**	**(9,051,693,771)**	**-24%**

PFM Act section 81(2) (ii) and (iv) requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available. However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

Explanation of the Variances:

i. Savings on staff costs, Ksh. 0.7 billion primarily due to vacancies and timing differences in the recruitment.
ii. Cumulative direct costs budget under-expenditure of Kshs. 1.4 billion on the implementation of critical operations (e.g. procurement of Drag Reducing Agent (DRA) of Ksh 400 million) and maintenance activities relating to the pipeline network and storage tanks which were temporarily put on hold to support the company's valuation ahead of the IPO.
iii. Depreciation costs were lower than budget by Ksh. 1.1 billion and lower than the corresponding period in the prior year by Ksh 74 million, primarily due to delays in the completion and capitalization of capital expenditure projects that were planned before the IPO.
iv. Savings on other administrative costs against budget including software licenses, consultancy, Advertising and Vehicle & helicopter maintenance (37%).

1 GENERAL INFORMATION

Kenya Pipeline Company PLC (KPC) is the national energy logistics company responsible for transporting, storing and delivering petroleum products across Kenya. The company was established under the Companies Act (CAP 486) of the Laws of Kenya as a State Corporation in 1973 and has over the years operated as the backbone of Kenya's petroleum distribution system. In April 2026, in line with the provisions of Section 23 of the Privatization Act, 2005, the privatization of KPC was formally completed with the country's first fully digital Initial Public Offering (IPO). Following the listing in the Nairobi Securities Exchange (NSE), the Company transitioned out of the state corporation's framework, while the Government retained a 35% strategic shareholding, safeguarding continued national interest in an asset of critical importance to Kenya's energy security.

On 27th October 2023, GoK through The National Treasury (TNT), transferred its 100% shareholding in KPRL to KPC. Consequently, KPRL became a wholly owned subsidiary of KPC.

For Kenyan Companies Act 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 measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The consolidated financial statements of the Kenya Pipeline Company PLC 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 entity'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 Kenya Pipeline Company.

The financial statements have been prepared in accordance with the PFM Act, the Company Act, Cap 486 of the laws of Kenya, and IFRS Accounting Standards. The accounting policies adopted have been consistently applied to all the years presented.

3 APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS.

New and amended standards and interpretations in issue and effective in the year ended 30 June 2026

i) 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 2026 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and amendments is set out below;

a) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for 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 amendments did not have a material impact on the Group's financial statements.

b) Annual Improvements to IFRS accounting Standards – Volume 11 (On or after 1 January 2026)

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments had no material impact on the Group's financial statements.

c) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (On or after 1 January 2026)

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments had no impact on Group's financial statements.

d) IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periodsbeginning 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.

e) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- It is anticipated that the Group will conclude its main business activity as that of a general operating model.
- Although the adoption of IFRS 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
    - Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

- IFRS 18 has specific requirements on the category in which derivative gains or losses are recognized – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognizes some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognized, and the group is currently evaluating the need for change.

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- 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- The group is performing an assessment of any measures that are currently being reported outside the financial information and whether or not these meet the definition of a management-defined performance measure.
  - 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 rom current presentation as part of operating cash flows.

- The group will apply the new standard for its financial year beginning 1 July 2027, which is the first reporting period commencing after the standard's mandatory effective date of 1 January 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.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below:

a) 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 acquisition 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. Thus KPRL became a fully owned subsidiary of KPC. (See Note 22 – KPRL Summarized BS at acquisition).

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.

There is currently no guidance under IFRS for the accounting treatment of such transactions. In terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the group may either apply IFRS 3 Business Combinations or the predecessor values with either the prospective or retrospective presentation method for such 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. Consequently, comparatives have been restated in line with this policy for group purposes.

b) Segment information

Following the listing of the Company's shares on the Nairobi Securities Exchange during the year, the Group's equity instruments are now traded in the Nairobi Securities Exchange. Accordingly, the Group presents segment information in accordance with IFRS 8 Operating Segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, which is the body responsible for allocating resources to and assessing the performance of the operating segments, has been identified as Key Management, which consists of the Managing director and Chief Executive Officer and the General Managers.

The CODM reviews the operations of the Group as a single operating segment; the transportation and storage of petroleum products through the Group's integrated pipeline and storage network. Although the Group earns revenue from a number of revenue streams (local service fees, export service fees, Kipevu oil storage facility fees, KPRL pipeline lease income and Liquified Petroleum Gas services), these are delivered using shared pipeline and storage infrastructure, common cost centers, centrally allocated resources, and tariffs regulated by the Energy and Petroleum Regulatory Authority (EPRA). The CODM assesses performance and allocates resources on the basis of the Group's overall profit before tax, measured on a basis consistent with these financial statements.

The storage and pipeline leasing activities undertaken by the subsidiary, Kenya Petroleum Refineries Limited (KPRL), form an integral part of this single integrated petroleum logistics operation and are not reviewed by the CODM as a separate segment.

Accordingly, the financial information is presented as a single reportable segment in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position. No additional segment(s) profit or loss, asset or liability reconciliation are presented.

i) Information about products and services

The Group's revenue from external customers, disaggregated by major service line, is set out below, in line with the Group's revenue from contracts with customers.

Revenue stream	**2026 KShs '000**	**2025 KShs '000**
Local service fees	13,525,304	12,471,488
Export service fees	21,883,661	21,146,407
Kipevu oil storage facility fees	5,627,472	4,376,263
Penalties on overstayed product	770,048	573,838
Others	14,876	25,635
Total revenue from contracts with customers	**41,821,361**	**38,593,631**

ii) Information about geographical areas

The Group is domiciled in Kenya, and all of its non-current assets (other than selected assets such as pipeline and storage assets) are located in Kenya. Revenue from external customers is attributed to geographical areas based on the destination of the petroleum products transported and handled:

Geographical market	2026 KShs '000	2025 KShs '000
Kenya	19,937,700	17,447,224
Export market	21,883,661	21,146,407
Total revenue	**41,821,361**	**38,593,631**

iii) Information about major customers

The Group's customers are predominantly Oil Marketing Companies (OMCs) operating in the petroleum sector. Revenues of 42 Billion (FY2025: KShs 38 billion) were derived from 140 customers, each individually accounting for 10% or more of the Group's total revenue . or / [No single external customer accounted for 10% or more of the Group's total revenue during the year.]

c) 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. 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	Timing 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, as products are transported and handled
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, as products are transported and handled
Kipevu oil storage facility fees	Primary Storage of refined petroleum products within the stipulated time as per the transport and storage agreement (TSA).	Allocation of ullage and receipt of petroleum products upon recertification.	Over time, as storage capacity is made available
Penalties on overstayed product	Opportunity lost to earn transport revenue as a result of failure to evacuate product within the stipulated time as per the transport and storage agreement (TSA).	Delivery of product to point-of-sale terminals (KPC depots).	At the point the overstay is established (variable consideration)
Penalties from ASE	Processing of Adjustment of stock entitlements of less than 70M3	Immediately upon receipt of the request.	At a point in time, on receipt and processing of the request
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, as the pipeline is made available
Liquefied Petroleum Gas Sales	Storage and handling of Liquefied Petroleum Gas at KPRL	Delivery and handling of LPG at KPRL terminal.	Over time, as services are rendered

Revenue is measured at the transaction price agreed in the contract in the Trasport Service Agreement. The tariffs are stipulated by the Energy and Petroleum Authority (EPRA). Revenue is recognized over time as the Group performs over time.

Revenue recognised over time reflects the pattern in which the customer simultaneously receives and consumes the benefits provided by the Group's performance.
A receivable is recognised when the Group's right to consideration is unconditional, that is, only the passage of time is required before payment is due.

d) Other Income

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.

iv) **Profit/loss on disposal of PPE** is recognized in the income statement on the disposal of property plant and equipment (PPE).

e) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost, comprising the purchase price and any expenditure directly attributable to bringing the asset to its location and condition for intended use. Cost also includes:

- the initial estimate of decommissioning, restoration and similar obligations recognised in accordance with IAS 37 and
- borrowing costs capitalised on qualifying assets in accordance with IAS 23 Borrowing costs.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset where appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost 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 costs are charged to profit or loss in the period in which they are incurred.

Subsequent to initial recognition, the group applies the following measurement bases in line with IAS 16:

- **Cost Model:** Furniture, office equipment, and computers are carried at cost less accumulated depreciation and any accumulated impairment losses.

- **Revaluation Model:** All other categories of property, plant and equipment are carried at revalued amounts, being their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity by independent external valuers, and where revaluation is undertaken, all items within the relevant asset class are revalued.

Increases in the carrying amount of assets arising from revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve. Decreases that offset previous increases on the same asset are charged against the revaluation reserve; all other decreases are recognised in profit or loss

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items and are recognised in profit or loss in the income statement.

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, other civil works, and installations and is transferred to the relevant PPE class when the asset is available for use in the manner intended by management, subject to meeting the criteria for recognition as property, plant and equipment.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost (or revalued amount) of each asset to its residual value over its estimated useful life. A prorated depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

For revalued assets, the remaining useful life is reassessed at the date of revaluation in accordance with IAS 16, and de preciation is applied prospectively over the revised period.

The annual depreciation rates applied to each asset class are as follows:

Asset Class	Asset Description	Rate (Cost Model)	Rate (Revaluation Model)
Freehold Land	Freehold Land – Industrial. Freehold Land – Residential	Nil	Nil
Buildings & Roads	Buildings – Industrial; Buildings – Domestic	2% or unexpired lease period, whichever is shorter	2% or unexpired lease period, whichever is shorter
	Buildings – Wooden; Perimeter Fences; ASK Show Stands	20%	20%
	Access Roads	20%	10%
Pipeline, Pumps and Tanks	Mainline Pipe; Pipe Fittings; Valves; Mainline Pumps; Ancillary Pumps; Tanks; Loading Arms; Instrumentation & Meters; Cathodic Protection Equipment	2.5%	Based on remaining useful life per valuation
Plant & Equipment	Transformers and Generators; Telecommunication Equipment; Stoppling Equipment; Fire Fighting Equipment; Water Supply Equipment; General Machinery & Tools; Filtration Equipment; Laboratory Equipment; Ethanol Project Equipment; Oil Spill Equipment & Spares; Heavy Earthmoving Equipment	5%	Based on remaining useful life per valuation
Furniture, Office Equipment & Computers	Office Equipment; Office Furniture; Canteen Furniture; Domestic Furniture; Staff Clinic Furniture & Equipment; Low Value Assets	10%	N/A as items are subsequently carried at cost
	Computer Hardware & Peripherals	33%	N/A as items are subsequently carried at cost
Helicopter	Helicopter	10%	10%
Motor Vehicles & Tractors	Heavy Commercial Vehicles; Motor Cars	25%	25%
Captive Power Plant	Captive Power Plant	Based on useful life	Based on remaining useful life per valuation
Refining Assets	Refining Assets	Based on useful life	Based on remaining useful life per valuation

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

f) Decommissioning, restoration and similar obligations Recognition

A provision for decommissioning, dismantling, removal and site-restoration costs is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Such obligations typically arise on the installation or construction of an asset, or when a change in law or regulation creates the obligation, and may relate to the entire life of the asset or only to a portion of it.

The provision is measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is measured at the present value of the expected future cash flows, discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The estimated cash flows are adjusted for the risks and uncertainties surrounding the obligation, and the discount rate does not reflect risks for which the future cash-flow estimates have already been adjusted.

An amount equivalent to the provision recognised is capitalised as part of the cost of the related item of property, plant and equipment, to the extent that it is incurred as a consequence of acquiring, constructing or using the asset.

Subsequent measurement

The capitalised decommissioning cost is depreciated over the useful life of the related asset on the same basis as the asset to which it relates. In each subsequent period, the carrying amount of the provision is increased to reflect the passage of time (the unwinding of the discount); this increase is recognised in profit or loss as a finance cost. Where the obligation is settled, the provision is derecognised and any difference between the carrying amount of the provision and the amount finally paid is recognised in profit or loss

Changes in the estimated obligation

- Changes in the measurement of an existing decommissioning provision that result from changes in the estimated timing or amount of the outflow of resources, or from a change in the discount rate, are accounted for prospectively in accordance with IFRIC 1.
- The Group's assets are measured under the revaluation model; therefore, a change in the estimated decommissioning liability alters the revaluation surplus or deficit previously recognised on that asset, so that:
- a decrease in the liability is recognised in other comprehensive income and increases the revaluation surplus within equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss; and
- an increase in the liability is recognised in profit or loss, except that it is charged to other comprehensive income and reduces the revaluation surplus within equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

A change in the liability is an indication that the asset may need to be revalued so that its carrying amount does not differ materially from that which would be determined using fair value at the reporting date; where a revaluation is necessary, all assets in that class are revalued, and any such revaluation is taken into account in determining the amounts recognised in other comprehensive income and in profit or loss above. A change in the liability does not affect the revaluation surplus that is transferred to retained earnings as the asset is used.

The adjusted depreciable amount of the asset is depreciated prospectively over its remaining useful life. The periodic unwinding of the discount continues to be recognised in profit or loss as a finance cost as it occurs, and is not capitalised.

Deferred tax

The Group recognises deferred tax on the temporary differences arising from the decommissioning provision and the related asset component. Because the transaction gives rise to equal and offsetting deductible and taxable temporary differences on initial recognition, the initial recognition exemption is not applied and the resulting deferred tax asset and deferred tax liability are recognised in full. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

g) Intangible assets

Intangible assets comprise purchased computer software licenses, which are recognized only where it is probable that the expected future economic benefits attributable to the asset will flow to the group and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the assets are ready for use, usually over three to ten years.

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software, subject to meeting the recognition criteria. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use.

Amortization and impairment of intangible assets

Amortization on finite lived intangible assets is calculated on the straight-line basis over the estimated useful lives of the intangible assets.
All intangible assets are 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.

h) Leases

The group's leasing activities and how leases are accounted for

As a lessee, Kenya Pipeline Company Limited PLC leases motor vehicles used in its operations. Rental contracts are typically negotiated for fixed periods and do not contain extension or termination options material to the financial statements. The group's subsidiary, Kenya Petroleum Refineries Limited ("KPRL"), acts as a lessor of leasehold land under operating lease arrangements. Contracts may contain both lease and non-lease components. The Group allocates, to the extent possible, the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease payments are discounted using the interest rate implicit in the lease. Where that rate cannot be readily determined, the incremental borrowing rate (IBR) is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment, with similar terms and security.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has elected not to apply the revaluation model to its right of use assets, even though certain classes of property, plant and equipment are subsequently measured at revalued amounts.

The Group currently has no short-term leases or leases of low value assets at the reporting date. Where such leases arise, payments associated with them are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. The threshold for low-value assets is set at KShs 5,000,000.

Lessee accounting

At the lease commencement date, the group recognises a right of use asset and a corresponding lease liability.
The right-of-use asset is initially measured at cost, comprising:

- the amount of the initial lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to dismantle and remove the underlying asset, or to restore the site or asset to the condition required under the lease.

Where the lease gives rise to an obligation to dismantle, remove, or restore the underlying asset or site, the related costs are recognised as a provision in line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The provision is measured at the present value of the expected future expenditure required to settle the obligation, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The corresponding amount is included in the cost of the right-of-use asset and depreciated over the lease term. The provision is subsequently increased to reflect the unwinding of the discount, with the resulting interest expense recognised in profit or loss.

Subsequent to initial recognition, right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, where that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under residual value guarantees, the exercise price of purchase options reasonably certain to be exercised, and termination penalties where the lease term reflects the exercise of a termination option.

Subsequently, the lease liability is increased by interest accrued and reduced by lease payments made. It is remeasured to reflect any reassessment, lease modification, or revised in-substance fixed lease payments, with a corresponding adjustment to the right-of-use asset.

Lessor accounting - Operating leases

KPRL leases out land to tenants under arrangements where substantially all the risks and rewards incidental to ownership are retained by the group. These leases are therefore classified as operating leases.

Assets subject to operating leases continue to be presented within property, plant and equipment and are depreciated over their estimated useful lives in accordance with the Group's policy in line with IAS 16. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the underlying leased asset and recognised as an expense over the lease term on the same basis as the lease income. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Prepaid operating lease rentals on leasehold land are recognised as an asset and amortised on a straight-line basis over the lease term.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

i) 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.

Financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss (such as those held for trading or designated at inception to eliminate or significantly reduce an accounting mismatch)

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.

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the group commits to purchase or sell the asset.

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 the statement of 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), which are presented within non-current assets. These are measured at fair value, with subsequent changes in fair value presented in other comprehensive income in line with the group's irrevocable election at initial recognition.

Determination of fair value

The Group measures financial instruments such as equity instruments and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values for the Group's assets and laibilities are categorised into the three levels within IFRS 13 fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). .

Any transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

External valuers are involved for valuation of significant assets, including certain items of property, plant and equipment, unquoted financial instruments, and where applicable, significant liabilities such as contingent consideration.

c) 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.

ECL is measured in a way that reflects;

- an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The group applies both the general (three-stage) model and the simplified approach, depending on the nature of the financial asset.

Financial Instrument	**Impairment Approach**
Trade and sundry receivables	Simplified approach (provision matrix)
Cash and cash equivalents and short-term deposits	General model
Staff loans and advances	General model
Intercompany loans and receivables	General model

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 The group uses a provision matrix to estimate ECL, with receivables grouped based on shared credit risk characteristics and days past due. Loss rates are derived from the payment profiles of sales over a 60-month period preceding the reporting date and the corresponding historical credit losses experienced within that period. Historical loss rates are adjusted to reflect current conditions and reasonable and supportable forecasts of future economic conditions. The group has identified foreign currency exchange rates, consumer price indices, and oil-transportation-based inflation as the most relevant macroeconomic factors and adjusts the historical loss rates accordingly. The model also incorporates the effect of collateral (line fill) provided by Oil Marketing Companies.

Management has determined the point of default for trade receivables and sundry receivables to be 180 days and 360 days past due, respectively, based on historical data and the typical collection profile of each portfolio.

For bank balances and short-term deposits, the group applies the low credit risk exemption in IFRS 9, given that counterparty banks are assessed to have a strong capacity to meet their contractual obligations in the near term. ECL is estimated using probability of default (PD) and loss given default (LGD) parameters derived from credit ratings issued by recognised agencies.

For staff loans and advances, the general model is applied using the following staging:
- Stage 1 - Loans to current employees with active payroll deductions, considered to have no significant increase in credit risk since initial recognition; 12-month ECL is recognised.
- Stage 3 - Loans to former employees where employment has ceased and payroll deductions are no longer active; this is treated as a trigger event for both significant increase in credit risk and credit-impairment, and lifetime ECL is recognised.

The group has no Stage 2 staff loan exposures, as credit risk transfers directly from Stage 1 to Stage 3 upon cessation of employment.

In assessing whether the credit risk on a financial asset has increased significantly, the group compares the risk of default at the reporting date with the risk of default at the date of initial recognition, considering reasonable and supportable information available without undue cost or effort. There is a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence includes significant financial difficulty of the debtor, a breach of contract, the probability of bankruptcy, or the disappearance of an active market for the asset.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from them have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

The gross carrying amount of a financial asset is written off either partially or in full when the group has no reasonable expectation of recovering the asset. Write-offs are subject to the approval thresholds prescribed under the Public Finance Management Act and applicable regulations and constitute a derecognition event under IFRS 9.

Financial liabilities are derecognised when the obligation specified in the contract is extinguished, cancelled, or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position, only where the group has a legally enforceable right of set-off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation, handing charges, and any other costs incurred in bringing the inventories to their present location and condition. Costs are determined using the moving average price method.

The Group writes down inventories to net realisable value on an item-by-item basis. A full provision is recognised for:

- inventories assessed as obsolete or damaged with no likelihood of further use in the group's operations;
- instrumentation and control items that have not moved for more than five years from the date of receipt;
- medical supplies that have been damaged or have expired; and
- all other items that have not moved for a period exceeding ten years.

Write-downs are reversed where the circumstances that previously caused them no longer exist, or where there is clear evidence of an increase in net realisable value. Reversals are limited to the amount of the original write-down, so that the new carrying amount is the lower of cost and the revised net realisable value.

k) 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 is made of doubtful receivables 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 sundry receivables a 10% of outstanding amounts for more than 180 days.
- Bad debts are written off after all efforts at recovery have been exhausted.

l) 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 Entity 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.

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 entity operates and generates taxable income.

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.

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 outside surplus or deficit is recognized outside surplus or deficit. 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.

m) 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 the Central Bank of Kenya and 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 imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

n) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings.

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 of 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

In such cases, the fee is deferred until the draw-down occurs. Where there is no evidence that draw-down is probable, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility.

Borrowings are derecognised when the obligation is extinguished, cancelled, or expires. Any difference between the carrying amount of the liability extinguished and the consideration paid is recognised in profit or loss.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as part of the cost of that asset during the period required to complete and prepare it for its intended use. Qualifying assets are those that necessarily take a substantial period of time to get ready for their intended use or sale.
Where funds are borrowed specifically to finance a qualifying asset, the amount capitalised is the actual borrowing costs incurred on that borrowing during the period, less any investment income earned on the temporary investment of those funds. Where general borrowings are used, a capitalisation rate is applied to expenditure on the qualifying asset, determined as the weighted average of the borrowing costs applicable to the group's outstanding borrowings during the period. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

o) 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. The carrying amounts of trade and other payables are considered to be reasonable approximations of their fair values, due to their short-term nature

p) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the time value of money is material, provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation, using a pre-tax discount 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 recognised as a finance cost in profit or loss.

The Group's provisions principally relate to legal and contractual claims, and decommissioning and restoration obligations associated with pipeline infrastructure and leasehold improvements. Estimating decommissioning and restoration provisions requires significant assumptions regarding the timing and amount of future expenditure to dismantle, remove and restore pipeline infrastructure, leasehold improvements and leased sites, and the discount rate applied, as settlement may occur many years into the future. Changes to the provision amounts are accounted for prospectively.

q) 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. Re-measurement 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 first two components of defined benefit costs 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.

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.

r) 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)'.

s) Budget information

The rationalized budget for FY 2025/26 was approved by the National Treasury. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

Kenya Pipeline Company budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 59 of these financial statements.

t) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or restated to conform to the required changes in presentation.

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2026

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

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 benefit plan**

The net asset under the defined benefit scheme is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Impairment of financial and non-financial assets**

At each reporting date, the company reviews the carrying amount of its financial and non-financial assets to determine whether there is any indication that the assets have suffered impairment. If any such indication exists, the 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.

- **Expected credit losses (ECL)**

The Group applies the IFRS 9 general model for certain financial assets and a provision matrix for trade receivables to calculate ECL for trade receivables. The Group also considers forward-looking information based on macroeconomic variables. Further information is on Note XX to the financial statements.

- **Useful lives and residual values**

Useful lives and residual values are reviewed at each year-end and adjusted prospectively in line with IAS 8. For revalued assets, the remaining useful life is reassessed at the date of each revaluation. 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.

- **Provisions**

The recognition and measurement of provisions require the exercise of significant judgement and the use of estimates and assumptions. Key sources of estimation uncertainty include: the existence and timing of the present obligation; the expected timing of the outflows; the inflation rate applied to escalate current-price estimates; and the discount rate applied. Changes in any of these assumptions are reviewed at each reporting date and updated where necessary.

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 Company has determined that the disaggregation using the categories below and the nature of revenues is appropriate for its circumstances.

	Group		Company	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Local service fees	13,525,304	12,471,488	13,525,304	12,471,488
Export service fees	21,883,661	21,146,407	21,883,661	21,146,407
Kipevu oil storage facility fees	5,627,472	4,376,263	5,627,472	4,376,263
Penalties on overstayed product	770,048	573,838	770,048	573,838
Others*	14,876	25,635	14,876	25,635
	41,821,361	38,593,631	41,821,361	38,593,631

Other revenue sources include revenue from penalties from Adjustment Stock Entitlement (ASE), KPRL lease income, Liquefied Petroleum gas sales and crude oil revenue

	Group		Company	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At a point in time	784,924	599,473	784,924	599,473
Over time	41,036,437	37,994,158	41,036,437	37,994,158
	41,821,361	**38,593,631**	**41,821,361**	**38,593,631**

Analysis of unit sales by market/destination category in cubic meters is as follows

	2026	2025
Type of Customers	**M³**	**M³**
Local sales	5,163,934	4,825,164
Export sales	5,447,457	5,059,786
Total Throughput Sales	**10,611,391**	**9,884,950**

7 DIRECT COSTS

	Group		Company	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Pipeline maintenance staff costs (Note 12)	4,131,069	3,872,484	4,131,069	3,872,484
Depreciation (Note 17)	5,193,538	4,728,484	5,193,538	4,728,484
Pipeline maintenance costs	1,605,467	1,476,818	3,058,217	3,025,666
Electricity and fuel	3,029,473	2,641,536	3,029,473	2,641,536
Insurance	327,882	397,732	327,882	397,732
Other maintenance costs	70,160	56,254	70,160	56,254
Amortization expense	3,798	9,552	3,798	9,552
Amortisation of right-of-use asset	12,331	6,021	12,331	6,021
	14,373,718	**13,188,881**	**15,826,468**	**14,737,729**

8 OTHER INCOME

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Rent income	155,245	125,812	125,924	118,923
Income from Collateral Financing	168,621	133,804	168,621	133,804
Conference and training fees	259,387	135,091	259,387	135,091
Fiber Optic Cable Income	377,398	349,921	377,398	349,921
Miscellaneous income	193,035	68,025	31,863	67,910
KPRL Investment in DC Pension Fund	-	30,587	-	-
Lease recovery	-	79,718	-	-
	1,153,685	**922,958**	**963,192**	**805,649**

9 FINANCE INCOME AND COSTS

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
a) FINANCE INCOME				
Interest on bank deposits	947,985	423,532	926,118	383,971
Interest on staff loans	44,815	54,751	44,797	54,707
	992,800	**478,283**	**970,915**	**438,678**
b) FINANCE COSTS				
Interest on borrowings	89,315	278,716	-	151,407
Interest on lease liability	60,316	34,183	54,824	32,620
Interest on bank overdraft	29,172	102,322	-	-
Interest on asset retirement obligation	486,634	-	325,459	-
	665,438	**415,221**	**380,283**	**184,027**

10 OTHER GAINS & LOSSES

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Net gain (loss) on disposal of property, plant and equipment	3,021	(14,422)	3,021	(14,422)
Net foreign exchange losses	(232,246)	(77,984)	(230,088)	(76,639)
	(229,225)	**(92,406)**	**(227,067)**	**(91,061)**

11 ADMINISTRATION EXPENSES

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Administrative staff costs (note 12)	4,549,181	3,833,128	4,018,235	3,374,556
Depreciation and amortization	2,503,898	1,663,445	809,255	624,372
Amortization of right-of-use asset	31,151	33,755	31,151	31,151
Other office and general expenses	596,412	1,005,952	444,758	911,289
Travelling, mileage and entertainment (note 12)	164,473	120,741	122,771	87,891
Advertising and printing expenses	159,186	98,963	155,496	93,244
Corporate social responsibility	132,991	137,644	132,991	137,644
Staff Training (note 12)	229,554	85,453	205,130	70,932
Rent and rates	29,219	26,257	20,412	17,650
Consultancy fees	237,374	231,866	195,314	180,716
Telephone and postage	48,862	54,447	41,532	48,471
Legal and professional expenses	209,879	126,900	201,972	107,227
Court awards	-	488,864	-	488,864
Motor vehicle expenses	159,454	133,210	159,454	133,210
Buildings repairs and maintenance	356,792	312,724	26,824	28,861
Bank charges	11,586	12,629	10,718	11,791
Penalties & Interest	5,810	453,457	5,810	453,457
Auditors' remuneration	14,290	20,628	12,600	12,800
Insurance costs	82,994	102,570	-	-
Software licenses	312,856	338,457	312,856	309,900
Security	412,011	391,889	366,220	349,475
Materials costs	65,204	37,644	-	-
Occupational Health & Safety	7,969	4,776	-	-
Loss on asset revaluation	-	242,885	-	-
Directors expenses:				
Directors` fees and honoraria	7,430	11,580	7,430	11,580
Board Retreats and general expenses	2,761	2,552	2,761	2,552
Sitting /duty allowance	20,478	25,415	6,827	7,587
Training expenses	4,698	931	4,698	931
Travel expenses	4,011	5,808	4,011	5,808
Subsistence allowance	5,014	8,727	5,014	8,727
	10,365,539	**10,013,296**	**7,304,241**	**7,510,688**
b) Impairment of non-financial assets				
Provision for Impairment of Redundant Assets	**-**	(97,590)	**-**	-
		(97,590)		**-**
c) **Impairment of financial assets**				
Expected credit losses	798,521	212,086	797,871	212,086
	798,521	**212,086**	**797,871**	**212,086**

12 STAFF COSTS

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Salaries and wages, (inclusive of travel, mileage, staff training and entertainment)	6,255,734	5,936,080	5,841,358	5,589,577
Group life and medical cover	483,583	537,687	446,769	498,644
Pension-company contribution	592,703	378,725	538,915	328,758
NSSF-company contribution	90,504	57,041	84,229	53,097
Affordable Housing Levy Company Contribution	83,549	84,162	78,739	79,157
Leave pay provision	110,323	33,873	108,878	33,084
Gratuity Provision	55,927	49,062	55,927	49,062
Fringe Benefits Tax	24,003	52,487	24,003	52,487
Staff welfare	99,791	93,026	86,351	87,073
Other staff costs	1,292,300	689,665	1,212,994	634,925
	9,088,416	**7,911,807**	**8,478,165**	**7,405,864**
Split as follows:				
Direct staff costs (note 7)	4,131,069	3,872,484	4,131,069	3,872,484
Administrative staff cost (note 11)	4,957,347	4,039,322	4,347,096	3,533,380
	9,088,416	**7,911,807**	**8,478,165**	**7,405,864**

Administrative staff costs are Salaries and Wages, inclusive of Group Life and Medical Cover, Pension-Company Contribution, Staff Welfare, Recruitment Costs, Subsistence Allowance, NSSF- Company Contribution and Uniforms.

The average number of employees at the end of the year was:

	GROUP		COMPANY	
	2026	2025	2026	2025
Permanent Management	771	709	694	628
Permanent Unionisable	586	642	560	616
Contract Managers	26	30	26	30
All other contract staff i.e. MTCC, GYM, Volleyballers	60	87	60	87
Temporary staff (Relief Drivers)	36	34	36	34
Secondment	1	4	1	4
Intern	-	43	-	43
TOTAL	**1,480**	**1,549**	**1,377**	**1,442**

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Provision for Leave Pay				
Balance at beginning of the year	246,598	205,759	273,311	246,598
Additional provision at end of year	122,446	90,378	120,476	53,990
Leave paid out or utilized during the year	(12,123)	(49,539)	(12,123)	(27,278)
Balance at the end of the year	**356,921**	**246 , 598**	**381,664**	**273,311**

13 PROFIT BEFORE TAX

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
The profit before tax is arrived at after charging/crediting):				
Staff costs (note12)	9,088,416	7,911,807	8,478,165	7,405,864
Depreciation of property, plant and equipment (note 17)	6,006,766	5,689,682	5,163,955	5,023,704
Amortization of intangible assets (note18 & 19)	590,545	929,250	226,221	563,779
Impairment of Financial assets (note 11(c)	797,871	212,086	797,871	212,086
Directors' expenses (note 11(a)	44,393	37,185	30,742	37,185
Auditors' remuneration (note 11(a)	14,290	20,628	12,600	12,800
Loss/(Gain) on disposal of PPE (note 10)	(3,021)	14,422	(3,021)	14,422
Net foreign exchange Loss (note 10)	(232,246)	(76,639)	(230,088)	(76,639)
Interest receivable (note 9(a)	(947,985)	(423,532)	(926,118)	(438,678)
Interest payable (note 9(b)	665,438	415,221	380,283	159,744
Rent income (note 8)	(155,245)	(118,923)	(125,924)	(118,923)

14 TAXATION

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
a) Tax charge				
Current taxation	9,297,412	6,396,575	9,290,846	6,325,820
Deferred tax (Note 30)	(3,650,566)	(530,532)	(3,188,748)	(515,228)
Under/(over) provision of current tax in prior years	125,471	-	125,471	-
Under/(Over) Provision of deffered tax in prior years	181,161	-	181,161	-
Total taxation charge	**5,953,477**	**5,866,043**	**6,408,730**	**5,810,592**
b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit				
Profit before taxation	17,535,405	16,170,572	19,219,537	17,102,367
Tax at the applicable rate of 30%	5,260,621	5,130,710	5,765,861	5,130,710
Expenses not deductible for tax purposes	386,267	865,170	336,280	809,719
Income not subject to tax	(42)	(129,837)	(42)	(129,837)
Under (over) provision deferred tax	125,471	-	125,471	-
Total taxation charge	**5,953,477**	**5,866,043**	**6,408,730**	**5,810,592**

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.

EARNINGS PER SHARE-BASIC AND DILUTED

	GROUP		COMPANY	
	2026	**2025**	**2026**	**2025**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
Net Profit After Taxation	11,581,927	10,304,529	12,810,807	11,291,775
Number of ordinary shares in issue	18,173,300	18,173	18,173,300	18,173
Earnings Per Share	**0.64**	**567**	**0.70**	**621**

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 did not pay any dividends.

Particulars	**2026**	**2025**
	Kshs '000	**Kshs '000**
At the beginning of the year	-	-
Additional declared during the year	-	5,900,000
Paid during the year	-	(5,900,000)
Balance at end of the year	-	-

17 GROUP PROPERTY, PLANT AND EQUIPMENT

	Freehold Property	Buildings and Roads	Pipeline Pumps & Tanks	Refining Assets	Captive Power Plant	Equipment Furniture & Fittings	Helicopters	Motor Vehicles & Tractors	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
COST										
1st July 2025	**3,273,000**	**8,080,423**	**64,173,048**	**489,537**	**563,368**	**17,156,306**	**243,240**	**962,988**	**2,188,285**	**97,130,196**
Additions (Acquisitions)	-	-	2,144,732	-	-	177,876	-	90,666	4,174,120	6,587,394
Transfers from WIP	-	-	802		-	286,372	-	-	(287,174)	-
Asset Retirement Obligation	-	-	3,487,054	-	-	-	-	-	-	3,487,054
Disposals	-	-	-		-	(452)	-	(3,375)	-	(3,827)
Reclassification to leasehold land	(8,500)	-	-	-	-	-	-	-	-	(8,500)
At 30th June 2026	**3,264,500**	**8,080,423**	**69,805,636**	**489,537**	**563,368**	**17,620,102**	**243,240**	**1,050,279**	**6,075,231**	**107,192,317**
DEPRECIATION										
1st July 2025	**-**	**364,164**	**3,601,247**	**18,071**	**31,319**	**1,421,549**	**24,324**	**235,599**	-	**5,696,272**
Charge for the year	-	365,793	4,871,403	18,071	31,319	1,546,523	24,324	242,839	-	7,100,272
Eliminated on Disposal	-	-	-			(356)	-	(1,125)	-	(1,481)
At 30th June 2026	**-**	**729,957**	**8,472,650**	**36,142**	**62,639**	**2,967,716**	**48,648**	**477,312**	**-**	12,795,064
NET BOOK VALUE:	**3,264,500**	**7,350,467**	**61,332,986**	**453,395**	**500,730**	**14,652,386**	**194,592**	**572,967**	**6,075,231**	**94,397,253**

Capital work in progress (WIP) relates mainly to the costs of ongoing works on pipeline installations/modifications and other civil works.

17 GROUP PROPERTY, PLANT AND EQUIPMENT

	Freehold Property	Buildings and Roads	Pipeline Pumps & Tanks	Refining Assets	Captive Power Plant	Equipment Furniture & Fittings	Helicopters	Motor Vehicles & Tractors	Capital Work-in-Progress	Total
COST	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
1st July 2024 Opening balances	**1,920,243**	**7,724,119**	**74,786,947**	**121,070**	**752,970**	**20,288,207**	**183,275**	**1,244,601**	**4,306,348**	**111,327,780**
Reclassification of assets	-	(3,537)	(388,735)			-	-	-	-	(392,271)
Disposals	-	(39,191)	(22,426)			(64,539)	-	(27,012)	-	(153,167)
At 30th June 2025	**1,920,243**	**7,681,392**	**74,375,787**	**121,070**	**752,970**	**20,223,668**	**183,275**	**1,217,589**	**4,306,348**	**110,782,341**
1st July 2024 (Revaluation)	**3,273,000**	**7,799,641**	**62,845,226**	**489,537**	**563,368**	**15,340,318**	**243,240**	**876,225**	**4,306,348**	**95,736,903**
Additions (Acquisitions)	-	-	49,717	-	-	119,843	-	22,588	1,201,145	1,393,293
Transfers from WIP	-	280,782	1,278,105	-	-	1,696,146	-	64,175	(3,319,208)	0
At 30th June 2025	**3,273,000**	**8,080,423**	**64,173,048**	**489,537**	**563,368**	**17,156,306**	**243,240**	**962,988**	**2,188,285**	**97,130,196**
DEPRECIATION										
1st July 2024	**-**	**1,851,842**	**16,004,158**	**-**	**-**	**7,219,119**	**91,638**	**1,134,445**	**-**	**26,301,202**
Eliminated on Disposal	-	(14,707)	(9,708)	-	-	(54,986)	-	(18,830)	-	(98,231)
At 30th June 2025	**-**	**1,837,136**	**15,994,450**	**-**	**-**	**7,164,133**	**91,638**	**1,115,614**	**-**	**26,202,971**
										-
1st July 2024 Revaluation										
Charge for the year	-	364,693	3,600,614	18,071	31,319	1,423,833	24,324	235,599	-	**5,698,453**
Eliminated on Disposal	-	(530)	633			(2,284)	-	-	-	**(2,181)**
At 30th June 2025	**-**	**364,164**	**3,601,247**	**18,071**	**31,319**	**1,421,549**	**24,324**	**235,599**	**-**	**5,696,272**
NET BOOK VALUE:	**3,273,000**	**7,716,260**	**60,571,801**	**471,466**	**532,049**	**15,734,758**	**218,916**	**727,389**	**2,188,285**	**91,433,924**

Capital work in progress (WIP) relates mainly to the costs of ongoing works on pipeline installations/modifications and other civil works.

17 COMPANY PROPERTY, PLANT AND EQUIPMENT

	Freehold Property	Buildings and Roads	Pipeline Pumps & Tanks	Equipment Furniture & Fittings	Helicopters	Motor Vehicles & Tractors	Capital Work-in-Progress	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
COST								
1st July 2025	**2,367,000**	**6,925,799**	**60,316,698**	**16,636,443**	**243,240**	**932,863**	**2,188,285**	**89,610,329**
Additions	-	-	73,538	146,910	-	90,666	4,174,120	**4,485,234**
Transfers from WIP	-	-	802	286,372	-	-	(287,174)	-
Asset Retirement Obligation			2,332,129					2,332,129
Disposals	-	-	-	(452)	-	(3,375)	-	(3,827)
Reclassification to leasehold land	(8,500)	-	-	-	-	-	-	(8,500)
At 30th June 2026	**2,358,500**	**6,925,799**	**62,723,167**	**17,069,272**	**243,240**	**1,020,155**	**6,075,231**	**96,415,364**
DEPRECIATION								
1st July 2025	**-**	**320,140**	**3,085,539**	**1,360,766**	**24,324**	**230,754**	**-**	**5,021,523**
Charge for the year	-	321,769	3,715,687	1,480,597	24,324	237,994	-	**5,780,370**
Disposal	-	-	-	(356)	-	(1,125)	-	**(1,481)**
At 30th June 2026	**-**	**641,909**	**6,801,226**	**2,841,007**	**48,648**	**467,623**	**-**	**10,800,413**
NET BOOK VALUE:	**2,358,500**	**6,283,891**	**55,921,941**	**14,228,265**	**194,592**	**552,532**	**6,075,231**	**85,614,951**

Capital work in progress (WIP) relates mainly to the costs of ongoing works on pipeline installations/modifications and other civil works.

17 COMPANY PROPERTY, PLANT AND EQUIPMENT

	Freehold Property	Buildings and Roads	Pipeline Pumps & Tanks	Equipment Furniture & Fittings	Helicopters	Motor Vehicles & Tractors	Capital Work-in-Progress	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
COST								
1st July 2024 Opening balances	**1,920,243**	**7,620,422**	**74,246,013**	**20,105,674**	**183,275**	**1,244,601**	**4,306,348**	**109,626,576**
Reclassification of assets	-	(3,537)	(388,735)	-	-	-	-	(392,271)
Disposals	-	(39,191)	(22,426)	(64,539)	-	(27,012)	-	(153,167)
At 30th June 2025	**1,920,243**	**7,577,695**	**73,834,852**	**20,041,136**	**183,275**	**1,217,589**	**4,306,348**	**109,081,138**
1st July 2024 (Revaluation)	**2,367,000**	**6,645,017**	**58,988,877**	**14,820,454**	**243,240**	**846,100**	**4,306,348**	**88,217,036**
Additions (Acquisitions)	-	-	49,717	119,843	-	22,588	1,201,145	1,393,293
Transfers from WIP	-	280,782	1,278,105	1,696,146	-	64,175	(3,319,208)	-
At 30th June 2025	**2,367,000**	**6,925,799**	**60,316,698**	**16,636,443**	**243,240**	**932,863**	**2,188,285**	**89,610,329**
DEPRECIATION								
1st July 2024 Opening balances	**-**	**1,851,842**	**16,004,158**	**7,219,119**	**91,638**	**1,134,445**	**-**	**26,301,202**
Eliminated on Disposal	-	(14,707)	(9,708)	(54,986)	-	(18,830)	-	(98,231)
At 30th June 2025	**-**	**1,837,136**	**15,994,450**	**7,164,133**	**91,638**	**1,115,614**	**-**	**26,202,971**
1st July 2024 Revaluation						-	-	-
Charge for the year	-	320,670	3,084,906	1,363,050	24,324	230,754	-	5,023,704
Charge Eliminated on Disposal	-	(530)	633	(2,284)	-	-	-	(2,181)
At 30th June 2025	**-**	**320,140**	**3,085,539**	**1,360,766**	**24,324**	**230,754**	**-**	**5,021,523**
NET BOOK VALUE:	**2,367,000**	**6,605,660**	**57,231,159**	**15,275,677**	**218,916**	**702,109**	**2,188,285**	**84,588,806**

Capital work in progress (WIP) relates mainly to the costs of ongoing works on pipeline installations/modifications and other civil works.

17 GROUP PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of the Group's property, plant and equipment and information about fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Fair value as 30 June
30 June 2026	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Buildings and roads	-	-	7,350,467	7,350,467
Pipeline, pumps & tanks	-	-	61,332,986	61,332,986
Refining Assets	-	-	453,395	453,395
Equipment, furniture & fittings	-	-	14,652,386	14,652,386
Captive Powerplant			500,730	500,730
Helicopters	-	-	194,592	194,592
Motor vehicles & tractors	-	-	572,967	572,967
	-	-	**85,057,522**	**85,057,522**
30 June 2025				
Buildings and roads	-	-	7,716,260	7,716,260
Pipeline, pumps & tanks	-	-	60,571,801	60,571,801
Refining Assets	-	-	471,466	471,466
Equipment, furniture and fittings	-	-	15,734,758	15,734,758
Captive Powerplant	-	-	532,049	532,049
Helicopters	-	-	218,916	218,916
Motor vehicles & tractors	-	-	727,389	727, 389
	-	-	**85,972,638**	**85,972,638**

If the property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

ASSET DESCRIPTION	COST	ACCUMULATED DEPRECIATION	NBV
	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	388,810	20
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
Total	**104,830,382**	**27,861,076**	**76,969,307**

Group property plant and Equipment includes the following assets that are fully depreciated.

	Cost	Accumulated Depreciation	Net Book Value
	Kshs '000	**Kshs '000**	**Kshs '000**
Buildings & Roads	3,064,334	(3,059,734)	4,600
Pipeline, Pumps & Tanks	3,064	(3,060)	4
Equipment, Furniture & Fittings	304,112	(304,072)	40
Motor Vehicles & Tractors	-	-	-
Intangible assets	1,692,125	(1,692,125)	-
	5,063,635	**(5,058,991)**	**4,644**

COMPANY PROPERTY, PLANT AND EQUIPMENT

Details of the company's property, plant and equipment and information about fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Fair value as 30 June
30 June 2026	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Buildings and roads	-	-	6,283,891	6,283,891
Pipeline, pumps & tanks	-	-	55,921,941	55,921,941
Equipment, furniture & fittings	-	-	14,228,265	14,228,265
Helicopters	-	-	194,592	194,592
Motor vehicles & tractors	-	-	552,532	552,532
	-	-	**77,181,221**	**77,181,221**
30 June 2025				
Buildings and roads	-	-	6,605,660	6,605,660
Pipeline, pumps & tanks	-	-	57,231,159	57,231,159
Equipment, furniture and fittings	-	-	15,275,677	15,275,677
Helicopters	-	-	218,916	218,916
Motor vehicles & tractors	-	-	702,109	702,109
	-	-	**80,033,520**	**80,033,520**

If the property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

ASSET DESCRIPTION	**COST**	**ACCUMULATED DEPRECIATION**	**NBV**
	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	20
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
Total	**104,830,382**	**27,861,076**	**76,969,307**

Property plant and Equipment includes the following assets that are fully depreciated

	Cost	**Normal Depreciation**	**Net Book Value**
	Kshs '000	**Kshs '000**	**Kshs '000**
Buildings & Roads	3,064,334	(3,059,734)	4,600
Pipeline, Pumps & Tanks	3,064	(3,060)	4
Equipment, Furniture & Fittings	304,112	(304,072)	40
Motor Vehicles & Tractors	-	-	-
Intangible assets	1,692,125	(1,692,125)	-
	5,063,635	**(5,058,991)**	**4,644**

Depreciation charge has been split between administrative and direct costs as follows:

	2026	**2025**
	Kshs '000	**Kshs '000**
Total depreciation as per property, plant & equipment (note 17)		
Direct costs (note 7)	4,577,122	4,728,484
Administrative costs	586,833	295,220
	5,163,955	**5,023,704**

18 LEASEHOLD LAND

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
COST VALUATION				
1-Jul	24,039,988	-	11,674,988	-
Revalued cost	-	29,245,500	-	16,880,500
Disposals	-	-	-	-
Reclassification from freehold	8,500	-	8,500	
Derecognition of land	(1,833,540)	(5,205,512)	(1,833,540)	(5,205,512)
30-Jun	**22,214,946**	**24,039,988**	**10,277,948**	**11,674,988**
AMORTIZATION				
1-Jul	(809,162)	-	(444,838)	(539,326)
Charge for the period	(573,131)	(903,650)	(208,807)	94,488
Derecognition of land	423,093	94,488	423,093	(444,838)
30-Jun	**(959,201)**	**(809,162)**	**(230,553)**	**(333,512)**
NET BOOK VALUE	**21,255,748**	**23,230,826**	**9,619,396**	**11,230,150**

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.

19 INTANGIBLE ASSETS

	GROUP		COMPANY	
	2026	2025	2026	2025
COST	Kshs '000	Kshs '000	Kshs '000	Kshs '000
1 July	2,030,551	2,030,296	2,030,551	2,030,296
Additions	-	255	-	255
30 June	**2,030,551**	**2,030,551**	**2,030,551**	**2,030,551**
AMORTIZATION				
1 July	2,001,805	1,977,352	2,001,805	1,977,352
Charge for the year	17,413	24,453	17,413	24,453
30 June	**2,019,218**	**2,001,805**	**2,019,218**	**2,001,805**
NET BOOK VALUE	**11,333**	**28,746**	**11,333**	**28,746**

Intangible assets comprise cost of purchased computer software. Computer software costs are amortized over 3 years.

20 RIGHT OF USE (ROU) ASSET

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
COST				
At Start of year	521,493	124,603	485,845	124,603
Additions	28,708	396,891	28,708	361,243
30 June	**550,202**	**521,493**	**514,553**	**485,845**

DEPRECIATION				
At Start of year	**90,864**	**57,110**	**94,281**	**57,110**
Charge for the year	53,899	33,755	43,482	37,171
At end of year	**144,764**	**90,864**	**137,763**	**94,281**
NET BOOK VALUE	**405,438**	**430,629**	**376,791**	**391,564**

As a lessee, the company entered into a lease agreement in June 2022 for leasing motor vehicles from Government identified dealers. The leased vehicles were delivered in September and October 2022.

The following are the amounts in the profit or loss

	GROUP		COMPANY	
	2026	**2025**	**2026**	**2025**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
Depreciation expense	54,720	33,755	43,337	37,171
Interest expense	60,316	34,183	54,824	32,620
Maintenance costs	-	48,507	-	48,507
	115,036	**116,445**	**98,161**	**118,298**

21 DEFERRED TAX ASSET

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2026	**2025**
Description	**Kshs '000**	**Kshs '000**
Deferred tax liabilities		
Accelerated capital allowances	408,758	353,236
Deferred tax on revaluation surplus – Freehold	135,855	
Deferred tax on revaluation surplus - leasehold	3,489,207	
Un-realised exchange gains/(losses)	-	222
	4,033,820	**353,458**
Deferred tax Asset		
Provisions for liabilities and charges	(303,313)	(484,451)
Unrealised Exchange losses	(570,827)	
Decommissioning provision net	(194,605)	
Tax losses carried forward	(1,345,031)	(1,545,436)
	(1,844,065)	**(1,191,958)**
Net deferred tax liability	**2,189,755**	**(1,191,978)**
The movement in deferred tax was as follows:		
At 1 July	(271,639)	(256,334)
Deferred tax charge/(credit) to profit or loss - current year	(352,574)	(15,304)
Deferred tax credit to profit or loss – prior year adjustment	(109,245)	-
Deferred tax charge to other comprehensive income - revaluation of leasehold land	3,707,696	-
Deferred tax charge to other comprehensive income - revaluation of freehold land	135,856	-
At the end of the year	**3,110,095**	**(271,639)**

Description	2026 Kshs '000	2025 Kshs '000
Balance at beginning of the year	**(271,639)**	**(256,334)**
Credit to revaluation reserve	-	(15,304)
Under provision in prior year	-	-
Income statement charge/ (credit)	(194,546)	-
Balance at end of the year	**(466,185)**	**(271,639)**

22 INVESTMENTS IN UNQUOTED EQUITY INSTRUMENTS

	2026 Kshs '000	2025 Kshs '000
Unquoted investments		
Consolidated Bank of Kenya Limited	67,030	67,030
Impairment charge on Consolidated Bank of Kenya Limited preference shares	(41,877)	(30,726)
	25,153	**36,304**
Petroleum Institute of East Africa	2	2
	25,155	**36,306**

Details of the investment in Consolidated Bank of Kenya Limited are shown below:

746,500 Ordinary Shares of Kshs.20 each	14,930	14,930
2,605,000 preference shares of Kshs.20 each	52,100	52,100
Impairment charge on Consolidated Bank of Kenya Limited preference shares (Fair Valuation)	(41,877)	(30,726)
	25,153	**36,304**

KPC's interest in Consolidated Bank of Kenya Limited amounts to 0.5% 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 stated at cost as fair value cannot be reliably determined.

23 INVESTMENT IN SUBSIDIARY

i) Material subsidiaries

The group's subsidiaries as at 30 June 2026 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares 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.

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 to KPC.
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

Business Combination

KPC, through a share transfer on 27 October 2023, acquired all the shares of KPRL from The National Treasury without monetary consideration but 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 1,974,199,458 as at the date of the transfer. Thus, KPRL became a fully owned subsidiary of KPC. 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. The book values of the assets and liabilities of KPRL as at the date of acquisition are as follows:

Kenya Petroleum Refinery Limited

Statement of Financial Position as at 30 September 2023

Description	September 2023 Kshs '000
ASSETS	
Non-Current Assets	
Property, plant and equipment	2,616,188
Prepaid operating lease rentals	6,187
Investment in subsidiary – KPRL Pension Trust Ltd	10,000
KPRL Investment in DC Pension Fund	850,891
Deferred tax asset	197,759
Total Non-Current assets	**3,681,025**
Current Assets	
Inventories	1,124,800
Trade and other receivables	187,824
Tax recoverable	873,993
Bank and cash balances	6,372
Total Current Assets	**2,192,989**
Total Assets	**5,874,014**

Description	September 2023 Kshs '000
EQUITY AND LIABILITIES	
Capital and Reserves	
Share capital	736,000
Share premium	144,000
Retained earnings	(629,650)
	250,350
Non-Current Liabilities	
Deferred tax	-
Total Non-Current Liabilities	-
Current Liabilities	
Borrowings (CPP & Overdraft)	2,000,754
Short term loans from GOK	1,634,945
Trade and other payables	1,801,181
Cash advances- KPC	162,000
KPRL Pension Trust Ltd	10,000
Provision for leave pay	14,784
Total Current Liabilities	**5,623,664**
Total Equity and Liabilities	**5,874,014**

The outstanding receivable exceeded the net asset value of KPRL by Kshs 1,723,849,771 resulting in a common control reserve of Kshs 1,723,849,771 as shown below.

	Kshs '000
Outstanding receivable	1,974,199
Net asset value of KPRL	250,350
Common control reserve	**1,723,849**

24 EMPLOYEE BENEFIT OBLIGATIONS

National Social Security Fund

This is 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.

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 for the purpose of preparing IAS 19 Disclosures. The valuation included prior year

disclosures hence FY 2024 comparative figures are provided in this note.

Amendments to the Retirement Benefit Regulations were announced by the Cabinet Secretary, National Treasury, in the Finance Act 2015. This relates to a clarification on the distribution of sur-plus on wind-up of a defined benefit scheme. The regulations provide for an equal sharing of sur-plus between members and the scheme sponsor upon wind-up of a scheme. As a result of these changes, 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 2025 were as follows:

The principal assumptions used for the purpose of the actuarial valuation in 2025 were as follows:

Particulars	**2026**	**2025**
Discount rate(s)		11.5%
Future salary increases		5%
Future pension increases		0%
Mortality (pre-retirement)		A1949 - 1952
Mortality (post-retirement)		PMA/PXA 1992 ales
Withdrawals		
Ill health		
Retirement age		at 60 years

The amount recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan is as follows:

	Present value of obligation	**Fair value of plan assets**	**Total**	**Impact of asset ceiling**	**Net amount**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
At 1 July 2025	**6,212,052**	**(8,207,950)**	**(1,995,898)**	**997,949**	**(997,949)**
Current service cost	-	-	-		-
Past service cost	-		-		-
Interest expense/(income)	693,784	(928,302)	(234,518)	117,259	(117,259)
Total amount recognized in profit or loss	**693,784**	**(928,302)**	**(234,518)**	**117,259**	**(117,259)**
Remeasurements					
Return on plan assets, excluding amounts included in interest income		(103,485)	(103,485)		(103,485)
Loss from change in demographic assumptions	-		-		-
Loss from change in financial assumptions	(477,760)		(477,760)		(477,760)
Experience losses	(73,184)		(73,184)		(73,184)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	327,214	327,214
Total amount included in other comprehensive income	**(550,943)**	**(103,485)**	**(654,429)**	**327,214**	**(327,214)**
Contributions	-				
Benefit payments	(632,585)	632,585			
Subtotal	**(632,585)**	**632,585**	**-**	**-**	**-**
At 30 June 2026	**5,722,307**	**(8,607,151)**	**(2,884,844)**	**(1,442,422)**	**(1,442,422)**

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	2026	2025
	Kshs '000	Kshs '000
Total service cost	-	-
Interest on Net liability:		
Interest cost on defined benefit obligation - Interest income on plan assets	(234,518)	(398,314)
Interest Recognition on Limit on Defined Benefit Asset	117,259	199,157
Total included in staff costs in respect of the Scheme	**(117,259)**	**(199,157)**

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	2026	2025
	Kshs '000	Kshs '000
Present value of funded defined benefit obligation	5,722,307	6,212,052
Fair value of plan assets	(8,607,151)	(8,207,950)
Limit on defined benefit asset	(1,442,442)	997,949
Net (asset)/ liability in the balance sheet	**(1,442,422)**	**(997,949)**

The reconciliation of the amount included in the Statement of Financial Position is as follows:

NET LIABILITY RECONCILIATION	2026	2025
	Kshs '000	Kshs '000
Net asset at the start of the year	(997,949)	(1,327,714)
Net income recognized in the income statement	(117,259)	(199,157)
Employer contributions	-	-
Amount recognized in other comprehensive income	(327,214)	528,922
Present value of overfunded defined benefit asset	**(1,442,422)**	**(997,949)**

Movements in the present value of the defined benefit obligation in the current year were as follows:

RECONCILIATION OF BENEFIT OBLIGATION	2026	2025
	Kshs '000	Kshs '000
Opening defined benefit obligation	6,212,052	4,689,674
Current service cost	-	-
Interest cost	693,784	650,909
Actuarial (gain)/loss	(550,943)	1,572,030
Benefits paid	(632,585)	(700,562)
Closing defined benefit obligation	**5,722,307**	**6,212,052**

RECONCILIATION OF ASSETS	2026	2025
	Kshs '000	Kshs '000
Opening fair value of plan assets	8,207,950	7,345,102
Interest income on plan assets	928,302	1,049,223

Contributions from the employer	-	-
Employee contributions	-	-
Benefits paid	(632,585)	(700,562)
Actuarial (loss)/ gain	103,485	514,186
Closing fair value of plan assets	**8,607,151**	**8,207,950**

The fair value of the plan assets at the end of the reporting period for each category are as follows:

Particulars	**2026**	**2025**
	Kshs '000	**Kshs '000**
Equity instruments	1,286,658	1,049,867
Debt instruments	4,742,369	4,971,971
Property	1,685,318	2,042,400
Call and fixed deposit	910,941	143,712
Total Scheme (Assets)	**8,632,604**	**8,207,950**

Defined Contribution Scheme:

Contributions to the Kenya Pipeline Company Staff Retirement Benefits Scheme are at 7.5% and 15% from employee and employer respectively from July 2019. The company's liability is limited to any unpaid contributions.

25 INVENTORIES

	GROUP		COMPANY	
	2026	**2025**	**2026**	**2025**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
Spare parts and consumables	5,402,363	4,105,347	3,304,230	2,954,425
Provision for obsolete stocks	(1,543,109)	(1,399,825)	(833,391)	(690,107)
Provision for Stock	(8,699)	(1,824)	(8,699)	(1,824)
TOTAL	**3,850,555**	**2,703,698**	**2,462,140**	**2,262,493**

Reconciliation of impairment allowance for Inventory

	GROUP		COMPANY	
	2026	**2025**	**2026**	**2025**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
At the beginning of the year	**1,402,420**	**872,033**	**691,932**	**63,955**
Additional provision during the year	149,388	627,977	150,158	627,977
Recovered during the year	-	(97,590)	-	-
At the end of the year	**1,551,808**	**1,402,420**	**842,090**	**691,932**

26 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
Particulars	**2026**	**2025**	**2026**	**2025**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade receivables	5,499,498	6,156,070	5,177,876	5,726,924
Staff loans and advances	1,725,260	1,641,206	1,723,861	1,640,303
VAT recoverable	527,236	1,341,033	527,236	1,341,033
With-holding tax receivable	46,853	60,712	46,853	60,712
Prepaid construction costs	106,656	106,656	106,656	106,656
Prepaid expenses	287,372	370,431	258,719	331,753
Refundable deposits	11,454	9,454	11,454	9,454
Other debtors	1,724,950	1,265,312	6,295,833	3,906,634
	9,929,279	**10,950,874**	**14,148,488**	**13,123,471**
Provision for bad and doubtful debts	(2,588,101)	(2,223,339)	(2,496,709)	(2,132,174)
	7,341,178	**8,727,534**	**11,651,779**	**10,991,296**
Recoverable as follows:				
Current Assets:				
Within one year	5,843,421	7,421,057	6,338,291	7,504,327
Non-current Assets:				
After one year -staff loans-	1,410,457	1,306,185	1,410,457	1,306,185
Long-term Receivables (KPRL)	87,300	-	3,903,031	2,180,785
Investment in Subsidiary				
	1,497,757	**1,306,185**	**5,313,488**	**3,486,969**
	7,341,178	**8,727,242**	**11,651,779**	**10,991,296**

The amounts recoverable within one year have been adjusted for inter-company transactions of Ksh. Kshs. 473,100,558 in FY 2025 and Kshs. 768,634,603 in FY 2026.

The amounts recoverable after one year relate to staff loans and advances and a long-term receivable in respect of KPRL capital expenditure.

Ageing analysis of the Trade receivables was as follows:

	GROUP		COMPANY	
Particulars	**2026**	**2025**	**2026**	**2025**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
Less than 30 days	4,220,303	4,113,201	3,999,271	3,776,635
Between 31 and 60 days	12,509	38,383	14,175	36,957
Between 61 and 90 days	33,922	64,333	22,063	64,336
Between 91 and 120 days	32,280	21,276	31,798	21,252
Over 120 days	1,333,965	1,546,775	1,251,343	1,463,393
	5,632,978	**5,783,968**	**5,319,277**	**5,362,573**

Movement in expected credit losses

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Trade receivables				
At start of the year	2,223,339	2,143,874	2,132,174	1,991,004
Additional provisions	1,154,270	314,592	1,154,043	314,592
Reduction in provision	(810,330)	(234,695)	(810,330)	(172,990)
Change due to forex valuation	20,822	(432)	20,822	(432)
Balance at the end of the year	**2,588,101**	**2,223,339**	**2,496,709**	**2,132,174**
Other receivables				
At start of the year	-	30,775	-	30,775
Additional provisions	-	-	-	-
Reduction in provision	-	(30,775)	-	(30,775)
Change due to forex valuation	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**

27 KPRL INVESTMENT IN THE DB PENSION FUND

	2026	2025
Description	**Kshs '000**	**Kshs '000**
Balance as at 1st July	-	922,669
Accrued investment income	-	30,587
Liquidated during the period	-	(953,256)
Balance at the end of the period	-	-

Following the conversion of Defined Benefit (DB) pension scheme to a Defined Contribution (DC) pension scheme, the company's share of surplus was transferred to the DC pension fund to be invested with the DC fund. In line with RBA rules, the KPRL Board, for the Sponsor, passed a resolution to meet any contingent liability that may arise in the future, which would be covered by a component of the sponsors share of surplus invested in the DC fund.

On 29th July, 2024 the KPRL Board passed a resolution to recall the investment held in the DC pension fund and utilize the funds to settle the outstanding bank loans. The Investment in the DC Fund was liquidated on 28th January, 2025. The value of the KPRL investment in the DC Pension fund as at this date was 953,255,805/- and the proceeds were invested in Short term bank deposits pending KPRL Bank loan restructuring.

28 CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
a) Short Term Deposits	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Fixed deposits	18,521,663	4,733,271	18,335,363	3,745,966
Expected Credit Losses	(178,640)	(31,871)	(178,640)	(31,871)
	18,343,023	**4,701,400**	**18,156,724**	**3,714,095**

The fixed deposits have a tenor of 3 months and the effective interest rate in year was 8.2% p.a. (2025 – 9.26%).

FIXED DEPOSIT AS AT 30 JUNE 2026	GROUP		COMPANY	
Bank name	**Kshs '000**	**Interest rate**	**Kshs '000**	**Interest rate**
NCBA	3,144,382	8.35%	2,958,082	7.60%
Equity Bank	4,484,325	4.25%	4,484,325	4.25%
Stanbic Bank	1,400,000	8.78%	1,400,000	8.78%
Co-operative Bank	5,265,281	8.30%	5,265,281	8.30%
Kenya Commercial Bank	3,480,604	6.90%	3,480,604	6.90%
Sidian Bank	747,071	8.73%	747,071	8.73%
	18,521,663		**18,335,363**	

FIXED DEPOSIT AS AT 30 JUNE 2025	GROUP		COMPANY	
Bank name	**Kshs '000**	**Interest rate**	**Kshs '000**	**Interest rate**
NCBA	409,102	7.60%	409,102	7.60%
Co-operative Bank	2,269,381	9.50%	2,269,381	9.50%
Kenya Commercial Bank	1,754,789	9.95%	767,483	9.95%
Sidian Bank	300,000	10.00%	300,000	10.00%
	4,733,271		**3,745,966**	

GROUP BANK AND CASH BALANCES

	Particulars	**2026**	**2025**
		Kshs '000	**Kshs '000**
1.	ABSA Bank Kenya Plc (Kshs)	4,479	1,844
2.	ABSA Bank Kenya Plc (USD)	0	455
3.	National Bank of Kenya	8	8
4.	NCBA Bank Kenya (Kshs)	375,489	295,761
5.	NCBA Bank Kenya (USD)	113,804	218,850
6.	Standard Bank (Kshs)	84,230	3,720,728
7.	Standard Bank (USD)	189,271	37,856
8.	CFC Stanbic Bank (Kshs)	329,739	612,513
9.	CFC Stanbic Bank (USD)	738,533	956,300
10.	Citibank (Kshs)	57,868	378,707
11.	Citibank (USD)	282,988	705,021
12.	Coop-Bank	11,714	61,746
13.	Coop-Bank (USD)	346	346
14.	Equity Bank (Kshs)	29,894	43,646
15.	Equity Bank (USD)	1,210	80,365
16.	Kenya Commercial Bank (Kshs)	1,174	1,486
17.	Kenya Commercial Bank (USD)	-	5
20.	Petty Cash	6,427	1,907
		2,227,175	**7,117,087**
	Expected credit loss	(26,371)	(30,972)
		2,200,804	**7,086,115**

COMPANY BANK AND CASH BALANCES

	Particulars	Account No.	2026	2025
			Kshs '000	Kshs '000
1.	ABSA Bank Kenya Plc	0948011697	4,230	1,062
2.	National Bank of Kenya	01060265019800	-	-
3.	NCBA Bank Kenya (Kshs)	6634970017	8	8
4.	NCBA Bank Kenya (USD)	6634970025	375,489	295,761
5.	Standard Bank (Kshs)	104023872500	113,804	218,850
6.	Standard Bank (USD)	8704023872500	11,504	297,880
7.	CFC Stanbic Bank (Kshs)	100000534425	23,964	35,031
8.	CFC Stanbic Bank (USD)	100000681347	329,739	612,513
9.	Citibank (Kshs)	104052002	738,533	956,300
10.	Citibank (USD)	104052029	57,863	378,707
11.	Coop-Bank	1136028439200	282,924	705,021
12.	Coop-Bank (USD)	2120028439200	11,714	61,746
13.	Equity Bank (Kshs)	0560291247368	346	346
14.	Equity Bank (USD)	0560261355277	29,894	43,646
15.	Kenya Commercial Bank (Kshs)	1108981062	1,210	80,365
16.	Kenya Commercial Bank (USD)	1321126018	1,068	5
19.	Petty Cash		6,015	1,665
			1,988,305	**3,690,107**
	Expected Credit Losses		(25,948)	(30,972)
			1,962,357	**3,659,135**

29 (a) TAXATION RECEIVABLE

GROUP

	2026	2025
	Kshs '000	Kshs '000
Balance brought forward	-	(909,961)
Charge for the year (note 14(a))	-	70,755
Installment tax payments in the year	-	(142,267)
Balance of FY 2024 tax paid	-	-
Withholding tax paid on interest income	-	-
Advance Tax paid	-	-
Under provision for prior year	-	
Tax Recoverable	**-**	**(981,473)**

(b) TAXATION PAYABLE

GROUP

Particulars	2026	2025
	Kshs '000	Kshs '000
Balance brought forward	816,339	(101,899)
Charge for the year (note 14(a)	9,290,846	6,325,820
Installment tax payments in the year	(6,961,473)	(4,535,462)
Balance of FY 2024 tax paid	(1,983,777)	(810,844)
Withholding tax paid on interest income	(135,918)	(59,300)
Advance Tax paid	-	(1,604)
Under provision for prior year	(674,842)	(373)
	351,175	**816,339**

COMPANY

Particulars	2026	2025
	Kshs '000	Kshs000
Balance brought forward	816,339	(101,899)
Charge for the year (note 14(a)	9,290,846	6,325,820
Installment tax payments in the year	(6,968,052)	(4,535,462)
Balance of FY 2024 tax paid	(1,853,222)	(810,844)
Withholding tax paid on interest income	(135,918)	(59,300)
Advance Tax paid	-	(1,604)
Under provision for prior year	306,400	(373)
	1,456,393	**816,339**

30 SHARE CAPITAL

Particulars	2026	2025
	Kshs '000	Kshs '000
Authorized:		
19,369,580,000 Ordinary Shares of Kshs.0.02 each	387,392	387,392
Issued and fully paid:		
18,173,300,000 Ordinary Shares of Kshs. 0.02 each	363,466	363,466

31 RETAINED EARNINGS

The retained earnings represent amount available for distribution to the Company's shareholders. Undistributed retained earnings are retained to finance the company's business activities.

32 REVALUATION RESERVE

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non- current assets. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. In the event of a sale of an asset, any balance in the reserve in relation to the sold asset is transferred to retained earnings. 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 and which amounts were adopted on July 1, 2025.

33 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 a long-term receivable as disclosed in Note 26.

34 COMMON CONTROL RESERVE

The acquisition of KPRL resulted in the creation of a common control reserve as disclosed in Note 23.

35 DEFERRED TAX LIABILITY

Deferred taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30%.
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

Particulars	2026 Kshs '000	2025 Kshs '000
The movement in Deferred Tax was as follows:		
At 1 July (as previously reported)	19,834,872	19,154,105
Deferred tax charge to Profit or Loss (Note 14)	654,803	(515,228)
Deferred tax charge to equity	(1,018,774)	1,467,633
Deferred tax – current tax	352,574	-
Deferred tax on decommissioning costs	(109,245)	-
At the end of the year	**19,009,082**	**20,106,511**

COMPANY

Particulars	2026 Kshs '000	2025 Kshs '000
Deferred tax liability		
Accelerated capital allowances	15,095,303	15,770,937
Deferred tax on revaluation surplus	2,435,191	5,409,386
Interest receivable	(125,965)	(121,089)
Asset Retirement Obligation	514,714	-
	17,919,243	**21,059,233**
Deferred tax assets		
Provisions	(1,279,035)	(1,057,116)
Un-realized exchange loss	(56,979)	(13,076)
Interest Payable	113,037	117,469
ARO Liability	(797,276)	-
	(2,020,253)	**(952,722)**
	15,898,989	**20,106,511**
Net deferred tax liability		
The movement in Deferred Tax was as follows:		
At 1 July (as previously reported)	20,106,511	19,154,105
Deferred tax charge to Profit or Loss (Note 14)	(3,188,748)	(515,228)
Deferred tax charge to equity	(1,018,774)	1,467,633
At the end of the year	**15,898,989**	**20,106,511**

36 PROVISIONS

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Provisions for restoration costs	3,487,054	-	2,332,129	-
	3,487,054	**-**	**2,332,129**	-

Movement in provisions - Group & Company

Group

	Provisions for restoration costs	Total
	Kshs '000	Kshs '000
Balance at start of the year	-	-
Additional provisions recognised	3,487,054	3,487,054
Unwinding of discount – [Note 9(b)]	486,634	486,634
	3,973,688	**3,973,688**

Company

	Provisions for restoration costs	Total
	Kshs '000	Kshs '000
Balance at start of the year	-	-
Additional provisions recognised	2,332,129	2,332,129
Unwinding of discount – [Note 9(b)]	325,459	325,459
	2,657,588	**2,657,588**

Provision for restoration costs

Kenya Pipeline Company Plc is required by law to restore land where it has installed its pipelines and tanks to their original condition at the end of the useful lives. A provision has been recognised for the present value of the estimated expenditure required to remove any pipelines and tanks installed. These costs have been capitalized as part of the cost of pipeline and tanks, and they are depreciated over the useful life of the assets.

37 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
Particulars	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Trade payables	2,747,495	2,619,207	2,411,381	2,443,038
Other payables	1,367,616	1,675,052	1,367,616	1,509,823
Catering, training &tourism development levy	517	13	517	13
Leave pay provision	381,775	288,847	381,775	273,311
Withholding tax payable	8,226	5,118	8,226	5,118
	4,505,629	**4,588,236**	**4,169,515**	**4,231,303**

38 LEASE LIABILITY

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At the start of the year	443,353	63,812	403,631	63,812
Additions for the year	28,708	402,347	28,708	360,678
Interest charge	60,316	9,900	54,824	8,337
Payment of interest	(60,316)	(9,900)	(54,824)	(8,337)
Payment of Principal	(21,007)	(22,806)	(12,457)	(20,858)
At the end of the year	**451,054**	**443,353**	**419,883**	**403,631**

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Current lease liabilities	16,764	50,429	6,858	36,638
Non-current lease liabilities	434,290	392,924	413,025	366,993
	451,054	**443,353**	**419,883**	**403,631**

The carrying amount of the current portion is Kshs.16,764 and the non-current portion is Ksh 434,290 for the Group and the Company current portion is Kshs. 6,858 while the non-current portion is Kshs. 413,025

39 BORROWINGS

The group borrowings consist of the following:

Description	FY2026 Kshs '000	FY2025 Kshs '000
KPC Syndicated long term loan	-	-
Dollar denominated loan from Barclays Bank-CPP	442,861	1,025,121
KPRL Short Term Loan from GoK	-	1,634,945
Total	**442,861**	**2,660,067**
KPRL Bank Overdraft		
Kenya Shilling overdraft from NCBA	-	329,633
Kenya Shilling overdraft from Citibank N.A.	-	114,043
Dollar denominated overdraft from Citibank N.A.	-	205,777
Total	**-**	**649,453**

MOVEMENT OF EXTERNAL BORROWINGS

	GROUP		COMPANY	
Particulars	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Balance at beginning of year	3,309,488	5,861,593	-	2,456,292
Borrowings during the year	-	-	-	-
Exchange differences	1,960	(7,884)	-	(5,045)
Interest capitalization	11,164	-	-	-
Repayments during the year	(1,244,806)	(2,544,221)	-	(2,451,247)
Reclassification to related party balance	(1,634,945)	-	-	
Balance at the end of the year	**442,861**	**3,309,488**	**-**	**-**

40 YIELD SHIFT COMPENSATION BY THE GOVERNMENT OF KENYA

Description	2026 Kshs '000	2025 Kshs '000
Balance at the beginning of the Year	3,365,577	3,515,912
Received during the year	-	36,190
Interest Earned/Accrued during the Year	20,126	(186,525)
Repayment during the year	(3,195,926)	-
Balance at end of the year	**189,777**	**3,365,577**

In a refinery, yield is the percentage of finished products produced from inputs of crude oil and other hydrocarbons. It's a key performance metric that indicates how efficiently a refinery converts crude oil into valuable products. Yield shift losses occur when the amount of oil harvested after refining is below the volume projected prior to refining. This is one of the legacy issues that was pending resolution with the Oil Marketing Companies (OMCs) since refining stopped. On 3rd October 2024, the Ministry of Energy & Petroleum communicated to KPRL the GoK policy decision regarding the resolution of the Yield Shift legacy matter which has been pending since the year 2012. The decision of the Government is to pay Refinery Users (OMCs) the pending Yield Shift claim of Ksh 3,515,911,634 as per the DCL report and subsequent approvals /concurrence by The National Treasury and Attorney General's Office.

Consequently, KPRL initiated the process of settling the Yield Shift claim and has engaged the Refinery Users accordingly. On 24th April 2025 the State Department for Petroleum transferred to KPRL Ksh 3,515,911,634 to begin the settlement process. The verification of claims was concluded and all verified claims processed with less than five percent of the yield shift pending.

41 DEFERRED INCOME

	GROUP	
	2026 Kshs '000	2025 Kshs '000
Deferred income	941,573	-
At start of the year	-	-
Additions	**941,573**	-
At year end	**941,573**	-

Following the resolution of the yield shift, ownership of the hydrocarbon stocks held under the toll model was transferred to KPRL. The deferred income relates to the hydrocarbon stocks that were subsequently taken over by KPRL.

42 DIVIDENDS PAYABLE

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The are no balances in this financial year.

43 NOTES TO THE STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	2026	2025	2026	2025
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
a) Reconciliation of operating profit to cash generated from operations				
Profit before tax	17,535,405	16,170,572	19,219,537	17,102,367
Adjustments for:				
Depreciation	7,098,792	5,696,272	5,778,890	5,021,523
Amortization of leasehold land (note 18)	573,131	903,650	208,807	539,326
Amortization of intangible assets (note 19)	17,413	24,453	17,413	24,453
Amortization of right-of-use asset (note 20)	53,899	33,755	43,482	37,171
Loss/(gain) on disposal of PPE (note 10)	(3,021)	-	(3,021)	14,422
Provision for bad debt	364,762	149,244	364,535	149,244
Provision for stock obsolescence	143,283	627,977	143,283	627,977
Write back of stock provision	-		-	
Provision/(write-back) for impairment	-		-	
Interest income (note 8(a))	(992,800)	(478,283)	(970,915)	(438,678)
Interest expense (note 8(b))	89,315	278,716	325,459	151,407
Interest expense lease liability	60,316	34,183	54,824	32,620
Adjustment on Reserves	-	43	-	43
Movement in DB Asset	(117,259)	(199,157)	(117,259)	(199,157)
Reclassification of assets		**392,271**	**-**	392,271
Operating profit before working capital changes	**24,823,238**	**23,633,695**	**25,065,037**	**23,454,989**
Increase in inventories	(1,146,857)	(267,696)	(199,647)	(243,627)
Increase in trade and other receivables	2,679,718	(229,218)	1,903,086	(404,711)
(Decrease)/increase in trade and other paya-bles	(152,399)	(5,687,179)	(114,728)	(5,899,596)
(Increase)/Decrease in other receivables	-	(32,789)	(395,803)	(32,789)
(Decrease)/increase in provisions	-	-	-	-
(Increase)/Decrease in Staff loans	(84,054)	147,456	(83,558)	147,456
Increase/(decrease) in provision for staff leave pay	92,928	27,500	108,464	26,712
Increase/(decrease) in tax receivable	(813,797)	841,731	(813,797)	841,731
Increase/decrease) in Loan adjustment	-	(5,045)	-	(5,045)
Cash generated from operations	**25,398,776**	**18,428,455**	**25,469,054**	**17,885,120**

- **Analysis of changes in loans**

Balance at the beginning of the year	1,674,574	4,226,648	-	2,456,292
Repayments during the period	(1,244,806)	(2,503,229)	-	(2,451,247)
Movement in bank overdraft	-	(40,976)	-	
Foreign exchange gains/losses		(7,869)		(5,045)
Balance at end of the year	**429,768**	**1,674,574**	**-**	**-**

Reconciliation of cash balances

Short-term deposits (note 24(a)	18,521,663	4,733,271	18,335,363	3,745,966
Bank and cash balances	2,226,290	7,117,148	1,987,420	3,690,102
Bank overdraft	-	(649,453)	-	-
Expected credit losses	(204,587)	(62,843)	(204,587)	(62,843)
	20,543,366	**11,138,123**	**20,118,196**	**7,373,225**

• **Analysis of interest paid:**				
Interest on loans	89,315	278,716	-	151,407
Interest on lease liability	60,316	9,900	54,824	8,337
Interest on bank overdraft	29,172	102,322	-	-
Balance at the beginning of the year	390,938	-	159,744	-
Balance at the end of the year	178,804	390,938	54,824	159,744
Interest paid	**178,804**	**390,938**	**54,824**	**159,744**

Analysis of Dividend Paid				
Balance at beginning of year		**-**		**-**
2024 dividends paid		-		-
2025 interim dividends paid	-	5,900,000	-	5,900,000
Balance at end of the year		-		-
Dividend paid	-	**5,900,000**	**-**	**5,900,000**

44 RELATED PARTIES

The Government of Kenya was previously 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:

Expenses incurred on behalf of related parties

Services received from Kenya Power & Lighting Co Limited	3,028,244	2,639,657
Services received from Ministry of Energy	80,000	-
	3,108,244	**2,639,657**

Due to related party

Deferred Income from Ministry of Petroleum & Mining – LPG Project	80,000	80,000

Key management compensation

CEO salaries and benefits	13,988	12,350
Key Management salaries and benefits	399,353	351,068
	413,341	**363,418**

Directors Expenses: (note 11(a)		
- Fees & incentives	6,470	11,580
- Board Retreats and general expenses	2,761	2,552
- Sitting /duty allowance	7,787	7,587
- Training expenses	4,698	931
- Travel expenses and Subsistence allowance	9,026	14,536
	30,742	**37,185**

45 FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES

Particulars	2026 Kshs '000	2025 Kshs '000
The company as a lessor:		
Within one year	125,924	118,923
In the second to fifth year inclusive	503,695	475,691
	629,619	**594,614**

The lease rental income earned during the year in respect of the company's property amounted to **Kshs 126 million**

(FY 2025 – Kshs 119 million).

Particulars	2026 Kshs '000	2025 Kshs '000
The company as a lessee:		
Within one year	1,499,013	1,543,706
In the second to fifth year inclusive	5,996,053	6,174,823
	7,495,066	**7,718,528**

The total rental expense incurred during the year amounted to **Kshs 1.5 billion (FY 2025 - Kshs. 1.5 billion).**

46 CONTINGENT LIABILITIES

The following are the cases as at 30 June 2026 filed by various parties

Particulars	2026 Kshs '000	2025 Kshs '000
Pending lawsuits	19,973,455	6,237,325
Guarantees and letters of credit	117,721	117,721
	20,091,176	**6,355,046**

Pending lawsuits relate to civil suits lodged against the company by various parties. In the opinion of the directors, no provision is required in these financial statements as the liabilities are not expected to crystallize.

No.	CASE NO. / CLAIM
1.	Case NRB HCCC NO. 490 OF 2004 is a case for a suspended contract.
2.	Case HCCC No. 928 of 2009 is a case for outstanding professional fees.
3.	Case HCCC No. 487 of 2016 seeking for an alleged pending contract pay-ment.
4.	Case NRB HCCC NO 357 of 2007 is a suit for an alleged unfair and unlawful termination from employment.
5.	Case HCCC No. 291 Of 2007 is a case for an alleged breach of the terms of the Transport & Storage Agreement (TSA).
6.	Case HCCOMM MISC/E078/2021 is a suit for bill of costs for an auctioneer's fees.
7.	Civil Appeal E508 of 2021 is a case centred on unpaid contractual dues.
8.	Miscellaneous Application No. 15 Of 2020 at the NHC seeks to mandate the Com-pany to pay a claim for legal fees inclusive of interest arising from the services ren-dered in the case of High Court Petition No. 173 of 2014
9.	The Land Cause No. E002 of 2023 at the Environment and Land Court seeks com-pensation for affected inhabitants of an area where there was an oil spill.
10.	The ELC No. 589 of 2010 seeks injunctive orders stopping the Company from laying its pipeline on the plaintiff's property.

11. The ELRC Cause No. E1009 of 2023 is a claim against the Company to indemnify individuals prosecuted for alleged performance of their official functions for which they were acquitted.

12. The Case Eldoret ELC No. 367B of 2012 (formerly Eldoret HCCC NO.126 OF 2007) is an issue relating to original ownership of a property that the Company acquired for an access road to its Depot.

13. The Case of Makueni ELC Petition No. 9 of 2019 is a petition filed against the Company and NEMA over an oil spill the residents claim resulted in soil and water pollution, loss of livelihood and a polluted and damaged environment

14. Milimani Case HCCOMM No. E346 of 2026 is a claim for alleged failure to pay contractual extension of time (EOT) claims and commercial interest on the said EOT.

47 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 2026 the company held **812,161,110 m³ (2025 – 721,563,960m³)** third-party fuel stocks with a Hydro-Carbon Value (HCV) of **Kshs. 98.183,136,543 (2025 – Kshs. 56,110,101,490).**

48 CAPITAL COMMITMENT

	2026 Kshs '000	2025 Kshs '000
Amounts Authorized and Contracted for	4,485,234	3,445,338
Amounts Authorized and not contracted for	6,498,751	2,492,476
Less: Amounts included in Work-in-Progress	(6,075,231)	(1,249,020)
	4,908,754	**4,688,794**

49 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 company's business and operational risks are an inevitable consequence of being in business. The company'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 – includes currency and interest rate risk
- Credit risk
- Liquidity risk
- Capital risk

The company'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 company's risk management framework.

The company'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 company.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The company'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.

Market risk

The activities of the company expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the company'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.

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:

	GBP	EUR	USD	CAD	ZAR
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At 30 June 2026					
Financial assets					
Bank and cash balances	-	-	1,161,848	-	-
Short term deposits	-	-	5,649,735	-	-
Trade receivables	-	-	3,679,800		
Financial liabilities					
Trade payables	-	43,458	1,024,763	-	58
Long Term Loan	-	-	-		
Net exposure	**-**	**(43,458)**	**9,466,620**	**-**	**(58)**

At 30 June 2025					
Financial assets					
Bank and cash balances	-	-	1,995,913	-	-
Short term deposits	-	-	-	-	-
Trade receivables	-	-	3,675,672	-	-
			5,671,584		
Financial liabilities					
Trade payables	(4,144)	(64,085)	(909,633)	-	(58)
Long Term Loan	-	-	-	-	-
Net exposure	**(4,144)**	**(64,085)**	**4,761,951**	**-**	**(58)**
At 30 June 2025					

Foreign Currency Sensitivity Analysis

The main currency exposure that the company 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 company'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.

	2026 Kshs '000		2025 Kshs '000	
	Effect on Profit	**Effect on Equity**	**Effect on Profit**	**Effect on Equity**
Currency - GB pounds				
+ 10 percentage point movement	-	-	(414)	(290)
- 10 percentage point movement	-	-	414	290
Currency – Euro				
+ 10 percentage point movement	(4,346)	(3,042)	(6,408)	(4,486)
- 10 percentage point movement	4,346)	3,042	6,408	4,486
Currency - US dollars				
+ 10 percentage point movement	946,662	662,663	476,195	333,337
- 10 percentage point movement	(946,662)	(662,663)	(476,195)	(333,337)
Currency – ZAR				
+ 10 percentage point movement	(6)	(4)	(6)	(4)
- 10 percentage point movement	6	4	6	4

Interest Risk Management

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company'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 of **Kshs. 3,254,591** (2025: **Kshs. 1,514,068**). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of **Kshs. 16,272,955** (2025 –**Kshs. 7,570,339**).

Credit Risk Management

Credit risk refers to the risk of financial loss to the company 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 company also uses other publicly available financial information and its own trading records to rate its major customers. The company'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.

Maximum exposure to credit risk
GROUP

	0-30 days	31-60 days	61-90 days	>90 days	Total
30 June 2026	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade Receivables	3,879,310	12,758	33,922	456,123	**4,382,114**
Sundry Receivables	874	973	449	(2,305)	**262**
Staff Loans	18,397	33,565	50,348	1,466,557	**1,568,867**
Bank balances	2,227,175	-	-	-	**2,227,175**
Short term deposits	2,961,074	9,030,928	6,529,662	-	**18,521,663**
Total	**9,086,830**	**9,078,224**	**6,614,382**	**1,920,645**	**26,700,081**

	0-30 days	31-90 days	61-90 days	>90 days	Total
30 June 2025	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade Receivables	3,776,635	36,957	64,336	1,488,083	**5,366,011**
Sundry Receivables	18,170	36,491	6,152	1,054,077	**1,114,890**
Staff Loans	1,122	954	954	19,100	**22,131**
Bank balances	3,346,634	-	-	-	**3,346,634**
Short term deposits	767,483	1,269,926	1,708,556	-	**3,745,966**
Total	**7,910,044**	**1,344,329**	**1,779,999**	**2,561,260**	**13,595,632**

Maximum exposure to credit risk
COMPANY

	0-30 days	31-60 days	61-90 days	>90 days	Total
30 June 2026	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade Receivables	3,652,340	14,424	32,063	373,019	**4,071,846**
Sundry Receivables	874	973	449	(2,035)	**262**
Staff debtors	16,783	33,565	50,348	1,466,557	**1,567,253**
Bank balances	1,988,305	-	-	-	**1,988,305**
Short term deposits	2,961,074	8,844,628	6,529,662	-	**18,335,363**
Total	**8,619,376**	**8,893,590**	**6,612,523**	**1,837,541**	**25,963,030**

	0-30 days	31-60 days	61-90 days	>90 days	Total
30 June 2025	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade Receivables	3,776,635	36,957	64,336	1,488,083	**5,366,011**
Sundry Receivables	18,170	36,491	6,152	1,054,077	**1,114,890**
Staff debtors	1,122	954	954	19,100	**22,131**
Bank balances	3,346,634	-	-	-	**3,346,634**
Short term deposits	767,483	1,269,926	1,708,556	-	**3,745,966**
Total	**7,910,044**	**1,344,329**	**1,779,999**	**2,561,260**	**13,595,632**

Impairment of financial assets

Measurement of the expected credit loss allowance (ECL)

Trade and other receivables

Trade receivable balances result from transportation and storage services offered to the Oil Market-ing Companies (OMC's). The terms of credit for Trade debtors are defined in the Transport and Stor-age 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.

Collateral considerations

The Group obtains collateral (line fill) from oil marketing companies to mitigate against the risk of loss arising from the credit The Group obtains collateral (line fill) from oil marketing companies to mitigate against the risk of loss arising from the credit exposure to the counterparties. For staff loans (mortgages and car loans), the assets acquired are co-owned with the Group, hence also mitigating the risk of loss to the Group.

The historical loss allowance as at 30 June 2025 was determined as follows for both trade receivables and sundry debtors as follows;

	0-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days
Trade receivables	3,776,635	36,957	64,336	21,251	25,929	1,965	1,438,936
Sundry receivables	18,170	36,490	6,151	1,405	3,413	(23,393)	1,049,281

On that basis, the loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for both trade receivables and sundry receivables;

GROUP

	Gross Carrying Amount/ Total exposure	Loss Allowance	Net Carrying Amount
30 June 2026	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade Receivables	4,382,114	2,496,468	1,885,646
Sundry Receivables	262	241	21
Total	**4,382,376**	**2,496,709**	**1,885,667**
30 June 2025	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade Receivables	5,366,011	1,750,253	3,615,758
Sundry Receivables	1,114,890	213,213	901,677
Total	**6,480,901**	**1,963,467**	**4,517,434**

COMPANY

30 June 2026	Gross Carrying amount/ Total exposure	Loss Allowance	Net Carrying Amount
Trade Receivables	5,366,011	981,090	4,384,922
Sundry Receivables	1,114,890	982,377	132,513
Total	**6,480,901**	**1,963,467**	**4,517,434**
30 June 2025			
Trade Receivables	5,366,011	981,090	4,384,922
Sundry Receivables	1,114,890	982,377	132,513
Total	**6,480,901**	**1,963,467**	**4,517,434**

Loss allowances – Group

	0-30 days	31-90 days	>90 days	Total
30 June 2026	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade Receivables	3,879,310	46,680	456,123	4,382,114
Sundry Receivables	874	1,422	(2,035)	262
Total	**3,880,185**	**48,103**	**454,089**	**4,382,376**
30 June 2025				
Trade Receivables	3,776,635	101,293	1,488,083	5,366,011
Sundry Receivables	18,170	36,491	6,152	1,054,077
Total	**2,870,909**	**10,280**	**36,181**	**5,790,480**

Loss allowances - Company

	0-30 days	31-90 days	>90 days	Total
30 June 2026	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Trade Receivables	3,652,340	46,487	373,019	4,071,846
Sundry Receivables	874	1,422	(2,035)	262
Total	**3,653,214**	**47,910**	**370,984**	**4,072,108**
30 June 2025				
Trade Receivables	3,776,635	101,293	1,488,083	5,366,011
Sundry Receivables	18,170	36,491	6,152	1,054,077
Total	**3,794,805**	**137,784**	**1,494,235**	**6,420,088**

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.

The Group and Company's estimate of loss allowances arising from cash and cash equivalents as at 30 June 2025 is as follows;

	Group		Company	
	Kshs '000	Loss allowance Kshs '000	Kshs '000	Loss allowance Kshs '000
Bank balances	2,226,290	(25,948)	1,987,420	(25,948)
Short term deposits	18,521,663	(178,640)	18,335,363	(178,640)
Total	**20,747,953**	**(204,588)**	**20,332,783**	**(204,588)**

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.

The company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The Group

Particulars	Within 12 months	Over 12 months	Total
At 30 June 2026:			
Due to related parties	-	80,000	80,000
Trade payables	2,747,495		2,747,495
Other payables and accruals	1,759,578	-	1,759,578
	4,507,073	**80,000**	**4,587,073**

The Company

At 30 June 2026:			
Due to related parties	-	80,000	80,000
Trade payables	2,411,381		2,411,381
Other payables and accruals	1,738,134	-	1,738,134
	4,169,515	**80,000**	**4,249,515**

The Group

At 30 June 2025:			
Due to related parties	-	80,000	80,000
Trade payables	2,619,207	-	2,619,207
Other payables & accruals	1,969,030	-	1,969,030
	4,588,236	**80,000**	**4,588,236**

The Company

At 30 June 2025:			
Due to related parties	-	80,000	80,000
Trade payables	2,443,038	-	2,443,038
Other payables & accruals	1,788,265	-	1,788,265
	4,231,303	**80,000**	**4,311,303**

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:

Particulars	**2026**	**2025**
	Kshs '000	**Kshs '000**
Revaluation reserve	25,902,291	30,219,507
Retained earnings	92,638,926	80,729,785
Capital reserve	875,755	875,755
Common control reserve	(1,723,850)	(1,723,850)
Capital Contributions	1,634,945	(2,180,785)
Total funds	**119,328,068**	**107,920,412**
Total borrowings		-
Less: cash and bank balances	(20,543,365)	(11,787,515)
Net debt/ (excess cash and cash equivalents)	20,543,365	**11,138,062**
Gearing	**17.2%**	**11%**

50 PRIOR YEAR ADJUSTMENTS

Statement of financial position (extract)	30 June 2025	Increase/ (Decrease)	1 July 2026
	Ksh '000	Ksh '000	Ksh '000
Leasehold land	28,341,850	(5,111,024)	23,230,826
Right of use asset	75,407	355,222	430,629
Deferred tax liability	(19,925,350)	(181,161)	(20,106,511)
Lease liability	(82,675)	(360,678)	(443,353)
Current tax liability	(939,072)	122,733	(816,339)
Revaluation reserve	(35,555,607)	5,336,099	(30,219,508)
Trade and other payables	(4,563,389)	(24,847)	(4,588,236)
Net (decrease) in retained earnings	(32,648,835)	136,344	(32,512,491)

The Company

Statement of financial position (extract)	30 June 2025	Increase/ (Decrease)	1 July 2026
	Ksh '000	Ksh '000	Ksh '000
Leasehold land	16,341,174	(5,111,024)	11,230,150
Right of use asset	36,342	355,222	391,564
Deferred tax liability	(19,925,350)	(181,161)	(20,106,511)
Lease liabilty	(42,954)	(360,678)	(403,631)
Current tax liability	(939,072)	122,733	(816,339)
Revaluation reserve	(17,135,366)	5,336,099	(11,799,267)
Trade and other payables	(4,206,455)	(24,847)	(4,231,303)
Net (decrease) in retained earnings	(25,871,681)	136,344	(25,735,337)

Statement of Profit or Loss position (extract)

Group

	30-Jun-25	Increase/ (Decrease)	30 June 2025 Restated
	Ksh '000	Ksh '000	Ksh '000
Amortization of right-of-use asset (leasehold land)	-	6,021	6,021
Finance costs - lease liability	8,337	24,283	34,183
(Decrease) in profit before tax		**30,303**	
Income tax expense	5,752,165	58,427	**5,810,592**
(Decrease) in profit for the yea		**88,730**	

Company Statement of Profit or Loss position (extract)	30-Jun-25	Increase/ (Decrease)	30 June 2025 Restated
	Ksh '000	Ksh '000	Ksh '000
Amortization of right-of-use asset(leashold land)	-	6,021	6,021
Finance costs - lease liability	8,337	24,283	32,620
(Decrease) in profit before tax		**30,303**	
Income tax expense	5,752,165	58,427	**5,810,592**
(Decrease) in profit for the year		88,730	

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of Ksh 566 shillings per share.

The cumulative effect of the errors to the Group relating to periods before 1 July 2025 has been recognized as an adjustment to the opening balance of retained earnings at that date, being a increase of (KES 135,346,000) - a pre-tax adjustment of (KES 30,303,000) The movement in retained earnings across the periods presented is reconciled below and is also reflected in the statement of changes in equity in accordance with IAS 1.106(b).
The company is domiciled and incorporated in Kenya under the Companies Act (Cap 486).

Group reconciliation of retained earnings	KES ('000)
Retained earnings at 1 July 2024 - as previously reported	76,854,179
Cumulative effect of the correction to 1 July 2024 (net of tax)	-
Retained earnings at 1 July 2024 - as restated	**76,854,179**
Increase in profit for the year ended 30 June 2025 (net of tax)	136,346
Retained earnings at 30 June 2025 - as restated	**76,990,525**

Company reconciliation of retained earnings	KES ('000)
Retained earnings at 1 July 2024 - as previously reported	76,699,078
Cumulative effect of the correction to 1 July 2024 (net of tax)	-
Retained earnings at 1 July 2024 - as restated	**76,699,078**
Increase in profit for the year ended 30 June 2025 (net of tax)	136,346
Retained earnings at 30 June 2025 - as restated	**76,835,424**

51 INCORPORATION

The company is domiciled and incorporated in Kenya under the Companies Act (Cap 486).

52 EVENTS AFTER THE REPORTING PERIOD

Adjusting Events

There were no material adjusting events after the reporting period.

APPENDICES

APPENDIX 1:

PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1	**Land Registration Status/ Pending Titles** Several Parcels of land in Nakuru, Machakos, Taita/Taveta, Mombasa and Uasin Gishu had allotment letters and transfer documents from original owners. However, processing of titles had delayed due to several issues including; encumbrances of titles by 3rd parties, on-going sub-division process, court restrictions and boundary disputes which had not been concluded as of Dec. 2025. 33 parcels of land in Kajiado County acquired on 15th Aug 2001 at cost of Kshs. 291,673,100 were impaired due to nullification of titles by the High Court leading to loss of public funds	Management has made significant strides in the acquisition of the pending titles. KPC has signed leases with KAA for JKIA and MIA land. Leases have also been sighed with Kenya Wildlife services for lad in Manyani and with The National Treasury for land in Kipevu. Management is pursuing all avenues to close out on the pending land titles.	Company Secretary and Legal Services	Ongoing	
2	**Contingent Liability on Spill Claim** Review of pending legal cases revealed an award of an amount of Kshs 3,018,831,676 against the company in favour of residents of a village who had filed a suit in the High Court Seeking compensation for violation of rights occasioned by an oil spill on 12th May 2015. Although management had undertaken an Insurance against accidental loss or damage to the material property, occurring through the fault or negligence of the insured, the insurer failed to settle the court award. Management has since filed a notice of appeal against the award which had not been concluded by Dec 2025	KPC has appealed against the decision to the Court of Appeal. The matter is currently pending, and an interim stay of execution has been granted.	Company Secretary and Legal Services	Pending	

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
REPORT ON LAWFULNESS & EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES					
1	**Delay in Project Implementation** Five (5) projects with a value of Kes. 710,967,097 had no activity during the year, indicating they had stalled, some having been dormant for more than six (6) years. Eight (8) projects with a total cost of Kes. 605,495,685 had exceed their implementation periods. Five of Eight were granted extensions, however, justifications for extensions of time were not provided for review.	Provision for impairment had been made for the stalled projects. Projects suffered from delays in manufacture and delivery of overseas equipment by contractor. Extensions of time (EoT) on Projects are given on a case-by-case basis, following a request from the contractor which is evaluated by the contract Implementation Team (CIT) in line with PPADA requirements and approved by the Accounting Officer. The requests are necessitated by events outside the control of the project e.g. delays in the shipping of the imported equipment and materials.	Pipeline Operations and Maintenance	Pending	

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
2.	**Privatization of the Kenya Pipeline Company** The following documents as required by the Privatization Act, 2023 were not provided for audit review: 1.Privatisation Programme as required by Sec 19 of the Act 2.Evidence of Consultation between KPC and affected persons as required by Sec. 20 of the Act 3.Evidence of how the Privatization Commission will address unregulated monopoly in petroleum pipeline operations as required by sec. 41 of the Act 4.Evidence of valuation of the business and assets by the privatization Commission and Procurement Process of the approved valuer as per sec 33 of the Act 5. Evidence of how the assets under disputes, encumbrances, court restrictions and potential losses will be treated or disclosed	Matter stands resolved following the successful listing of the company at the NSE. Some of the queries were addressed through the due diligences and subsequent disclosures in the Information Memorandum	GM (F) GM(CS & LS)	resolved	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE					
	Long Outstanding Trade Receivables Review of an ageing analysis revealed that an amount of Kes. 2,487,725,202 had been outstanding for more than 180 days. This includes Kes 733M owed by KAA that has been outstanding for over 10 years	There has been improvement in the balance of the long outstanding debt from Kes 1.4B as at 30th June 2025 to Kes. 1.3B as at March 2026 due to stringent collection follow-ups and suspension of services to OMCs with outstanding debts. Various strategies are being employed to regularise the long outstanding accounts including active follow ups and suspension of services.	GM (F)	Ongoing	

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	Long Outstanding Staff Receivables Three (3) former employees of the company had defaulted on payment of Car and Mortgage loans and were in arrears amounting to Kes 5,308,450. No evidence was provided to indicate that the management had secured the loans with a charge or joint ownership of the properties acquired with the loans, which increased the risk of default.	Legal Department is pursuing debt collection methods at their disposal to collect the debt.	GM (F) GM(CS & LS)	Pending	

II: PROJECTS IMPLEMENTED BY KPC

Projects implemented by the State Corporation/ SAGA funded by development partners

Project title	Project Number	Donor	Period/ Duration	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
N/A		N/A		N/A		N/A

The Company is not funded by development partners.

Status of Projects completion

S/No	Project	Total Project Cost	Total Expended to Date	Completion % to Date	Budget Kshs	Actual Spent Kshs	Sources of Funds
1	N/A						

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	**Kenya Pipeline Company**		
	Break down of Transfers			
	FY 2025/2026			
a.	Recurrent Grants	N/A		
b.	Development Grants	N/A		
c.	Direct Payments	N/A		
d.	Donor Receipts	N/A		

The Company is not a recipient of any grants.

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/ Donor Transferring the funds				Where Recorded/recognized					
	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KSHS	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
N/A	N/A	N/A							

The Company is not a recipient of any MDA/Donor funding.

APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Name of the Organization: KENYA PIPELINE COMPANY PLC

Telephone Number: Phone +254 20 2606500-4

Email Address: info@kpc.co.ke

Name of MD: Pius Mwendwa

Name and contact details of contact person (in case of any clarifications): CAROL KIPLAGAT, SAFETY, HEALTH & ENVIRONMENT MANAGER +254 20 2606500-4

FY 2025/26 CLIMATE RELATED EXPENDITURES									
Project Name	**Project Description**	**Project Objectives**	**Project Activities**	**Actual Expenditure (KShs)**				**Source of Funds**	**Implementing Partners/Contractor**
				1st Quarter	**2nd Quarter**	**3rd/4th Quarter**	**Total Cost (KShs)**		
N/A	N/A								

APPENDIX V: DISASTER EXPENDITURE REPORTING TEMPLATE

Programme	Sub-Programme	Disaster Type	Disaster Category	Expenditure item	Amount (Kshs.)	Comments
			Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)			
N/A	N/A	N/A	N/A	N/A		

Appendices





List of acronyms

ADA	Alcohol and Drug Addiction
ADIPEC	Abu Dhabi International Petroleum Exhibition and Conference
ADR	Alternative Dispute Resolution
AERC	Africa Economic Research Consortium
AGM	Annual General Meeting
AGO	Automotive Gasoline Oil
AI	Artificial Intelligence
API	American Petroleum Institute
BAC	Board Audit Committee
BARC	Board Audit and Risk Committee
BAU	Business-As-Usual
BCM	Business Continuity Management
BCP	Business Continuity Plan
BETA	Bottom-Up Economic Transformation Agenda
BFC	Board Finance Committee
BHRC	Board Human Resource Committee
BMU	Beach Management Unit
BNRC	Board Nomination and Remuneration Committee
BTC	Board Technical Committee
CA	Communication Authority of Kenya
CBA	Collective Bargaining Agreement
CBO	Community-Based Organization
CCTV	Closed-Circuit Television
CEO	Chief Executive Officer
CFA	Community Forest Association
CIFA (K)	Certified Investment and Financial Analyst
CO	Crude Oil
COFEK	Consumers Federation of Kenya
CPA (K)	Certified Public Accountants of Kenya
CPS	Certified Public Secretary
CRA	Corruption Risk Assessment
CS	Cabinet Secretary
CSI	Corporate Social Investment/ Customer Satisfaction Index
CSP	Corporate Strategic Plan
CSW	Customer Service Week
CX	Customer Experience
DAV	Debit Adjustment Voucher
DEI	Diversity, Equity, and Inclusion
DOSHS	Directorate of Occupational Safety and Health Services
DRC	Democratic Republic of the Congo
DSP	Directorate Strategic Plan
DTB	Diamond Trust Bank
EA	Environmental Audit
EACC	Ethics and Anti-Corruption Commission
EAPTA	East Africa Petroleum Transporters Association
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EHS	Environment Health and Safety
EIA	Environmental Impact Assessment
EMCA	Environmental Management and Coordination Act
EOPS	Early Oil Pilot Scheme
EPRA	Energy and Petroleum Regulatory Authority
ERM	Enterprise Risk Management
ERMP	Enterprise Risk Management Policy
ESG	Environmental, Social, and Governance
ESIA	Environmental and Social Impact Assessment
FCPA	Fellow of the Institute of Certified Public Accountants
FY / FY26	Financial Year / Financial Year 2026
FOC	Fibre Optic Cable
GAA	Government Advertising Agency
GHG	Greenhouse Gas
GM	General Manager

GoK	Government of Kenya
GOU	Government of Uganda
GRI	Global Reporting Initiative
GYM	Graduate Trainee / Young Management Program
G2G	Government-to-Government (Trade Agreement)
HAZID	Hazard Identification Study
HAZOP	Hazard and Operability Study
HCV	Hydro-Carbon Value
HDip	Higher Diploma
HFO	Heavy Fuel Oil
HSC	Head of State's Commendation
HSE	Health, Safety, and Environment
HQ	Headquarters
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
ICPAK	Institute of Certified Public Accountants of Kenya
ICS	Incident Command System
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
ILI	In-Line Inspection
IMS	Integrated Management System
ING0	International Non-Governmental Organization
INUKA	KPC Foundation Disability & Youth Empowerment Scholarship Program
IPCC	Intergovernmental Panel on Climate Change
IPIECA	International Petroleum Industry Environmental Conservation Association
ISACA	International Systems Audit and Control Association
ISO	International Organization for Standardization
ISP / ISPs	Internet Service Provider(s)
ISSB	International Sustainability Standards Board
IPO	Initial Public Offering
JKIA	Jomo Kenyatta International Airport
JSA	Job Safety Analysis
KAA	Kenya Airports Authority
KeNHA	Kenya National Highway Authority
KES / KShs	Kenya Shillings
KFS	Kenya Forest Service
KISE	Kenya Institute of Special Education
KM	Kilometer
KMA	Kenya Maritime Authority
KMTC	Kenya Medical Training College
KNCCI	Kenya National Chamber of Commerce and Industry
KOJ	Kisumu Oil Jetty
KOSF	Kipevu Oil Storage Facility
KOT	Kipevu Oil Terminal
KPA	Kenya Ports Authority
KPC / KPC plc	Kenya Pipeline Company Public Limited Company
KPI	Key Performance Indicator
KPRL	Kenya Petroleum Refineries Limited
KRA	Kenya Revenue Authority
LLB	Bachelor of Law
LPG	Liquified Petroleum Gas
LT-LEDS	Long-Term Low Emission Development Strategy
LTIFR	Lost Time Injury Frequency Rate
MBS	Moran of the Order of the Burning Spear
MCIPS	Member of Chartered Institute of Procurement and Supply
MDA	Ministries, Departments and Agencies

MIA	Moi International Airport
MIEK	Member Institute of Engineers of Kenya
MIOC	Management Integrity Oversight Committee
MIOG	Morendat Institute of Oil & Gas
MKISM	Member of Kenya Institute of Supplies and Management
MRV	Measurement, Reporting, and Verification
MTCC	Morendat Training and Conference Centre
MTN	Mobile Telephone Network
MWh	Megawatt-hour
NCD / NCDs	Non-Communicable Disease(s)
NCPWD	National Council for Persons with Disabilities
NCTTCA	Northern Corridor Transit Transport Coordination Authority
NCTTR	Northern Corridor Transit Transport Route
NDC	Nationally Determined Contribution
NEMA	National Environment Management Authority
NGO	Non-Governmental Organization
NOCK	National Oil Corporation of Kenya
NPCC	National Productivity and Competitiveness Centre
NSE	Nairobi Securities Exchange
NSSF	National Social Security Fund
NT	National Treasury
NTSA	National Transport Safety Authority
OAG	Office of The Auditor General
OGW	Order of Grand Warrior
OMC	Oil Marketing Company
OSH	Occupation Safety and Health
OSHA	Occupational Safety and Health Act
OSMAG	Oil Spill Mutual Aid Group
OSRL	Oil Spill Response Limited
PC	Performance Contracting
PIC	Public Investment Committee
PIDS	Pipeline Intrusion Detection System
PFM	Public Finance Management
PIG	Pipeline Inspection Gauge (or Pipeline Integrity Gauge)
PIM	Pipeline Integrity Management
PMS	Premium Motor Spirit
PPA	Power Purchase Agreement
PS	Pump Station
PSASB	Public Sector Accounting Standards Board
PS05 / PS07 / PS08 / PS09	Pump Station 05, 07, 08, and 09
PwD	Persons with Disability
QR Code	Quick Response Code
REng	Registered Engineer
REC	Renewable Energy Certificate
RMC	Risk Management Committee
RoW	Right-of-Way
RPO	Real Point Objectives
RSP	Refocused Strategic Plan
RTO	Real Time Objectives
RUL	Remaining Useful Life
SAF	Sustainable Aviation Fuel
SAGA	Semi-Autonomous Government Agencies
SASB	Sustainability Accounting Standards Board
SBFC	Special Board Finance Committee
SBTC	Special Board Technical Committee
SBTi	Science Based Targets initiative
SCAC	State Corporations Advisory Committee
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Coordination Meeting
SDGs	Sustainable Development Goals
SHE	Safety, Health, and Environment
SIC	Standards Implementation Committee
SLDP	Strategic Leadership Development Program

SMC	Strategic Management Course
SOCA	Safety Observation and Corrective Action
tCO_2e / $kgCO_2e$	Tonnes / Kilograms of Carbon Dioxide Equivalent
TCP	Tariff Control Period
TNT	The National Treasury
UN	United Nations
UNCDF	United Nations Capital Development Fund
URA	Uganda Revenue Authority
USD	United States Dollar
VAT	Value-Added Tax
VFD	Variable Frequency Drive
VSM	Vessel Scheduling Meeting
WIP	Work in Progress
WHO	World Health Organization

GRI content index

Statement of use

KPC has reported the information cited in this GRI content index for the period 1 July 2025 to 30 June 2026 with reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021\

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Kenya Pipeline Company PLC

(PLC-VY7TPQMRK)

Notice Of The 46th Annual General Meeting

To: All Shareholders

Notice is hereby given that the 46th Annual General Meeting of the shareholders of KENYA PIPELINE COMPANY PLC ("Company") will be held via electronic communication, on 2nd December 2026 at 9.00 am to transact the business set out below:

Agenda

1. **Constitution of the Meeting**
   To read the notice convening the meeting and determine if quorum is present.

2. **Ordinary Business**

   2.1. Report and Financial Statements for the Year ended 30th June 2026
   To receive, consider and, if thought fit, adopt the Audited Consolidated Financial Statements for the year ended 30th June 2026 together with the reports of the Directors, the Chairman, the Chief Executive Officer and the Auditor thereon.

   2.2. Dividend
   To approve a first and final dividend amounting to KES 5,790,963,417, being 50 % of the Profit After Tax, to be distributed at a rate of KES 0.32 per share to qualified shareholders in respect of the Financial Year ended 30th June 2026. The dividend will be payable on or about 8th January 2027, to shareholders on the Register of Members at the close of business on 30th November 2026.

   2.3. Directors

   2.3.1. To note that, pursuant to Articles 24(5) and 24(6) of the Company's Articles of Association:

   a) The Cabinet Secretary to the National Treasury ("CST") exercised its reserved shareholder appointment rights and appointed the following persons as Non-Executive Directors:

      i) Mrs. Faith Bett-Boinett

      ii) Mr. Samson Kipkemboi Burgei

      iii) Eng. Meshack Kidenda

   b) The Government of Uganda ("GoU") exercised its reserved shareholder nomination rights and appointed the following persons as Non-Executive Directors:

      i) Dr. Ramathan Ggoobi

      ii) Eng. Irene Pauline Bateebe

   2.3.2. To further note that, in accordance with Article 25(1) of the Articles of Association, the CST and GoU Directors are not subject to retirement by rotation at the first Annual General Meeting following the listing of the Company.

   2.3.3. To note that, pursuant to Articles 24(3) and 24(4) of the Company's Articles of Association, the following directors who were appointed by the Board to fill casual vacancies, shall retire from office at the conclusion of this Annual General Meeting.

      i) Hon. Joyce Emanikor

      ii) Mr. Mutungwa Wambua

      iii) Hon. Christopher Karani

      iv) Ms. Martha Miano and;

      v) Ms. Irene Wachira

2.3.4. To appoint Independent Non-Executive Directors of the Company as prescribed under the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 and the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. The names and profiles of the proposed Independent Non-Executive Directors will be made available to shareholders on the Company's AGM portal at the earliest opportunity and prior to the Annual General Meeting.

2.3.5. To note that CPA. Ronald Nyamosi, who was nominated by National Social Security Fund (NSSF) pursuant to Article 24(7) of the Articles of Association, has ceased to be a director, given that NSSF is no longer the largest institutional investor and is no longer entitled to nominate a director under Article 24(7).

2.3.6. To note that Greenview Oil Trading Corp. bought 24.9 % of the issued share capital of the Company through the secondary market, and is entitled to nominate a director to the Board.

2.3.7. Appoint members of the Board Audit and Risk Committee (BARC), in accordance with Section 769 of 2.4. the Companies Act, Cap. 486. The names and profiles of the proposed members will be made available to shareholders on the Company's AGM portal prior to the Annual General Meeting.

2.4. Remuneration of Directors

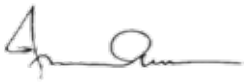
To receive, consider and, if thought fit, approve the Directors' Remuneration Report, together with the Directors' Remuneration Policy contained therein.

2.5. Appointment of Auditors

2.5.1. To appoint Messrs. KPMG Kenya, Certified Public Accountants, as the new Auditors of the Company, in place of the Office of the Auditor General, who have served as the Company's auditors (and whose term expires at the end of this meeting), until conclusion of the next Annual General Meeting.

2.5.2. To authorize Directors to fix the remuneration of the Auditors.

By order of the board



MRS. FLORA OKOTH
COMPANY SECRETARY DATE: 11TH NOVEMBER 2026

Notes:

1. KENYA PIPELINE COMPANY PLC has convened and will conduct its 46th Annual General Meeting via virtual/electronic means in line with The Companies Act, Cap 486.
2. Shareholders wishing to participate in the meeting should register for the AGM by doing the following:
   a) dialing ***483*905#** for all Kenyan telephone networks and following the various registration prompts; or sending an email request to be registered to **kpcshares@image.co.ke**. Shareholders with email addresses will receive a registration link via email through which they can use to register.
   b) To complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders should dial the following helpline number: **+254709170000** from 9:00 a.m. to 5:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register.
3. Registration for the AGM opens on 12th November 2026 at 9.00 a.m. and will close on 30th November 2026 at 10.00 a.m. Shareholders will not be able to register after 30th November 2026 at 10.00 a.m.
4. In accordance with Section 283 (3) of the Companies Act, the following documents may be viewed on the Company's website **[www.kpc.co.ke]**.
   a) A copy of this Notice and the proxy form.
   b) The Company's Annual Report & Audited financial statements for the year ended 30th June 2026.

   The reports may also be accessed upon request by dialing the USSD code above and selecting the reports option. The reports and agenda can also be accessed on the livestream link.
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
   a) Sending their written questions by email to **kpcshares@image.co.ke**; or
   b) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialing the USSD code above and selecting the option (Ask Question) on the prompts; or
   c) To the extent possible, physically delivering their written questions with a return physical, postal or email address to the registered office of the Company at Kenpipe Plaza, Sekondi road, off Nanyuki road, P.O Box 73442,00200, NAIROBI, or to Image Registrars Ltd offices at 5th floor, Absa Towers, Loita Street.

   Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

   The Company's Directors will provide responses to questions received via the channel used by shareholders to send their questions i.e. SMS (for USSD option), Email, Letters or Telephone call. Questions will also be responded to during the meeting.
   A full list of all questions received, and the answers thereto will be published on the Company's website not later than 24 hours after the conclusion of the meeting.
6. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company. A proxy form is attached to this Notice and is available on the Company's website via this link: **[www.kpc.co.ke]**. Physical copies of the proxy form are also available at the following address: Image Registrars Ltd offices, 5th floor, Absa Towers, Loita Street.

Shareholders who do not propose to be at the Annual General Meeting are requested to complete and return the proxy form to Image Registrars Ltd, or alternatively to the Registered Office of the Company, to the Company Secretary, at the Fourth floor, Kenpipe Plaza, Sekondi Road, Off Nanyuki Road, Industrial Area, P.O. Box 73442-00200, Nairobi, to arrive not later than 10.00 a.m. on 30th November 2026.

Duly signed proxy forms may also be emailed to **kpcshares@image.co.ke** in PDF format. A proxy form must be signed by the appointor, or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.

7. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour before the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hour's time and provide a link to the live stream.

8. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted) via the USSD prompts.
9. A poll shall be conducted for all the resolutions put forward in the notice.
10. **Shareholder Contact Details and Dividend Payment Details:** To facilitate timely receipt of dividends, shareholders are encouraged to update their contact details and register to receive their dividend payments via mobile (MPESA/Airtel Money) or bank payments. To do so, shareholders are requested to update their dividend payment details via any one of the following channels:
    a) Complete an online opt-in form available at the Registrar's offices.
    b) Send an email to Image Registrars Ltd through **kpcshares@image.co.ke**
    c) Opt-In via USSD by dialing ***483*905#** as you register for the Annual General Meeting (AGM).
    d) Shareholders who maintain CDS Accounts are also encouraged to notify any change of address or request for payment of dividends through bank accounts / MPESA via their stockbroker or investment bank.

Shareholders with certificates are advised to contact Image Registrars offices via email address **kpcshares@image.co.ke** or Telephone no. **0709170000.**

11. Results of the AGM shall be published on the Company's website within 24 hours following conclusion of the AGM.

Shareholders are encouraged to continuously monitor the Company's website [www.kpc.co.ke] for updates relating to the AGM.

Regulated by the Capital Markets Authority

Notes

2026 INTEGRATED REPORT AND FINANCIAL STATEMENTS